

FOSSIL RIDGE METROPOLITAN DISTRICTS NOS. 1-3

Agenda is preliminary and subject to change by majority vote of the Boards at the meeting. Any individuals with questions regarding this Notice of Regular Meeting and Agenda, or who require special accommodation to attend and/or participate in the meeting, should please contact the President of the Board of Directors of District 1 at frdistrict2@gmail.com

NOTICE OF A REGULAR MEETING AND SUMMARY OF AGENDA ITEMS

Board of Directors – D1:

Tom Waterman - President
Craig Brown - V.P.
Mike McCleary - Treasurer
Dave McGraw - Secretary
Terry Larson - Asst. Sec.

Board of Directors – D2:

Dave McGraw - President
Terry Larson - V.P.
Alan Plumhoff - Treasurer
Theodore Michelsen - Secretary
Tom Waterman - Asst. Sec.

Board of Directors – D3:

Craig Brown - President
Aaron Hochstein - V.P.
David Wilson - Treasurer
Daniel Dominic - Secretary
Mike McCleary - Asst. Sec.

Consultants:

Sue Blair, CRS	District Manager
Marcos Pacheco, CRS	District Manager
Nancy Weiss, CRS	District Accountant
Kelley Duke, Esq.	Legal Counsel
Dino Ross, Esq.	Legal Counsel
Jennie Heinze	Community Manager

DATE: Monday, October 19, 2020

TIME: 6:30 PM

PLACE: **Virtual Board Meeting**

First time using web-based meetings? Review this link well before the meeting (prep time: 20-minutes)
Video and audio access via computer, tablet, or mobile device, click link: <https://zoom.us/j/93518446183>
Audio access via telephone: Dial - +1 669 900 9128 | enter meeting ID – 935 1844 6183 follow prompts.
If you access via telephone only, you will be asked to provide your name by the moderator. Standard rates and fees may apply, as charged by your carrier, based on your service.

I. ADMINISTRATIVE MATTERS

- A. Call to Order/Roll Call/Declaration of Quorum (Districts 1-3)
 - B. Present Disclosures of Potential Conflicts of Interest (Districts 1-3)
 - C. Confirm Posting of Meeting Notices (Districts 1-3)
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II. APPROVAL OR AMENDMENT TO THE AGENDA (Districts 1-3)

III. RESPONSES TO QUESTIONS FROM THE SEPTEMBER 28, 2020 SPECIAL MEETING – CRS (enclosure) – Pg. 4-5

IV. PUBLIC COMMENT (Districts 1-3) – Limit of 3 Minutes Per Person

V. CONSENT AGENDA

CONSENT AGENDA ITEM 1

These items are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless requested by a Board member; in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda.

1. Approve the minutes of the September 28, 2020 Special Meeting (enclosure) – Pg. 6-10

VI. LEGAL MATTERS

VII. FINANCIAL MATTERS

- A. Bond Update – Financial Committee Chairman John Wendling (verbal)
- B. Motion to Approve the Amended Engagement Letter of Butler-Snow as the District Bond Counsel – John Wendling (enclosure) – Pg. 11-18
- C. Motion to Approve/Ratify the Post Issuance Compliance Policy – Director Wilson/John Wendling (enclosure) – Pg. 19-29
- D. Motion to Engage the Trustee, Paying Agent, Dissemination Agent and Escrow Agent (UMB Bank, N.A.) in Conjunction with the Issuance of 2020 Bonds – Director McCleary/Johnn Wendling (enclosure) – Pg. 30-46

- E. Motion to Ratify Engagement of the Rating Agency (S&P Global Ratings) in Conjunction with the Issuance of 2020 Bonds – Director McCleary/John Wendling (enclosure) – Pg. 47-51
- F. Motion to Engage the Verification Agent (Causey, Demgen & Moore, P.C.) in Conjunction with the Issuance of 2020 Bonds – Director McCleary/John Wendling (enclosure) – Pg. 52-56
- G. 2021 Budget Update – Director McCleary (verbal)
- H. Emergency Repair Expenditure – Director Waterman (enclosure) – Pg. 57

VIII. OPERATIONS AND MAINTENANCE MATTERS (District 1)

- A. Landscape Update – Overlook/Landscape Committee (verbal)
- B. Retreat/Pool Monthly Update – CRS (verbal)
- C. Engineer Update – Amend the Resolution Dealing with Acceptance and Acquisition of Public Improvements – Director Larson (enclosure) – Pg. 58-59

IX. EXECUTIVE SESSION

- A. Enter Into Executive Session Pursuant to CRS 24-6-402 (4)(c) to Discuss Negotiation of Current Consultant Agreements
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X. ADJOURNMENT

THE NEXT REGULAR MEETING IS SCHEDULED FOR MONDAY DECEMBER 7, 2020

Responses to Community Questions Relating to Bonds

What does Fossil Ridge Metropolitan District (FRMD) owe the Developer (Brookfield)?

Until Solterra is fully built out, this question cannot be answered. However, per the 2007 Second Amended Service Plan, all of the Districts collectively may not issue Debt (defined, in the Service Plan as General Obligation Debt or Revenue Debt not subject to annual appropriation) in excess of \$91,000,000. Of the \$91,000,000 total Debt limit, only reimbursed Regional Improvements (as further defined in Exhibit B and Section V of the Service Plan) can be used to pay up to \$21,00,000 in Revenue Bonds funded from (1) reimbursement to District No. 1 from a Regional Service Provider; (2) reimbursements received directly from adjacent property owners; or (3) grants and other revenues provided to District No. 1 by governmental agencies. To date, no such Revenue Bonds have been issued and the Districts do not reasonably foresee this category of Revenue Bonds being issued in the future. The remaining \$70,000,000 in Debt can only be funded from either General Obligation Debt or Revenue Debt that is funded solely from District Capital Fees. Thus, the **maximum potential** amount payable to Brookfield for District Eligible Costs is \$70 million, which is funded through either General Obligation Bonds (i.e. paid for with property taxes) or Revenue Bonds funded through by District Capital Fees.

What process is used to determine what’s owed and what documents are consulted?

The process depicted below determines eligible and reasonable costs of improvements.

Phase	Responsibility / Resource		
Acceptance of improvement	Board Action – Use Established Acceptance Criteria		
Review of improvement (inspection, scope, labor, materials, change orders)	└─┬─▶	District Engineer – Review drawings, plans, acquisition reports, Service Plan	
Analysis to ascertain costs of improvement are reasonable		↓	District Engineer – Analysis based on Consumer Price Indices (CPI), ENR Construction Cost Indices (CCI)
Accept final eligible costs		└─┬─▶	Board Action – District Legal Counsel, District Engineer

Is an auditor being utilized?

In order to determine what improvements funded or constructed by Brookfield constitute District Eligible Costs reimbursable to Brookfield, the Boards have engaged competent and experienced engineering and legal professionals who have reviewed and analyzed a wide array of documents and information, including drawings, plans, acquisition reports, and the Service Plan, to determine reimbursement obligations to the developer. An audit does not provide this detail, nor address whether the costs are eligible or reasonable.

Is a right to vote on bonds legally possible? Whether we like it or not, or we agree with Title 32 Special District Act provisions, the District’s voters preauthorized the issuance of Debt which, under the Service Plan, only \$70 million can be funded through either General Obligation Bonds, funded by property taxes, or Revenue Bonds. Any **new** projects that FRMD would propose in the future, and that would require the issuance of Debt, will require a vote of the community.

Brookfield reportedly has made millions in profit from the sale of homes, why isn't this accounted for?

As a "for profit" corporation, Brookfield is entitled to earn a profit on the sale of homes and home sites. However, this is not about what profit Brookfield may or may not have earned; rather, the question is what District Eligible Costs funded by Brookfield, as defined by the Service Plan, were used to construct public improvements and are eligible for reimbursement to Brookfield.

What benefits are expected to be derived from refunding of our current bonds?

Homeowners with a mortgage easily understand why refinancing at this time is appropriate and responsible. Interest rates are extremely low, and we will be able to refinance (refund) all of the outstanding bonds at a lower interest rate, resulting in significant savings to the Districts on that outstanding debt, and will enable the Districts to issue "new money" bonds at historically low interest rates. As a result, the Districts project that the annual debt service on the restructured debt will not require an increase in the FRMD mill levy component of the property taxes imposed on homes within the community.

Why are executive sessions held? The most common reason FRMD enters executive session is to receive advice from legal counsel on confidential matters in order to preserve the attorney client privilege. The type of advice to be received is noted in the Board Agenda.

Is the FRMD currently involved in lawsuits with Brookfield? No

Will there be a cost to the community to conduct a Recall Election? There is a cost any time a District issue is placed on a ballot. The most cost-effective way of voting on issues, such as recall, is to "piggyback" on a regularly scheduled election. Currently there are no known elections in Lakewood, Jeffco, or other jurisdictions, in which the Districts could coordinate participation in the timeframe required by the recall statutes. Consequently, a special election for Districts 2 and 3 would need to be scheduled at a conservative cost of \$65,000.

Who are our legal and financial experts in general and for this Bond activity?

Our District General Legal Counsel are all practicing attorneys, Dino Ross, Kelley Duke and Emily Powell with the firm Ireland Stapleton Pryor and Pascoe, P.C. Their expertise is wide-ranging and focuses on real property, contract, litigation and special district law and collectively represent decades of experience.

For this bond activity, the District has also engaged the following firms with specific professional financial and municipal bond experience:

Trustee and Paying Agent

UMB Bank, n.a.
Denver, Colorado

Underwriter

Wells Fargo Bank, N.A.
Denver, Colorado

Municipal Advisor to the Districts

Ehlers, Inc.
Denver, Colorado

Bond & Disclosure Counsel

Butler Snow LLP
Denver, Colorado

Underwriter's Counsel

Kline Alvarado Veio P.C.
Denver, Colorado

RECORD OF PROCEEDINGS

MINUTES OF THE COMBINED SPECIAL MEETING OF THE BOARDS OF DIRECTORS OF THE

FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1 FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2 FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

Held: Monday, September 28, 2020, 6:30 p.m.

Attendance

The combined special meeting of the Boards of Directors of the Fossil Ridge Metropolitan District Nos. 1-3 was called and held at 6:30 p.m., as shown, in accordance with Colorado law. The meeting was conducted as a virtual meeting. Ms. Blair inquired whether any of the Board members had any potential conflicts of interest on matters coming before the board. There were none. The following Directors were in attendance:

District 1:

Tom Waterman – President
Craig Brown – Vice President
Mike McCleary – Treasurer
Dave McGraw – Secretary

- Director Larson was absent. Director McGraw moved to excuse Director Larson's absence. Upon second by Director Waterman, a vote was taken and the motion carried unanimously.

District 2:

Dave McGraw – President
Al Plumhoff – Treasurer
Theodore Michelsen – Secretary
Tom Waterman – Assistant Secretary

- Director Larson was absent. Director Michelsen moved to excuse Director Larson's absence. Upon second by Director McGraw, a vote was taken and the motion carried unanimously.

District 3:

Craig Brown – President
Aaron Hochstein – Vice President
David Wilson – Treasurer
Daniel Dominic – Secretary
Mike McCleary – Assistant Secretary

Consultants:

Sue Blair, District Manager, Community Resource Services
Marcos Pacheco, District Manager, Community Resource Services
Mat Birkeness, Retreat Manager, Community Resource Services
Angie Kelly, Retreat Manager, Community Resource Services

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Jennie Heinze, Community Manager, Overlook Property Management
Kelley Duke, Esq., District Counsel, Ireland Stapleton
Dino Ross, Esq. District Counsel, Ireland Stapleton
Kimberly Crawford, Esq., Bond Counsel, Butler Snow
James Mann, Ehlers

Others identified in attendance:

John Wendling, Finance Committee Chairman
JD Lobue
John Henderson
Jim Cantrell
George Vandyke
Andy Martin
Bob Pries
Chris McCallum
Chris Neugebauer
Gary Greaser
Greg Gould
John White
Mark Nicolet
Mary Beth Mainero
Peggy Waterman
Ryan Poulsen
Elaine Jones

- Call to Order** A quorum of the Boards was present, and the Directors confirmed their qualifications to serve. Ms. Blair confirmed that the meeting has been properly noticed. The meeting was called to order at 6:31 p.m.
- Approve Agenda** The Boards reviewed the meeting agenda. Director Waterman (D 1&2) asked to add a discussion item to consider the engagement of Dinsmore and Shohl, Bond Attorneys. With this addition, the agenda was unanimously approved as amended.
- Public Comment** John Henderson asked that a formal record be made of documents that were shared with Ms. Blair. He requested that they be recognized as published, related to the bonds. He also noted that he believes his vote is as important as the Board members. He would like to repeal the decision that gave the Board the authority to make decisions and would rather the decision be put in the hands of the residents. Additionally, he noted that if he were able to vote, he would vote no on writing a check to Brookfield. The three-minute time limit was reached and the next resident was given the opportunity to speak.
- Gary Greaser noted his disappointment in the current Board. He feels they continue to dismiss the input of the community.

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Jim Cantrell noted that he does not like responses to public comment being provided at future meetings. He asked several questions of the Boards related to the bonds and monies believed to be owed to Brookfield.

Chris Neugerbauer thanked the Boards for all of the work that they have done. While the Boards have not been perfect, they have made the best decisions they can based on professional advice they have received. Chris supports the Boards in refinancing the current debt.

JD Lobue began his three-minute public comment by stating that if Rosa Parks had not sat in the front of the bus, there would not have been change. He related this scenario to the District. He then asked for proof related to the amount that has been discussed for payment to Brookfield. The three-minute time limit was reached and the next resident was given the opportunity to speak.

Elaine Jones spoke to her experience in working for a developer. She noted that she believes there have been miscommunications by other residents as it relates to several issues. She noted that if the District chose not to pay Brookfield, they could end up with legal issues that cost far beyond amounts that have been discussed. Additionally, Elaine stated that she feels the Boards are doing what is best for the District.

George VanDyke spoke and said he is disappointed in the personal attacks that were witnessed at the meeting. He asked why other neighborhoods seem to have lower taxes and claimed that he feels we are being overcharged by Brookfield. He asked if expenses are regularly audited. He also asked where this information could be found.

Andy Martin noted that he is a former Board member and Finance Committee member. He believes that the Boards are making prudent and responsible decisions. He noted that the Boards are looking out for the best interest of everyone and he is in full support of their decisions.

Greg Gould stated that he is disappointed in what he has heard tonight and noted that the personal attacks are not needed.

John White serves on the Finance Committee. He reported that Terry Larson had surgery earlier in the day and was just notified that everything was successful and that Terry was resting and recovering well. He expressed his support of the Boards and thanked them for their work.

Chris McCallum asked if there was an easy location to find information that is allowed to be public. Because Chris feels there are several documents that contradict each other, any information would be helpful.

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Consent Agenda

Consent Agenda Item 1-2

1. Approval of the payment of claims for the period ending September 24, 2020
2. Approval of the minutes of the September 11, 2020 Special Meeting

- District 1: Director Waterman moved to approve the consent agenda. Upon a second by Director McCleary, a vote was taken, and the motion carried unanimously by Directors in attendance.
- District 2: Director McGraw moved to approve the consent agenda. Upon a second by Director Michelsen, a vote was taken, and the motion carried unanimously by Directors in attendance.
- District 3: Director McCleary moved to approve the consent agenda. Upon a second by Director Hochstein, a vote was taken, and the motion carried unanimously.

Legal Matters

There were none

Financial Matters

Bond Update: John Wendling provided an update. He expressed his gratitude for all views that have been shared tonight. Currently the update on the bonding process is all positive and the opportunity to refinance at this point in time continues to be extremely beneficial. He outlined a schedule of events and discussed a possible credit increase for the District. He noted that we should be capturing interest rates at a level he did not believe would be possible a year ago.

Bond Resolutions: Kimberly Crawford of Butler Snow provided an update and presented, for consideration, resolutions related to the 2020 Bond Issuance. She was able to answer questions from the Boards.

- District 3: Director Brown moved to adopt the resolution authorizing the issuance and sale of limited tax general obligation refunding and improvement bonds, series 2020. Upon second by Director Dominic, a vote was taken and the motion carried unanimously.
- District 1: Director Waterman moved to adopt the resolution authorizing the defeasance of special revenue refunding bonds, series 2010 and approving the pledge agreement as defined therein. Upon second by Director McGraw, a vote was taken and the motion carried unanimously by Directors in attendance.

RECORD OF PROCEEDINGS

- District 2: Director Michelsen moved to adopt the resolution approving the pledge agreement and termination agreement as defined therein. Upon second by Director McGraw, a vote was taken and the motion carried unanimously by Directors in attendance.

Consider Engagement of Dinsmore and Shohl as Bond Attorneys:

- District 1: Director McGraw moved to engage Dinsmore Shohl as Bond Counsel for the 2020 Bond Issuance. Upon second by Director McCleary, a vote was taken and the motion carried unanimously by Directors in attendance.
- District 2: Director Waterman moved to engage Dinsmore Shohl as Bond Counsel for the 2020 Bond Issuance. Upon second by Director Michelsen, a vote was taken and the motion carried unanimously by Directors in attendance.
- District 3: Director Wilson moved to engage Dinsmore Shohl as Bond Counsel for the 2020 Bond Issuance. Upon second by Director Hochstein, a vote was taken and the motion carried unanimously.

Operations and Maintenance Matters

Community Manager Update: Jennie Heinze reported that the street maintenance on the gated street has been completed. There will be a final walk next week to inspect the work. So far, everything has gone as planned. Also, one mailbox was treated by Prep-Rite as a test. The remainder of the mailbox project will most likely take place in 2021.

Retreat and Pool Update: Angie Kelly reported that paint colors have been selected for painting of the Retreat. Also, pool coping has been repaired. The reupholstering of the chairs has been placed on hold until a decision can be made on the fabric. The pool is being winterized and will be completed shortly. Additionally, fitness classes continue to take place outdoors, weather permitting. Finally, a handy man is completing work on installing GFI's and is working on outside lighting. The team continues to bid out work to be completed in 2021.

Adjournment

There being no further business to come before the Boards, the meeting was adjourned at 7:50 p.m. by unanimous vote.

Respectfully submitted,

Secretary of the Meeting

August 13, 2020

AMENDED AS OF OCTOBER 15, 2020

Board of Directors
Fossil Ridge Metropolitan District No. 3

Proposed Issuance of
Fossil Ridge Metropolitan District No. 3
Limited Tax General Obligation Refunding and Improvement Bonds
Series 2020

Dear Members of the Board:

We are pleased to confirm our engagement as bond counsel and special counsel to Fossil Ridge Metropolitan District No. 3 (the "District") with respect to the issuance of its Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020 (the "Bonds"). We appreciate your confidence in us and will do our best to continue to merit it. *This engagement letter remains unchanged except as to the fee quoted in section entitled "Fee Arrangement" below.*

In establishing our attorney-client relationship for this new transaction, current practice standards dictate that we set forth in writing (and in some detail) the elements of our mutual understanding. While some of the matters covered in this engagement letter will never be relevant or of concern between us, we hope you will understand that as attorneys and counselors it is our natural function to try to make communication clear and complete, and to anticipate and resolve questions before they arise. We also believe that the performance of our services may require your effort and cooperation. Consequently, the better we each understand our respective roles, responsibilities and contributions, the more efficient, effective and economical our work for you can be.

Personnel

This letter sets forth the role we propose to serve and the responsibilities we propose to assume as bond counsel and special counsel to the District in connection with the issuance of the Bonds by the District. We understand that the District Board of Directors (the "Board") has authorized the execution of this letter. Kim Crawford and Sally Tasker will be principally responsible for the work performed on your behalf. Where appropriate, certain tasks may be performed by other attorneys or paralegals. At all times, however, Kim will coordinate, review, and approve all work completed for the District.

1801 California Street
Suite 5100
Denver, CO 80202

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720.330.2354
kim.crawford@butlersnow.com

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www.butlersnow.com

Scope of Employment

Bond counsel is engaged as a recognized expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of bonds. As your bond counsel, we will: examine applicable law; consult with the parties to the transaction prior to the issuance of the Bonds; prepare customary authorizing and operative documents, which may include proceedings relating to: the authorization of the sale and issuance of the Bonds, and closing certificates; review a certified transcript of proceedings; and undertake such additional duties as we deem necessary to render the opinion. Subject to the completion of proceedings to our satisfaction, we will render our opinion relating to the validity of the Bonds, the enforceability of the security for the Bonds, and the exclusion of the interest paid on the Bonds (subject to certain limitations which may be expressed in the opinion) from gross income for federal income tax purposes and for Colorado income tax purposes.

We are also being retained by you to act as special counsel to the District in connection with the Official Statement for the Bonds (the "Official Statement"). As such, we will provide advice to the District on the applicable legal standards to be used in preparing the Official Statement and meeting the District's disclosure responsibilities. At the conclusion of the transaction we will deliver a letter to you stating that we have assisted the District in the preparation of the Official Statement, and that in the course of such assistance, nothing has come to the attention of the attorneys in our firm rendering legal services in connection with our representation which leads us to believe that the Official Statement, as of its date (except for the financial statements, other statistical data and statements of trends and forecasts and information concerning The Depository Trust Company ("DTC") provided by DTC contained in the Official Statement and its Appendices, as to which we express no view), contains any untrue statement of material fact or omits to state any material fact necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading.

In rendering our opinion and letter, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation. Our opinion and letter each will be addressed to the District and will be executed and delivered by us in written form on the date the Bonds are exchanged for their purchase price (the "Closing"). The opinion and letter each will be based on facts and law existing as of their date.

Our services are limited to those contracted for explicitly herein; the District's execution of this letter constitutes an acknowledgment of those limitations. Specifically, but without implied limitation, our responsibilities do not include any representation by Butler Snow LLP in connection with any IRS audit, SEC enforcement action or any litigation

involving the District or the Bonds, or any other matter. Neither do we assume responsibility for the preparation of any collateral documents (*e.g.*, environmental impact statements) which are to be filed with any state, federal or other regulatory agency. Nor do our services include financial advice (including financial advice about the structure of Bonds) or advice on the investment of funds related to the Bonds.

Representation of the District

In performing our services as bond counsel and as special counsel, the District will be our client and an attorney-client relationship will exist between us. We will represent the interests of the District rather than the Board, its individual members, or the District's employees. We will work closely with the District's general counsel and will rely on his opinion with regard to specific matters, including pending litigation. We assume that other parties to the transaction will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. Our limited representation of the District does not alter our responsibility to render an objective opinion as bond counsel.

Conflicts of Interest

Before accepting any new business, the Colorado Rules of Professional Conduct require us to evaluate whether there exist any ethical constraints to representing you in this new matter. We have completed a conflicts check within our firm and have found no current conflict between the District and our existing clients. We note that many underwriting firms, and likely including the firm you select to act as the underwriter for this transaction (your "Underwriter"), as well as many other investment banking firms in Colorado, have been our clients in past bond transactions unrelated to the District. As you are aware, our Public Finance Department specializes in all aspects of public finance in Colorado, New Mexico, Nevada, and Wyoming, and our firm represents many political subdivisions, investment bankers/underwriters, trustees, financial institutions and other companies and individuals. During the course of our engagement with you or at some future time, it is possible that we may be asked to represent your Underwriter as underwriter's counsel in unrelated bond transactions. Further, it is possible that we may be asked to represent, in wholly unrelated matters outside the area of public finance, financial institutions, companies or individuals that have transactions with the District.

Technically, because an issuer sells its bonds to an underwriter or purchaser, your interests are "adverse" to those of your Underwriter. You likely will agree with us that bond transactions are more of a cooperative effort than an adversarial purchase and sale. We do not believe that our former, current or possible future representation of your Underwriter will act as a material limitation on our ability to represent the District as bond counsel and special counsel. In addition, this issue of Bonds is not a matter which is substantially related to our previous representation of the Underwriter. Accordingly, even though your interests

are adverse to those of the Underwriter in this bond transaction, based upon our ethical rules, it is our conclusion that we may undertake this engagement.

With respect to our future representation of the Underwriter in a matter unrelated to the Bonds, we acknowledge that you might be concerned about confidentiality of information. We want to advise you that we will not use any information obtained in our capacity as bond counsel or special counsel to the disadvantage of the District. If you have questions or concerns about our analysis of this issue, about our former or (possible) future representation of the Underwriter, or if you would like us to consult further with your general counsel on this matter, please let us know. Subject to such consultation, we will treat your acceptance of this letter as consent to our past and future representation of the Underwriter in matters unrelated to the Bonds.

Fee Arrangement

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing, (ii) the duties we will undertake pursuant to this letter, (iii) the time we anticipate devoting to the financing, (iv) the skill and experience required to complete the services properly, and (v) the responsibilities we will assume, we estimate that our fee as bond counsel and special counsel will be \$110,000. Such fees may vary: (i) if the principal amount of Bonds actually issued differs significantly from the amount stated above, (ii) if material changes in the structure of the financing occur, or (iii) if unusual or unforeseen circumstances arise which require a significant increase in our time or our responsibilities. If, at any time, we believe that circumstances require an adjustment of our original fee estimate, we will consult with you and prepare an amendment to this engagement letter.

We understand and agree that our contingent fees will be paid at Closing out of Bond proceeds. *If the financing is not consummated, we understand and agree that we will not be paid.* If, for any reason, the financing is completed without our opinion as bond counsel, we will expect to be compensated at our normal hourly rates for time actually spent on your behalf, plus disbursements.

Document Retention

Butler Snow maintains its client files electronically. We do not keep separate paper files. We will scan documents you or others send to us related to your matter to our electronic file for that matter and will retain only the electronic version while your matter is pending. Unless you instruct us otherwise, once such documents have been scanned to our electronic file, we will destroy all paper documents provided to us. If you send us original documents that need to be maintained as originals while the matter is pending, we ordinarily will scan those to our client file and return the originals to you for safekeeping. Alternatively,

you may request that we maintain such originals while the matter is pending. If we agree to do that, we will make appropriate arrangements to maintain those original documents.

Unless you instruct us otherwise, once our work on this matter is completed, we will designate your file as a closed file on our system and will apply our document retention policy then in effect to the materials in your closed file. At that time, we ordinarily will return to you any original documents we have maintained in accordance with the preceding paragraph while the matter was pending. Otherwise, we will retain the closed file materials for our benefit and subject to our own policies and procedures concerning file retention and destruction. Accordingly, if you desire copies of any documents (including correspondence, e-mails, pleadings, contracts, agreements, etc.) related to this matter or generated while it was pending, you should request such copies at the time our work on this matter is completed. A more complete notice of Butler Snow's Record Retention and Destruction Policy for Client Files, which also will be applicable to this Engagement, is attached as **Exhibit A** and incorporated herein by reference.

Termination of Engagement

The above fees contemplate compensation for usual and customary services as bond counsel and as special counsel to the District in connection with the Official Statement, as described above. Upon delivery of the opinion and letter, our responsibilities as bond counsel and as special counsel will terminate with respect to this financing, and our representation of the District and the attorney-client relationship created by this engagement letter will be concluded. Specifically, but without implied limitation, we do not undertake to provide continuing advice to the District or to any other party to the transaction. Many post-issuance events may affect the Bonds, the tax-exempt status of interest on the Bonds, or liabilities of the parties to the transaction. Such subsequent events might include a change in the project to be financed with Bond proceeds, a failure by one of the parties to comply with its contractual obligations (*e.g.*, rebate requirements, continuing disclosure requirements), an IRS audit, or a change in federal or state law. Should the District seek the advice of bond counsel or special counsel on a post-closing matter or seek other, additional legal services, we would be happy to discuss the nature and extent of our separate engagement at that time.

Approval

If the estimated fees, the requested consent to possible future representation of the Underwriter, and other foregoing terms of this engagement are acceptable to you, please so indicate by returning a copy of this letter signed by the officer so authorized, keeping a copy for your files.

We are pleased to have the opportunity to serve as your bond counsel and special counsel and look forward to a mutually satisfactory and beneficial relationship. We

are deeply committed to the proposition that our clients must be satisfied with the quality of our services as well as the amount of our charges. Our effectiveness and your best interest are enhanced by an atmosphere of candor and confidence between us, not only as to the facts and circumstances of the legal issues on which we are working, but also as to the attorney-client relationship itself. If at any time you have questions concerning our work or our fees, we hope that you will contact us immediately.

BUTLER SNOW LLP

By: 

Accepted and Approved:

FOSSIL RIDGE METROPOLITAN
DISTRICT NO. 3

By: _____

Its: _____

Date: _____

KKC/jw
Enclosure

Exhibit A

**NOTICE TO CLIENTS OF BUTLER SNOW'S
RECORD RETENTION & DESTRUCTION POLICY FOR CLIENT FILES**

Butler Snow maintains its client files electronically. Ordinarily, we do not keep separate paper files. We will scan documents you or others send to us related to your matter to our electronic file for that matter and will ordinarily retain only the electronic version while your matter is pending. **Unless you instruct us otherwise, once such documents have been scanned to our electronic file, we will destroy all paper documents provided to us.** If you send us original documents that need to be maintained as originals while the matter is pending, we ordinarily will scan those to our client file and return the originals to you for safekeeping. Alternatively, you may request that we maintain such originals while the matter is pending. If we agree to do that, we will make appropriate arrangements to maintain those original documents while the matter is pending.

At all times, records and documents in our possession relating to your representation are subject to Butler Snow's Record Retention and Destruction Policy for Client Files. Compliance with this policy is necessary to fulfill the firm's legal and ethical duties and obligations, and to ensure that information and data relating to you and the legal services we provide are maintained in strict confidence at all times during and after the engagement. All client matter files are subject to these policies and procedures.

At your request, at any time during the representation, you may access or receive copies of any records or documents in our possession relating to the legal services being provided to you, excluding certain firm business or accounting records. We reserve the right to retain originals or copies of any such records or documents as needed during the course of the representation.

Unless you instruct us otherwise, once our work on this matter is completed, we will designate your file as a closed file on our system and will apply our document retention policy then in effect to the materials in your closed files. At that time, we ordinarily will return to you any original documents we have maintained in accordance with the preceding paragraph while the matter was pending. Otherwise, we will retain the closed file materials for our benefit and subject to our own policies and procedures concerning file retention and destruction. Accordingly, if you desire copies of any documents (including correspondence, e-mails, pleadings, contracts, agreements, etc.) related to this matter or generated while it was pending, you should request such copies at the time our work on this matter is completed.

You will be notified and given the opportunity to identify and request copies of such items you would like to have sent to you or someone else designated by you. You will have 30 days

from the date our notification is sent to you to advise us of any items you would like to receive. You will be billed for the expense of assimilating, copying and transmitting such records. We reserve the right to retain copies of any such items as we deem appropriate or necessary for our use. Any non-public information, records or documents retained by Butler Snow and its employees will be kept confidential in accordance with applicable rules of professional responsibility.

Any file records and documents or other items not requested within 30 days will become subject to the terms of Butler Snow's Record Retention and Destruction Policy for Client Files and will be subject to final disposition by Butler Snow at its sole discretion. Pursuant to the terms of Butler Snow's Record Retention and Destruction Policy for Client Files, all unnecessary or extraneous items, records or documents may be removed from the file and destroyed. The remainder of the file will be prepared for closing and placed in storage or archived. It will be retained for the period of time established by the policy for files related to this practice area, after which it will be completely destroyed. This includes all records and documents, regardless of format.

While we will use our best efforts to maintain confidentiality and security over all file records and documents placed in storage or archived, to the extent allowed by applicable law, Butler Snow specifically disclaims any responsibility for claimed damages or liability arising from damage or destruction to such records and documents, whether caused by accident; natural disasters such as flood, fire, or wind damage; terrorist attacks; equipment failures; breaches of Butler Snow's network security; or the negligence of third-party providers engaged by our firm to store and retrieve records.

Fossil Ridge Metropolitan District No. 3
Located in the City of Lakewood, Jefferson County, Colorado

Post-Issuance Debt Compliance Policy

The Board of Directors of Fossil Ridge Metropolitan District No. 3 (the “Board”) has adopted the following Post-Issuance Debt Compliance Policy dated October 19, 2020 (the “Policy”). The Policy applies to qualifying debt obligations issued by Fossil Ridge Metropolitan District No. 3 (the “District”). As directed by the adoption of the Policy, the Board, along with the Finance Committee that serves at the Board’s pleasure, will perform the following Post-Issuance Debt Compliance Procedures (the “Procedures”) for all of the District’s outstanding debt including the following currently outstanding bonds:

- [\$35,695,000] Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020

1) General Post-Issuance Compliance

- a) Ensure written procedures and/or guidelines have been put in place for individuals to follow when more than one person is responsible for ensuring compliance with Procedures.
- b) Ensure training and/or educational resources for post-issuance compliance have been approved and obtained.
- c) The Treasurer of the District and the Chair of the Finance Committee (the “Responsible Parties”) understand that there are options for voluntarily correcting failures to comply with post-issuance compliance requirements (e.g. as remedial actions under Section 1.141-12 of the Treasury Regulations and the ability to enter into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31 (the “VCAP Program”).

2) Document Repository for Recordkeeping Purposes

- a) [Insert language regarding the repository (secure portal, cloud-based) to be established in conjunction with CRS as District Manager]

3) General Recordkeeping

- a) Retain records and documents for the obligation and all obligations issued to refund the obligation for a period of at least seven years following the final payment of the obligation. If an obligation is refunded, then the final payment of the refunding obligation becomes the beginning of the period unless otherwise directed by the District’s bond counsel.
- b) Retain electronic (preferred) and/or paper versions of records and documents for the obligation.

- c) General records and documentation to be assembled and retained:
 - i) Description of the purpose of the obligation (i.e. the project or projects) and the state statute authorizing the project.
 - ii) Record of tax-exempt status or revocation of tax-exempt status, if applicable.
 - iii) Any correspondence between the District and the IRS.
 - iv) Audited financial statements.
 - v) All accounting audits of property financed by the obligation.
 - vi) Obligation transcripts, official statements, and other offering documents of the obligation.
 - vii) Minutes and resolutions authorizing the issuance of the obligation.
 - viii) Certifications of the issue price of the obligation.
 - ix) Any formal elections for the obligation (i.e. an election to employ an accounting methodology other than the specific tracing method).
 - x) Bond insurance or surety policies associated with each obligation.
 - xi) Appraisals, demand surveys, or feasibility studies for property financed by the obligation.
 - xii) All information reports filed for the obligations.
 - xiii) All management contracts and other service agreements, research contracts, and naming rights contracts.
 - xiv) Documents related to governmental grants associated with construction, renovation or purchase of property financed by the obligation.
 - xv) Reports of any prior IRS examinations of the District or the District's obligation.
 - xvi) All correspondence related to the above (faxes, emails, or letters).

4) Arbitrage Yield Restriction and Rebate Recordkeeping

- a) Investment and arbitrage documentation to be assembled and retained:
 - i) An accounting of all deposits, expenditures, interest income and asset balances associated with each fund established in connection with the obligation. This includes an accounting of all monies deposited to the escrow, project, debt service reserve, and debt service funds to make debt service payments on the obligation, regardless of the source derived. Accounting for expenditures and assets is described in further detail in Section 5.
 - ii) Statements prepared by Trustee and/or Investment Provider.
 - iii) Documentation of at least quarterly allocations of investments and investment earnings to each obligation.
 - iv) Documentation for investments made with obligation proceeds such as:
 - (1) investment contracts (i.e. guaranteed investment contracts),
 - (2) credit enhancement transactions (i.e. obligation insurance contracts),
 - (3) financial derivatives (e.g. swaps, caps, and collars), and
 - (4) bidding of financial products:

- (a) Investments acquired with obligation proceeds are purchased at fair market value (e.g. three bid safe harbor rule for open market securities needed in advance refunding escrows).
 - b) Computations of the arbitrage yield.
 - c) Computations of yield restriction and rebate amounts including but not limited to:
 - i) Compliance in meeting the “Temporary Period from Yield Restriction Exception” and limiting the investment of funds after the temporary period expires.
 - ii) Compliance in meeting the “Rebate Exception.”
 - (1) qualifying for the “Small Issuer Exception,”
 - (2) qualifying for a “Spending Exception,”
 - (a) 6-Month Spending Exception
 - (b) 18-Month Spending Exception
 - (c) 24-Month Spending Exception
 - (3) qualifying for the “Bona Fide Debt Service Fund Exception,” and
 - (4) quantifying arbitrage on all funds established in connection with the obligation in lieu of satisfying arbitrage exceptions including reserve funds and debt service funds.
 - d) Computations of yield restriction and rebate payments.
 - e) Timely Tax Form 8038-T filing, if applicable.
 - i) Remit any arbitrage liability associated with the obligation to the IRS at each five-year anniversary date of the obligation, and the date in which the obligation is no longer outstanding (redemption or maturity date), whichever comes sooner, within 60 days of said date.
 - f) Timely Tax Form 8038-R filing, if applicable.
 - i) Remit the form after the date in which the obligation is no longer outstanding (redemption or maturity date), whichever comes sooner, within 2 years of said date.
 - g) Procedures or guidelines for monitoring instances where compliance with applicable yield restriction requirements depends on subsequent reinvestment of obligation proceeds in lower yielding investments (e.g. reinvestment in zero coupon SLGS).
- 5) Expenditure and Asset Documentation to be Assembled and Retained
- a) Documentation of allocations of obligation proceeds to expenditures (e.g. allocation of proceeds to expenditures for the construction, renovation or purchase of facilities owned and used in the performance of exempt purposes).
 - i) Such allocation will be done not later than the earlier of:
 - (1) eighteen (18) months after the later of the date the expenditure is paid, or the date the project, if any, that is financed by the obligation is placed in service; or

- (2) the date sixty (60) days after the earlier of the fifth anniversary of the issue date of the obligation, or the date sixty (60) days after the retirement of the obligation.
 - b) Documentation of allocations of obligation proceeds to issuance costs.
 - c) Documentation and records of advances submitted by the Developer which the District determines qualify as District Eligible Costs prior to issuing obligations and the allocation of reimbursements to the Developer for District Eligible Costs from obligation proceeds.
 - d) Copies of all contracts entered into for the construction, renovation or purchase of facilities financed with obligation proceeds.
 - e) Records of expenditure reimbursements incurred prior to issuing obligations for projects financed with obligation proceeds (declaration of official intent/reimbursement resolutions including all modifications).
 - f) List of all facilities and equipment financed with obligation proceeds.
 - g) Depreciation schedules for depreciable property financed with obligation proceeds.
 - h) Documentation that tracks the purchase and sale of assets financed with obligation proceeds.
 - i) Documentation of timely payment of principal and interest payments on the obligation.
 - j) Tracking of all issue proceeds and the transfer of proceeds into the debt service fund as appropriate.
 - k) Documentation that excess earnings from a Reserve Fund are transferred to the Debt Service Fund on an annual basis. Excess earnings are balances in a Reserve Fund that exceed the Reserve Fund requirement.
- 6) Miscellaneous Documentation to be Assembled and Retained
- a) Ensure that the project, while the obligation is outstanding, will avoid IRS private activity concerns.
 - b) The Responsible Parties shall monitor the use of all obligation-financed facilities in order to:
 - i) Determine whether private business uses of obligation-financed facilities have exceeded the *de minimus* limits set forth in Section 141(b) of the Code as a result of:
 - (1) sale of the facilities;
 - (2) sale of District capacity rights;
 - (3) leases and subleases of facilities including easements or use arrangements for areas outside the four walls (e.g. hosting of cell phone towers);
 - (4) leasehold improvement contracts, licenses, management contracts in which the District authorizes a third party to operate a facility (e.g. the Retreat, the pool);

- (5) preference arrangements in which the District permits a third-party preference (e.g. parking in a public parking lot, joint ventures, limited liability companies or partnership arrangements);
 - (6) output contracts or other contracts for use of utility facilities including contracts with large utility users;
 - (7) development agreements which provide for guaranteed payments or property values from a developer;
 - (8) grants or loans made to private entities including special assessment agreements;
 - (9) naming rights agreements; and
 - (10) any other arrangements that provide special legal entitlements to nongovernmental persons.
- ii) Determine whether private security or payments that exceed the *de minimus* limits set forth in Section 141(b) of the Code have been provided by nongovernmental persons with respect to such obligation-financed facilities.
- c) The Responsible Parties shall provide training and educational resources to any District staff or third-party personnel or consultants that have the primary responsibility for the operation, maintenance, or inspection of obligation-financed facilities with regard to the limitations on the private business use of obligation-financed facilities and as to the limitations on the private security or payments with respect to obligation-financed facilities.
 - d) The District shall undertake the following with respect to the obligations:
 - i) An annual review of the books and records maintained by the District with respect to such obligations.
 - ii) An annual physical inspection of the facilities financed with the proceeds of such obligations, conducted by the Responsible Parties with the assistance of any District staff or third-party personnel or consultants who have the primary responsibility for the operation, maintenance, or inspection of such obligation-financed facilities.
 - e) Changes in the project that impact the terms or commitments of the obligation are properly documented and necessary certificates or opinions are on file.
- 7) Additional Undertakings and Activities that Support Sections 1 through 5 above:
- a) The Responsible Parties will notify the District's bond counsel, financial advisor and arbitrage provider of any survey or inquiry by the IRS immediately upon receipt. Usually responses to IRS inquiries are due within 21 days of receipt. Such IRS responses require the review of the above-mentioned data and must be in writing. As much time as possible is helpful in preparing the response.
 - b) The Responsible Parties will consult with the District's bond counsel, financial advisor and arbitrage provider before engaging in post-issuance credit enhancement transactions (e.g. obligation insurance, letter of credit, or hedging transaction).

- c) Identify any post-issuance change to terms of obligations which could be treated as a current refunding of “old” obligations by “new” obligations, often referred to as a “reissuance.”
- d) The Responsible Parties will consult with the District’s bond counsel prior to any sale, transfer, change in use or change in users of obligation-financed property which may require “remedial action” under applicable Treasury Regulations or resolution pursuant to the VCAP Program.
 - i) A remedial action has the effect of curing a deliberate action taken by the District which results in satisfaction of the private business test or private loan test. Remedial actions under Section 1.141-12(d)(e) and (f) include the redemption of non-qualified obligations and/or the alternative uses of proceeds or the facility (i.e. to be used for another qualified purpose).

8) Continuing Disclosure Agreements (Undertakings)

- a) The Responsible Parties shall be responsible for compliance with continuing disclosure agreements (“CDA”) as defined by the Rule and any policies of the District.
- b) The Responsible Parties may have the ability to assign responsibilities, delegate where appropriate or engage a dissemination agent or third-party service providers to perform all or some of the duties described in this section. The District cannot delegate its compliance responsibilities.
 - i) Primary contact information for the Dissemination Agent is as follows:
 - Patricia Peters
 - Vice President
 - Corporate Trust & Escrow Services
 - UMB Bank, n.a.
 - 1670 Broadway
 - Denver, CO 80202
 - (303) 764-3604 (direct)
 - (303) 764-3699 (fax)
 - patricia.peters@umb.com
- c) The District should specify how providers or delegated authorities will be monitored and supervised.
 - i) The Dissemination Agent agrees to file continuing disclosure information, as directed by the District, in a timely manner, however, will not take responsibility regarding timeliness, content or signatures.
 - ii) The Responsible Parties shall provide annual disclosure information and, as applicable, material event notices to the Dissemination Agent in a timely manner and provide written direction to file documents.
- d) The District should identify the documents that set forth the respective requirements being monitored at the time of closing for each obligation.

- e) The District should catalog all outstanding CDAs and establish consolidated filing requirements based on the outstanding CDAs.
 - i) Refer to Exhibits herein for a consolidated schedule of continuing disclosure filing events and deadlines as well as an electronic copy of each outstanding CDA. The District shall consult the annual information template(s) for each CDA, as applicable, to ensure all required information is recorded and filed to EMMA.
- f) The District should identify the frequency of the actions to be undertaken to ensure compliance, establish a system or filing alerts or reminders to administer the filing requirements.
 - i) Each year on a forward-looking basis, the Responsible Parties shall create and share electronic calendar event notices with at least a month notice for each filing deadline.
- g) The Responsible Parties for compliance must be made aware of any new outstanding debt, changes to obligation or loan covenants, events of acceleration or default that would materially affect investors. The Responsible Parties shall report all relevant information to the Board.
- h) The Responsible Parties should review a compliance checklist to verify compliance with CDA requirements, at least annually, although it may be advisable to provide more frequent reviews in connection to specific material events. Confirmation of annual and ongoing compliance shall be reported to the Board.
- i) The District should monitor mandatory material events specifically identified in accordance with the Rule and file required notices within ten (10) days of occurrence. Refer specifically to the CDAs as contained in the Exhibits.
 - 1) Principal and interest payment delinquencies.
 - 2) Non-payment related defaults, if material.
 - 3) Unscheduled draws on debt service reserves reflecting financial difficulties.
 - 4) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - 5) Substitution of credit or liquidity providers or their failure to perform.
 - 6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
 - 7) Modifications to rights of bondholders, if material.
 - 8) Bond calls, if material, and tender offers.
 - 9) Defeasances.
 - 10) Release, substitution or sale of property securing repayment of the Bonds, if material.
 - 11) Rating changes.
 - 12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

- 13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
 - 15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material.
 - 16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.
- j) In addition to the mandatory material events, in consultation with bond counsel, the District should review and file any additional or voluntary event notices.
 - k) The District should maintain a catalog of all outstanding obligations whether publicly offered or privately placed, and the terms and conditions that govern default or acceleration provisions.
 - l) Any missed filing requirement should be remedied with a failure to file notice as soon as possible once the late filing is identified and the required information is available to file.
 - m) Sensitive information such as bank accounts and wire information should be redacted from documents prior to posting on EMMA.
 - n) The District needs to monitor for changes in law and regulations that effect continuing disclosure obligations and review disclosure policies and procedures periodically to ensure compliance and consistency with regulation and market expectations. Refer to Section 8(i) above, in particular.
- 9) Compliance with Future Requirements
- a) Take measures to comply with any future requirements issued beyond the date of the Policy which are essential to ensuring compliance with the applicable state and federal regulations.

[Remainder of Page Intentionally Left Blank; Signature Page to Follow]

IN WITNESS HEREOF, the DISTRICT has caused this POLICY to be adopted and executed as of October 19, 2020.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3,
IN THE CITY OF LAKEWOOD,
JEFFERSON COUNTY, COLORADO**

By: _____

President, Board of Directors

EXHIBIT A

Consolidated Schedule of Continuing Disclosure

Filing Dates and Deadlines

Deadline or Action	Due Date
Initiate Audit Process with Districts' Auditor, Accounting Firm and District Manager	March 15 th
Arrange Finance Committee Review of Audited Financial Statements with Districts' Auditor and Preparation of Annual Report	May 1 st
Receive Draft Audited Financial Statements from Auditor	June 1 st
Submit Audited Financial Statements and Annual Report for Recommendation to the Districts' Board	June 30 th
Districts' Board to Consider and Approve Audited Financial Statements and Annual Report	July 25 th
File Annual Audited Financial Statements with State of Colorado	July 31 st
Direct Dissemination Agent to File Audited Financial Statements and Annual Report to Electronic Municipal Market Access ("EMMA") (www.emma.msrb.org)	July 31 st
Upload Audited Financial Statements, Annual Report and Supporting Financial Information or Files to Districts' Document Repository	August 15 th
Required Filing Date for Annual Report to EMMA (no later than nine (9) months from the end of the Districts' fiscal year end)	September 30 th

EXHIBIT B

Continuing Disclosure Agreement
related to the following bond obligations:

[\$35,695,000]

Limited Tax General Obligation Refunding and Improvement Bonds

Series 2020

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3
IN THE CITY OF LAKEWOOD
JEFFERSON COUNTY, COLORADO**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is between the Fossil Ridge Metropolitan District No. 3, in the City of Lakewood, Jefferson County, Colorado (the “Issuer”), and UMB Bank, n.a., as dissemination agent, and is executed and delivered in connection with the issuance of the Issuer’s Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020, in the aggregate principal amount of \$35,695,000* (the “Bonds”) dated as of October 29, 2020. The Bonds are being issued pursuant to a bond resolution adopted by the Board of Directors of the Issuer on September 28, 2020 (the “Bond Resolution”) and Indenture of Trust between the Issuer and UMB Bank, n.a., acting as trustee, dated as of October 29, 2020 (the “Indenture”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement, which Annual Report shall include the audited financial statements for Fossil Ridge Metropolitan District No. 1 and Fossil Ridge Metropolitan District No. 2.

“*Board*” means the Board of Directors of the Issuer.

“*Bond Resolution*” means the resolution adopted by the Board on September 28, 2020, authorizing the issuance of the Bonds.

“*Bonds*” means the Issuer’s Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020, issued pursuant to the Resolutions.

“*Dissemination Agent*” means, initially, UMB Bank, n.a., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

* Subject to change.

“*Fiscal Year*” means the calendar year commencing on January 1 of each year and ending on December 31 of the same calendar year.

“*Listed Events*” means any of the events listed in Section 5 of this Disclosure Agreement.

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

“*Official Statement*” means the final Official Statement prepared in connection with the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Agreement.

“*SEC*” means the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s fiscal year of each year, commencing nine (9) months following the end of the Issuer’s fiscal year ending December 31, 2020, and in no event later than September 30 of each year, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than ten (10) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if the Issuer has selected one). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Agreement as Exhibit “A.”

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided at such time, and audited financial statements will be provided thereafter when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;

(15) Incurrence of a financial obligation² of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation² of the Issuer, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Agreement shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

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

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent.

supervision or jurisdiction over substantially all of the assets or business of the obligated person.

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and any other agreement between the Issuer and the Dissemination Agent. The Issuer agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim or liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may resign as dissemination agent hereunder at any time upon thirty (30) days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or Report prepared by the Issuer pursuant to this Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Agreement, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) upon request certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Agreement and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Agreement as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement and may waive any provision of this Disclosure Agreement, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of

dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Colorado without regard to choice of law analysis. Venue for any judicial proceeding to enforce or interpret this Disclosure Agreement shall be in the Issuer Court located in Jefferson County, Colorado.

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

IN WITNESS WHEREOF, the Issuer and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed in their respective names, all as of October 29, 2020.

**FOSSIL RIDGE METROPOLITAN DISTRICT
NO. 3, IN THE CITY OF LAKEWOOD,
JEFFERSON COUNTY, COLORADO**

By _____
President, Board of Directors

[SEAL]

Attest:

Secretary, Board of Directors

UMB BANK, N.A.,
as Dissemination Agent

By: _____
Title: Vice President

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Fossil Ridge Metropolitan District No. 3, Jefferson County, Colorado (the “Issuer”).

Name of Bond Issue: Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020 in the aggregate principal amount of \$35,695,000 (the “Bonds”).

Date of Issuance: October 29, 2020.

CUSIP No. ____.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution dated September 28, 2020, and by the Continuing Disclosure Agreement, dated as of October 29, 2020, between the Issuer and UMB Bank, n.a., as Dissemination Agent. The Issuer has represented that the Annual Report will be filed by ____ [date] _____.

Dated: _____, 20____.

UMB BANK, N.A.,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years.

*History of Assessed Valuations	54
*History of Mill Levies	55
*Property Tax Collections	55

EXHIBIT C

Annual Report Filing Template

as described in the

Continuing Disclosure Agreement

related to the following bond obligations:

[\$35,695,000]

Limited Tax General Obligation Refunding and Improvement Bonds

Series 2020

FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3

In the City of Lakewood, Jefferson County, Colorado

Base CUSIP: 34988C

Applicable Securities

**[\$35,695,000] Limited Tax General Obligation Refunding and Improvement
Bonds, Series 2020**

Continuing Disclosure Report of Annual Information

to comply with

SEC Rule 15c2-12(b)(5)

Dated: _____

Table of Contents

Purpose.....	3
History of Assessed Valuations	4
History of Mill Levies.....	5
Property Tax Collections	6

Purpose

The purpose of this Annual Report is to provide ongoing information related to Fossil Ridge Metropolitan District No. 3 (the “District”), along with Fossil Ridge Metropolitan District No. 1 (“District No. 1”) and Fossil Ridge Metropolitan District No. 2 (“District No. 2”, and collectively the “Districts”), as stipulated in the District’s continuing disclosure undertaking(s) for the referenced outstanding bonds. The information in this Annual Report is to be combined with the audited financial statements of the Districts, which together, comprise the aggregate Annual Report to be submitted to the Municipal Securities Rulemaking Board (“MSRB”) in compliance with SEC Rule 15c2-12(b)(5).

History of Assessed Valuations

Refer to the following table for a five-year history of the assessed valuations of District No. 2 and the District.

[Update and verify red text below]

History of Assessed Valuations

Levy/Collection Year	District No. 2		The District	
	Total Assessed Valuation	Percent Change	Total Assessed Valuation	Percent Change
2015/2016	\$20,546,882	--	\$26,917,310	--
2016/2017	21,055,483	2.5%	28,558,160	6.1%
2017/2018	21,787,559	3.5	34,948,305	22.4
2018/2019	21,813,016	0.1	36,179,503	3.5
2019/2020	23,857,072	9.4	38,805,537	7.3
2020/2021 ⁽¹⁾	24,111,479	1.1	41,136,858	6.0

⁽¹⁾ Preliminary figures as of [September 30, 2020]. The final assessed values will not be certified until approximately [December 10, 2020].

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, [2015-2019]; and Jefferson County Assessor's Office.

History of Mill Levies

Refer to the following table for a five-year history of the mill levies of District No. 2 and the District.

[Update and verify red text below]

History of Mill Levies

Levy/ Collection Year ⁽¹⁾	District No. 2			The District		
	General Fund Levy	Debt Service Levy	Total Levy	General Fund Levy	Debt Service Levy	Total Levy
2015/2016	0.000	40.000	40.000	0.000	40.000	40.000
2016/2017	5.000	35.000	40.000	5.000	35.000	40.000
2017/2018	5.458	38.210	43.668	5.458	38.210	43.668
2018/2019	5.458	32.210	37.668	5.458	32.210	37.668
2019/2020	5.458	38.210	43.668	5.458	38.210	43.668

⁽¹⁾ The [2020/2021] mill levies will not be certified until approximately [December 15, 2020].

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, [2015-2019]; and Jefferson County Assessor's Office.

Property Tax Collections

Refer to the following table for a five-year history of the ad valorem property tax collections for District No. 2 and the District.

[Update and verify red text below]

Property Tax Collections

Levy/ Collection Year	District No. 2			The District		
	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Percent of Levy Collected	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Percent of Levy Collected
2014/2015	\$601,204	\$601,203	100.00%	\$639,932	\$639,810	99.98%
2015/2016	821,875	821,873	100.00	1,076,692	1,074,430	99.79
2016/2017	842,219	841,507	99.92	1,142,326	1,140,503	99.84
2017/2018	951,419	949,324	99.78	1,526,123	1,519,867	99.59
2018/2019	821,653	819,090	99.69	1,362,810	1,362,130	99.95
2019/2020 ⁽³⁾	1,041,791	1,039,363	--	1,694,560	1,689,056	--

⁽¹⁾ Levied amounts do not reflect abatements or other adjustments.

⁽²⁾ The county treasurer's collection fees have not been deducted from these amounts. Figures do not include interest, fees and penalties.

⁽³⁾ Collections are for January 1 through [August 31, 2020].

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, [2014-2019]; and Jefferson County Treasurer's Office.

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3
UMB BANK
FEES AND EXPENSES**

Fees for services are as follows:

Acceptance Fee

Review Documents, Establish Accounts & Authenticate Certificates	\$2,000
---	---------

Administrative Fee

Administration Fee	\$3,500
Dissemination Agent Fee	\$250

Escrow Agent Fee

\$300

In connection with the initial review of documents, UMB will not require reimbursement for any legal fees that it may incur through the use of in-house counsel. If opinion(s) of Trustee's counsel are required, outside counsel may be retained by UMB and the cost of such counsel will be charged as additional expense. Administration fees and other fees and expenses will be billed annually in advance.

The fees, charges and expenses specified herein are for the typical and customary services as Trustee. Fees for additional or extraordinary services not now part of the customary services provided, such as special services during defaults, additional government reporting requirements, or document amendments will be charged at the then current rates for such services. Extraordinary expenses, such as legal fees and travel expenses, shall be invoiced to the client based upon the actual out of pocket cost to the Trustee. UMB reserves the right to renegotiate its current fee schedule to correspond with changing economic conditions, inflation, and changing requirements relating to the day to day service delivery.

October 9, 2020

Fossil Ridge Metropolitan District No.3
6465 S. Greenwood Plaza Blvd.
Suite 700
Centennial, CO 80111
Attention: Mr. John Wendling, District Administrator

Re: ***US\$32,655,000 Fossil Ridge Metropolitan District No. 3, Colorado, General Obligation Limited Tax Refunding And Improvement Bonds, (Fossil Ridge Metropolitan District No. 2 And No. 3), Series 2020, dated: Date of delivery, due: December 01, 2050, Public***

Dear Mr. Wendling:

Thank you for your request for a S&P Global Ratings credit rating as described above. We agree to provide the credit rating in accordance with this letter and the rating letter, and you agree to perform your obligations set out in sections 1, 2 and 3 of this letter. Unless otherwise indicated, the term "issuer" in this letter means both the issuer and the obligor if the obligor is not the issuer.

We will make every effort to provide you with the high level of analytical performance and knowledgeable service for which we have become known worldwide. You will be contacted directly by your assigned analytic team.

1. Fees and Termination.

In consideration of our analytic review and issuance of the credit rating, you agree to pay us the following fees:

Rating Fee. You agree to pay us a credit rating fee of **\$27,250** plus all applicable value-added, sale, use and similar taxes. S&P Global Ratings reserves the right to adjust the credit rating fee if the proposed par amount changes. Payment of the credit rating fee is not conditioned on S&P Global Ratings issuance of any particular credit rating.

Other Fees and Expenses. You will reimburse S&P Global Ratings for reasonable travel and legal expenses. Should the credit rating not be issued, you agree to compensate us based on our time, effort, and charges incurred through the date upon which it is determined that the credit rating will not be issued.

Termination of Engagement. This engagement may be terminated by either party at any time upon written notice to the other party.

2. Private and Confidential Credit Ratings.

Unless you request otherwise, the credit rating provided under this Agreement will be a public credit rating.

If you request a confidential credit rating under this Agreement, you agree that the credit rating will be exclusively for your internal use, and not to disclose it to any third party other than your professional advisors who are bound by appropriate confidentiality obligations or as otherwise required by law or regulation or for regulatory purposes.

If you request a private credit rating under this Agreement, S&P Global Ratings will make such credit rating and related report available by email or through a password-protected website or third-party private document exchange to a limited number of third parties you identify, and you agree not to disclose such credit rating to any third party other than (A) to your professional advisors who are bound by appropriate confidentiality obligations, (B) as required by law or regulation or for regulatory purposes, or (C) for the purpose of preparing required periodic reports relating to the assets owned by a special purpose vehicle that has purchased the rated obligation, provided that the preparer(s) of the reports must agree to keep the information confidential and the private credit rating shall not be referred to or listed in the reports under the heading "credit rating," "rating" or

"S&P rating", and shall be identified only as an "S&P Global Ratings implied rating" or similar term. If a third-party private document exchange is used, you agree to pay a one time administrative fee of \$10,000 in addition to the fees outlined in this Agreement. You also agree to maintain the list of third-parties authorized to access the private credit rating current and to notify S&P Global Ratings in writing of any changes to that list. S&P Global Ratings may make access to the private credit rating subject to certain terms and conditions, and disclose on its public website the fact that the rated entity or obligations (as applicable) has been assigned a private credit rating.

3. Information to be Provided by You.

To assign and maintain the credit rating pursuant to this letter, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the credit rating and the continued flow of material information as part of the surveillance process. You also understand that credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings opinion of the information received from issuers and their agents and advisors.

4. Other.

S&P Global Ratings has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. S&P Global Ratings has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

S&P Global Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer, its agents or advisors have provided to S&P Global Ratings and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

S&P Global Ratings does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. S&P GLOBAL RATINGS GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P Global Ratings, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

With respect to each rating that you have asked S&P Global Ratings (a "nationally recognized statistical rating organization") to rate under this Agreement, you understand that S&P Global Ratings is required under Rule 17g-7(a)(1)(ii)(J)(1) through (2) under the Securities Exchange Act of 1934 (hereafter "J1/J2"), to determine, ahead of publication of the rating, the entity paying for credit rating services, the role that entity undertakes, and whether the entity paying for credit rating services has also paid S&P Global Ratings for ancillary services during the most recently ended fiscal year. You acknowledge that the undersigned contracted party is the entity responsible for payment of credit rating services, and will, by default, be the legal entity S&P Global Ratings uses for its J1/J2 disclosures, unless otherwise indicated by you. To the extent that you do not expect to pay the fees due under this Agreement directly, you undertake to notify S&P Global Ratings, in writing and in advance of any credit rating publication, of a) the full legal name, address and role of the entity that will be the recipient ("bill-to") of S&P Global Ratings invoices due under this Agreement and b) where different to the bill-to entity, the full legal name, address and role of the entity that will be the payer of invoices; you understand that we cannot use a paying agent or similar intermediary for the purpose of the disclosure. You understand, as contracting party, your role in enabling S&P Global Ratings to accurately present the disclosure of its credit ratings.

Please feel free to contact Michael Abad at michael.abad@spglobal.com if you have any questions or suggestions about our fee policies. In addition, please visit our web site at www.standardandpoors.com for our ratings definitions and criteria, research highlights, and related information. We appreciate your business and look forward to working with you.

Sincerely yours,
Blakely Fishlin

By :



Name: Blakely D. Fishlin

Title: Director, Sr. Lead, Product Management & Development
ma

cc:

Ms. Melissa Buck

Mr. Peter Curtin

S&P Global Ratings - Data Protection Appendix to Terms and Conditions

1. **This Appendix:** This Data Protection Appendix ("**Appendix**") is incorporated into the Engagement Letter and S&P Global Ratings Terms and Conditions (together, the "**Agreement**") between S&P Global Ratings and you. In the event of conflict, this Appendix takes priority over the provisions of the Agreement but solely to the extent of the conflict.

2. **Definitions:** All words, terms or phrases, the meaning of which are defined in the Agreement, shall have the same meaning where used in this Appendix. In this Appendix, the following terms shall have the following meanings:

"**controller**", "**processor**", "**data subject**", "**personal data**", "**processing**", "**process**", "**special categories of personal data**" and "**joint controller**" shall have the meanings given in Applicable Data Protection Law; where these terms are not defined in the Applicable Data Protection Law, they shall have the meaning given to them in the GDPR;

"**Analytical Data**" means underlying personal data contained within the information which is provided to S&P Global Ratings for the purposes of the provision of the Services, such as the personal data of individuals who have financial products in place which are relevant to the issuing of a rating;

"**Applicable Data Protection Law**" shall mean, as applicable, the **EU General Data Protection Regulation (Regulation 2016/679)** (as may be amended, superseded or replaced) ("**GDPR**") and all other supplemental or implementing laws relating to data privacy in the relevant European Union member state, including where applicable the guidance and codes of practice issued by the relevant supervisory authority, and/or all applicable analogous privacy laws of other countries;

"**Client Data**" means personal data of data subjects, such as your employees, associates or partners, that is provided to S&P Global Ratings during the provision by S&P Global Ratings of the Services to you, such as name, job title, name of employer, office email address, office physical address, internet protocol address, office telephone number and language selection (and excludes special categories of personal data);

"**Data**" means Analytical Data and Client Data;

"**Permitted Purpose**" means processing:

(A) by employees, officers, consultants, agents and advisors of S&P Global Ratings or its affiliates of Data: (i) to provide ratings and other products and services (the "**Services**") to you, (ii) to communicate with you regarding the Services that may be of interest to you, (iii) as described in the S&P Global Ratings' Use of Information section of the Agreement and (iv) as otherwise permitted in the Agreement;

(B) of personal data by you to access and use the Services;

"**Standard Contractual Clauses**" means standard contractual clauses (adopted by European Commission Decision 2004/915/EC on 27 December 2004) for the transfer of personal data from controllers in the EU to controllers in jurisdictions outside the European Economic Area, a copy of the current version of which is accessible at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32004D0915> and which shall be deemed incorporated into this Appendix by reference solely for purposes of Clause 8 of this Appendix and within which you are the "**Data Exporter**" and S&P Global Ratings is the "**Data Importer**."

3. **Disclosure of data:** Each party will only disclose personal data to each other to process strictly for the Permitted Purpose.

4. **Relationship of the parties:** Except as may be specifically otherwise agreed, the parties acknowledge that you are a **controller** of the Data you disclose to S&P Global Ratings and that S&P Global Ratings will process the Data you disclose to S&P Global Ratings as a separate and independent controller strictly for the Permitted Purpose. In no event will the parties process the Data as joint controllers. Each party shall be individually and separately responsible for complying with the obligations that apply to it as a controller under Applicable Data Protection Law. Please see our Customer Privacy Policy (available at <https://www.spglobal.com/corporate-privacy-policy>) and Cookie Notice (available at <https://www.spglobal.com/corporate-privacy-policy/corporate-privacy-and-cookie-notice>) for further information regarding how personal data that you provide to S&P Global Ratings in connection with the Services will be used and maintained.

5. **Investigations:** Except where and to the extent prohibited by applicable law, each party ("**Notifier**") will

inform the other promptly, and in any event within three (3) business days of, any inquiry, communication, request or complaint relating to Notifier's processing of the personal data transferred to it under this Agreement by the other party which is received from: (i) any governmental, regulatory or supervisory authority, (ii) any data subject or (iii) any other person or entity alleging unlawful or unauthorized processing.

6. **Use and Restrictions on Use:** Notwithstanding the information that you are entitled to use from the Services and distribute to third parties to the extent permitted by the Agreement, you shall not distribute or use any personal data to which you have had access when receiving the Services other than for the Permitted Purpose.

7. **Security:** The parties shall implement appropriate technical and organisational measures to protect the Data from: (i) accidental, unauthorized or unlawful destruction and (ii) loss, alteration, unauthorised disclosure of or access to the Data.

8. **International Transfers of Data outside the EEA:**

8.1 This Clause 8 and the Standard Contractual Clauses shall apply only with respect to Data transferred from the European Economic Area ("EEA") to S&P Global Ratings and its affiliates in a territory outside of the EEA, provided that such transfers shall comply with the Standard Contractual Clauses deemed to be incorporated into this Appendix.

8.2 S&P Global Ratings may process (or permit to be processed) any Data transferred from the EEA to S&P Global Ratings and its affiliates in a territory outside of the EEA, provided that such transfers shall comply with the Standard Contractual Clauses. In applying and interpreting the Standard Contractual Clauses, the parties agree that **Annex A** will apply and **Annex B** thereto shall be populated as follows:

(1) Data Subjects to whom the personal data relates:

(i) Persons who are employees, officers, contractors, agents or advisors of the Data Exporter and/or of companies affiliated with it who are engaged in the decision to enter into the Agreement and/or who enter into the Agreement with the Data Importer for the provision of the Data Importer's Services; and

(ii) persons in respect of whom the Data Exporter or its agents or advisors have provided personal data to the Data Importer to enable the Data Importer to provide the Services.

(2) Purposes for which the data transfer is made:

The Permitted Purpose.

(3) Categories of personal data transferred:

Client Data and Analytical Data.

(4) Categories of recipients to whom the personal data is transferred or disclosed:

Employees, officers, consultants, agents and advisors of the Data Importer or its affiliates and third parties, including public bodies, regulators and law enforcers, to the extent S&P Global Ratings is required to disclose Data by contract, regulation, litigation or law.

(5) Sensitive data or categories of sensitive data to be transferred (special category personal data):

Not applicable.

(6) Contact Point for the Data Importer:

RatingsGDPR@spglobal.com

8.3 The parties agree that the following optional clause to the Standard Contractual Clauses shall apply as between them:

"(1) Each party shall perform its obligations under these clauses at its own cost."

9. **Survival:** This Appendix shall survive termination or expiry of the Agreement. Upon termination or expiry of the Agreement, S&P Global Ratings may continue to process the Data, provided that such processing complies with the requirements of this Appendix and Applicable Data Protection Law.

September 30, 2020

Ms. Melissa Buck
Ehlers Public Finance Advisors
4700 South Syracuse Street, Suite 860
Denver, Colorado 80237

MBuck@ehlers-inc.com

Dear Ms. Buck :

As you requested, we are pleased to submit this letter which describes our proposed assistance to Ehlers Public Finance Advisors, acting as Financial Advisor, to be the Escrow Verification Agent related to the proposed issuance of the Fossil Ridge Met District GOLT Bonds, Series 2020.

SCOPE AND TIMING OF SERVICES

We propose to verify the mathematical accuracy of the computations relating to the adequacy of cash plus U.S. Treasury Securities to be placed in escrow to pay, when due, the debt service requirements of the refunded bonds.

Specifically, we will provide the following:

- A verbal confirmation on the structure of the proposed transaction based on existing documents for the issues to be refunded prior to the date of sale.
- Verbal confirmation concerning the accuracy of the final numbers within 1 hour of receiving the proposed final numbers on the date of sale.
- Draft verification report e-mailed to all appropriate parties within 1-2 days of the pricing for review and comment.
- Final official report e-mailed to all appropriate parties within 24 hours of receiving comments.

SUMMARY OF EXPERIENCE OF CAUSEY DEMGEN & MOORE P.C.

Causey Demgen & Moore P.C. is the leading CPA firm in the United States which provides independent third party verifications for tax-exempt refunding bond issues. We have provided verification services for more than 20,000 bond issues, including more than 15,000 engagements for advance refundings of tax-exempt bonds; of these, more than 500 advanced refunding issues involved transferred proceeds calculations including more than 50 with cascading transferred proceeds. We are approved by all bond issuers and all rating agencies.

Ms. Melissa Buck
September 30, 2020
Page 2

Our professionals have provided verifications for more than 15,000 advanced refundings. In the past three years alone we have provided verification services for more than 1,800 refunding issues totaling over \$50 billion, including:

\$972,730,000 Bay Area Toll Authority San Francisco Bay Area Toll Bridge Revenue Bonds, 2019 Series F-1 (Federally Taxable) and Subordinate Toll Bridge Revenue Bonds, 2019 Series S-9 (Federally Taxable)

\$897,055,000 Foothill/Eastern Transportation Corridor Agency Toll Road Refunding Revenue Bonds, Series 2019A (Federally Taxable)

\$890,156,940 Massachusetts Department of Transportation Metropolitan Highway System Revenue Refunding Bonds (Senior), 2019 Series A and Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured, 2019 Series C

\$715,420,000 Massachusetts School Building Authority Subordinated Dedicated Sales Tax Refunding Bonds, 2019 Series B (Federally Taxable)

\$693,435,000 San Diego Community College District (San Diego County, California) 2019 General Obligation Refunding Bonds, Series A (Federally Taxable) 2019 General Obligation Refunding Bonds, Series B (Federally Taxable - 2023 Crossover)

\$656,955,000 Public Utilities Commission of the City and County of San Francisco. San Francisco Water Revenue Bonds, 2019 Series ABC Consisting of: 2019 Sub-Series A Bonds (Refunding – Federally Taxable) (WSIP) (Green Bonds), 2019 Sub-Series B Bonds (Refunding – Federally Taxable) (Hetch Hetchy), and 2019 Sub-Series C Bonds (Refunding – Federally Taxable) (Local Water Main)

\$628,020,775 Rutgers, The State University (The State University of New Jersey) General Obligation Refunding Bonds Series 2019R (Federally Taxable)

\$594,605,000 Los Angeles Unified School District (County of Los Angeles, California) 2019 General Obligation Refunding Bonds, Series A

\$526,150,000 Colorado Health Facilities Authority Revenue Refunding Bonds, Series 2019A (SCL Health System), and the Montana Facility Finance Authority Revenue Refunding Bonds, Series 2019A (SCL Health System)

\$500,000,000 Mount Sinai Obligated Group Taxable Bonds, Series 2019

\$496,910,000 City and County of Honolulu Wastewater System Revenue Bonds (First Bond Resolution), Senior Series 2019A, Senior Series 2019B and Senior Series 2019C (Taxable) Wastewater System Revenue Bonds (Second Bond Resolution) Junior Series 2019A and Junior Series 2019B (Taxable)

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\$456,960,727 East Baton Rouge Sewerage Commission Revenue Refunding Bonds, Series 2019A and Revenue Refunding Bonds, Series 2019B

\$442,620,000 San Diego County Regional Transportation Commission Sales Tax Revenue Bonds (Limited Tax Bonds), 2019 Series A (Taxable)

\$429,545,000 Massachusetts Development Finance Agency, Revenue Bonds, Wellforce Issue Series A (2019) and Series B (2019) (Federally Taxable)

\$425,005,000 State of Arizona Department of Administration Refunding Certificates of Participation Series 2019A

\$401,360,000 Round Rock Independent School District (A political subdivision of the State of Texas located in Travis and Williamson Counties) Unlimited Tax School Building and Refunding Bonds, Series 2019A and Unlimited Tax Refunding Bonds, Series 2019B

\$396,315,000 State of Washington Motor Vehicle Fuel Tax General Obligation Refunding Bonds (Triple Pledge Bonds–SR 520 Toll Revenue), Series R-2021A (Forward Delivery)

\$369,045,000 Clark County, Nevada Las Vegas-McCarran International Airport Passenger Facility Charge Refunding Revenue Bonds Series 2019E (Non-AMT)

\$357,970,000 Advocate Health and Hospitals Corporation Taxable Bonds, Series 2019 (Advocate Aurora Health Credit Group)

\$332,770,000 Metro Wastewater Reclamation District, Colorado Federally Taxable Sewer Refunding Bonds, Series 2019B

\$320,435,000 Board of Regents of the University of Texas System Revenue Financing System Refunding Bonds, Series 2019A

\$320,360,000 University of Cincinnati General Receipts Bonds Series 2019A (Tax-Exempt) Series 2019B (Federally Taxable)

\$318,715,000 Board of Regents of the University of Texas System Revenue Financing System Bonds, Series 2019B

\$315,000,000 Port of Port Arthur Navigation District of Jefferson County, Texas Exempt Facilities Revenue Bonds (Emerald Renewable Diesel LLC Project), Series 2018 as Extended on October 3, 2019

STAFFING

Our services will be provided by the following individuals:

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Lyle Martine, CPA, Principal, has had partnership responsibility on more than 3,000 tax-exempt issues totaling over \$15 billion. She would have lead responsibility for this engagement and would be actively involved in the services we would provide to you during both the pre-pricing and pricing phases.

Teow Goh, Senior Consultant, has performed verification services on over 4,000 issues totaling over \$25 billion. She would be the prime consultant on this engagement.

REFERENCES

The following are three governmental references for whom we have provided verification services in the last twelve months:

Mr. Bart Savidge and
Maryland Health and Higher Educational
Authority
410-837-6220
bsavidge@mhhefa.org

Mr. John Thurber
Omaha Public Power District
402-636-3056
jthurber@oppd.com

Ms. Kim Nichols
Florida State Board of Administration
(850) 413-1303
kim.nichols@sbafla.com

FEES

Based on the above approach and scope, our fee for this transaction, to include all expenses, is \$2,250, regardless of whether SLGs or open market securities are used in the escrow, there are three series of currently refunded bonds, there is one escrow account, and there are no transferred proceeds or multipurpose allocation calculations requiring verification. We would add \$250 for each additional escrow account/cash flow.

Causey Demgen & Moore P.C. is a licensed CPA firm with \$5 million of professional liability insurance. We have no debt in our firm and have no pending or threatened litigation against our firm. We believe that these factors assure our ability to provide you with the best possible quality and service; we recommend that this be considered in conjunction with price difference when choosing a verification agent.

It is our practice to submit our invoice at completion of the engagement, with payment due thirty days from the invoice date.

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We greatly appreciate the opportunity to submit our proposal to you. We believe that extensive experience should be a key requirement for selection, and our firm and professionals assigned to this engagement have this experience. We are committed to providing consistently high quality and cost effective services on each engagement we undertake and are committed to doing so again for you.

If you have any questions concerning any aspect of this proposal, please call me.

Very truly yours,

CAUSEY DEMGEN & MOORE P.C.

By: 
Lyle Anne Martine, Principal

Emergency Repair Authorization

Recently, two of the controllers in the panels of the equipment which control the programming of the irrigation system failed and without these controls significant loss of plant material would occur. Fortunately, one of these controllers was still under warranty, while the other was not. Our landscaping company, Schultz, replaced the failed panel on the out of warranty controller at a cost of \$2423.75.

In order to preclude damage to the community landscape, an expenditure of emergency funding for the repair was authorized.

Warranty Bonds

A warranty bond is a legal document that guarantees to the Metro District that the developer who did the work (i.e. Brookfield) will come back to fix defective work or material should an issue arise during the warranty period specified in the contract.

The Boards propose that the Policy on Acceptance and Acquisition of Public Improvements be amended to reflect the following process:

The District Engineer will determine the bonding amount on a case by case basis. Normally this will be 25% of the original cost to construct the project, however the FRMD reserves the right to calculate a larger amount where circumstances require a larger bonding amount.

**RESOLUTION
BOARD OF DIRECTORS
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1**

AMENDING THE MARCH 18, 2016 RESOLUTION ESTABLISHING POLICIES AND PROCEDURES FOR ACCEPTANCE AND ACQUISITION OF PUBLIC IMPROVEMENTS

WHEREAS, on March 18, 2016, the Board of Directors (“**Board**”) of the Fossil Ridge Metropolitan District No. 1 (“**District**”) adopted a Resolution Establishing Policies and Procedures For Acceptance and Acquisition Of Public Improvements (“**Resolution**”); and,

WHEREAS, the Board wishes to amend Section 1(f)(v) of the Resolution to clarify the Board’s policy and procedures with respect to the Developer providing a Performance Bond with a two-year warranty or a separate two-year Warranty Bond.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1 THAT:

1. Section 1(f)(v) of the March 18, 2016 Resolution Establishing Policies and Procedures For Acceptance and Acquisition Of Public Improvements is amended in its entirety to read:

(v) Either (A) a Performance Bond that includes a two-year warranty on the Public Improvement(s) for which the Developer is seeking initial acceptance, which two-year warranty commences upon the date of initial acceptance by the District; or (B) a separate two-year Warranty Bond that commences upon the date of initial acceptance by the District and is in an amount that is the greater of (1) 25% of the total cost of constructing the Public Improvement(s) or (2) an amount established by the District Engineer based on the specific circumstances surrounding the Public Improvement(s).

All other provisions of the March 18, 2016 Resolution Establishing Policies and Procedures For Acceptance and Acquisition Of Public Improvements remain in force as written and are not affected by the amendment set forth herein.

ADOPTED and APPROVED this 19th day of October, 2020.

BOARD OF DIRECTORS
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1

By: _____
Tom Waterman, Board President

By: _____
Dave McGraw, Board Secretary