

Resident Handbook Exhibits

Exhibit A

Excerpt from budget for District 3 (resident district). Money received from selling bonds - \$12.4 million. Transferred to "master" developer district, District 1:

	Budget	Actual
Revenues		
Bond Proceeds	\$ 14,950,000	\$ 12,415,000
Bond Premium	-	395,458
	<u>14,950,000</u>	<u>12,810,458</u>
Expenditures		
Issuance costs	598,000	210,075
Transfer to District #1	12,726,065	12,591,883
Transfer to Debt Service - reserve	1,253,625	-
Transfer to Debt Service - cap int	372,310	-
	<u>14,950,000</u>	<u>12,801,958</u>
Excess (deficiency) of revenues over expenditures	-	8,500

Budget for District 1, Developer District. Received bond proceeds from District 3 and wrote a check to the developer for the same amount as repayment for principal and interest on the "loan" from the developer to the residents.

Note the developer is still "advancing" money to the residents (\$4.5 million) on the loan

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	<u>Budget</u>		<u>Actual</u>	
Revenues				
Developer advances	\$	5,690,425	\$	4,595,497
Development fees		315,000		557,550
Storm drainage fees		75,000		132,750
Sewer fees		19,575		37,062
Interest income		-		1,452
CTF Income		-		3,718
Transfer from District #3		12,726,065		12,591,883
		<u>18,826,065</u>		<u>17,919,912</u>
Expenditures				
Accounting		16,000		24,789
Legal		40,000		79,939
Capital Expenditures		5,745,000		5,296,957
Miscellaneous		4,000		12,541
Drainage improvements		120,000		-
Lowr pool access		75,000		-
Repay developer principal/interest		12,726,065		12,591,883
Transfer to General Fund		100,000		-

In another district, here the bond proceeds of \$12.6 million are received by the management district and immediately spent to repay the developer's advances - "advances from SR Entities" (Developer).

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report as depreciation expense, the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay	24,876,715
Depreciation	(80,356)

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

Bond Issuance - Current Year	(27,616,932)
Advances from SR Entities	(1,505,447)
Repayment - Advances from SR Entities	27,616,932
Promissory Note Proceeds	(6,502,105)
Promissory Note Payments	2,101,686

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

Amortization of Bond Discounts	(34,167)
Accrued Interest on Advances from SR Entities - Change in Liability	(2,251,998)
Accrued Interest on Promissory Notes - Change in Liability	(190,998)
Accrued Interest on Bonds - Change in Liability	(1,342,730)

Change in Net Position of Governmental Activities	<u>\$ (4,706,934)</u>
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Resident Handbook Exhibits

Exhibit B

Excerpts from Pledge Agreement where subservient taxing district (Residents) pledge to pay all their tax revenue to the master district (developer):

"AMENDED AND RESTATED PLEDGE AGREEMENT

This AMENDED AND RESTATED PLEDGE AGREEMENT (this "Agreement" or "Pledge Agreement"), is made and entered into and dated as of _____ 1, 2020 by and between STERLING RANCH COMMUNITY AUTHORITY BOARD (the "Issuer") and STERLING RANCH COLORADO METROPOLITAN DISTRICT NO.2 (the "Taxing District" or "District No. 2").

BACKGROUND

A. The formation of the Taxing District was approved by the Board of County Commissioners of Douglas County, Colorado (the "County") in conjunction with the approval of the Service Plan of the Taxing District (as amended referred to herein as the "Service Plan"). The Taxing District was organized with the approval of its respective electors, such approval fully contemplating the creation of the Issuer as provided in the Service Plan. The Service Plan has been prepared for the Taxing District pursuant to Sections 32-1-201 et seq., C.R.S., as amended (the "Special District Act") and all required governmental approval has been obtained therefor.

B. Pursuant to the Colorado Constitution, Article XIV, Section 18(2)(a), and Sections 29-1-203 and 29-1-203.5, C.R.S., the Districts (defined below) entered into the First Amended and Restated Sterling Ranch Community Authority Board Establishment Agreement ("CABEA") dated June 29, 2015, as amended from time to time, which created the Issuer and provided for, among other things, the power of the Issuer to issue Bonds (as defined in the CABEA) to finance Actual Construction Costs of Public Improvements (as defined in the CABEA), and the pledge of revenues of the Districts to pay for debt service with respect to such"

....

"G. In order to facilitate the issuance of the Series 2020A Bonds, the Series 2020B Bonds, the Series 2019A Bonds, and other District No. 2 Debt Obligations (as defined below) in the future and in exchange for the purchase of the District No. 2 Debt

Obligations by the owners thereof (the "Owners"), the Taxing District has, by the terms of this Agreement, agreed to impose ad valorem property taxes and pledge certain revenues to the Issuer to provide for a portion of the payment of District No. 2 Debt Obligations and covenanted to take certain actions with respect to generating such revenues, for the benefit of the Owners."

Here is another example where the developer creates a "loan" to the master district - also the developer. The person signing for the developer and the master district is the same person:

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**REIMBURSEMENT OF DEVELOPER LOAN
AND
PUBLIC INFRASTRUCTURE ACQUISITION AGREEMENT**

THIS REIMBURSEMENT OF DEVELOPER LOAN AND PUBLIC INFRASTRUCTURE ACQUISITION AGREEMENT ("**Agreement**") is made and entered into as of the 13th day of May, 2008 by and between **FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1** (the "**District**"), a quasi-municipal corporation and political subdivision of the State of Colorado, and **CARMA LAKEWOOD, LLC** (the "**Developer**"), a Colorado limited liability company. The District and the Developer are sometimes individually referred to as a "**Party**" and collectively as the "**Parties.**"

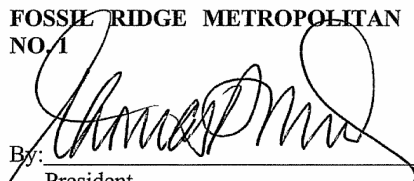
RECITALS

WHEREAS, the District has been duly and validly organized as a quasi-municipal corporation and political subdivision of the State of Colorado, in accordance with the provisions of Article 1, Title 32, Colorado Revised Statutes ("**Special District Act**"), and with the power to provide certain public infrastructure, improvements and services, as described in the Act, including but not limited to water, street, traffic and safety controls, transportation, parks and recreation, sanitation, and mosquito control (among other powers permitted under Title 32 and subject to the Service Plan as approved by the City of Lakewood, Colorado) within and without its boundaries (collectively, the "**Public Infrastructure**"), as authorized and in accordance with the Second Amended and Restated Service Plan for Fossil Ridge Metropolitan District No. 1, Fossil Ridge Metropolitan District No. 2 and Fossil Ridge Metropolitan District No. 3 (the "**Service Plan**"), approved by the City of Lakewood, Colorado (the "**City**") on August 27, 2007, which Service Plan may be amended from time to time as authorized under applicable law; and

WHEREAS, in accordance with Section 32-1-1001(1)(f), (h) and (i), C.R.S., the District has the power to acquire real and personal property; manage, control, supervise the affairs of the District, including construction, installation, operation and maintenance of improvements in

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and year first above written.

**FOSSIL RIDGE METROPOLITAN DISTRICT
NO. 1**

By: 

President

ATTEST:

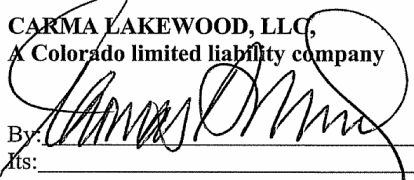


Secretary

(SEAL)

DEVELOPER:

**CARMA LAKEWOOD, LLC,
A Colorado limited liability company**

By: 

Its: _____

Here is the agreement by the subservient districts (residents) in the same community to pay all their tax proceeds to the master district (developer). Note again, the signatures for the resident districts and the developer district are all the same;

**MASTER INTERGOVERNMENTAL
DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT**

This **MASTER INTERGOVERNMENTAL DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT** (the "Agreement") is made and entered into and dated as of _____, 2008 by and between **FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1** ("the Service District") and **FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2** and **FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3** (collectively, "the Financing District"), individually and/or collectively referred to as the "District" or the "Districts," as the context indicates. The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado.

RECITALS

WHEREAS, the Service Plan (defined below) for the Districts was approved by the City Council of the City of Lakewood and the District Court in and for Jefferson County approved the formation of the Districts as multiple districts whose purposes are to provide essential public improvements and services as contemplated herein; and

WHEREAS, the purposes for which the Districts were formed are specifically set forth in the Service Plan, which was prepared for the Districts pursuant to Sections 32-1-201, et seq., C.R.S., and with respect to which all required governmental approvals have been obtained; and

WHEREAS, subject to approval by the City of Lakewood, Colorado (the "City"), the Service Plan may be amended from time to time as permitted herein, and any and all such amendments shall become part of the Service Plan as such term is used herein; and

WHEREAS, under the Service Plan, the Districts are required to work together and

level of service, and management and

WHEREAS, the Districts have agreed, and the Service Plan provides, that the Service District will own, operate, maintain, and construct the Facilities benefiting the Districts, subject to discretionary transfer to other governmental entities or authorities; and

WHEREAS, the Financing District will pay all costs related to the construction, operation, and maintenance of said facilities by the Service District in accordance with the terms of this Agreement; and

WHEREAS, said costs may include, but are not limited to, payments made to the Service District from District General Obligation Debt, Revenue Debt, Capital Fees, or other legally available Fees; and

WHEREAS, the Service Plan describes the estimated funds necessary to finance the construction and/or acquisition of the Facilities, and describes the anticipated timing thereof, which funds and timing may be amended as contemplated by the Service Plan, as permitted under Colorado law, and/or pursuant to the terms of this Agreement, subject to approval by the City; and

WHEREAS, the Service Plan describes the estimated funds necessary to finance the operation, maintenance, management and administrative Services to be provided to the Financing District by the Service District, which funds and timing may be amended as contemplated by the Service Plan, as permitted under Colorado law, and/or pursuant to the terms of this Agreement, subject to approval by the City; and

WHEREAS, by and through this Agreement, the Districts desire to provide for the implementation of the principles and objectives set forth in the Service Plan regarding the financing, construction, operation and maintenance of the Facilities; and

WHEREAS, by and through this Agreement, the Districts desire to provide for the

Exhibit C

Here is the face page of a sample bond issued by the developer to repay his advances. The bond investors buy the bonds; pay the developer for the bond. The developer however does not pay back the bond debt - the residents pay it back with their taxes. Bond proceeds to developer. Bond debt to the residents.

The bonds are often over 200 pages long but contain a wealth of information. Unfortunately some of the information is misleading (ie not disclosing that the electors who voted to authorize billions of dollars in bond debt were the developers employees and had a conflict of interest with the residents who will actually pay the debt). The bonds can be found at this website:

<https://emma.msrb.org/TradeData/PriceDiscovery>

Type in the name of the metro district in the search box and click on the links for issues and then documents that provide the prospectus for each bond.

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**NEW ISSUE
BOOK-ENTRY ONLY**

NOT RATED

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming the accuracy of certain certifications and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof under federal income tax laws, pursuant to existing statutes, regulations, rulings and court decisions, and, further, interest on the Bonds is not a tax preference item for purposes of the alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that interest on the Bonds is excludable from taxable income for purposes of the State of Colorado income tax and State of Colorado alternative minimum tax. See "TAX MATTERS" herein.

**STERLING RANCH COMMUNITY AUTHORITY BOARD
(DOUGLAS COUNTY, COLORADO)**

\$35,555,000
**Limited Tax Supported District No. 2
Refunding and Improvement Senior Bonds
Series 2020A**

\$4,445,000
**Limited Tax Supported District No. 2
Subordinate Bonds
Series 2020B**

Dated: Date of Delivery

Due: See inside cover page

The Sterling Ranch Community Authority Board Limited Tax Supported District No. 2 Refunding and Improvement Senior Bonds, Series 2020A (the "2020A Senior Bonds"), are issued as fully registered bonds in denominations of \$500,000 and any integral multiple of \$1,000 in excess thereof, pursuant to a Trust Indenture dated as of December 1, 2019 (the "Master Indenture"), between the Sterling Ranch Community Authority Board (the "Issuer") and UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee"), as supplemented by the Series 2020A Supplemental Trust Indenture dated as of November 1, 2020 (the "2020A Supplemental Indenture," and together with the Master Indenture, the "2020A Senior Indenture"). The Sterling Ranch Community Authority Board Limited Tax Supported District No. 2 Subordinate Bonds, Series 2020B (the "2020B Subordinate Bonds," and together with the 2020A Senior Bonds, the "Bonds"), are issued as fully registered bonds in denominations of \$500,000 and any integral multiple of \$1,000 in excess thereof, pursuant to the Master Indenture, as supplemented by the Series 2020B Supplemental Trust Indenture dated as of November 1, 2020 (the "2020B Supplemental Indenture," and together with the Master Indenture, the "2020B Subordinate Indenture"). The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interests in the Bonds. See "THE 2020A SENIOR BONDS - Book-Entry Only System," and "THE 2020B SUBORDINATE BONDS - Book-Entry Only System." Capitalized terms used on this cover page are defined in the Introduction section herein.

The 2020A Senior Bonds bear interest at the rates set forth on the inside cover hereof, payable (but only to the extent of Senior Bonds Pledged Revenues available for such purpose) semiannually on June 1 and December 1 of each year, commencing December 1, 2020, and the 2020B Subordinate Bonds bear interest at the rate set forth on the inside cover hereof, payable (but only to the extent of Subordinate Bonds Pledged Revenues available for such purpose) on December 15, 2020, and annually thereafter on December 15 of each year, unless the Bonds are redeemed earlier in accordance with the terms of their respective Indenture. The principal of, and premium, if any, on the Bonds will be payable upon presentation and surrender at the Trustee, as the paying agent for the Bonds. See "THE 2020A SENIOR BONDS" and "THE 2020B SUBORDINATE BONDS."

The maturity schedules for the Bonds appear on the inside cover page of this Official Statement.

The 2020A Senior Bonds constitute limited tax supported obligations of the Issuer payable solely from and to the extent of the Senior Bonds Pledged Revenues deposited into the Senior Bonds Revenue Fund, after the payment of any required rebate on the 2020A Senior Bonds and the payment of the Trustee's fees and expenses. The Senior Bonds Pledged Revenues are generally defined in the 2020A Senior Indenture to mean: (a) all District No. 2 Senior Required Mill Levy Revenue, generally meaning all revenue derived from the imposition by District No. 2 of its District No. 2 Senior Required Mill Levy, net of collection costs, and remitted by District No. 2 to the Issuer pursuant to an Amended and Restated Pledge Agreement dated as of November 1, 2020 (the "Pledge Agreement"), between the Issuer and Sterling Ranch Colorado Metropolitan District No. 2; (b) all Specific Ownership Taxes related to the District No. 2 Senior Required Mill Levy, net of collection costs, remitted by District No. 2 to the Issuer pursuant to the Pledge Agreement; and (c) any other legally available amounts that the Issuer may designate to be paid to the Trustee for deposit into the Senior Bonds Revenue Fund, or otherwise held under the 2020A Senior Indenture. The 2020A Senior Bonds are additionally secured by the following: (i) capitalized interest funded from proceeds of the 2020A Senior Bonds in the amount of \$102,061.29 deposited into the Interest Account of the Senior Bonds Fund, which will be used to pay interest on the 2020A Senior Bonds through December 1, 2020; and (ii) amounts on deposit in the Senior Bonds Reserve Fund, which will initially be funded by proceeds of the 2020A Senior Bonds and other legally available monies in the amount of the Reserve Requirement (i.e., \$2,000,000).

The 2020B Subordinate Bonds constitute subordinate "cash flow" (meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Subordinate Bonds Pledged Revenues is available for payment) limited tax supported

Exhibit D

Here is a link to several sample service plans. The Service Plan is the document that is approved by the city/county to establish the new government - the metro district.

This is the routinely missed opportunity that the city/county has to impose checks and balances as well as monthly if not weekly reporting requirements until the board is 100% residents.

The service plan identifies the purpose and boundaries of the district.

It should include enforceable checks and balances on issuing debt by the residents but does not. It should include a verifiably documented analysis as to why metro district financing is more cost efficient than the traditional financing method. It never does.

<http://solterracommunity.org/index.php/2020/07/20/service-plans-and-attached-financial-plans/>

Resident Handbook Exhibits

Exhibit E

Sample Ballot Issue. The developer and his family/employees vote to place themselves on the board of directors, vote to authorize a very high repayment debt limit (like a credit card authorized limit), vote to eliminate the right of the future residents to actually issue the debt, vote to give that right to the board - themselves.

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NOV 29 2013

JUDGES' CERTIFICATE OF ELECTION RETURNS
DIV OF LOCAL GOVERNMENT Sections 1-7-601, 1-7.5-107, C.R.S.

IT IS HEREBY CERTIFIED by the undersigned, who conducted the coordinated mail ballot election for the proposed Sterling Ranch Colorado Metropolitan District No. 2, in the County of Douglas and State of Colorado, on the 5 day of November, in the year 2013, that after qualifying by swearing and subscribing to their Oaths of Office, they opened the polls at 7:00 a.m., and that they kept the polls open continuously until the hour of 7:00 p.m., on said date, after which they counted the ballots cast for directors of said District and for any ballot issues and ballot questions submitted.

The votes cast for and against each ballot question submitted were as follows:

Ballot Question 500:

Candidate for Director	No. of Votes
Diane H Smethills	5
Jack N Hoagland	5
Harold R Smethills, Jr.	5
James Yates	5

	YES	NO
Ballot Issue 5A:	5	0
Ballot Issue 5B:	5	0
Ballot Issue 5C:	5	0
Ballot Issue 5D:	5	0

DISTRICT

YES

NO

**STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 2 BALLOT
ISSUE 5F:**

SHALL STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$1,800,000,000 WITH A REPAYMENT COST OF \$14,760,000,000, AND SHALL STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$14,760,000,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO CURBS, GUTTERS, CULVERTS, RAINWATER HARVESTING, AND OTHER DRAINAGE FACILITIES, UNDERGROUND CONDUITS, SIDEWALKS, TREE LAWNS, ALLEYS, TRAILS, PUBLIC PARKING LOTS, STRUCTURES AND FACILITIES, PAVING, LIGHTING, GRADING, LANDSCAPING, BIKE PATHS AND PEDESTRIAN WAYS, PEDESTRIAN OVERPASSES, RETAINING WALLS, FENCING, ENTRY MONUMENTATION, STREETSCAPING, BRIDGES, OVERPASSES, UNDERPASSES, INTERCHANGES, MEDIAN ISLANDS, IRRIGATION, AND A SAFETY PROTECTION

SYSTEM THROUGH TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, SIGNALIZATION, SIGNING AND STRIPING, AREA IDENTIFICATION, DRIVER INFORMATION AND DIRECTIONAL ASSISTANCE SIGNS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, AND BE ISSUED AND SOLD AT, ABOVE OR BELOW PAR, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME, TO BE PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED FOR THE PURPOSE OF PAYING SUCH DEBT; ALL OF THE ABOVE AS MAY BE DETERMINED BY THE DISTRICT BOARD OF DIRECTORS; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE REVENUE FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT EARNINGS THEREON, BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

Resident Handbook Exhibits

Exhibit F

Here is a sample of the notices that routinely cancel the public elections in metro districts because "no one wanted to run".

"NOTICE OF CANCELLATION OF ELECTION and CERTIFIED STATEMENT OF RESULTS
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2

NOTICE IS HEREBY GIVEN pursuant to § 1-13.5-513(6), C.R.S., that, at the close of business on February 29, 2016 there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates. Therefore, the special election to be held on May 3, 2016 is hereby cancelled.

The following candidates are declared elected by acclamation:

Ashley Tarufelli	Until May 2018
Kathleen Kelley	Until May 2020
Lloyd T. Waterman	Until May 2018
Marc Savela	Until May 2020

/s/George M. Rowley Designated Election Official

Contact Person for Districts:

Kristen D. Bear, Esq.

WHITE BEAR ANKELE TANAKA & WALDRON Attorneys at Law

2154 E. Commons Avenue, Suite 2000 Centennial, Colorado 80122

(303) 858-1800

PUBLISHED IN: The Lakewood Hub PUBLISHED ON: April 14, 2016
0823.0009:743082"

Resident Handbook Exhibits

Exhibit G

Here is a sample of a Community Authority Board - a separate metro district created by the master (developer) and subservient (resident) districts for the purpose of owning the assets, controlling the assets and issuing the debt. There is no authority under Title 32 for a special district to create another special district. Only the city or county can create a new special district.

Note that the person signing this agreement is the same for the master district, the subservient districts and the developer. The same person.

Also included following the signature pages is an explanation of who sits on the board and why. The master district (developer) appoints 5 of the 11 members. The subservient (resident) districts appoint 1 per district. There are 7 districts and only one has been built out. This guarantees that the developer will control all the spending and taxing decisions until the 7th district is built out - at least 15 to 20 years in the future.

6:35 PM Sun Feb 28

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FIRST AMENDED AND RESTATED

STERLING RANCH COMMUNITY AUTHORITY BOARD ESTABLISHMENT AGREEMENT

THIS FIRST AMENDED AND RESTATED **STERLING RANCH COMMUNITY AUTHORITY BOARD ESTABLISHMENT AGREEMENT** ("CABEA") is made and entered into effective this 29th day of June, by and between **STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 1** ("District No. 1"), **STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 2** ("District No. 2"), **STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 3** ("District No. 3"), **STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 4** ("District No. 4"), **STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 5** ("District No. 5"), **STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 6** ("District No. 6"), and **STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 7** ("District No. 7"), all being quasi-municipal corporations and political subdivisions of the State of Colorado (together, the "Districts").

RECITALS

- A. Pursuant to the Colorado Constitution, Article XIV, Sections 18(2)(a) and (b), and Section 29-1-203, C.R.S., metropolitan districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the imposition of taxes, and the incurring of debt.
- B. Service Plans for each of the Districts, which are incorporated herein by reference, have been prepared for the Districts pursuant to Section 32-1-201, *et seq.*, C.R.S., and have received all required governmental approvals (collectively, the "Service Plans").
- C. The Districts exist for the purpose of designing, acquiring, constructing, installing, financing, and operating and maintaining certain street, traffic and safety controls.

K. The Districts desire to establish the Sterling Ranch Community Authority Board (the "CAB"), which shall furnish, operate and plan for the Public Improvements and to which each District shall transfer certain revenues received by it in order to fund the Actual Operation and Maintenance Costs (as hereinafter defined) and Actual Capital Costs of the Public Improvements (as hereinafter defined).


L. Each District has agreed, and the Service Plans provide, that the CAB will own operate, maintain, finance and construct the Public Improvements benefiting the Districts, and that the Districts will contribute to the costs of construction, operation, and maintenance of such Public Improvements.

M. It is the purpose of this CABEA to bind the Districts hereto concerning capital expenditures and operation and maintenance expenses so that the cost of providing facilities and services to the entire Development (as hereinafter defined) will be shared by the users of said Public Improvements and services under the numerous circumstances which could occur in the future.

N. It is the intent of the Districts, that either the CAB or any of the Districts may, from time to time, issue its own debt and use bond proceeds in amounts necessary to finance the Public Improvements and that the CAB shall enter into contracts to construct the Public Improvements.

**STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 1**

By: 
President

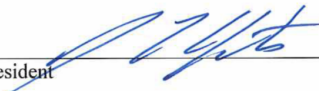
Attest: 
Secretary

**STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 2**

By: 
President

Attest: 
Secretary

**STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 3**

By: 
President

Attest: 
Secretary

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

**STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 4**

By: 
President

Attest: 
Secretary

**STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 5**

By: 
President

Attest: 

Secretary

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**STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 6**

By: 
President

Attest: 
Secretary

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**STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 7**

By: 
President

Attest: 

ACKNOWLEDGMENT AND ACCEPTANCE

By execution below, Sterling Ranch Development Company hereby acknowledges and accepts that it is a third-party beneficiary of this Sterling Ranch Community Authority Board Establishment Agreement.

STERLING RANCH DEVELOPMENT
COMPANY

By: _____
Its: James L Yares

Here is an excerpt from the Service Plan for one of the subservient (resident) financing districts that explains the creation of the Community Authority Board:

The Management District and the Financing Districts are anticipated to enter into a Community Authority Board Establishment Agreement (the "CABEA") which will establish the Sterling Ranch Community Authority Board (the "CAB"). It is the intent of the Management District and the Financing Districts that the Improvements (defined in Part V below) be owned, operated and/or maintained by the CAB. As more particularly described in Part XII below, the CAB will be controlled by an eleven (11) member board of directors. The CABEA will provide that the Management District shall have the right to appoint representatives to fill five (5) of the board seats and the Financing Districts shall have the right to each appoint representatives to fill one (1) board seat. The intent of this structure is to provide for resident and property owner participation as the Project develops and ultimate transition of control of the operation and maintenance of the Improvements to residents and property owners when installation of all of the Improvements is complete. The CABEA will establish processes for financing the design, planning, construction, acquisition, operations and maintenance of the Improvements. In addition, the CABEA will establish the operations and maintenance budgets and operating mill levies from time to time for the then existing and planned Improvements.