

**LANTERNS METROPOLITAN DISTRICT  
NOS. 1-5**

**2020 CONSOLIDATED ANNUAL REPORT**

**LANTERNS METROPOLITAN DISTRICT NOS. 1-5**

**2020 CONSOLIDATED ANNUAL REPORT  
TO  
THE TOWN OF CASTLE ROCK**

Pursuant to the Second Amended and Restated Service Plan for Lanterns Metropolitan District No. 1 (“**District No. 1**”), First Amended and Restated Service Plan for Lanterns Metropolitan District Nos. 2 & 3, and Service Plan (the “**Service Plan**”) for Lanterns Metropolitan District Nos. 4 & 5 (each a “**District**,” and collectively the “**Districts**”), the Districts are required to provide an annual report to the Town of Castle Rock (the “**Town**”) with regard to the following matters:

**For the year ending December 31, 2020, the Districts make the following report:**

- 1. A narrative summary of the progress of the District in implementing its service plan for the Report Year.**

Lanterns Metropolitan District Nos. 2-5 were on special district inactive status for the entirety of the report year.

In the report year District No. 1 continues to implement construction of public improvements as contemplated in the Service Plan.

- 2. Except when an exemption from audit has been granted for the Report Year under the Local Government Audit Law, the audited financial statements of the District for the Report Year including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the Report Year.**

District No. 1’s 2020 Audit is not yet completed and will be provided as a supplement to this report upon completion. District Nos. 2-5 were inactive and therefore were exempt from exemption from audit and audit requirements.

- 3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in a Report Year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the Report Year.**

During 2020, no capital expenditures were incurred by the Districts in development of public facilities. All capital improvements for the development are being constructed by Toll Southwest LLC (“**Toll**”).

During 2020, District No. 1 reimbursed Toll for \$5,948,191.90 in capital expenditures for water, sanitation, and street improvements. Copies of the acceptance resolutions for these capital expenditures are attached hereto as **Exhibit A**.

According to Toll, construction of the public improvements to serve Phase 1 of the development commenced in October 2019, is ninety-five (95) percent complete and was completed in 2020, with the construction of the public improvements for Phase II of the development expected to be completed in fall of 2021 and, with the construction of the public improvements for Phase III of the development expected to be completed in fall of 2022.

In the 5 years following the Report Year, it is expected that the Districts will finance the construction and acquisition of all or a part of the public improvements within their respective boundaries.

Copies of District No. 1's 2020 budget and any amendments are attached hereto as **Exhibit B**. District Nos. 2-5 were inactive throughout 2020 and did not adopt budget.

4. **Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the Report Year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the Report Year, the amount of payment or retirement of existing indebtedness of the District in the Report Year, the total assessed valuation of all taxable properties within the District as of January 1 of the Report Year, and the current mill levy of the District pledged to debt retirement in the Report Year.**

A summary of the financial obligations of the Districts at the end of 2020 are as follows:

- **Facilities Acquisition and Reimbursement Agreement.** District No. 1 and Jefferson 500 LLC ("Jefferson 500") entered into a Facilities Acquisition and Reimbursement Agreement dated April 9, 2014 with an effective date of December 31, 2013. As of December 31, 2020, \$250,857 in principal has been certified by District No. 1 under this agreement. On August 10, 2021, the District No. 1, District No. 2, Jefferson 500, Lanterns CFC LLC, Lanterns SLC LLC, Lanterns KDC LLC, Lanterns RLC LLC, and Toll entered into a Termination Agreement which terminated the Facilities Acquisition and Reimbursement Agreement dated April 9, 2014.**Operation Funding Agreements.** Over the past several years, District No. 1 and Jefferson 500 have entered into a series of Operation Funding Agreements: (i) the 2014 Operation Funding Agreement was entered into on April 9, 2014 with an effective date of December 31, 2013 (the "2014 Operation Funding Agreement"); (ii) the 2015 Operation Funding Agreement was entered into on December 8, 2014 with an effective date of January 1, 2015 (the "2015 Operation Funding Agreement"); (iii) the 2016 Operation Funding Agreement was entered into on December 9, 2015 with an effective date of January 1, 2016 (the "2016 Operation Funding Agreement"); (iv) the 2017 Operation Funding Agreement was entered into on December 13, 2016 with an effective date of January 1, 2017 (the "2017 Operation Funding Agreement"); and (v) the 2019 Operation Funding Agreement was entered

into on November 8, 2017 with an effective date of January 1, 2019, such agreement was amended by the First Amendment to 2019 Operation Funding Agreement entered into on September 6, 2019, and further amended by the Second Amendment to 2019 Operation Funding Agreement entered into on December 6, 2019 (together, the “2019 Operation Funding Agreement”). The 2014 Operation Funding Agreement, the 2015 Operation Funding Agreement, the 2016 Operation Funding Agreement, the 2017 Operation Funding Agreement and the 2019/2020 Operation Funding Agreement are collectively referred to as the “Operation Funding Agreement.” As of December 31, 2020, \$92,367.60 in principal is outstanding under the Operation Funding Agreement. On August 10, 2021, the District No. 1, District No. 2, Jefferson 500, Lanterns CFC LLC, Lanterns SLC LLC, Lanterns KDC LLC, Lanterns RLC LLC, and Toll entered into a Termination Agreement which terminated the Operation Funding Agreement.

**Infrastructure Acquisition and Reimbursement Agreement.** District No. 1 and Toll entered into an Infrastructure Acquisition and Reimbursement Agreement on July 8, 2019. As set forth in the Infrastructure Acquisition and Reimbursement Agreement, District No. 1 and Toll have determined the terms and conditions under which District No. 1 may coordinate the: (i) reimbursement of Toll for “Certified District Eligible Costs” (meaning any and all costs of any kind related to the provision of public improvements that may be lawfully funded by District No. 1 under the Special District Act and the Service Plan with respect to which District No. 1 has issued an Acceptance Resolution) incurred by Toll for public improvements that is being dedicated to other governmental entities, and (ii) acquisition of certain public improvements that is to be owned by District No. 1, and to pay the Certified District Eligible Costs thereof. As of December 31, 2020, \$36,701.41 in principal is outstanding under the Infrastructure Acquisition and Reimbursement Agreement.

- **Funding and Reimbursement Agreement (Operations and Maintenance).** District No. 1 and Toll entered into a Funding and Reimbursement dated July 8, 2019. The Funding and Reimbursement Agreement states that Toll will make certain advances to District No. 1 for costs relating to the District No. 1’s general operation, administration, and maintenance expenses. As of December 31, 2020, \$218,765.70 in principal is outstanding under the Funding and Reimbursement Agreement. The amount of outstanding indebtedness for District No. 1 is disclosed in the 2020 audit which will be provided as a supplement to this report upon completion. District Nos. 2-5 do not have any outstanding indebtedness.

A summary of the assessed valuation and debt service mill levy for 2020 is as follows:

	<b>Assessed Valuation</b>	<b>Debt Service Mill Levy</b>
District No. 1	\$2,463,200	64.044
District No. 2	\$5,030	N/A

District No. 3	\$1,680	N/A
District No. 4	\$1,369,390	N/A
District No. 5	\$1,100,320	N/A

**5. The District’s budget for the calendar year in which the annual report is submitted.**

District Nos. 2-5 became active on June 15, 2021. District Nos. 3-5 returned to inactive status on July 21, 2021. A copy of the Districts’ 2021 budgets are attached as **Exhibit C**.

**6. A summary of residential and commercial development which has occurred within the District for the Report Year.**

No commercial development occurred within the Districts during 2020.

For a summary of residential development occurring within the District during 2020, please see the response to Question 3, above.

**7. A summary of all fees, charges and assessments imposed by the District as of January 1 of the Report Year.**

There are no fees, charges or assessments imposed by the Districts as of January 1, 2020.

**8. Certification of the Board that no action, event or condition enumerated in Section 11.02.060 of the Town Code has occurred in the Report Year.**

The Boards of Directors of the Districts hereby certify, to the best of their actual knowledge, that no action, event or condition has taken place constituting a material modification of the Service Plan as of December 31, 2020 since the Amended and Restated Service Plan was approved by the Town on August 21, 2018.

**9. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board.**

Reggie Carveth, Assistant Secretary  
10 Inverness Drive East, Suite 125  
Englewood, CO 80112  
303-708-0730

Nathaniel Both, President  
10 Inverness Drive East, Suite 125  
Englewood, CO 80112  
303-708-0730

Scott Carlson, Vice President  
12460 1<sup>st</sup> Street  
P.O. Box 247  
Eastlake, CO 80614  
303-457-2966

Tim Westbrook, Treasurer  
10 Inverness Drive East, Suite 125

Englewood, CO 80112  
303-708-0730

10 Inverness Drive East, Suite 125  
Englewood, CO 80112  
303-708-0730

Eric Lehman, Secretary

General Counsel:

Clint C. Waldron, Esq.  
Megan J. Murphy, Esq.  
White Bear Ankele Tanaka & Waldron, Attorneys at Law  
2154 E Commons Ave., Suite 2000  
Centennial, CO 80122  
Telephone: 303-858-1800

Regular Meetings:

Date: Fourth Wednesday of January, April, July and October  
Place: 10 Inverness Drive East, Suite 125, Englewood, Colorado 80112  
Time: 11:00 A.M.

**EXHIBIT A**

Acceptance Resolutions Pursuant to Infrastructure Acquisition and Reimbursement Agreement  
(District No. 1)

**LANTERNS METROPOLITAN DISTRICT NO. 1  
ACCEPTANCE RESOLUTION PURSUANT TO INFRASTRUCTURE ACQUISITION  
AND REIMBURSEMENT AGREEMENT  
(JANUARY 30, 2020)**

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WHEREAS, Lanterns Metropolitan District No. 1, in the Town of Castle Rock, Douglas County, State of Colorado (the “**District**”), is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under §§ 32-1-101, et seq., C.R.S. (the “**Special District Act**”); and

WHEREAS, the District has the power to provide certain public infrastructure, improvements, facilities and services (collectively, the “**Public Infrastructure**”), as described in the Special District Act, and as authorized in the Second Amended and Restated Service Plan for Lanterns Metropolitan District No. 1 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 2 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 3 and Service Plan for Lanterns Metropolitan District No. 4 and Service Plan for Lanterns Metropolitan District No. 5 approved by the Town Council August 21, 2018 (the “**Service Plan**”); and

WHEREAS, the District and Toll Southwest LLC (“**Toll Southwest**”) are parties to that certain Infrastructure Acquisition and Reimbursement Agreement dated July 8, 2019 (the “**Agreement**”); and

WHEREAS, capitalized terms used herein without definition shall have the meanings assigned to them in the Agreement; and

WHEREAS, the Agreement establishes the terms and conditions for the acquisition of certain Public Infrastructure financed and constructed or caused to be constructed by Toll Southwest that is to be owned by the District or such other applicable governmental entity, and the reimbursement of Certified District Eligible Costs incurred by Toll Southwest; and

WHEREAS, pursuant to the Agreement, Toll Southwest has submitted an Application for Acceptance of District Eligible Costs and Public Infrastructure and such additional information as the District may reasonably require; and

WHEREAS, the Board has received a satisfactory Engineer’s Cost Certification, and Accountant’s Cost Certification; and

WHEREAS, the Board desires to adopt this resolution declaring satisfaction of the conditions to acceptance as set forth in the Agreement, subject to any variances or waivers which the Board may allow in its sole and absolute discretion, and with any reasonable conditions the Board may specify (hereinafter, the “**Acceptance Resolution**”).



NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT:

1. Incorporation of Recitals. The above recitals are hereby incorporated into and made a part of this Acceptance Resolution.

2. Acknowledgement of Documents Received. With respect to Public Infrastructure that is being dedicated to other governmental entities, Public Infrastructure to be acquired by the District, and funds advanced, the Board makes the following findings.

- a. The Board has received and reviewed the Application for Acceptance of District Eligible Costs and Public Infrastructure.
- b. Toll Southwest has submitted all of the information required under Schedule 1 of the Agreement with the exception of item (4) because the applicable governmental entities have not provided final, preliminary, or conditional acceptance.
- c. Toll Southwest is requesting reimbursement for Public Infrastructure that is being conveyed to other governmental entities, *without a final, preliminary, or conditional acceptance letter*. Pursuant to the Lanterns Filing No. 1 Subdivision Improvement Agreement dated April 3, 2019 (the “SIA”), Toll Southwest LLC is required to substantially complete Montaine Circle prior to receiving any building permits and Toll Southwest has provided a letter of credit, cash escrow deposit or performance bond with the Town of Castle Rock to secure construction of Montaine Circle. The Board has determined to waive the additional requirements under Schedule 2, numbered 4-10 because Montaine Circle is not substantially complete.
- d. Toll Southwest has submitted all of the information required under Schedule 3 of the Agreement.
- e. Independent District Engineering Services, LLC has reviewed the invoices and other material presented to substantiate the District Eligible Costs and issued an Engineer Cost Certification, attached hereto as **Exhibit A**, declaring the total amount of District Eligible Costs associated with the Public Infrastructure proposed for acquisition and/or reimbursement, and that such costs are reasonable and appropriate for the type of Public Infrastructure being constructed.
- f. CliftonLarsonAllen LLP has reviewed the Engineer’s Cost Certification and invoices and other material presented to substantiate the District Eligible Costs and has issued an Accountant Cost Certification, attached hereto as **Exhibit B**, declaring the total amount of District Eligible Costs associated with the Public Infrastructure proposed for acquisition/and or reimbursement.

3. Acceptance of Certified District Eligible Costs. The Board, having reviewed the Application for Acceptance of District Eligible Costs and Public Infrastructure, Engineer’s Cost Certification, Accountant’s Cost Certification, and all other information as deemed necessary and appropriate, finds and determines that the Certified District Eligible Costs to be accepted pursuant to this Acceptance Resolution is \$2,240,820.09. Based on the documentation received, the Board

further finds that the applicable requirements set forth in the Agreement have been satisfied, and that the Certified District Eligible Costs are hereby approved for reimbursement by the District subject to the terms of the Agreement.


4. Retainage Amount. The Agreement provides that the District may, in its sole discretion, retain up to 5% of the District Eligible Costs for Public Infrastructure that is being conveyed to other governmental entities when Toll Southwest is unable to provide a final, preliminary or conditional acceptance letter from the applicable governmental entity. The Board hereby determines to retain 0% of the District Eligible Costs because, pursuant to the SIA, Toll Southwest LLC is required to substantially complete Montaine Circle prior to receiving any building permits and Toll Southwest has provided a letter of credit, cash escrow deposit or performance bond with the Town of Castle Rock to secure construction of Montaine Circle.


5. Subject to Annual Appropriations. The obligations of the District pursuant to this Acceptance Resolution are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan.

*[Signature Page Follows.]*

ADOPTED this 30<sup>th</sup> day of January, 2020.

**DISTRICT:**  
**LANERNS METROPOLITAN DISTRICT NO.**  
**1, a quasi-municipal corporation and political**  
**subdivision of the State of Colorado**

By:   
\_\_\_\_\_  
Officer of the District

Attest:  
By:   
\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:  
WHITE BEAR ANKELE TANAKA & WALDRON

  
\_\_\_\_\_  
General Counsel to the District

Exhibit A

IDES Engineer Cost Certification

# Lanterns Metropolitan District Cost Certification Report



**Report #3  
January 2020**

INDEPENDENT  
**DES**  
District Engineering  
SERVICES

355 Union Boulevard, Suite 302  
Lakewood, CO 80228

**Lanterns Metropolitan District  
Cost Certification Report**

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January 24, 2020

Lanterns Metropolitan District  
C/o Clint Waldron  
White Bear Ankele Tanaka & Waldron  
2154 E Commons Ave #2000  
Centennial, CO 80122

## **LANTERNS METROPOLITAN DISTRICT COST CERTIFICATION REPORT #3**

### **INTRODUCTION**

Independent District Engineering Services, LLC (Engineer) was hired by the Lanterns Metropolitan District (District) to provide review of expenditures paid by Toll Southwest, LLC (Developer) and inclusion of District Expenditures. This is to summarize and report the expenditures for the Montaine Development located in the County of Douglas, Colorado (Project). This Cost Certification Report (Report) summarizes the Engineer's approach and findings for the Project.

The expenditures for public improvements discussed in this Report were paid for by the Developer and are being certified as District eligible in the amount of **\$2,240,820.09**.

This Report generally covers the areas shown on Attachment A. The expenditures are mostly for grading, water, sanitary, storm, and street improvements, in addition to soft costs for engineering, construction management, and other necessary services in Filings 1, 2, and 3.

### **GOVERNING DOCUMENTS**

The following governing documents were used in recommendations for District eligible expenses:

- Second Amended and Restated Service Plan for Lanterns Metropolitan District No. 1 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 2 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 3 and Service Plan for Lanterns Metropolitan District No. 4 and Service Plan for Lanterns Metropolitan District No. 5, Prepared by White Bear Tanaka & Waldron, Professional Corporation, dated August 21<sup>st</sup>, 2018.
- Infrastructure Acquisition and Reimbursement Agreement, by and between Toll Southwest, LLC and Lanterns Metropolitan District No. 1, dated July 8<sup>th</sup>, 2019.

It should be noted the Engineer used the above governing documents only as a general guideline for eligibility in certification of costs.

### **ACTIVITIES CONDUCTED**

For this Report, the following activities were performed:

- Governing Documents provided by the District and the Developer were reviewed as the basis for recommendation for this Report.
- The Invoice Summary as provided by the District was included, and invoices provided by the Developer were reviewed. A summary was created and is attached as Attachment C.
- Site visits were conducted. Project improvements were photographed.
- Contact was made with Developer to verify knowledge of the work or services performed.
- Some contract unit items were compared to other Projects constructed in the Denver Metropolitan Area.

### **ASSUMPTIONS**

Due to the specific scope authorized for this Report, the following assumptions were made. The District should validate or cause to have validated these assumptions.

- It is assumed that geotechnical pavement designs have been performed and followed. It is assumed materials testing was performed during construction and the District has verified materials passed all such testing.
- It is our recommendation the District and Developer agree that the Developer will be responsible for all Storm Water Management Practice (SWMP) activities until the conditions of State and Local permits are met and the District shall have no SWMP obligations for infrastructure acquired by the District or installed on District tracts, property or easements. No SWMP inspections or recommendations were conducted as part of this Report.
- It is assumed that the contractors have obtained all SWMP permitting in the name of the Developer and the District shall not have any responsibility to close-out these permits.
- It is our understanding that the District and Developer agree that all local jurisdiction acceptance will be completed by the Developer as required by the Infrastructure Acquisition and Reimbursement Agreement. The District shall have no obligations for local jurisdiction acceptance of infrastructure acquired by the District.
- It is assumed that the District or Developer has obtained or will obtain final unconditional lien waivers from all contractors performing work or consultants providing services for the Project.
- It is assumed all work product is acceptable and copies of acceptances were or will be submitted to the appropriate jurisdictions.
- Costs presented do not represent the entire contract value, but rather the District's portion of the public capital costs paid by the District.
- Expenditures that did not have enough information to be verified with this Report may be verified in a future Report.
- The District has or will cause all infrastructure acceptance requirements to be met as outlined in the Service Plan; District/Developer Agreements; and Board Resolutions/Policies. This Report is one part of the overall Infrastructure Acquisition.
- This report was prepared with a specific authorized scope of work and an elaborate analysis was not performed, but rather a realistic and reasonable analysis to estimate the District eligible expenditures for bonding purposes. A more detailed analysis or submission of additional District eligible expenditures may result in adjustments to our cost certification.
- Percentages of Expenditures that pertain to both District land and private lots are based on land percentage area for the Project Area. See Attachment C for the percentages. These percentages were used for work such as Earthwork, SWMP activities, and planning activities.

## **DISCUSSION**

This Report consists of expenditures provided between May 2019 and December 2019. The improvements reviewed are generally represented in Attachments A and C.

### **Vendor Participation**

All contractors, consultants, and vendors (Vendors) whose invoice information was submitted, were evaluated for their participation on the Project and services performed, materials provided, or work completed. A summary of Vendor participation is included as Attachment B.

### **Review of Invoices and Summary of Expenditures**

To provide a cost certification of District Improvements, invoices provided by the Developer were reviewed. Invoice costs were allocated as District or Non-District and a summary is included as Attachment C. Invoices provided were reviewed to determine that the work and cost value were appropriated correctly, and that proof of payment was provided.



**SUMMARY OF EXPENDITURES BY CATEGORY AND SERVICE PLAN DIVISION**

The table below provides a summary of expenditures by category and Service Plan division. The major elements of the improvements were allocated across these specific categories.

District Improvements	Cost	Percent of Total Cost
Water	\$486,531.95	21.71%
Sanitation	\$819,653.58	36.58%
Street Improvements	\$934,634.56	41.71%
Safety	\$0.00	0.00%
Parks and Rec	\$0.00	0.00%
<b>TOTAL</b>	<b>\$2,240,820.09</b>	<b>100%</b>

**FIELD INVESTIGATION RESULTS**

A field investigation was conducted in October. Photos were taken of the Project to memorialize the construction of infrastructure and are included in Attachment D. From our visual inspection, it appears the completed improvements were constructed in a quality manner consistent with other similar projects and meeting generally accepted construction requirements.

**RECOMMENDATION**

In our professional opinion the expenditures for the improvements were reviewed and found to be reasonable. The costs of improvements are comparable to other similar projects in Colorado. At this time and based on the information provided, the Engineer certifies the expenditures provided by the Developer as District eligible expenditures as shown in Attachment C and subject to the level of review presented in this Report. These expenditures are certified in the amount of **\$2,240,820.09**.

Should you have any questions or require further information please feel free to contact me.

Respectfully Submitted,  
Independent District Engineering Services, LLC



Barrett Marrocco, P.E.

Attachments

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# Attachment A

## Site Map

# Cost Certification #3

- Street Improvements: Earthwork, Concrete
- Sanitary Improvements: Storm Mainline and Sanitary Main
- Water Improvements: Water Mainline
- All District Improvements located in F1, F2, F3 ROW.



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# Attachment B

## Vendor Participation

# Attachment B

## Vendor Participation

Following is a Summary of the Contractors, Consultants and Vendor Participation in work and services for the Cost Certification and Bonding Report. Notes include any invoice discrepancies, basis of payment, and basis for reimbursement.

**Bemas Construction** Served as a tree removal, demolition, and earthwork contractor for the District.

**Castle Rock, Town of** Permit fees were paid to the Town of Castle Rock.

**CMS Environmental Solutions** Perform stormwater inspections for the District.

**CTL Thompson** Performed subgrade investigation, sanitary sewer testing, compaction testing, concrete testing and pavement design for the District.

**Custom Fence & Supply, Inc.** Provided fencing for the HOA tract areas. These costs are not District eligible.

**CVL Consultants** Design and construction staking services for the project.

**EMK Consultants, Inc.** Prepared offsite legal descriptions for the project.

**Engineering Underground, LLC** Provided dry utility sleeving. Dry utilities are not District eligible.

**Fox Rothschild LLP** Provided legal services for the acquisition of land and HOA covenants.

**KGA Studio Architects** Provided architectural services. These costs are not District eligible.

**Lanterns Metropolitan District** Fees for operating costs were paid. These costs were reviewed by the District accountant not the Engineer.

**Norris Design** Provided design services for the District.

**Pase Contracting** Performed erosion control services for the District.

**Phelps Engineering Service** Served as a construction manager on site.

**Rosch Company** Provided retaining wall construction.

**Scott Contracting** Served as contractor installing utilities and streets.

**SIMKISS Agency** Performance bond fees were paid.

**Son-Haul, Inc.** Provided subgrade chemical treatment.

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# Attachment C

## Expenditure Data

Attachment C

Lanterns Metropolitan District

Engineer's Summary for Cost Certification #3 - Hard Costs

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
<b>Bemas Construction Inc.</b>										
<b>Earthwork</b>										
1809-8EW	10/14/19	Yes	11/8/19	2618405	Toll Bros.	Site Earthwork	\$132,283.52	\$84,049.63	\$48,233.89	Clubhouse is HOA (not District)
1809-1P2	5/13/19	Yes	6/7/19	2578781	Toll Bros.	Site Earthwork Filing 2	\$156,632.72	\$33,553.69	\$123,079.03	
1809-2P2	7/1/19	Yes	7/19/19	2588898	Toll Bros.	Site Earthwork Filing 2	\$491,620.50	\$38,680.48	\$452,940.02	
1809-3P2	10/8/19	Yes	11/1/19	2616672	Toll Bros.	Site Earthwork Filing 2	\$80,628.16	\$9,868.89	\$70,759.27	
1809-1P3	7/31/19	Yes	8/9/19	2595496	Toll Bros.	Site Earthwork Filing 3	\$394,335.00	\$14,193.43	\$380,141.57	
1809-2P3	8/28/19	Yes	9/20/19	2607300	Toll Bros.	Site Earthwork Filing 3	\$309,329.10	\$31,131.06	\$278,198.04	
1809-3P3	10/8/19	Yes	11/1/19	2616672	Toll Bros.	Site Earthwork Filing 3	\$102,730.06	\$16,590.90	\$86,139.16	
<b>Subtotal Bemas Construction Inc.</b>							<b>\$1,667,559.06</b>	<b>\$228,068.08</b>	<b>\$1,439,490.98</b>	
<b>CTL Thompson</b>										
524119	9/30/19	Yes	11/1/2019	436783	Toll Bros	Site Grading	\$4,767.00	\$769.87	\$3,997.13	
524353	9/30/19	Yes	11/1/2019	436783	Toll Bros	Sanitary Sewer Testing	\$39,070.00	\$39,070.00	\$0.00	
524354	9/30/19	Yes	11/1/2019	436783	Toll Bros	Sanitary Sewer Testing	\$926.00	\$113.34	\$812.66	
527238	10/31/19	Yes	11/22/2019	440832	Toll Bros	Compaction Testing	\$12,455.00	\$12,455.00	\$0.00	
526947	10/31/19	Yes	11/22/2019	440832	Toll Bros	Concrete Testing	\$2,323.00	\$2,323.00	\$0.00	
530465	11/30/19	Yes	12/20/19	445090	Toll Bros	Compaction Testing	\$14,172.00	\$14,172.00	\$0.00	
530466	11/30/19	Yes	12/20/19	445090	Toll Bros	Compaction Testing	\$6,454.50	\$6,454.50	\$0.00	
<b>Subtotal CTL Thompson</b>							<b>\$80,167.50</b>	<b>\$75,357.71</b>	<b>\$4,809.79</b>	
<b>Custom Fence &amp; Supply, Inc.</b>										
280226	8/8/19	Yes	9/6/2019	2603630	Toll Bros	Fencing	\$7,150.00	\$0.00	\$7,150.00	Tracts are HOA (Not District Eligible)
280227	8/8/19	Yes	9/6/2019	2603630	Toll Bros	Fencing	\$406.00	\$0.00	\$406.00	Tracts are HOA (Not District Eligible)
282273	10/25/19	Yes	11/8/2019	2618495	Toll Bros	Fencing	\$4,275.00	\$0.00	\$4,275.00	Tracts are HOA (Not District Eligible)
282274	10/25/19	Yes	11/8/2019	2618495	Toll Bros	Fencing	\$218.50	\$0.00	\$218.50	Tracts are HOA (Not District Eligible)
283000	11/22/19	Yes	12/20/2019	2625998	Toll Bros	Fencing	\$1,870.00	\$0.00	\$1,870.00	Tracts are HOA (Not District Eligible)
R283179	12/5/19	Yes	12/20/19	2625998	Toll Bros	Fencing	\$1,215.00	\$0.00	\$1,215.00	Tracts are HOA (Not District Eligible)
<b>Subtotal Custom Fence &amp; Supply, Inc.</b>							<b>\$15,134.50</b>	<b>\$0.00</b>	<b>\$15,134.50</b>	
<b>Pase Contracting, Inc.</b>										
26175	7/31/19	Yes	10/18/19	434123	Toll Bros	Erosion Control	\$12,296.00	\$12,296.00	\$0.00	
26968	7/31/19	Yes	10/18/19	434123	Toll Bros	Erosion Control	\$824.00	\$824.00	\$0.00	
26544	8/31/19	Yes	10/18/19	434123	Toll Bros	Erosion Control	\$572.00	\$572.00	\$0.00	
26913	9/30/19	Yes	11/1/19	436907	Toll Bros	Erosion Control	\$5,400.00	\$660.96	\$4,739.04	
27001	10/16/19	Yes	11/1/19	436907	Toll Bros	Erosion Control	\$15,600.00	\$1,909.44	\$13,690.56	
27059	10/15/19	Yes	11/1/19	436907	Toll Bros	Erosion Control	\$15,000.00	\$2,422.50	\$12,577.50	
<b>Subtotal Pase Contracting, Inc.</b>							<b>\$49,692.00</b>	<b>\$18,684.90</b>	<b>\$31,007.10</b>	
<b>Rosch Company</b>										
54	9/30/19	Yes	11/15/19	2620441	Toll Bros	Retaining Wall	\$2,340.00	\$0.00	\$2,340.00	
<b>Subtotal Rosch Company</b>							<b>\$2,340.00</b>	<b>\$0.00</b>	<b>\$2,340.00</b>	
<b>Scott Contracting</b>										
15366	10/1/19	Yes	10/25/19	2615710	Toll Bros	Turn Key Wets - Concrete	\$359,509.80	\$359,509.80	\$0.00	
15365-WL	10/9/19	Yes	11/8/19	2618998	Toll Bros	Water Supply Improvements	\$56,180.97	\$56,180.97	\$0.00	
15365-SS	10/9/19	Yes	11/8/19	2618998	Toll Bros	Sanitary Sewer Connection	\$22,500.00	\$22,500.00	\$0.00	
15365-CC	10/9/19	Yes	11/8/19	2618998	Toll Bros	Concrete	\$407,346.60	\$400,543.93	\$6,802.67	
15365-ST	10/9/19	Yes	11/8/19	2618998	Toll Bros	Storm Water Improvements	\$385,626.34	\$385,626.34	\$0.00	
15509	10/31/19	Yes	12/13/19	2625001	Toll Bros	Turn Key Wets - Concrete	\$86,202.96	\$58,522.16	\$27,680.80	Tax not Eligible
15508-CC	10/31/19	Yes	12/13/19	2625001	Toll Bros	Concrete	\$77,752.80	\$77,752.79	\$0.01	
15508-ST	11/6/19	Yes	12/13/19	2625001	Toll Bros	Storm Water Improvements	\$177,298.82	\$177,298.82	\$0.00	
<b>Subtotal Scott Contracting</b>							<b>\$1,572,418.29</b>	<b>\$1,537,934.81</b>	<b>\$34,483.48</b>	
<b>Son-Haul, Inc.</b>										
11109	8/22/19	Yes	11/15/19	2620467	Toll Bros	Chemically Treat Subgrade	\$109,816.70	\$109,816.70	\$0.00	
11161	9/23/19	Yes	11/15/19	2620467	Toll Bros	Chemically Treat Subgrade	\$166,311.47	\$133,702.38	\$32,609.09	Re-pour not District Eligible
<b>Subtotal Son-Haul, Inc.</b>							<b>\$276,128.17</b>	<b>\$243,519.08</b>	<b>\$32,609.09</b>	
<b>Total</b>							<b>\$3,663,439.52</b>	<b>\$2,103,564.58</b>	<b>\$1,559,874.94</b>	

"District Eligible Expenses" is the amount being recommended for reimbursement from the District

"Non Eligible Expenses" is the difference between the Invoiced Amount and the District Portion

These amounts do not include interest

**\$2,240,820.076**

Filing No. 1 is	0.4598	percent district
	1.0000	are Roads/ROW

	0.0000	are Parks/Open Space
Filing No. 2 is	0.1224	percent district
	1.0000	are Roads/ROW
	0.0000	are Parks/Open Space
Filing No. 3 is	0.1615	percent district
	1.0000	are Roads/ROW
	0.0000	are Parks/Open Space



Attachment C

Lanterns Metropolitan District  
 Engineer's Summary for Cost Certification #3 - Soft Costs

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
<b>Castle Rock, Town of</b>										
Utility Review Fee - Filing 2	6/26/19	Yes	6/26/19	3590	Toll Bros	Review Fee	\$250.00	\$30.60	\$219.40	
GESC Off Site Infrastructure Connections	6/26/19	Yes	6/26/19	3591	Toll Bros	Review Fee	\$500.00	\$61.20	\$438.80	
Pavement Design Report Fee	6/27/19	Yes	6/27/19	3592	Toll Bros	Pavement Design Report Fee	\$300.00	\$300.00	\$0.00	
GSC19-0019	8/7/19	Yes	8/8/19	3613	Toll Bros	Permit Fee	\$1,200.00	\$146.88	\$1,053.12	
TES19-0006	8/13/19	Yes	8/15/19	3622	Toll Bros.	Review Fee for Commercial TESC	\$527.50	\$0.00	\$527.50	Review with Commercial
19-2251	8/26/19	Yes	8/26/19	3630	Toll Bros	Permit Fee	\$539.42	\$0.00	\$539.42	Construction Trailer not District Improvement
GES18-0033	11/4/19	Yes	11/5/19	3671	Toll Bros	Review Fee	\$2,750.00	\$444.13	\$2,305.87	
CON19-0050	12/12/19	Yes	12/17/2019	10244828	Toll Bros	Permit Fee	\$71,218.46	\$11,501.78	\$59,716.68	
TESV19-0013	12/17/19	Yes	12/18/19	3680	Toll Bros.	Review Fee for Residential TESC	\$1,280.00	\$181.70	\$1,098.30	
CON19-0050 (2)	12/19/19	Yes	12/30/19	10248220	Toll Bros	Permit Fee	\$94,896.66	\$300.00	\$94,596.66	Use Tax not District Eligible
<b>Subtotal Castle Rock, Town of</b>							<b>\$173,462.04</b>	<b>\$12,966.29</b>	<b>\$160,495.75</b>	
<b>CMS Enviromental Solutions</b>										
94662	10/1/19	Yes	12/6/19	2622902	Toll Bros	Bi-Weekly Inspection	\$375.00	\$375.00	\$0.00	
958876	11/1/19	Yes	12/6/19	2622902	Toll Bros	Bi-Weekly Inspection	\$375.00	\$375.00	\$0.00	
<b>Subtotal CMS Enviromental Solutions</b>							<b>\$750.00</b>	<b>\$750.00</b>	<b>\$0.00</b>	
<b>CTL Thompson</b>										
530221	11/30/19	Yes	12/20/19	445090	Toll Bros.	Subgrade Investigation/Pavement Design	\$11,550.00	\$11,550.00	\$0.00	
530222	11/30/19	Yes	12/20/19	445090	Toll Bros.	Subgrade Investigation/Pavement Design	\$12,100.00	\$12,100.00	\$0.00	
<b>Subtotal CTL Thompson</b>							<b>\$23,650.00</b>	<b>\$23,650.00</b>	<b>\$0.00</b>	
<b>CVL Consultants</b>										
027051	9/26/19	Yes	11/1/19	436784	Toll Bros	Engineering Services	\$51,109.84	\$1,359.56	\$49,750.28	
027052	9/26/19	Yes	11/1/19	436784	Toll Bros	Engineering Services	\$1,272.50	\$0.00	\$1,272.50	Rec Center not District
027053	9/26/19	Yes	11/1/19	436784	Toll Bros	Engineering Services	\$14,442.50	\$187.27	\$14,255.23	Review with Filing 4 & 5 Costs
027054	9/26/19	Yes	10/25/19	435369	Toll Bros	Staking Services	\$64,234.00	\$53,527.92	\$10,706.08	
027057	9/26/19	Yes	10/25/19	435369	Toll Bros	Survey Services/Construction Staking	\$4,475.00	\$2,628.62	\$1,846.38	
27180	10/23/19	Yes	11/15/19	439445	Toll Bros	Staking Services	\$29,896.50	\$23,033.37	\$6,863.13	
027181	10/23/19	Yes	11/15/19	439445	Toll Bros	Survey Services/Construction Staking	\$2,365.00	\$0.00	\$2,365.00	Lots not District
027182	10/23/19	Yes	11/15/19	439445	Toll Bros	Survey Services/Construction Staking	\$2,940.00	\$0.00	\$2,940.00	Lots not District
027252	10/31/19	Yes	12/13/19	443662	Toll Bros	Engineering Services	\$11,015.56	\$0.00	\$11,015.56	Review with next Cost Cert
<b>Subtotal CVL Consultants</b>							<b>\$181,750.90</b>	<b>\$80,736.74</b>	<b>\$101,014.16</b>	
<b>EMK Consultants, Inc. - 340424</b>										
57964	10/9/19	Yes	11/1/19	2616864	Toll Bros	Offsite Legal Descriptions	\$6,600.00	\$0.00	\$6,600.00	
58169	11/11/19	Yes	12/13/19	2624500	Toll Bros	Offsite Legal Descriptions	\$1,000.00	\$0.00	\$1,000.00	
<b>Subtotal EMK Consultants, Inc.</b>							<b>\$7,600.00</b>	<b>\$0.00</b>	<b>\$7,600.00</b>	
<b>Engineering Underground, LLC - 441017</b>										
LanternsDUI	10/7/19	Yes	11/1/19	2616866	Toll Bros	Dry Utility Sleeving	\$8,750.00	\$0.00	\$8,750.00	Dry Utilities not District Eligible
<b>Subtotal Engineering Underground, LLC</b>							<b>\$8,750.00</b>	<b>\$0.00</b>	<b>\$8,750.00</b>	
<b>Fox Rothschild LLP</b>										
2436386	10/8/19	Yes	11/8/19	438160	Toll Bros	Legal Services for Purchase of Lanterns	\$4,990.49	\$0.00	\$4,990.49	
2455396	11/14/19	Yes	12/20/19	445123	Toll Bros	Legal Services for Purchase of Lanterns	\$1,781.00	\$0.00	\$1,781.00	
2455397	11/14/19	Yes	12/20/19	445123	Toll Bros	Legal Services for Sale of Lots to Wonder	\$71.00	\$0.00	\$71.00	
<b>Subtotal Fox Rothschild LLP</b>							<b>\$6,842.49</b>	<b>\$0.00</b>	<b>\$6,842.49</b>	

Attachment C

Lanterns Metropolitan District  
 Engineer's Summary for Cost Certification #3 - Soft Costs

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
<b>KGA Studio Architects - 448366</b>										
1286	10/15/19	Yes	12/6/19	2623076	Toll Bros	Architectural Services	\$18,873.62	\$0.00	\$18,873.62	
1287	10/15/19	Yes	12/6/19	2623076	Toll Bros	Architectural Services	\$1,516.80	\$0.00	\$1,516.80	
1288	10/15/19	Yes	12/6/19	2623076	Toll Bros	Architectural Services	\$5,620.00	\$0.00	\$5,620.00	
1333	11/22/19	Yes	12/20/19	2626108	Toll Bros	Architectural Services	\$10,149.81	\$0.00	\$10,149.81	
1349	12/3/19	Yes	12/20/19	2626108	Toll Bros	Architectural Services	\$21,120.36	\$0.00	\$21,120.36	
1350	12/3/19	Yes	12/20/19	2626108	Toll Bros	Architectural Services	\$17,630.00	\$0.00	\$17,630.00	
<b>Subtotal KGA Studio Architects</b>							<b>\$74,910.59</b>	<b>\$0.00</b>	<b>\$74,910.59</b>	
<b>Lanterns Metropolitan District - 460789</b>										
201909	9/16/19	Yes	11/1/19	3661	Toll Bros	Operating Costs	\$13,141.87	\$0.00	\$13,141.87	Accountant Review for O&M
201910	10/31/19	Yes	11/1/19	3662	Toll Bros	Operating Costs	\$12,654.50	\$0.00	\$12,654.50	Accountant Review for O&M
<b>Subtotal Lanterns Metropolitan District</b>							<b>\$25,796.37</b>	<b>\$0.00</b>	<b>\$25,796.37</b>	
<b>Norris Design Inc - 374036</b>										
01-53297	9/30/19	Yes	11/8/19	2618778	Toll Bros	Design Services	\$80.00	\$9.79	\$70.21	Filing 2 Replat
01-53337	9/30/19	Yes	11/8/19	2618778	Toll Bros	Design Services	\$6,638.85	\$6,638.85	\$0.00	
01-53417	9/30/19	Yes	11/8/19	2618778	Toll Bros	Design Services	\$242.52	\$0.00	\$242.52	Amenity Area not District
01-54491	10/31/19	Yes	12/13/19	2624787	Toll Bros	Design Services	\$497.50	\$0.00	\$497.50	Filing 4 Plat and Town CDs
01-54492	10/31/19	Yes	12/13/19	2624787	Toll Bros	Design Services	\$292.50	\$0.00	\$292.50	Filing 5 Civil Plat Coordination.
01-54601	10/31/19	Yes	12/13/19	2624787	Toll Bros	Design Services	\$260.00	\$31.82	\$228.18	Filing 2 Replat
01-54658	10/31/19	Yes	12/13/19	2624787	Toll Bros	Design Services	\$340.75	\$0.00	\$340.75	Amenity Area not District
<b>Subtotal Norris Design</b>							<b>\$8,352.12</b>	<b>\$6,680.47</b>	<b>\$1,671.65</b>	
<b>Phelps Engineering Services, Inc.</b>										
4784	9/30/19	Yes	10/25/19	2615652	Toll Bros	Construction Management Services	\$6,334.00	\$6,334.00	\$0.00	Curb Ramp Revisions
<b>Subtotal Phelps Engineering Services, Inc.</b>							<b>\$6,334.00</b>	<b>\$6,334.00</b>	<b>\$0.00</b>	
<b>SIMKISS Agency, Inc. - 6737</b>										
70739	9/18/19	Yes	10/18/19	434167	Toll Bros	Bond Preimums	\$2,493.00	\$2,493.00	\$0.00	
70901	9/26/19	Yes	10/25/19	435561	Toll Bros	Bond Preimums	\$3,645.00	\$3,645.00	\$0.00	
<b>Subtotal SIMKISS Agency, INC.</b>							<b>\$6,138.00</b>	<b>\$6,138.00</b>	<b>\$0.00</b>	
<b>Total</b>							<b>\$524,336.51</b>	<b>\$137,255.50</b>	<b>\$387,081.01</b>	

"District Eligible Expenses" is the amount being recommended for reimbursement from the District

"Non Eligible Expenses" is the difference between the Invoiced Amount and the District Portion

These amounts do not include interest

Filing No. 1 is	0.4598	percent district
	1.0000	are Roads/ROW
	0.0000	are Parks/Open Space
Filing No. 2 is	0.1224	percent district
	1.0000	are Roads/ROW
	0.0000	are Parks/Open Space
Filing No. 3 is	0.1615	percent district
	1.0000	are Roads/ROW
	0.0000	are Parks/Open Space

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# Attachment D

## Project Photos

# Lanterns Metropolitan District Site Photos



Montaine Circle West



Filing 2 West



Filing 2 East



Filing 2 Earthwork & Utilities



Filing 2 East



Filing 2 South & Montaine Cir East



Filing 2 Earthwork & Utilities



Montaine Cir and Filing 3 Earthwork



Montaine Cir & Filing 3 Earthwork



Montaine Cir & Filing 3 Earthwork



Montaine Cir Northeast



Montaine Circle Southwest

Exhibit B

Accountant Cost Certification



CliftonLarsonAllen LLP  
8390 E. Crescent Parkway, Suite 300  
Greenwood Village, CO 80111  
303-779-5710 | fax 303-779-0348  
CLAconnect.com

January 30, 2020

Board of Directors  
Lanterns Metropolitan District No. 1  
Douglas County, Colorado

Re: **Lanterns Metropolitan District No. 1 - Developer Reimbursement for Filing 1**

This report summarizes the results of procedures performed related to the Lanterns Metropolitan District No. 1 (“the District”) Developer Reimbursement. Specifically, we read invoices to determine if amounts expended supported the assertion that the costs are eligible district costs.

We did not evaluate quantity and quality measurements, which would be covered by an Engineer’s report.

We were not engaged to, and did not, conduct an examination in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the financial statements of the Lanterns Metropolitan District No. 1. Accordingly, we do not express such an opinion. We performed our engagement as a consulting service under the AICPA Statement of Standards for Consulting Services. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

*Developer Reimbursement*

The District engaged CliftonLarsonAllen LLP to read invoices that support infrastructure costs paid by Toll Southwest LLC. (“Developer”) and to determine which costs are eligible for reimbursement by the Developer.

The Developer submitted documentation for \$4,187,776.03 of expenses incurred for the period May 13, 2019 through December 19, 2019. Of the total submitted, \$2,240,820.08 was considered eligible and related to soft costs and capital outlay infrastructure improvements.

Following the electoral authorization these expenditures can be categorized as follows -

Streets	\$ 934,634.55
Sewer	819,653.58
Water	<u>486,531.95</u>
Total	<u>\$2,240,820.08</u>

For additional detail on the costs incurred by the Developer, please refer to Exhibit A.

\*\*\*\*\*

This report is intended solely for your use and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

CLIFTONLARSONALLEN LLP  
Greenwood Village, Colorado



**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**ACCEPTANCE RESOLUTION PURSUANT TO INFRASTRUCTURE ACQUISITION**  
**AND REIMBURSEMENT AGREEMENT**  
**(APRIL 27, 2020)**

---

WHEREAS, Lanterns Metropolitan District No. 1, in the Town of Castle Rock, Douglas County, State of Colorado (the “**District**”), is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district under §§ 32-1-101, et seq., C.R.S. (the “**Special District Act**”); and

WHEREAS, the District has the power to provide certain public infrastructure, improvements, facilities and services (collectively, the “**Public Infrastructure**”), as described in the Special District Act, and as authorized in the Second Amended and Restated Service Plan for Lanterns Metropolitan District No. 1 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 2 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 3 and Service Plan for Lanterns Metropolitan District No. 4 and Service Plan for Lanterns Metropolitan District No. 5 approved by the Town Council August 21, 2018 (the “**Service Plan**”); and

WHEREAS, the District and Toll Southwest LLC (“**Toll Southwest**”) are parties to that certain Infrastructure Acquisition and Reimbursement Agreement dated July 8, 2019 (the “**Agreement**”); and

WHEREAS, capitalized terms used herein without definition shall have the meanings assigned to them in the Agreement; and

WHEREAS, the Agreement establishes the terms and conditions for the acquisition of certain Public Infrastructure financed and constructed or caused to be constructed by Toll Southwest that is to be owned by the District or such other applicable governmental entity, and the reimbursement of Certified District Eligible Costs incurred by Toll Southwest; and

WHEREAS, pursuant to the Agreement, Toll Southwest has submitted an Application for Acceptance of District Eligible Costs and Public Infrastructure and such additional information as the District may reasonably require; and

WHEREAS, the Board has received a satisfactory Engineer’s Cost Certification, and Accountant’s Cost Certification; and

WHEREAS, the Board desires to adopt this resolution declaring satisfaction of the conditions to acceptance as set forth in the Agreement, subject to any variances or waivers which the Board may allow in its sole and absolute discretion, and with any reasonable conditions the Board may specify (hereinafter, the “**Acceptance Resolution**”).

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT:

1. Incorporation of Recitals. The above recitals are hereby incorporated into and made a part of this Acceptance Resolution.

2. Acknowledgement of Documents Received. With respect to Public Infrastructure that is being dedicated to other governmental entities, Public Infrastructure to be acquired by the District, and funds advanced, the Board makes the following findings.

- a. The Board has received and reviewed the Application for Acceptance of District Eligible Costs and Public Infrastructure.
- b. Toll Southwest has submitted all of the information required under Schedule 1 of the Agreement with the exception of item (4) because the applicable governmental entities have not provided final, preliminary, or conditional acceptance.
- c. Toll Southwest is requesting reimbursement for Public Infrastructure that is being conveyed to other governmental entities, *without a final, preliminary, or conditional acceptance letter*. Pursuant to the Lanterns Filing No. 1 Subdivision Improvement Agreement dated April 3, 2019 (the “SIA”), Toll Southwest LLC is required to substantially complete Montaine Circle prior to receiving any building permits and Toll Southwest has provided a letter of credit, cash escrow deposit or performance bond with the Town of Castle Rock to secure construction of Montaine Circle. The Board has determined to waive the additional requirements under Schedule 2, numbered 4-10 because Montaine Circle is not substantially complete.
- d. Toll Southwest has submitted all of the information required under Schedule 3 of the Agreement.
- e. Independent District Engineering Services, LLC has reviewed the invoices and other material presented to substantiate the District Eligible Costs and issued an Engineer Cost Certification, attached hereto as **Exhibit A**, declaring the total amount of District Eligible Costs associated with the Public Infrastructure proposed for acquisition and/or reimbursement, and that such costs are reasonable and appropriate for the type of Public Infrastructure being constructed.
- f. CliftonLarsonAllen LLP has reviewed the Engineer’s Cost Certification and invoices and other material presented to substantiate the District Eligible Costs and has issued an Accountant Cost Certification, attached hereto as **Exhibit B**, declaring the total amount of District Eligible Costs associated with the Public Infrastructure proposed for acquisition/and or reimbursement.

3. Acceptance of Certified District Eligible Costs. The Board, having reviewed the Application for Acceptance of District Eligible Costs and Public Infrastructure, Engineer’s Cost Certification, Accountant’s Cost Certification, and all other information as deemed necessary and appropriate, finds and determines that the Certified District Eligible Costs to be accepted pursuant to this Acceptance Resolution is \$4,296,953.38. Based on the documentation received, the Board

further finds that the applicable requirements set forth in the Agreement have been satisfied, and that the Certified District Eligible Costs are hereby approved for reimbursement by the District subject to the terms of the Agreement.

4. Retainage Amount. The Agreement provides that the District may, in its sole discretion, retain up to 5% of the District Eligible Costs for Public Infrastructure that is being conveyed to other governmental entities when Toll Southwest is unable to provide a final, preliminary or conditional acceptance letter from the applicable governmental entity. The Board hereby determines to retain 0% of the District Eligible Costs because, pursuant to the SIA, Toll Southwest LLC is required to substantially complete Montaine Circle prior to receiving any building permits and Toll Southwest has provided a letter of credit, cash escrow deposit or performance bond with the Town of Castle Rock to secure construction of Montaine Circle.

5. Subject to Annual Appropriations. The obligations of the District pursuant to this Acceptance Resolution are subject to annual appropriation and shall not be deemed to be multiple fiscal year obligations for the purposes of Article X, Section 20 of the Colorado Constitution, and may not exceed amounts permitted by the District's electoral authorization and Service Plan.

*[Signature Page Follows.]*

ADOPTED this 27<sup>th</sup> day of April, 2020.

**DISTRICT:**  
**LANTERNS METROPOLITAN DISTRICT NO.**  
**1**, a quasi-municipal corporation and political  
subdivision of the State of Colorado

By: *Reggie Carveth*  
[Reggie Carveth \(Jun 29, 2020 10:16 MDT\)](#)  
\_\_\_\_\_  
Officer of the District

Attest:

By: *Tim Westbrook*  
[Tim Westbrook \(Jun 29, 2020 12:19 MDT\)](#)  
\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON

*Cht W*  
\_\_\_\_\_  
General Counsel to the District

# Lanterns MD No. 1 Execution Packet

Final Audit Report

2020-06-29

Created:	2020-06-24
By:	Dana Anderson (danderson@wbapc.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAEMbYrQYdKj3GC6OgzL8_fmkaEWrtLrgT

## "Lanterns MD No. 1 Execution Packet" History









-  Document created by Dana Anderson (danderson@wbapc.com)  
2020-06-24 - 9:38:19 PM GMT- IP address: 50.209.233.181
-  Document emailed to Reggie Carveth (rcarveth@tollbrothers.com) for signature  
2020-06-24 - 9:43:00 PM GMT
-  Email viewed by Reggie Carveth (rcarveth@tollbrothers.com)  
2020-06-24 - 10:55:01 PM GMT- IP address: 174.209.22.122
-  Document e-signed by Reggie Carveth (rcarveth@tollbrothers.com)  
Signature Date: 2020-06-29 - 4:16:57 PM GMT - Time Source: server- IP address: 4.34.32.42
-  Document emailed to Tim Westbrook (twestbrook@tollbrothers.com) for signature  
2020-06-29 - 4:16:59 PM GMT
-  Email viewed by Tim Westbrook (twestbrook@tollbrothers.com)  
2020-06-29 - 6:18:14 PM GMT- IP address: 4.34.32.42
-  Document e-signed by Tim Westbrook (twestbrook@tollbrothers.com)  
Signature Date: 2020-06-29 - 6:19:00 PM GMT - Time Source: server- IP address: 4.34.32.42
-  Signed document emailed to Tim Westbrook (twestbrook@tollbrothers.com), Dana Anderson (danderson@wbapc.com) and Reggie Carveth (rcarveth@tollbrothers.com)  
2020-06-29 - 6:19:00 PM GMT

Exhibit A

IDES Engineer Cost Certification

# Lanterns Metropolitan District Cost Certification Report



**Report #4  
April 2020**

INDEPENDENT  
**DES**  
District Engineering  
SERVICES

355 Union Boulevard, Suite 302  
Lakewood, CO 80228

**Lanterns Metropolitan District  
Cost Certification Report**

***Table of Contents***

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***Attachments***

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April 27, 2020

Lanterns Metropolitan District  
C/o Clint Waldron  
White Bear Ankele Tanaka & Waldron  
2154 E Commons Ave #2000  
Centennial, CO 80122

## **LANTERNS METROPOLITAN DISTRICT COST CERTIFICATION REPORT #4**

### **INTRODUCTION**

Independent District Engineering Services, LLC (Engineer) was hired by the Lanterns Metropolitan District (District) to provide review of expenditures paid by Toll Southwest, LLC (Developer) and inclusion of District Expenditures. This is to summarize and report the expenditures for the Montaine Development located in the County of Douglas, Colorado (Project). This Cost Certification Report (Report) summarizes the Engineer's approach and findings for the Project.

The expenditures for public improvements discussed in this Report were paid for by the Developer and are being certified as District eligible in the amount of **\$4,296,953.38**.

This Report generally covers the areas shown on Attachment A. Filing 1 (Montaine Loop) expenditures include street and storm improvements. Filing 2 expenditures included in this Report are for storm, water, and sanitation improvements. Filing 3 expenditures reviewed in this Report pertain to sanitation and storm improvements.

### **GOVERNING DOCUMENTS**

The following governing documents were used in recommendations for District eligible expenses:

- Second Amended and Restated Service Plan for Lanterns Metropolitan District No. 1 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 2 and First Amended and Restated Service Plan for Lanterns Metropolitan District No. 3 and Service Plan for Lanterns Metropolitan District No. 4 and Service Plan for Lanterns Metropolitan District No. 5, Prepared by White Bear Tanaka & Waldron, Professional Corporation, dated August 21<sup>st</sup>, 2018.
- Infrastructure Acquisition and Reimbursement Agreement, by and between Toll Southwest, LLC and Lanterns Metropolitan District No. 1, dated July 8<sup>th</sup>, 2019.

It should be noted the Engineer used the above governing documents only as a general guideline for eligibility in certification of costs.

### **ACTIVITIES CONDUCTED**

For this Report, the following activities were performed:

- Governing Documents provided by the District and the Developer were reviewed as the basis for recommendation for this Report.
- The Invoice Summary as provided by the District was included, and invoices provided by the Developer were reviewed. A summary was created and is attached as Attachment C.
- Site visits were conducted. Project improvements were photographed.
- Contact was made with Developer to verify knowledge of the work or services performed.
- Some contract unit items were compared to other Projects constructed in the Denver Metropolitan Area.

## **ASSUMPTIONS**

Due to the specific scope authorized for this Report, the following assumptions were made. The District should validate or cause to have validated these assumptions.

- It is assumed that geotechnical pavement designs have been performed and followed. It is assumed materials testing was performed during construction.
- It is our understanding that the Developer will be responsible for all Storm Water Management Practice (SWMP) activities until the conditions of State and Local permits are met. No SWMP inspections or recommendations were conducted as part of this Report.
- It is assumed that the contractors have obtained all SWMP permitting in the name of the Developer.
- It is our understanding that all local jurisdiction acceptance will be completed by the Developer as required by the Infrastructure Acquisition and Reimbursement Agreement. The District shall have no obligations for local jurisdiction acceptance of infrastructure acquired by the District.
- It is assumed that the Developer has obtained or will obtain final unconditional lien waivers from all contractors performing work or consultants providing services for the Project. It is our recommendation these lien waivers be provided to the District.
- Costs presented do not represent the entire contract value, but rather the portion of costs that are attributable to public improvements as defined in the Service Plan. Percentages of Expenditures that pertain to both District land and private lots are based on land percentage area for the Project Area. See Attachment C for the percentages. These percentages were used for work such as Earthwork, SWMP activities, and planning activities.
- Expenditures that did not have enough information to be verified with this Report may be verified in a future Report.
- Nothing in this Report shall be construed as acceptance of any public infrastructure by any governmental entity, including but not limited to the District. The Developer remains responsible for completing public improvements according to plan and obtain the proper acceptance by any applicable governmental entity.

## **DISCUSSION**

This Report consists of expenditures provided between April 2018 and March 2020. The improvements reviewed are generally represented in Attachments A and C.

### **Vendor Participation**

All contractors, consultants, and vendors (Vendors) whose invoice information was submitted, were evaluated for their participation on the Project and services performed, materials provided, or work completed. A summary of Vendor participation is included as Attachment B.

### **Review of Invoices and Summary of Expenditures**

To provide a cost certification of District Improvements, invoices provided by the Developer were reviewed. Invoice costs were allocated as District or Non-District and a summary is included as Attachment C. Invoices provided were reviewed to determine that the work and cost value were appropriated correctly, and that proof of payment was provided.

## **SUMMARY OF EXPENDITURES BY CATEGORY AND SERVICE PLAN DIVISION**

The table below provides a summary of expenditures by category and Service Plan division. The major elements of the improvements were allocated across these specific categories.

District Improvements	Cost	Percent of Total Cost
Water	\$649,334.15	15.11%
Sanitation	\$2,162,253.84	50.32%
Street Improvements	\$1,467,657.32	34.16%
Safety	\$0.00	0.00%
Parks and Rec	\$17,708.07	0.41%
<b>TOTAL</b>	<b>\$4,296,953.38</b>	<b>100%</b>

**FIELD INVESTIGATION RESULTS**

A field investigation was conducted in April. Photos were taken of the Project to memorialize the construction of infrastructure and are included in Attachment D. From our visual inspection, it appears the completed improvements were constructed in a quality manner consistent with other similar projects and meeting generally accepted construction requirements.

**RECOMMENDATION**

In our professional opinion the expenditures for the improvements were reviewed and found to be reasonable. The costs of improvements are comparable to other similar projects in Colorado. At this time and based on the information provided, the Engineer certifies the expenditures provided by the Developer as District eligible expenditures as shown in Attachment C and subject to the level of review presented in this Report. These expenditures are certified in the amount of **\$4,296,953.38**.

Should you have any questions or require further information please feel free to contact me.

Respectfully Submitted,  
Independent District Engineering Services, LLC

*Barrett Marrocco*

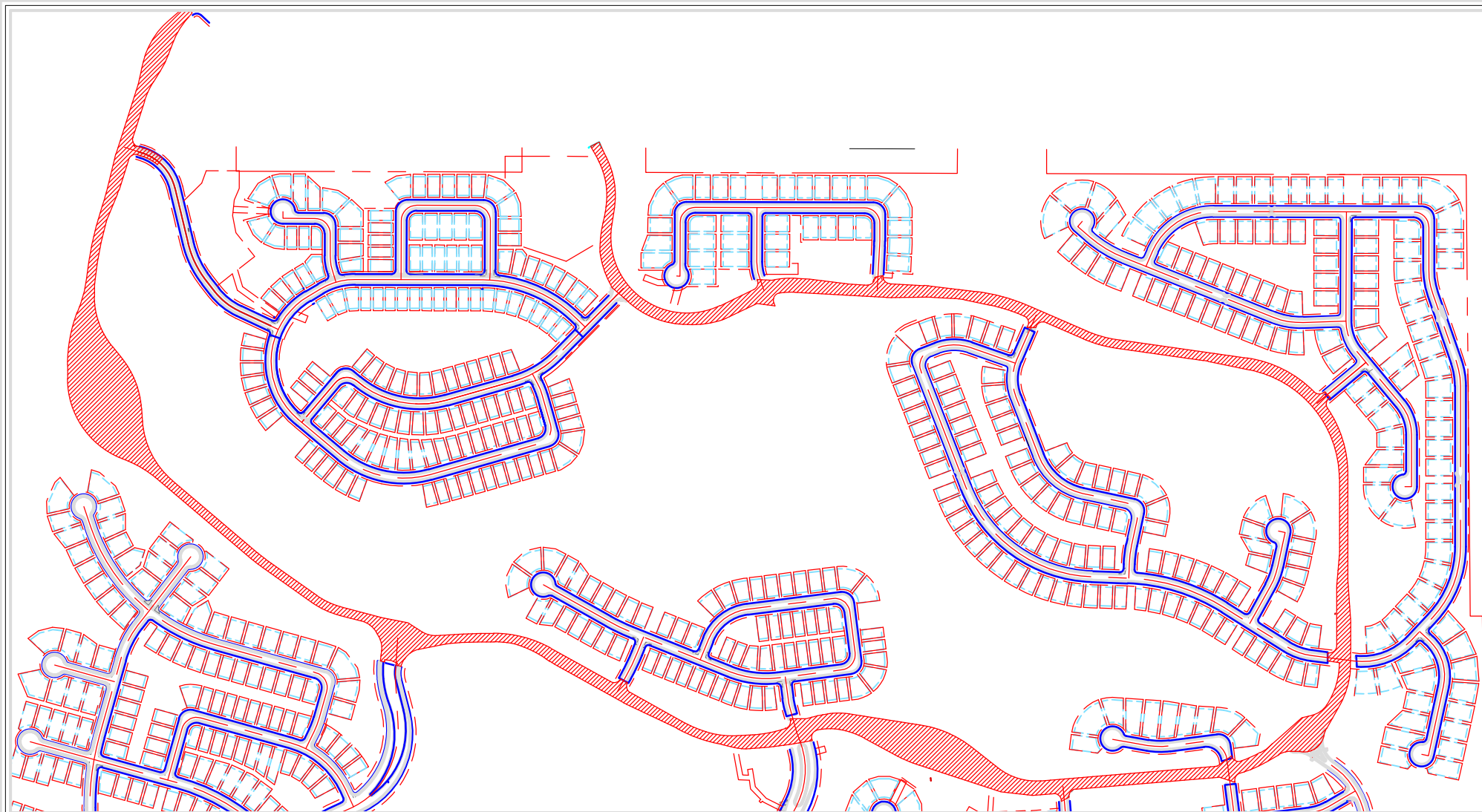
Barrett Marrocco, P.E.

Attachments

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# Attachment A

## Site Map

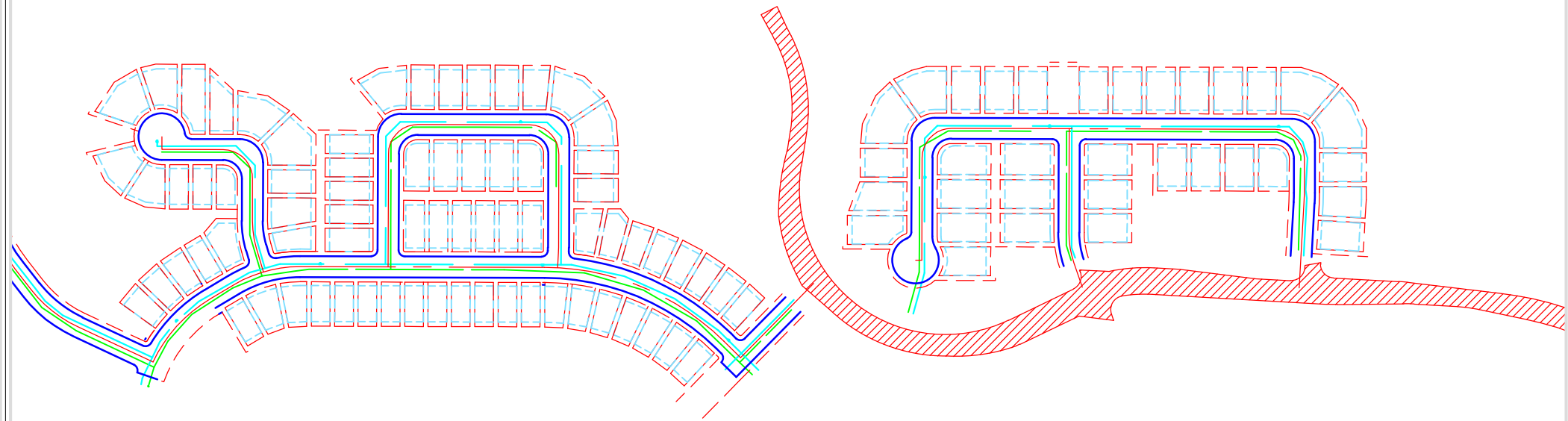


**LEGEND**



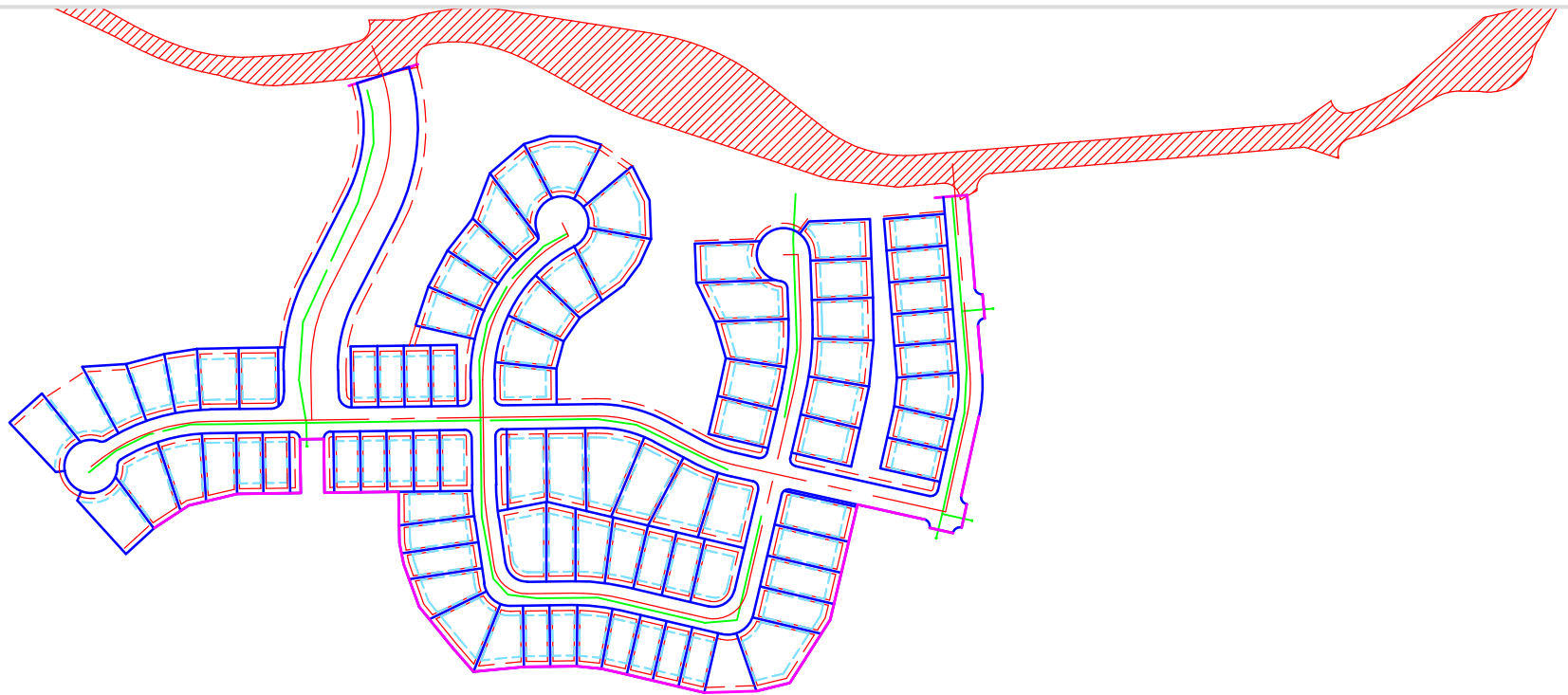
Filing 1 Street Improvements (~55% Complete)

**Not Shown:** Storm Improvements (~75% Complete)



**LEGEND**

- Filing 2 Sanitary and Storm Improvements
  - Sanitary 100% Complete
  - Storm ~75% Complete
- Filing 2 Water improvements
  - Water ~95% Complete



**LEGEND**

- Filing 3 Sanitary and Storm Improvements
- Sanitary ~40% Complete
  - Storm ~2% Complete

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# Attachment B

## Vendor Participation



# Attachment B

## Vendor Participation

Following is a Summary of the Contractors, Consultants and Vendor Participation in work and services for the Cost Certification and Bonding Report. Notes include any invoice discrepancies, basis of payment, and basis for reimbursement.

**Castle Rock, Town of** Permit fees were paid to the Town of Castle Rock. Permit fees for residential inspections are not eligible for District funding.

**CMS Environmental Solutions** Performed stormwater inspections for the District.

**CTL Thompson** Completed subgrade investigation, sanitary sewer testing, compaction testing, concrete testing, and pavement design. Investigations for the Active Adult Community and lots are not eligible for District funding.

**CVL Consultants** Provided design and construction staking services for the project. Work for the Active Adult Community and lots is not eligible for District funding.

**Engineering Underground LLC** Performed engineering services for dry utility design. Dry utilities are not eligible for District funding.

**First American Title Insurance Company** Prepared commitments for Lanterns Filing 2 platting. A portion of this cost is eligible for District funding. The eligible amount was calculated using the land percentage area.

**Fox Rothschild LLP** Legal services for the acquisition of land and HOA covenants. These services are not eligible for District funding.

**KGA Studio Architects** Provided architectural services. These costs are not eligible for District funding.

**Lanterns Metropolitan District** Fees for operating costs were paid. These costs were reviewed by the District accountant not the Engineer.

**LSC Transportation** Wrote trip generation compliance letter and access memo for the project. Reports written for the Active Adult Community are not eligible for District funding.

**Norris Design** Performed design and planning services for the project. Filing 1 costs were reviewed and certified in Cost Certification Report #1. Landscape and irrigation plans were calculated using the land percentage area to determine District funding eligibility. Design for the amenity area and Active Adult Community are not eligible for District funding.

**Phelps Engineering Services Inc.** Provided construction management services. These services are eligible for District funding.

**Pase Contracting** Erosion control services performed for the project. Erosion control for the Active Adult Community is not eligible for District funding.

**Premier Earthworks and Infrastructure** Constructed utility improvements for Filing 3.

**Scott Contracting** Constructed water, storm, sanitary sewer, and street improvements for Filings 1 and 2. Sanitary sewer services and excavation for Active Adult Community not eligible for District funding.

**SIMKISS Agency** Performance bond fees were paid.

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# Attachment C

## Expenditure Data

Attachment C.1

Lanterns Metropolitan District

Engineer's Summary for Cost Certification #4 - Soft Costs

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Filing No.	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
<b>CMS Environmental Solutions</b>											
97033	12/1/19	Yes	1/3/20	2628053	Toll Bros	1	Bi-Weekly Inspection	\$375.00	\$375.00	\$0.00	
98212	1/1/20	Yes	1/31/20	2633544	Toll Bros	1	Bi-Weekly Inspection	\$562.50	\$562.50	\$0.00	
99380	2/1/20	Yes	3/6/20	2638744	Toll Bros	1	Bi-Weekly Inspection	\$1,875.00	\$1,875.00	\$0.00	
<b>Subtotal CMS Environmental Solutions</b>								<b>\$2,812.50</b>	<b>\$2,812.50</b>	<b>\$0.00</b>	
<b>CTL Thompson</b>											
530409	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530411	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530412	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530413	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530414	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530415	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530416	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530417	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
530418	11/30/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
532491	12/31/19	Yes	1/24/20	450257	Toll Bros.	1	Framing & Foundation Plans	\$5,000.00	\$0.00	\$5,000.00	Lots not District eligible.
532492	12/31/19	Yes	1/31/20	451610	Toll Bros.	2	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
532494	12/31/19	Yes	1/31/20	451610	Toll Bros.	1	Master Foundation Plans	\$4,500.00	\$0.00	\$4,500.00	Lots not District eligible.
532495	12/31/19	Yes	1/24/20	450257	Toll Bros.	1	Framing & Foundation Plans	\$3,000.00	\$0.00	\$3,000.00	Lots not District eligible.
532496	12/31/19	Yes	1/31/20	451610	Toll Bros.	1	Master Foundation Plans	\$1,000.00	\$0.00	\$1,000.00	Lots not District eligible.
535184	1/31/20	Yes	2/28/20	456252	Toll Bros.	1	Soil and Foundation Investigation	\$22,770.00	\$0.00	\$22,770.00	Lots not District eligible.
535705	1/31/20	Yes	2/21/20	454919	Toll Bros.	1	Framing & Foundation Plans	\$5,000.00	\$0.00	\$5,000.00	Lots not District eligible.
535706	1/31/20	Yes	2/21/20	454919	Toll Bros.	1	Framing & Foundation Plans	\$6,000.00	\$0.00	\$6,000.00	Lots not District eligible.
535707	1/31/20	Yes	2/21/20	454919	Toll Bros.	1	Framing & Foundation Plans	\$6,000.00	\$0.00	\$6,000.00	Lots not District eligible.
<b>Subtotal CTL Thompson</b>								<b>\$63,270.00</b>	<b>\$0.00</b>	<b>\$63,270.00</b>	
<b>CVL Consultants</b>											
023451	5/15/18	Yes	6/15/18	2480295	Toll Bros	2	Engineering Services	\$25,125.93	\$0.00	\$25,125.93	Work for Lots and AA Community not District eligible.
024061	6/15/18	Yes	7/20/18	2489883	Toll Bros	2	Engineering Services	\$24,747.26	\$6,305.00	\$18,442.26	Work for Lots and AA Community not District eligible.
025053	8/15/18	Yes	9/14/18	2505453	Toll Bros	2	Engineering Services	\$33,630.88	\$10,185.00	\$23,445.88	Work for Lots and AA Community not District eligible.
025573	9/17/18	Yes	10/19/18	2515558	Toll Bros	2	Engineering Services	\$8,962.20	\$225.63	\$8,736.57	Work for Lots and AA Community not District eligible.
025688	10/22/18	Yes	11/16/18	2523469	Toll Bros	2	Engineering Services	\$10,441.24	\$5,290.14	\$5,151.10	Work for Lots and AA Community not District eligible.
025690	10/22/18	Yes	11/30/18	2528497	Toll Bros	2	Engineering Services	\$17,575.68	\$0.00	\$17,575.68	Work for Active Adult Community not District eligible.
025854	11/19/18	Yes	12/21/18	373740	Toll Bros	2	Engineering Services	\$8,778.86	\$0.00	\$8,778.86	Work for Active Adult Community not District eligible.
025861	11/19/18	Yes	12/21/18	373740	Toll Bros	2	Engineering Services	\$7,564.94	\$158.34	\$7,406.60	Work for Lots and AA Community not District eligible.
025965	12/13/18	Yes	1/11/19	376521	Toll Bros	2	Engineering Services	\$9,375.50	\$0.00	\$9,375.50	Work for Active Adult Community not District eligible.
026091	1/18/19	Yes	2/15/19	383733	Toll Bros	2,3	Engineering Services	\$28,289.76	\$527.80	\$27,761.96	Work for Lots and AA Community not District eligible.
026198	2/20/19	Yes	3/15/19	389491	Toll Bros	2,3	Engineering Services	\$10,003.43	\$263.90	\$9,739.53	Work for Lots and AA Community not District eligible.
026200	2/20/19	Yes	3/15/19	389491	Toll Bros	2,3	Engineering Services	\$7,560.25	\$0.00	\$7,560.25	Work for Active Adult Community not District eligible.
026339	3/25/19	Yes	4/19/19	396873	Toll Bros	2,3	Engineering Services	\$4,280.20	\$0.00	\$4,280.20	Work for Lots and AA Community not District eligible.
026341	3/25/19	Yes	4/19/19	396873	Toll Bros	2,3	Engineering Services	\$25,159.27	\$0.00	\$25,159.27	Work for Active Adult Community not District eligible.
026517	4/24/19	Yes	5/17/19	402807	Toll Bros	2	Engineering Services	\$30,178.59	\$263.90	\$29,914.69	
026519	4/24/19	Yes	5/17/19	402807	Toll Bros	2,3	Engineering Services	\$2,256.54	\$0.00	\$2,256.54	Work for Active Adult Community not District eligible.
026546	5/21/19	Yes	6/7/19	407112	Toll Bros	2	Engineering Services	\$74,567.62	\$527.80	\$74,039.82	
026551	5/21/19	Yes	6/28/19	411681	Toll Bros	2	Engineering Services	\$20,132.50	\$989.63	\$19,142.88	Review with Filing 4 & 5 Costs
026673	6/25/19	Yes	7/19/19	415066	Toll Bros	2	Engineering Services	\$11,747.40	\$13.20	\$11,734.21	
026675	6/25/19	Yes	7/19/19	415066	Toll Bros	3	Engineering Services	\$2,269.60	\$0.00	\$2,269.60	Work for Active Adult Community not District eligible.
026676	6/25/19	Yes	7/19/19	415066	Toll Bros	2	Engineering Services	\$8,617.50	\$1,388.52	\$7,228.98	Review with Filing 4 & 5 Costs
026795	7/16/19	Yes	8/2/19	418135	Toll Bros	2,3	Engineering Services	\$20,463.38	\$279.73	\$20,183.65	Channel reviewed in CC2.
026796	7/16/19	Yes	8/2/19	418135	Toll Bros	2,3	Engineering Services	\$2,782.30	\$0.00	\$2,782.30	Work for Active Adult Community not District eligible.
026797	7/16/19	Yes	8/2/19	418135	Toll Bros	2	Engineering Services	\$11,118.80	\$2,159.44	\$8,959.36	Review with Filing 4 & 5 Costs
026948	8/26/19	Yes	9/27/19	429848	Toll Bros	2,3	Engineering Services	\$9,886.60	\$0.00	\$9,886.60	Work for Active Adult Community not District eligible.
026995	8/27/19	Yes	9/27/19	429848	Toll Bros	2,3	Engineering Services	\$63,872.88	\$0.00	\$63,872.88	Work for Lots and AA Community not District eligible.
026996	8/27/19	Yes	9/27/19	429848	Toll Bros	2	Engineering Services	\$16,280.45	\$1,574.28	\$14,706.17	Review with Filing 4 & 5 Costs
027254	10/31/19	Yes	1/17/20	448918	Toll Bros	2	Engineering Services	\$21,804.86	\$1,349.81	\$20,455.05	Review with Filing 4 & 5 Costs
027382	10/31/19	Yes	1/17/20	448918	Toll Bros	3	Engineering Services	\$4,321.66	\$0.00	\$4,321.66	Work for Active Adult Community not District eligible.
027300	11/25/19	Yes	1/3/20	446347	Toll Bros	1	Staking Services - Montaine Loop Rd	\$15,323.00	\$15,323.00	\$0.00	
027302	11/25/19	Yes	1/3/20	446347	Toll Bros	2	Survey Services/Construction Staking	\$12,007.50	\$12,007.50	\$0.00	
027303	11/25/19	Yes	1/3/20	446347	Toll Bros	3	Survey Services/Construction Staking	\$5,400.00	\$5,400.00	\$0.00	
027369	11/27/19	Yes	1/17/20	448918	Toll Bros	2	Engineering Services	\$1,399.02	\$899.19	\$499.83	
027371	11/27/19	Yes	1/17/20	448918	Toll Bros	2	Engineering Services	\$34,325.07	\$3,063.90	\$31,261.17	Review with Filing 4 & 5 Costs
027439	12/31/19	Yes	1/17/20	448918	Toll Bros	2	Survey Services/Construction Staking	\$4,165.00	\$4,165.00	\$0.00	
027466	12/31/19	Yes	1/17/20	448918	Toll Bros	3	Engineering Services	\$2,045.29	\$356.90	\$1,688.39	Work for Active Adult Community not District eligible.
027507	1/23/20	Yes	2/14/20	453563	Toll Bros	3	Engineering Services	\$1,086.30	\$0.00	\$1,086.30	Work for Active Adult Community not District eligible.
027508	1/23/20	Yes	2/14/20	453563	Toll Bros	3	Engineering Services	\$159.70	\$0.00	\$159.70	Work for Active Adult Community not District eligible.
027509	1/23/20	Yes	2/14/20	453563	Toll Bros	2	Engineering Services	\$19,097.74	\$5,761.91	\$13,335.83	Review with Filing 4 & 5 Costs
<b>Subtotal CVL Consultants</b>								<b>\$616,804.70</b>	<b>\$78,479.52</b>	<b>\$538,325.18</b>	
<b>Engineering Underground, LLC</b>											
Lanterns - F2	2/17/20	Yes	3/6/20	2638810	Toll Bros	2	Engineering Services for Dry Utility Design	\$4,750.00	\$0.00	\$4,750.00	Dry utilities not District eligible.

Attachment C.1

Lanterns Metropolitan District  
 Engineer's Summary for Cost Certification #4 - Soft Costs

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Filing No.	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
<b>Subtotal Engineering Underground, LLC</b>								<b>\$4,750.00</b>	<b>\$0.00</b>	<b>\$4,750.00</b>	
<b>First American Title Insurance Company</b>											
9954-9954107068	4/20/18	Yes	5/25/18	2474981	Toll Bros	2	Commitment for platting Lanterns Filing 2	\$500.00	\$131.95	\$368.05	Site %
<b>Subtotal First American Title Insurance Company</b>								<b>\$500.00</b>	<b>\$131.95</b>	<b>\$368.05</b>	
<b>Fox Rothschild LLP</b>											
2467341	12/7/19	Yes	1/3/20	446362	Toll Bros	Various	Legal Services	\$3,600.00	\$0.00	\$3,600.00	
2485701	1/14/20	Yes	2/14/20	453594	Toll Bros	Various	Legal Services	\$46.00	\$0.00	\$46.00	
2485706	1/14/20	Yes	2/14/20	453594	Toll Bros	Various	Legal Services	\$35.50	\$0.00	\$35.50	
2501503	2/12/20	Yes	3/6/20	457667	Toll Bros	Various	Legal Services	\$319.50	\$0.00	\$319.50	
<b>Subtotal Fox Rothschild LLP</b>								<b>\$4,001.00</b>	<b>\$0.00</b>	<b>\$4,001.00</b>	
<b>KGA Studio Architects</b>											
1323	11/5/19	Yes	1/10/20	2628750	Toll Bros	Various	Architectural Services	\$5,011.30	\$0.00	\$5,011.30	
1386	1/6/20	Yes	1/24/20	2631697	Toll Bros	Various	Architectural Services	\$20,477.22	\$0.00	\$20,477.22	
1387	1/6/20	Yes	1/24/20	2631697	Toll Bros	Various	Architectural Services	\$1,750.00	\$0.00	\$1,750.00	
1449	2/12/20	Yes	3/6/20	2639046	Toll Bros	Various	Architectural Services	\$1,046.28	\$0.00	\$1,046.28	
1450	2/12/20	Yes	3/6/20	2639046	Toll Bros	Various	Architectural Services	\$631.65	\$0.00	\$631.65	
1451	2/12/20	Yes	3/6/20	2639046	Toll Bros	Various	Architectural Services	\$745.00	\$0.00	\$745.00	
<b>Subtotal KGA Studio Architects</b>								<b>\$29,661.45</b>	<b>\$0.00</b>	<b>\$29,661.45</b>	
<b>Lanterns Metropolitan District</b>											
202001/4206	1/17/20	Yes	2/25/20	10270875	Toll Bros	Various	Operating Costs	\$18,407.74	\$0.00	\$18,407.74	Accountant Review for O&M
<b>Subtotal Lanterns Metropolitan District</b>								<b>\$18,407.74</b>	<b>\$0.00</b>	<b>\$18,407.74</b>	
<b>LSC Transportation</b>											
55424	10/8/18	Yes	11/9/18	100818	Toll Bros	3	Completion report	\$3,681.60	\$0.00	\$3,681.60	Work for Active Adult Community not District eligible.
55758	12/11/18	Yes	1/4/19	2535817	Toll Bros	3	Review and update access memo	\$399.10	\$0.00	\$399.10	Work for Active Adult Community not District eligible.
56243	3/4/19	Yes	3/29/19	2559492	Toll Bros	2, 3	Trip Generation Compliance Letter	\$888.65	\$888.65	\$0.00	
56387	4/8/19	Yes	4/26/19	2567424	Toll Bros	2, 3	Trip Generation Compliance Letter	\$61.35	\$61.35	\$0.00	
<b>Subtotal LSC Transportation</b>								<b>\$5,030.70</b>	<b>\$950.00</b>	<b>\$4,080.70</b>	
<b>Norris Design Inc</b>											
01-23869	3/31/18	Yes	9/14/18	2505892	Toll Bros	2, 3	Design Services	\$50,088.59	\$0.00	\$50,088.59	F2&3 Landscape is HOA - Not Eligible
01-24199	4/30/18	Yes	6/15/18	2480767	Toll Bros	2, 3	Design Services	\$59,089.85	\$0.00	\$59,089.85	F2&3 Landscape is HOA - Not Eligible
01-24676	5/31/18	Yes	9/14/18	2505892	Toll Bros	2, 3	Design Services	\$28,851.98	\$0.00	\$28,851.98	F2&3 Landscape is HOA - Not Eligible
01-25401	7/31/18	Yes	9/7/18	2504069	Toll Bros	2, 3	Design Services	\$42,704.61	\$0.00	\$42,704.61	F2&3 Landscape is HOA - Not Eligible
01-25480	8/31/18	Yes	10/12/18	2513820	Toll Bros	2	Design Services	\$2,635.09	\$0.00	\$2,635.09	F2&3 Landscape is HOA - Not Eligible
01-25485	8/31/18	Yes	10/12/18	251820	Toll Bros	2, 3	Design Services	\$38,961.32	\$0.00	\$38,961.32	F2&3 Landscape is HOA - Not Eligible
01-25516	10/31/18	Yes	12/7/18	2529558	Toll Bros	2, 3	Design Services	\$2,263.35	\$0.00	\$2,263.35	F2&3 Landscape is HOA - Not Eligible
01-25764	10/31/18	Yes	12/7/18	2529558	Toll Bros	2, 3	Design Services	\$39,989.75	\$0.00	\$39,989.75	F2&3 Landscape is HOA - Not Eligible
01-25884	9/30/18	Yes	11/9/18	2521916	Toll Bros	2, 3	Design Services	\$6,823.09	\$0.00	\$6,823.09	F2&3 Landscape is HOA - Not Eligible
01-26136	9/30/18	Yes	11/9/18	2521916	Toll Bros	2, 3	Design Services	\$39,510.21	\$0.00	\$39,510.21	F2&3 Landscape is HOA - Not Eligible
01-26594	11/30/18	Yes	1/11/19	2537798	Toll Bros	2, 3	Design Services	\$3,817.90	\$0.00	\$3,817.90	F2&3 Landscape is HOA - Not Eligible
01-26601	11/30/18	Yes	1/11/19	2537798	Toll Bros	2, 3	Design Services	\$43,388.30	\$0.00	\$43,388.30	F2&3 Landscape is HOA - Not Eligible
01-27080	12/31/18	Yes	2/8/19	2545804	Toll Bros	2, 3	Design Services	\$467.50	\$0.00	\$467.50	F2&3 Landscape is HOA - Not Eligible
01-27081	12/31/18	Yes	2/8/19	2545804	Toll Bros	1	Design Services	\$2,684.65	\$0.00	\$2,684.65	F2&3 Landscape is HOA - Not Eligible
01-27481	1/31/19	Yes	3/22/19	2557588	Toll Bros	2, 3	Design Services	\$1,316.44	\$0.00	\$1,316.44	F2&3 Landscape is HOA - Not Eligible
01-27483	1/31/19	Yes	3/15/19	2555418	Toll Bros	1	Design Services	\$22,908.82	\$0.00	\$22,908.82	F2&3 Landscape is HOA - Not Eligible
01-28102	2/28/19	Yes	4/5/19	2561551	Toll Bros	2, 3	Design Services	\$1,235.00	\$0.00	\$1,235.00	F2&3 Landscape is HOA - Not Eligible
01-28341	2/28/19	Yes	4/5/19	2561551	Toll Bros	1	Design Services	\$17,474.42	\$0.00	\$17,474.42	F2&3 Landscape is HOA - Not Eligible
01-50023	3/31/19	Yes	4/26/19	2567532	Toll Bros	2, 3	Design Services	\$1,255.00	\$0.00	\$1,255.00	F2&3 Landscape is HOA - Not Eligible
01-50024	3/31/19	Yes	4/26/19	2567532	Toll Bros	1	Design Services	\$4,466.34	\$0.00	\$4,466.34	F2&3 Landscape is HOA - Not Eligible
01-50948	4/30/19	Yes	5/31/19	2577680	Toll Bros	3	Design Services	\$1,260.00	\$0.00	\$1,260.00	F2&3 Landscape is HOA - Not Eligible
01-50949	4/30/19	Yes	6/7/19	2579268	Toll Bros	5	Design Services	\$36,371.25	\$0.00	\$36,371.25	F2&3 Landscape is HOA - Not Eligible
01-50950	4/30/19	Yes	5/31/19	2577680	Toll Bros	2	Design Services	\$80.00	\$0.00	\$80.00	F2&3 Landscape is HOA - Not Eligible
01-51479	5/31/19	Yes	6/28/19	2585184	Toll Bros	2	Design Services	\$80.00	\$0.00	\$80.00	F2&3 Landscape is HOA - Not Eligible
01-52192	7/31/19	Yes	9/6/19	2604001	Toll Bros	2	Design Services	\$640.00	\$0.00	\$640.00	F2&3 Landscape is HOA - Not Eligible
01-55343	11/30/19	Yes	1/17/20	2630211	Toll Bros	4	Design Services	\$67.50	\$0.00	\$67.50	F2&3 Landscape is HOA - Not Eligible
01-55431	11/30/19	Yes	1/17/20	2630211	Toll Bros	3	Design Services	\$284.08	\$0.00	\$284.08	F2&3 Landscape is HOA - Not Eligible
01-55929	12/31/19	Yes	2/14/20	2634871	Toll Bros	3	Design Services	\$145.65	\$0.00	\$145.65	F2&3 Landscape is HOA - Not Eligible
01-56233	1/31/20	Yes	3/13/20	2640497	Toll Bros	5	Design Services	\$10,340.15	\$0.00	\$10,340.15	F2&3 Landscape is HOA - Not Eligible
01-56240	1/31/20	Yes	3/13/20	2640497	Toll Bros	2	Design Services	\$320.00	\$0.00	\$320.00	F2&3 Landscape is HOA - Not Eligible
01-56281	1/31/20	Yes	3/13/20	2640497	Toll Bros	4	Design Services	\$320.00	\$0.00	\$320.00	F2&3 Landscape is HOA - Not Eligible
<b>Subtotal Norris Design</b>								<b>\$459,840.84</b>	<b>\$0.00</b>	<b>\$459,840.84</b>	
<b>Phelps Engineering Services Inc.</b>											
4859	2/28/20	Yes	3/13/20	2640674	Toll Bros	1	Construction Management Services	\$1,185.00	\$1,185.00	\$0.00	
<b>Subtotal Phelps Engineering Services, Inc.</b>								<b>\$1,185.00</b>	<b>\$1,185.00</b>	<b>\$0.00</b>	

Attachment C.1

Lanterns Metropolitan District

Engineer's Summary for Cost Certification #4 - Soft Costs

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Filing No.	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
<b>SIMKISS Agency, Inc.</b>											
65441	1/25/19	Yes	2/22/19	385438	Toll Bros	2	Bond Premiums	\$2,278.00	\$601.16	\$1,676.84	Site %
65444	1/25/19	Yes	2/22/19	385438	Toll Bros	3	Bond Premiums	\$2,419.00	\$490.57	\$1,928.43	Site %
65800	2/13/19	Yes	3/15/19	389740	Toll Bros	2	Bond Premiums	\$484.00	\$127.73	\$356.27	Site %
65794	2/13/19	Yes	3/15/19	389740	Toll Bros	3	Bond Premiums	\$605.00	\$122.69	\$482.31	Site %
69836	8/6/19	Yes	8/30/19	424445	Toll Bros	2	Bond Premiums	\$21,138.00	\$21,138.00	\$0.00	
73668	1/29/20	Yes	3/6/20	457800	Toll Bros	2, 3	Bond Premiums	\$2,175.00	\$2,175.00	\$0.00	
<b>Subtotal SIMKISS Agency, Inc.</b>								<b>\$29,099.00</b>	<b>\$24,655.16</b>	<b>\$4,443.84</b>	
<b>Town of Castle Rock</b>											
3446/4206	4/8/19	Yes	10/24/18	3446	Toll Bros	2	Permit/Inspection/Review Fees	\$6,380.00	\$1,683.68	\$4,696.32	GESC Permit - Filing 2 Site %
CON19-0037	7/29/19	Yes	7/31/19	10183188	Toll Bros	2	Permit/Inspection/Review Fees	\$156,255.29	\$72,345.04	\$83,910.25	Public Improvement Inspection Fees
CON19-0041	8/2/19	Yes	8/5/19	10186104	Toll Bros	2	Permit/Inspection/Review Fees	\$12,105.98	\$4,844.06	\$7,261.92	Water Line Inspection
GSC19-0045	9/13/19	Yes	9/19/19	3647	Toll Bros.	2	Permit/Inspection/Review Fees	\$2,750.00	\$725.73	\$2,024.27	GESC Permit - Filing 2 Site %
CON19-0037 (1)	9/16/19	Yes	9/23/19	10208355	Toll Bros.	2	Permit/Inspection/Review Fees	\$23,009.01	\$1,529.76	\$21,479.25	GESC Permit - Filing 2 Site %
TESC Permit #TSCV20-0004	1/17/20	Yes	1/20/20	3682	Toll Bros	2	Permit Fee	\$2,750.00	\$0.00	\$2,750.00	Work for vertical construction not District eligible.
Building Permit/Plan Check/Use Tax Fee	2/24/20	Yes	2/24/20	3689	Toll Bros.	2	Permit/Inspection/Review Fees	\$1,883.04	\$895.54	\$987.50	
Review Fees Filing 5	2/26/20	Yes	2/26/20	3693	Toll Bros	5	Review Fee	\$8,850.00	\$0.00	\$8,850.00	Review with Filing 4 & 5 Costs
<b>Subtotal Town of Castle Rock</b>								<b>\$213,983.32</b>	<b>\$82,023.81</b>	<b>\$131,959.51</b>	
<b>Total</b>								<b>\$1,449,346.25</b>	<b>\$190,237.94</b>	<b>\$1,259,108.31</b>	

\*District Eligible Expenses\* is the amount being recommended for reimbursement from the District

\*Non Eligible Expenses\* is the difference between the Invoiced Amount and the District Portion

These amounts do not include interest

Filing No. 1 is	0.4598	percent district
	1.0000	are Roads/ROW
	0.0000	are Parks/Open Space
Filing No. 2 is	0.2639	percent district
	0.2043	are Roads/ROW
	0.7957	are Parks/Open Space
Filing No. 3 is	0.2028	percent district
	0.5542	are Roads/ROW
	0.4458	are Parks/Open Space

Attachment C.2

Lanterns Metropolitan District  
 Engineer's Summary for Cost Certification #4 - Hard Costs

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Filing No.	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
<b>CTL Thompson</b>											
488176	8/31/18	Yes	10/5/18	357723	Toll Bros	2	Geotechnical Engineering	\$18,000.00	\$0.00	\$18,000.00	Work for lots not District eligible
488177	8/31/18	Yes	10/5/18	357723	Toll Bros	3	Geotechnical Engineering	\$11,500.00	\$0.00	\$11,500.00	Work for Active Adult Community not District eligible.
508828	4/30/19	Yes	5/31/19	405802	Toll Bros	2	Geotechnical Engineering	\$392.00	\$103.45	\$288.55	Grading at Site %
511815	5/31/19	Yes	6/14/19	408633	Toll Bros	2	Geotechnical Engineering	\$4,610.00	\$1,216.58	\$3,393.42	Grading at Site %
514844	6/30/19	Yes	7/26/19	416600	Toll Bros	2	Geotechnical Engineering	\$6,790.00	\$1,791.88	\$4,998.12	Grading at Site %
517536	7/31/19	Yes	8/16/19	421119	Toll Bros	3	Geotechnical Engineering	\$4,562.00	\$925.17	\$3,636.83	Grading at Site %
517537	7/31/19	Yes	8/16/19	421119	Toll Bros	2	Geotechnical Engineering	\$1,230.00	\$324.60	\$905.40	
520626	8/31/19	Yes	9/20/19	428469	Toll Bros	3	Geotechnical Engineering	\$6,242.00	\$1,265.88	\$4,976.12	
531920	12/31/19	Yes	1/31/20	451610	Toll Bros	1	Geotechnical Engineering	\$5,026.00	\$5,026.00	\$0.00	
532203	12/31/19	Yes	1/31/20	451610	Toll Bros	2	Geotechnical Engineering	\$8,106.00	\$8,106.00	\$0.00	
532212	12/31/19	Yes	1/31/20	451610	Toll Bros	3	Geotechnical Engineering	\$4,323.00	\$0.00	\$4,323.00	Work for Active Adult Community not District eligible.
535195	1/31/20	Yes	2/28/20	456252	Toll Bros	3	Geotechnical Engineering	\$338.00	\$0.00	\$338.00	Work for Active Adult Community not District eligible.
535476	1/31/20	Yes	2/28/20	456252	Toll Bros	1	Geotechnical Engineering	\$2,942.00	\$2,942.00	\$0.00	
535477	1/31/20	Yes	2/28/20	456252	Toll Bros	3	Geotechnical Engineering	\$1,563.00	\$1,403.26	\$159.74	Grading at Site %
535478	1/31/20	Yes	2/28/20	456252	Toll Bros	2	Geotechnical Engineering	\$13,035.50	\$13,035.50	\$0.00	
<b>Subtotal CTL Thompson</b>								<b>\$88,659.50</b>	<b>\$36,140.32</b>	<b>\$52,519.18</b>	
<b>Martin Marietta Materials</b>											
12312019-1-4	1/16/20	Yes	1/24/20	2631718	Toll Bros	1	Street Improvements	\$1,063,279.80	\$1,063,279.80	\$0.00	
<b>Subtotal Martin Marietta Materials</b>								<b>\$1,063,279.80</b>	<b>\$1,063,279.80</b>	<b>\$0.00</b>	
<b>Pase Contracting, Inc.</b>											
27090	10/31/19	Yes	2/14/20	453694	Toll Bros	1	Erosion Control	\$50,339.75	\$9,776.55	\$40,563.20	Lots and Active Adult Community not District eligible.
<b>Subtotal Pase Contracting, Inc.</b>								<b>\$50,339.75</b>	<b>\$9,776.55</b>	<b>\$40,563.20</b>	
<b>Premier Earthworks &amp; Infrastructure</b>											
191042.01	2/29/20	Yes	3/20/20	2642804	Toll Bros	3	Utilities	\$202,777.13	\$202,777.13	\$0.00	
<b>Subtotal Premier Earthworks &amp; Infrastructure</b>								<b>\$202,777.13</b>	<b>\$202,777.13</b>	<b>\$0.00</b>	
<b>Scott Contracting</b>											
15365-CC	12/9/19	Yes	1/10/20	2629183	Toll Bros	1	Concrete - Montaine Loop Rd	\$204,043.59	\$204,043.59	\$0.00	
15657	12/9/19	Yes	1/10/20	2629183	Toll Bros	2	Utilities	\$432,680.09	\$269,800.29	\$162,879.80	Sanitary Sewer Service not District eligible.
15656-ST	12/10/19	Yes	1/10/20	2629183	Toll Bros	1	Storm Water Improvements	\$56,144.19	\$56,144.19	\$0.00	
15786	12/30/19	Yes	1/31/20	2633411	Toll Bros	2	Utilities	\$489,069.76	\$408,400.19	\$80,669.57	Sanitary Sewer Service not District eligible.
15785-CC	1/14/20	Yes	1/31/20	2633411	Toll Bros	1	Concrete - Montaine Loop Rd	\$115,449.07	\$115,449.07	\$0.00	
15785-ST	1/14/20	Yes	1/31/20	2633411	Toll Bros	1	Storm - Montaine Loop Rd	\$270,143.70	\$270,143.70	\$0.00	
15887-CC	1/24/20	Yes	3/13/20	2641576	Toll Bros	1	Concrete - Montaine Loop Rd	\$18,630.00	\$18,630.00	\$0.00	
15887-ST	1/24/20	Yes	3/13/20	2641576	Toll Bros	1	Storm - Montaine Loop Rd	\$114,866.28	\$114,866.28	\$0.00	
15888	1/24/20	Yes	3/13/20	2641576	Toll Bros	2	Utilities	\$888,391.63	\$787,591.63	\$100,800.00	Water Service not District eligible.
16019	2/25/20	Yes	3/13/20	2641576	Toll Bros	2	Utilities	\$339,692.40	\$331,934.40	\$7,758.00	Water Service not District eligible.
16017-ST	2/26/20	Yes	3/13/20	2641576	Toll Bros	1	Storm - Montaine Loop Rd	\$217,738.31	\$217,738.31	\$0.00	
<b>Subtotal Scott Contracting</b>								<b>\$3,146,849.02</b>	<b>\$2,794,741.65</b>	<b>\$352,107.37</b>	
<b>Total</b>								<b>\$4,551,905.20</b>	<b>\$4,106,715.45</b>	<b>\$445,189.75</b>	

"District Eligible Expenses" is the amount being recommended for reimbursement from the District  
 "Non Eligible Expenses" is the difference between the Invoiced Amount and the District Portion  
 These amounts do not include interest

Filing No. 1 is	0.4598 1.0000 0.0000	percent district are Roads/ROW are Parks/Open Space
Filing No. 2 is	0.2639 0.2043 0.7957	percent district are Roads/ROW are Parks/Open Space
Filing No. 3 is	0.2028 0.5542 0.4458	percent district are Roads/ROW are Parks/Open Space

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# Attachment D

## Project Photos



# Lanterns Metropolitan District Site Photos



Filing 1 Storm Sewer



Filing 2 West to East



Filing 2 East to West



Filing 2 at Montaine Circle East



Filing 2 East of Montaine Circle West



Filing 3 East to West



Filing 3 West to East



Montaine Cir Entry Monument



Filing 2 Storm Sewer – Montaine Cir Crossing



Filing 2 Storm Sewer - Montaine Cir Crossing



Filing 1 Storm Detention Pond



Filing 3 Storm Sewer – Montaine Cir Crossing

Exhibit B

Accountant Cost Certification



CliftonLarsonAllen LLP  
8390 E. Crescent Parkway, Suite 300  
Greenwood Village, CO 80111  
303-779-5710 | fax 303-779-0348  
CLAconnect.com

April 27, 2020

Board of Directors  
Lanterns Metropolitan District No. 1  
Douglas County, Colorado

Re: **Lanterns Metropolitan District No. 1 - Developer Reimbursement for Filing 1**

This report summarizes the results of procedures performed related to the Lanterns Metropolitan District No. 1 (“the District”) Developer Reimbursement. Specifically, we read invoices to determine if amounts expended supported the assertion that the costs are eligible district costs.

We did not evaluate quantity and quality measurements, which would be covered by an Engineer’s report.

We were not engaged to, and did not, conduct an examination in accordance with generally accepted auditing standards, the objective of which would be the expression of an opinion on the financial statements of the Lanterns Metropolitan District No. 1. Accordingly, we do not express such an opinion. We performed our engagement as a consulting service under the AICPA Statement of Standards for Consulting Services. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

*Developer Reimbursement*

The District engaged CliftonLarsonAllen LLP to read invoices that support infrastructure costs paid by Toll Southwest LLC. (“Developer”) and to determine which costs are eligible for reimbursement by the Developer.

The Developer submitted documentation for \$6,001,251.45 of expenses incurred for the period March 31, 2018 through February 29, 2020. Of the total submitted, \$4,296,953.38 was considered eligible and related to soft costs and capital outlay infrastructure improvements.

Following the electoral authorization these expenditures can be categorized as follows -

Sewer	\$2,162,253.84
Streets	1,467,657.32
Water	649,334.15
Parks and Recreation	<u>17,708.07</u>
Total	<u>\$4,296,953.38</u>

For additional detail on the costs incurred by the Developer, please refer to Exhibit A.

\*\*\*\*\*

This report is intended solely for your use and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Larson Allen LLP*

CLIFTONLARSONALLEN LLP  
Greenwood Village, Colorado

**EXHIBIT B**

2020 Budget and 2020 Budget Amendment  
(District No. 1)

**RESOLUTION**  
**ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

**(2020)**

---

The Board of Directors of Lanterns Metropolitan District No. 1 (the “**Board**”), Town of Castle Rock, Colorado (the “**District**”) held a special meeting at 10 Inverness Drive East, Suite 125, Englewood, Colorado, on Tuesday, October 29, 2019, at the hour of 11:00 A.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2020 BUDGET



Colorado Community Media  
750 W. Hampden Ave, Suite 225  
Englewood, CO 80110

Public Notice

NOTICE OF PUBLIC HEARING  
ON THE PROPOSED 2020 BUDGET  
AND NOTICE OF PUBLIC HEARING  
ON THE AMENDED 2019 BUDGET

# AFFIDAVIT OF PUBLICATION

State of Colorado )  
County of Douglas )ss

This Affidavit of Publication for the Douglas County News Press, a weekly newspaper, printed and published for the County of Douglas, State of Colorado, hereby certifies that the attached legal notice was published in said newspaper once in each week, for 1 successive week(s), the last of which publication was made the 17th day of October A.D., 2019, and that copies of each number of said paper in which said Public Notice was published were delivered by carriers or transmitted by mail to each of the subscribers of said paper, according to their accustomed mode of business in this office.



for the Douglas County News Press

State of Colorado )  
County of Arapahoe )ss

The above Affidavit and Certificate of Publication was subscribed and sworn to before me by the above named Gerard Healey, publisher of said newspaper, who is personally known to me to be the identical person in the above certificate on 17th day of October A.D., 2019. Gerard Healey has verified to me that he has adopted an electronic signature to function as his signature on this document.

NOTICE IS HEREBY GIVEN that a proposed 2020 budget has been submitted to the Board of Directors (the "Board") of the LANTERNS METROPOLITAN DISTRICT NO. 1 (the "District"). A copy of the proposed budget is on file in the office of CliftonLarsonAllen, LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado, where the same is open for public inspection.

NOTICE IS FURTHER GIVEN that an amendment to the 2019 budget has been submitted to the District. A copy of the proposed amended budget is on file in the office of CliftonLarson Allen, LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado, where the same is open for public inspection.

Such proposed budget and amended budget will be considered at a public hearing during a meeting of the District to be held at 10 Inverness Drive East, Suite 125, Englewood, Colorado, on Tuesday, October 29, 2019 at 11:00 A.M. Any interested elector of the District may file any objections to the proposed budget or amended budget at any time prior to final adoption of the budget and amended budget by the governing body of the District.

BY ORDER OF THE BOARD OF DIRECTORS:  
LANTERNS METROPOLITAN DISTRICT NO. 1

/s/ WHITE BEAR ANKELE  
TANAKA & WALDRON  
Attorneys at Law

Legal Notice No.: 935927  
First Publication: October 17, 2019  
Last Publication: October 17, 2019  
Publisher: Douglas County News-Press

20134073610-158379

LINDSAY L. NICOLETTI  
Notary Public  
State of Colorado  
Notary ID # 20134073610  
My Commission Expires 02-22-2022

My Commission Expires 02/22/22

Notary Public

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2020 AND ENDING ON THE LAST DAY OF DECEMBER 2020.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 29, 2019, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2020. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2020 budget year, there is hereby levied a tax of 11.077 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2020 budget year, there is hereby levied a tax of

64.044 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2020 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2020 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Douglas County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

*[Remainder of page intentionally left blank.]*

ADOPTED THIS 29TH DAY OF OCTOBER 2019.

LANTERNS METROPOLITAN DISTRICT NO. 1



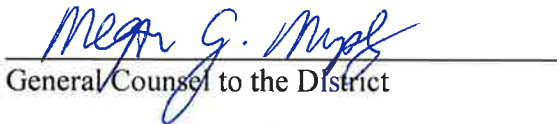
\_\_\_\_\_  
Officer of the District

ATTEST:

  
\_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

  
\_\_\_\_\_  
General Counsel to the District

STATE OF COLORADO  
COUNTY OF ARAPAHOE  
LANTERNS METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Tuesday, October 10, 2019, at 10 Inverness Drive East, Suite 125, Englewood, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 29th day of October, 2019.

  
\_\_\_\_\_

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**



CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.CLAconnect.com

## Accountant's Compilation Report

Board of Directors  
Lanterns Metropolitan District No. 1

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Lanterns Metropolitan District No. 1 for the year ending December 31, 2020, including the estimate of comparative information for the year ending December 31, 2019, and the actual comparative information for the year ended December 31, 2018, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Lanterns Metropolitan District No. 1.

*CliftonLarsonAllen LLP*

Greenwood Village, Colorado  
January 9, 2019

**LANTERNS METROPOLITAN DISTRICT NO. 1  
SUMMARY  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/14/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 3,951	\$ (16,918)	\$ 11,672,728
REVENUES			
Property taxes	41	68	1,033
Specific ownership taxes	4	7	93
Interest income	-	4,750	15,000
Bond proceeds	-	22,120,000	-
Bond premium	-	427,207	-
Developer advance	100,424	7,712,879	5,951,212
Total revenues	<u>100,469</u>	<u>30,264,911</u>	<u>5,967,338</u>
TRANSFERS IN	<u>-</u>	<u>4,290,000</u>	<u>-</u>
Total funds available	<u>104,420</u>	<u>34,537,993</u>	<u>17,640,066</u>
EXPENDITURES			
General Fund	80,936	76,459	70,000
Debt Service Fund	-	320,000	950,000
Capital Projects Fund	40,402	18,178,806	13,587,756
Total expenditures	<u>121,338</u>	<u>18,575,265</u>	<u>14,607,756</u>
TRANSFERS OUT	<u>-</u>	<u>4,290,000</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>121,338</u>	<u>22,865,265</u>	<u>14,607,756</u>
ENDING FUND BALANCES	<u>\$ (16,918)</u>	<u>\$ 11,672,728</u>	<u>\$ 3,032,310</u>
EMERGENCY RESERVE	\$ 100	\$ 100	\$ 100
DEBT SERVICE RESERVE FUND	-	1,479,000	1,479,000
CAPITALIZED INTEREST/FEEES FUND	-	2,492,250	1,553,210
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 3,971,350</u>	<u>\$ 3,032,310</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2020 BUDGET**  
**WITH 2018 ACTUAL AND 2019 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/9/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
<b>ASSESSED VALUATION</b>			
Residential	\$ -	\$ -	\$ 8,950
Agricultural	-	-	4,710
State assessed	-	-	100
Vacant land	910	910	-
Certified Assessed Value	<u>\$ 910</u>	<u>\$ 910</u>	<u>\$ 13,760</u>
<b>MILL LEVY</b>			
General	45.000	74.600	11.077
Debt Service	0.000	0.000	64.044
Total mill levy	<u>45.000</u>	<u>74.600</u>	<u>75.121</u>
<b>PROPERTY TAXES</b>			
General	\$ 41	\$ 68	\$ 152
Debt Service	-	-	881
Levied property taxes	<u>41</u>	<u>68</u>	<u>1,033</u>
Budgeted property taxes	<u>\$ 41</u>	<u>\$ 68</u>	<u>\$ 1,033</u>
<b>BUDGETED PROPERTY TAXES</b>			
General	<b>\$ 41</b>	<b>\$ 68</b>	<b>\$ 152</b>
Debt Service	<b>-</b>	<b>-</b>	<b>881</b>
	<u><b>\$ 41</b></u>	<u><b>\$ 68</b></u>	<u><b>\$ 1,033</b></u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.



**LANTERNS METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/9/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 2,882	\$ (16,395)	\$ 100
REVENUES			
Property taxes	41	68	152
Specific ownership taxes	4	7	14
Developer advance	61,614	92,879	69,834
Total revenues	<u>61,659</u>	<u>92,954</u>	<u>70,000</u>
Total funds available	<u>64,541</u>	<u>76,559</u>	<u>70,100</u>
EXPENDITURES			
General and administrative			
Accounting	9,505	25,000	20,000
Treasurer's fees	-	1	2
Audit	328	-	5,000
Insurance	3,108	3,658	4,000
District management	16,017	2,800	-
Legal	30,996	45,000	30,000
Miscellaneous	-	-	-
Election	20,001	-	5,000
Contingency	981	-	5,998
Total expenditures	<u>80,936</u>	<u>76,459</u>	<u>70,000</u>
Total expenditures and transfers out requiring appropriation	<u>80,936</u>	<u>76,459</u>	<u>70,000</u>
ENDING FUND BALANCES	<u>\$ (16,395)</u>	<u>\$ 100</u>	<u>\$ 100</u>
EMERGENCY RESERVE	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>
TOTAL RESERVE	<u><u>\$ 100</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ 100</u></u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**LANERNS METROPOLITAN DISTRICT NO. 1  
DEBT SERVICE FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/14/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 3,971,250
REVENUES			
Interest income	-	1,250	10,000
Specific ownership taxes	-	-	79
Property taxes	-	-	881
Total revenues	<u>-</u>	<u>1,250</u>	<u>10,960</u>
TRANSFERS IN			
Transfer from other funds`	<u>-</u>	<u>4,290,000</u>	<u>-</u>
Total funds available	<u>-</u>	<u>4,291,250</u>	<u>3,982,210</u>
EXPENDITURES			
General and administrative			
Treasurer fees	-	-	13
Paying agent fee	-	-	7,500
Contingency	-	5,064	5,487
Debt Service			
Bond interest	-	314,936	937,000
Total expenditures	<u>-</u>	<u>320,000</u>	<u>950,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>320,000</u>	<u>950,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 3,971,250</u>	<u>\$ 3,032,210</u>
DEBT SERVICE RESERVE FUND	\$ -	\$ 1,479,000	\$ 1,479,000
CAPITALIZED INTEREST/FEES FUND	-	2,492,250	1,553,210
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 3,971,250</u>	<u>\$ 3,032,210</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**LANERNS METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
2020 BUDGET  
WITH 2018 ACTUAL AND 2019 ESTIMATED  
For the Years Ended and Ending December 31,**

1/14/20

	ACTUAL 2018	ESTIMATED 2019	BUDGET 2020
BEGINNING FUND BALANCES	\$ 1,069	\$ (523)	\$ 7,701,378
REVENUES			
Bond proceeds	-	22,120,000	-
Bond premium	-	427,207	-
Interest income	-	3,500	5,000
Developer advance	38,810	7,620,000	5,881,378
Total revenues	<u>38,810</u>	<u>30,170,707</u>	<u>5,886,378</u>
Total funds available	<u>39,879</u>	<u>30,170,184</u>	<u>13,587,756</u>
EXPENDITURES			
Repay developer advances	-	7,620,000	5,881,378
Capital outlay	-	7,620,000	5,881,378
Bond issue costs	-	337,476	-
Underwriter's Discount	-	436,330	-
Accounting	2,096	-	-
District management	3,025	-	-
Legal	34,861	-	-
Engineering	420	25,000	25,000
Intergovernmental	-	2,140,000	1,800,000
Total expenditures	<u>40,402</u>	<u>18,178,806</u>	<u>13,587,756</u>
TRANSFERS OUT			
Transfer to other funds	-	4,290,000	-
Total expenditures and transfers out requiring appropriation	<u>40,402</u>	<u>22,468,806</u>	<u>13,587,756</u>
ENDING FUND BALANCES	<u>\$ (523)</u>	<u>\$ 7,701,378</u>	<u>\$ -</u>

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**LANERNS METROPOLITAN DISTRICT NO. 1  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Lanterns Metropolitan District No. 1 , a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock in February 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town Council of the Town of Castle Rock, and as modified on September 16, 2014. The District's service area is located in the Town of Castle Rock, in Douglas County. District Nos. 1-3 are authorized to implement the Capital Plan and Financial Plan within their respective boundaries. District No. 4 and District No. 5 are being organized to provide operations and maintenance services to the Service Area and will function as overlay districts that will share boundaries with District Nos. 1-3.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

The Service Plan for District Nos. 1-3 limits the aggregate amount of debt that they may issue together to \$87,000,000.

The District has no employees and all administrative functions are contracted

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Developer Advances**

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

**Property Taxes**

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

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 9% of the property taxes collected.

**Net Investment Income**

Investments earned on the District's funds available have been estimated at historical interest rates earnings.

**Expenditures**

**General and Administrative Expenditures**

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and other administrative expenses.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**Capital Outlay**

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule for the Series 2019A Limited Tax General Obligations Bonds. There is no schedule of debt amortization for the Series 2019B Subordinate Limited Tax General Obligation Bonds and the Series 2019C Junior Lien Limited Taxed General Obligations Bonds as they are structured as cash flow bonds as discussed aforementioned.

**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**2020 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

On July 31, 2019, the District issued Series 2019A Limited Tax General Obligation Bonds, Series 2019B Subordinate Limited Tax General Obligation Bonds, and Series 2019C Junior Lien Limited Tax General Obligation Bonds in the total amount of \$22,120,000.

Proceeds of the Senior Bonds will be used to: (i) fund and reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements; (ii) pay capitalized interest on the Senior Bonds; (iii) fund the initial deposit to the Senior Surplus Fund; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the Subordinate Bonds will be used to fund and reimburse additional public improvements related to the Development and pay certain costs of issuance.

The Senior Bonds are two term bonds with respective maturities of December 1, 2039 and December 1, 2049. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds will bear interest at 5.000%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019. The Bonds mature on December 1, 2049.

To the extent the principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid or discharged as described below. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Senior Bond. The District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Senior Bonds. In the event any amount of principal of or interest on the Senior Bonds remains unpaid after the application of all available Senior Pledged Revenue on December 1, 2054, the Senior Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Subordinate Bonds will bear interest at 7.750% and mature on December 15, 2049. The Subordinate Bonds constitute subordinate "cash flow" bonds, 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 Pledged Revenue is available for payment. Principal and interest payments are due on the Subordinate Bonds on each December 15 only to the extent of available Subordinate Pledged Revenue.

In the event that the Subordinate Pledged Revenue is insufficient to pay the Subordinate Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Subordinate Bonds equals the amount permitted by law and the Election. In the event that any amount of principal of or interest on the Subordinate Bonds remains unpaid after the application of all available Subordinate Pledged Revenue on December 15, 2054, the Subordinate Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Junior Lien Bonds are assumed to bear interest at 10.000% and mature on December 15, 2049. The Junior Lien Bonds constitute junior lien "cash flow" bonds, 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 Junior Lien Pledged Revenue is available for payment.

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2020 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (continued)**

Principal and interest payments are due on the Junior Lien Bonds on each December 15 only to the extent of available Junior Lien Pledged Revenue. In the event that Junior Lien Pledged Revenue is insufficient to pay the Junior Lien Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Junior Lien Bonds equals the amount permitted by law and the Election in repayment of the Junior Lien Bonds.

In no event are any amounts to be paid on the Junior Lien Bonds until such time as there has been paid in full or defeased the Subordinate Bonds, and, to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations issued by the District. In the event that any amount or principal of or interest on the Junior Lien Bonds remains unpaid after the application of all available Junior Lien Pledged Revenue on December 15, 2054, the Junior Lien Bonds shall be deemed discharged and shall no longer be due and outstanding.

District has no outstanding debt, nor any operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

**Debt Service Reserve**

The Series 2019 Bonds are secured by required funds held by the Trustee in the Reserve Funds.

**This information is an integral part of the accompanying budget.**

**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<b>Bonds and Interest Maturing in the Year Ending December 31,</b>	<b>\$18,740,000</b>		
	<b>Limited Tax General Obligation Bonds</b>		
	<b>Series 2019A</b>		
	<b>Dated July 31, 2019</b>		
	<b>Interest Rates: 5.000%</b>		
	<b>Interest Payable June 1 and December 1</b>		
	<b>Principal Due December 1</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ -	\$ 937,000	\$ 937,000
2021	-	937,000	937,000
2022	-	937,000	937,000
2023	-	937,000	937,000
2024	95,000	937,000	1,032,000
2025	220,000	932,250	1,152,250
2026	270,000	921,250	1,191,250
2027	285,000	907,750	1,192,750
2028	320,000	893,500	1,213,500
2029	340,000	877,500	1,217,500
2030	380,000	860,500	1,240,500
2031	400,000	841,500	1,241,500
2032	445,000	821,500	1,266,500
2033	465,000	799,250	1,264,250
2034	515,000	776,000	1,291,000
2035	540,000	750,250	1,290,250
2036	590,000	723,250	1,313,250
2037	620,000	693,750	1,313,750
2038	680,000	662,750	1,342,750
2039	715,000	628,750	1,343,750
2040	775,000	593,000	1,368,000
2041	815,000	554,250	1,369,250
2042	880,000	513,500	1,393,500
2043	925,000	469,500	1,394,500
2044	1,000,000	423,250	1,423,250
2045	1,050,000	373,250	1,423,250
2046	1,130,000	320,750	1,450,750
2047	1,190,000	264,250	1,454,250
2048	1,275,000	204,750	1,479,750
2049	2,820,000	141,000	2,961,000
	<b>\$ 18,740,000</b>	<b>\$ 20,632,250</b>	<b>\$ 39,372,250</b>



**LANTERNS METROPOLITAN DISTRICT NO. 1  
RESOLUTION TO AMEND 2020 BUDGET**

WHEREAS, the Board of Directors of Lanterns Metropolitan District No. 1 (the “**District**”) certifies that at a **special** meeting of the Board of Directors of the District held November 17, 2020, a public hearing was held regarding the 2020 amended budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted an amended budget and appropriated funds for fiscal year 2020 as follows:

Capital Project Fund	\$13,587,756
and;	

WHEREAS, the necessity has arisen for additional expenditures by the District due to additional costs which could not have been reasonably anticipated at the time of adoption of the budget, requiring the expenditure of funds in excess of those appropriated for fiscal year 2020; and

WHEREAS, funds are available for such expenditure.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District does hereby amend the adopted budget for fiscal year 2020 as follows:

Capital Project Fund	\$13,800,000
----------------------	--------------

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the funds named above for the purpose stated, and that any ending fund balances shall be reserved for purposes of complying with Article X, Section 20 of the Colorado Constitution.

*[Remainder of page intentionally left blank.]*

ADOPTED this 17<sup>th</sup> day of November, 2020.

**LANTERNS METROPOLITAN DISTRICT  
NO. 1**

*Reggie Carveth*  
Reggie Carveth (Nov 24, 2020 18:13 MST)

---

Officer of the District

ATTEST:

*Eric Lehman*  
Eric Lehman (Nov 24, 2020 09:34 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

*Megan G. Murphy*  
General Counsel to the District

STATE OF COLORADO  
COUNTY OF DOUGLAS  
LANTERNS METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a meeting held via teleconference on Tuesday, November 17, 2020, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17<sup>th</sup> day of November, 2020.

*Eric Lehman*  
Eric Lehman (Nov 24, 2020 09:34 MST)









# 2020-11-17 Lanterns MD No. 1 Execution Packet

Final Audit Report

2020-11-25

Created:	2020-11-23
By:	Dana Anderson (danderson@wbapc.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA5k6aX_7pR-hZrqLNSueEPC_M6SY5KE3A

## "2020-11-17 Lanterns MD No. 1 Execution Packet" History

-  Document created by Dana Anderson (danderson@wbapc.com)  
2020-11-23 - 11:39:24 PM GMT- IP address: 50.209.233.181
-  Document emailed to Reggie Carveth (rcarveth@tollbrothers.com) for signature  
2020-11-23 - 11:41:32 PM GMT
-  Document emailed to Eric Lehman (elehman@tollbrothers.com) for signature  
2020-11-23 - 11:41:32 PM GMT
-  Email viewed by Eric Lehman (elehman@tollbrothers.com)  
2020-11-24 - 4:33:33 PM GMT- IP address: 174.198.153.160
-  Document e-signed by Eric Lehman (elehman@tollbrothers.com)  
Signature Date: 2020-11-24 - 4:34:49 PM GMT - Time Source: server- IP address: 174.198.153.160
-  Email viewed by Reggie Carveth (rcarveth@tollbrothers.com)  
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**EXHIBIT C**

2021 Budgets  
(District Nos. 1-5)

**RESOLUTION  
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

**(2021)**

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The Board of Directors of Lanterns Metropolitan District No. 1 (the “**Board**”), Town of Castle Rock, Colorado (the “**District**”) held a special meeting via teleconference on Tuesday, November 17, 2020, at the hour of 2:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

*[Remainder of Page Intentionally Left Blank.]*

NOTICE AS TO PROPOSED 2021 BUDGET

Colorado Community Media  
750 W. Hampden Ave. Suite 225  
Englewood, CO 80110

Lanterns Metro District (wba) \*\*  
c/o White, Bear & Ankele P.C.  
2154 East Commons Avenue, Suite 2000  
Centennial CO 80122

Description: No. 938261 PROPOSED 2021 BUDGET

## AFFIDAVIT OF PUBLICATION

State of Colorado }  
County of Douglas } ss

This Affidavit of Publication for the Douglas County News Press, a weekly newspaper, printed and published for the County of Douglas, State of Colorado, hereby certifies that the attached legal notice was published in said newspaper once in each week, for 1 successive week(s), the last of which publication was made 11/12/2020, and that copies of each number of said paper in which said Public Notice was published were delivered by carriers or transmitted by mail to each of the subscribers of said paper, according to their accustomed mode of business in this office.



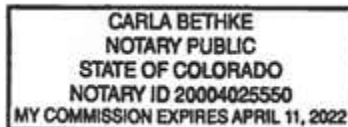
For the Douglas County News-Press

State of Colorado }  
County of Douglas } ss

The above Affidavit and Certificate of Publication was subscribed and sworn to before by the above named Gerard Healey, publisher of said newspaper, who is personally known to me to be the identical person in the above certificate on 11/12/2020. Gerard Healey has verified to me that he has adopted an electronic signature to function as his signature on this document.

20004025550-100648

Carla Bethke  
Notary Public  
My commission ends April 11, 2022



### Public Notice

#### NOTICE OF PUBLIC HEARING ON THE PROPOSED 2021 BUDGET AND NOTICE OF PUBLIC HEARING ON THE AMENDED 2020 BUDGET

**NOTICE IS HEREBY GIVEN** that a proposed 2021 budget has been submitted to the Board of Directors (the "Board") of the LANTERNS METROPOLITAN DISTRICT NO. 1 (the "District"). A copy of the proposed budget is on file in the office of CliftonLarsonAllen, LLP, 8390 E Crescent Parkway, Suite 300, Greenwood Village, Colorado, where the same is open for public inspection.

**NOTICE IS FURTHER GIVEN** that an amendment to the 2020 budget has been submitted to the District. A copy of the proposed amended budget is on file in the office of CliftonLarsonAllen, LLP, 8390 E Crescent Parkway, Suite 300, Greenwood Village, Colorado, where the same is open for public inspection.

Such proposed 2021 budget and amended 2020 budget will be considered at a public hearing during a meeting of the District to be held on **Tuesday, November 17, 2020 at 2:00 P.M.** Due to Executive Orders issued by Governor Polis and Public Health Orders implementing the Executive Orders issued by the Colorado Department of Public Health and Environment, and the threat posed by the COVID-19 coronavirus, this meeting will be held via teleconferencing and can be joined through the directions below:

<https://zoom.us/j/97838261670?pwd=VmdOVtNnNGhyZFRdNGd5R0hlbnZuZz09>  
Meeting ID: 978 3826 1670  
Passcode: 638549  
Call-in Number: 720-707-2699

Any interested elector of the District may file any objections to the proposed budget or amended budget at any time prior to final adoption of the budget and amended budget by the governing body of the District.

**BY ORDER OF THE BOARD OF DIRECTORS:  
LANTERNS METROPOLITAN DISTRICT  
NO. 1**

**/s/ WHITE BEAR ANKELE  
TANAKA & WALDRON  
Attorneys at Law**

Legal Notice No. 938261  
First Publication: November 12, 2020  
Last Publication: November 12, 2020  
Publisher: Douglas County News-Press

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2021 AND ENDING ON THE LAST DAY OF DECEMBER 2021.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 17, 2020, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2021. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2021 budget year, there is hereby levied a tax of 11.077 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2021 budget year, there is hereby levied a tax of



64.044 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Douglas County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

***[Remainder of page intentionally left blank.]***

ADOPTED THIS 17<sup>TH</sup> DAY OF NOVEMBER, 2020.

LANTERNS METROPOLITAN DISTRICT NO. 1

Reggie Carveth

Reggie Carveth (Nov 24, 2020 18:13 MST)

---

Officer of the District

ATTEST:

Eric Lehman

Eric Lehman (Nov 24, 2020 09:34 MST)

---

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

Megan G. Murphy

---

General Counsel to the District

STATE OF COLORADO  
COUNTY OF DOUGLAS  
LANTERNS METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Tuesday, November 17, 2020, via teleconference as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17<sup>th</sup> day of November, 2020.

Eric Lehman

Eric Lehman (Nov 24, 2020 09:34 MST)









# 2020-11-17 Lanterns MD No. 1 Execution Packet

Final Audit Report

2020-11-25

Created:	2020-11-23
By:	Dana Anderson (danderson@wbapc.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA5k6aX_7pR-hZrqLNSueEPC_M6SY5KE3A

## "2020-11-17 Lanterns MD No. 1 Execution Packet" History

-  Document created by Dana Anderson (danderson@wbapc.com)  
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-  Email viewed by Reggie Carveth (rcarveth@tollbrothers.com)  
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2020-11-25 - 1:13:04 AM GMT

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**

**LANTERNS METROPOLITAN  
DISTRICT NO. 1**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2021**

**LANTERNS METROPOLITAN DISTRICT NO. 1  
SUMMARY  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (16,918)	\$ 11,775,153	\$ 3,093,385
REVENUES			
Property taxes	68	1,033	185,038
Specific ownership taxes	7	85	14,803
Interest income	94,952	56,000	15,000
Bond proceeds	22,120,000	-	10,000,000
Bond premium - 2019A	427,207	-	-
Developer advance	7,703,791	4,028,628	10,020,000
Total revenues	<u>30,346,025</u>	<u>4,085,746</u>	<u>20,234,841</u>
TRANSFERS IN	<u>4,290,000</u>	-	-
Total funds available	<u>34,619,107</u>	<u>15,860,899</u>	<u>23,328,226</u>
EXPENDITURES			
General Fund	70,256	62,425	76,100
Debt Service Fund	314,936	946,513	953,000
Capital Projects Fund	18,168,762	11,758,576	19,972,000
Total expenditures	<u>18,553,954</u>	<u>12,767,514</u>	<u>21,001,100</u>
TRANSFERS OUT	<u>4,290,000</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>22,843,954</u>	<u>12,767,514</u>	<u>21,001,100</u>
ENDING FUND BALANCES	<u>\$ 11,775,153</u>	<u>\$ 3,093,385</u>	<u>\$ 2,327,126</u>
EMERGENCY RESERVE	-	100	900
DEBT SERVICE RESERVE FUND	1,479,000	1,479,000	1,479,000
CAPITALIZED INTEREST/FEES FUND	2,522,105	1,606,543	838,916
TOTAL RESERVE	<u>\$ 4,001,105</u>	<u>\$ 3,085,643</u>	<u>\$ 2,318,816</u>

**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

10/13/20

ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
----------------	-------------------	----------------

**ASSESSED VALUATION**

Residential	\$ -	\$ 8,950	\$ -
Agricultural	-	4,710	1,820
State assessed	-	100	200
Natural resources	-	-	310
Vacant land	910	-	2,460,870
	910	13,760	2,463,200
Adjustments	-	-	-
Certified Assessed Value	\$ 910	\$ 13,760	\$ 2,463,200

**MILL LEVY**

General	74.600	11.077	11.077
Debt Service	0.000	64.044	64.044
Total mill levy	74.600	75.121	75.121

**PROPERTY TAXES**

General	\$ 68	\$ 152	\$ 27,285
Debt Service	-	881	157,753
Levied property taxes	68	1,033	185,038
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ 68	\$ 1,033	\$ 185,038

**BUDGETED PROPERTY TAXES**

General	\$ 68	\$ 152	\$ 27,285
Debt Service	-	881	157,753
	\$ 68	\$ 1,033	\$ 185,038

**LANTERNS METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (16,395)	\$ (2,103)	\$ 5,473
REVENUES			
Property taxes	68	152	27,285
Specific ownership tax	7	15	2,183
Developer advance	84,473	69,834	50,000
Total revenues	<u>84,548</u>	<u>70,001</u>	<u>79,468</u>
Total funds available	<u>68,153</u>	<u>67,898</u>	<u>84,941</u>
EXPENDITURES			
General and administrative			
Accounting	25,492	30,000	30,000
County Treasurer's fee	1	2	409
Auditing	-	5,000	5,000
Insurance and dues	3,658	3,573	4,000
District management	2,800	-	-
Legal services	38,305	22,000	30,000
Election expense	-	1,790	-
Banking fees	-	60	100
Contingency	-	-	6,591
Total expenditures	<u>70,256</u>	<u>62,425</u>	<u>76,100</u>
Total expenditures and transfers out requiring appropriation	<u>70,256</u>	<u>62,425</u>	<u>76,100</u>
ENDING FUND BALANCES	<u>\$ (2,103)</u>	<u>\$ 5,473</u>	<u>\$ 8,841</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 900</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 900</u>



**LANTERNS METROPOLITAN DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ 4,001,105	\$ 3,085,543
REVENUES			
Property taxes	-	881	157,753
Specific ownership tax	-	70	12,620
Interest income	26,041	30,000	15,000
Total revenues	<u>26,041</u>	<u>30,951</u>	<u>185,373</u>
TRANSFERS IN			
Transfers from other funds	<u>4,290,000</u>	-	-
Total funds available	<u>4,316,041</u>	<u>4,032,056</u>	<u>3,270,916</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	13	2,366
Paying agent fees	-	9,500	9,500
Contingency	-	-	4,134
Debt Service			
Bond interest	314,936	937,000	937,000
Total expenditures	<u>314,936</u>	<u>946,513</u>	<u>953,000</u>
Total expenditures and transfers out requiring appropriation	<u>314,936</u>	<u>946,513</u>	<u>953,000</u>
ENDING FUND BALANCES	<u>\$ 4,001,105</u>	<u>\$ 3,085,543</u>	<u>\$ 2,317,916</u>
DEBT SERVICE RESERVE FUND	\$ 1,479,000	\$ 1,479,000	\$ 1,479,000
CAPITALIZED INTEREST/FEEES FUND	2,522,105	1,606,543	838,916
TOTAL RESERVE	<u>\$ 4,001,105</u>	<u>\$ 3,085,543</u>	<u>\$ 2,317,916</u>

**LANERNS METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

10/13/20

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (523)	\$ 7,776,151	\$ 2,369
REVENUES			
Bond proceeds	22,120,000	-	10,000,000
Bond premium - 2019A	427,207	-	-
Interest income	68,911	26,000	-
Developer advance	7,619,318	3,958,794	9,970,000
Total revenues	<u>30,235,436</u>	<u>3,984,794</u>	<u>19,970,000</u>
Total funds available	<u>30,234,913</u>	<u>11,760,945</u>	<u>19,972,369</u>
EXPENDITURES			
Repay developer advance	7,618,796	3,939,286	9,970,000
Capital outlay	7,618,796	5,957,789	9,970,000
Bond issue costs	768,806	-	-
Accounting	5,846	5,894	10,000
Intergovernmental - CCMD	509,234	1,762,157	-
Intergovernmental - Town of Castle Rock	1,629,858	79,603	-
Legal services	900	484	2,000
Engineering	16,526	13,363	20,000
Total expenditures	<u>18,168,762</u>	<u>11,758,576</u>	<u>19,972,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>4,290,000</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>22,458,762</u>	<u>11,758,576</u>	<u>19,972,000</u>
ENDING FUND BALANCES	<u>\$ 7,776,151</u>	<u>\$ 2,369</u>	<u>\$ 369</u>

**LANERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Lanterns Metropolitan District No. 1 , a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock in February 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town Council of the Town of Castle Rock, and as modified on September 16, 2014. The District's service area is located in the Town of Castle Rock, in Douglas County. District Nos. 1-3 are authorized to implement the Capital Plan and Financial Plan within their respective boundaries. District No. 4 and District No. 5 are being organized to provide operations and maintenance services to the Service Area and will function as overlay districts that will share boundaries with District Nos. 1-3.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

The Service Plan for District Nos. 1-3 limits the aggregate amount of debt that they may issue together to \$87,000,000.

The District has no employees and all administrative functions are contracted

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Developer Advances**

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

**Property Taxes**

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

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues – (continued)**

tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 8% of the property taxes collected.

**Net Investment Income**

Investments earned on the District's funds available have been estimated at historical interest rates earnings.

**Expenditures**

**General and Administrative Expenditures**

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and other administrative expenses.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.

**Capital Outlay**

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule for the Series 2019A Limited Tax General Obligations Bonds. There is no schedule of debt amortization for the Series 2019B Subordinate Limited Tax General Obligation Bonds and the Series 2019C Junior Lien Limited Taxed General Obligations Bonds as they are structured as cash flow bonds as discussed aforementioned.

**LANERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

On July 31, 2019, the District issued Series 2019A Limited Tax General Obligation Bonds, Series 2019B Subordinate Limited Tax General Obligation Bonds, and Series 2019C Junior Lien Limited Tax General Obligation Bonds in the total amount of \$22,120,000.

Proceeds of the Senior Bonds will be used to: (i) fund and reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements; (ii) pay capitalized interest on the Senior Bonds; (iii) fund the initial deposit to the Senior Surplus Fund; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the Subordinate Bonds will be used to fund and reimburse additional public improvements related to the Development and pay certain costs of issuance.

The Senior Bonds are two term bonds with respective maturities of December 1, 2039 and December 1, 2049. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Senior Bonds will bear interest at 5.000%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019. The Bonds mature on December 1, 2049.

To the extent the principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid or discharged as described below. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each June 1 and December 1 at the rate borne by the Senior Bond. The District shall not be obligated to pay more than the amount permitted by law and the Election in repayment of the Senior Bonds. In the event any amount of principal of or interest on the Senior Bonds remains unpaid after the application of all available Senior Pledged Revenue on December 1, 2054, the Senior Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Subordinate Bonds will bear interest at 7.750% and mature on December 15, 2049. The Subordinate Bonds constitute subordinate "cash flow" bonds, 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 Pledged Revenue is available for payment. Principal and interest payments are due on the Subordinate Bonds on each December 15 only to the extent of available Subordinate Pledged Revenue.

In the event that the Subordinate Pledged Revenue is insufficient to pay the Subordinate Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Subordinate Bonds equals the amount permitted by law and the Election. In the event that any amount of principal of or interest on the Subordinate Bonds remains unpaid after the application of all available Subordinate Pledged Revenue on December 15, 2054, the Subordinate Bonds shall be deemed discharged and shall no longer be due and outstanding.

The Junior Lien Bonds are assumed to bear interest at 10.000% and mature on December 15, 2049. The Junior Lien Bonds constitute junior lien "cash flow" bonds, 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 Junior Lien Pledged Revenue is available for payment.

**LANTERNS METROPOLITAN DISTRICT NO. 1  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (continued)**

Principal and interest payments are due on the Junior Lien Bonds on each December 15 only to the extent of available Junior Lien Pledged Revenue. In the event that Junior Lien Pledged Revenue is insufficient to pay the Junior Lien Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually on December 15 until the total repayment obligation of the District for the Junior Lien Bonds equals the amount permitted by law and the Election in repayment of the Junior Lien Bonds.

In no event are any amounts to be paid on the Junior Lien Bonds until such time as there has been paid in full or defeased the Subordinate Bonds, and, to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations issued by the District. In the event that any amount or principal of or interest on the Junior Lien Bonds remains unpaid after the application of all available Junior Lien Pledged Revenue on December 15, 2054, the Junior Lien Bonds shall be deemed discharged and shall no longer be due and outstanding.

District has no outstanding debt, nor any operating or capital leases.

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

**Debt Service Reserve**

The Series 2019 Bonds are secured by required funds held by the Trustee in the Reserve Funds.

**This information is an integral part of the accompanying budget.**

**RESOLUTION  
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

**(2021)**

---

The Board of Directors of Lanterns Metropolitan District No. 2 (the “**Board**”), Town of Castle Rock, Colorado (the “**District**”) held a special meeting via teleconference on Tuesday, July 6, 2021, at the hour of 4:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

*[Remainder of Page Intentionally Left Blank.]*

NOTICE AS TO PROPOSED 2021 BUDGET



The Denver Post, LLC

PUBLISHER'S AFFIDAVIT

City and County of Denver )
State of Colorado )
)

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

- 1. He/she is the legal Advertising Reviewer of The Denver Post, LLC, publisher of The Denver Post and Your Hub.
2. The Denver Post and Your Hub are newspapers of general circulation that have been published continuously and without interruption for at least fifty-two weeks in Denver County and meet the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in Your Hub for Douglas County (including the counties of Douglas, Denver, Jefferson, Arapahoe, Elbert and El Paso) on the following date(s):

June 24, 2021

Nicole Maestas
Signature

Subscribed and sworn to before me this 30 day of June, 2021.

[Signature]

Notary Public

NOTICE OF PUBLIC HEARING ON THE PROPOSED 2021 BUDGET

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the LAN-TERNS METROPOLITAN DISTRICT NO. 2 (the "District"), will hold a meeting on Tuesday, July 6, 2021 at 4:00 P.M., for the purpose of conducting such business as may come before the Board including a public hearing on the 2021 proposed budget (the "Proposed Budget"). Due to the threat posed by the COVID-19 coronavirus, this meeting will be held via teleconferencing and can be joined through the directions below:

https://us06web.zoom.us/j/82546404794?pwd=TW5VZnJ5UUIHcnBHbnRTbUF3UVFkdz09
Call-in Number: 720-707-2699
Meeting ID: 825 4640 4794
Passcode: 947840

NOTICE IS FURTHER GIVEN that the Proposed Budget has been submitted to the District. A copy of the Proposed Budget is on file in the office of CliftonLarsonAllen, LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where the same is open for public inspection.

Any interested elector of the District may file any objections to the Proposed Budget at any time prior to final adoption of the Proposed Budget by the Board. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARDS OF DIRECTORS:
LANTERNS METROPOLITAN DISTRICT NO. 2

/s/ WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

KAY C DAPICE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19944012554
MY COMMISSION EXPIRES AUGUST 19, 2022

(SEAL)

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2021 AND ENDING ON THE LAST DAY OF DECEMBER 2021.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on July 6, 2021, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2021. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000

mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Douglas County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

***[Remainder of page intentionally left blank.]***

ADOPTED THIS 6th DAY OF JULY, 2021.

LANTERNS METROPOLITAN DISTRICT NO. 2

*Scott L Carlson*

---

Officer of the District

ATTEST:

*Kent D Carlson*

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

*CAW*

---

General Counsel to the District

STATE OF COLORADO  
COUNTY OF DOUGLAS  
LANTERNS METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Tuesday, July 6, 2021, via teleconference as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 6th day of July, 2021.

*Kent D Carlson*

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**

**LANTERNS METROPOLITAN DISTRICT NO. 2**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2021**

**LANTERNS METROPOLITAN DISTRICT NO. 2  
SUMMARY  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/15/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	50,000
Bond issuance	-	-	23,500,000
Total revenues	-	-	23,550,000
Total funds available	-	-	23,550,000
EXPENDITURES			
General Fund	-	-	50,000
Capital Projects Fund	-	-	23,500,000
Total expenditures	-	-	23,550,000
Total expenditures and transfers out requiring appropriation	-	-	23,550,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -
EMERGENCY RESERVE	\$ -	\$ -	\$ -
TOTAL RESERVE	\$ -	\$ -	\$ -

**LANTERNS METROPOLITAN DISTRICT NO. 2  
PROPERTY TAX SUMMARY INFORMATION  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/15/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
<b>ASSESSED VALUATION</b>			
Agricultural	\$ -	\$ -	\$ 1,990
Vacant land	-	-	3,040
Certified Assessed Value	\$ -	\$ -	\$ 5,030
 <b>MILL LEVY</b>			
General	0.000	0.000	0.000
Total mill levy	0.000	0.000	0.000
 <b>PROPERTY TAXES</b>			
General	\$ -	\$ -	\$ -
Levied property taxes	-	-	-
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ -	\$ -	\$ -
 <b>BUDGETED PROPERTY TAXES</b>			
	\$ -	\$ -	\$ -



**LANTERNS METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/15/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	50,000
Total revenues	<u>-</u>	<u>-</u>	<u>50,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>50,000</u>
EXPENDITURES			
General and administrative			
Accounting	-	-	15,000
Dues and membership	-	-	2,000
Insurance and bonds	-	-	7,000
Legal services	-	-	22,000
Contingency	-	-	4,000
Total expenditures	<u>-</u>	<u>-</u>	<u>50,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>50,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EMERGENCY RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LANERNS METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/15/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Bond issuance	-	-	23,500,000
Total revenues	<u>-</u>	<u>-</u>	<u>23,500,000</u>
Total funds available	<u>-</u>	<u>-</u>	<u>23,500,000</u>
EXPENDITURES			
Bond issue costs	-	-	705,860
Capital outlay	-	-	22,087,140
Contingency	-	-	707,000
Total expenditures	<u>-</u>	<u>-</u>	<u>23,500,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>23,500,000</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LANERNS METROPOLITAN DISTRICT NO. 2  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Lanterns Metropolitan District No. 2, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock in February 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town Council of the Town of Castle Rock, and as modified on September 16, 2014. The District's service area is located in the Town of Castle Rock, in Douglas County.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

The Service Plans for District Nos. 1-3 limits the aggregate amount of debt that they may issue together to \$87,000,000.

The District has no employees and all administrative functions are contracted

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

**Developer Advances**

The District is in the development stage. As such, operating and administrative expenditures for 2021 are to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer.

**Expenditures**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, insurance, and other administrative expenditures.

**LANTERNS METROPOLITAN DISTRICT NO. 2  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures - (continued)**

**Capital Outlay**

Anticipated expenditures for capital outlay are reflected in the Capital Projects fund page of the budget.

**Debt and Leases**

**General Obligation Senior Cash-Flow Bonds - 2021A(3)**

The District anticipates issuing cash flow bonds in 2021.

**Reserve Funds**

**Emergency Reserve**

TABOR requires local governments to establish and Emergency Reserve. This reserve must be at least 3% of fiscal year spending. Since all funds received by the District are Developer advances, an Emergency Reserve is not reflected in the District's budget.

**This information is an integral part of the accompanying budget.**

**RESOLUTION**  
**ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

**(2021)**

---

The Board of Directors of Lanterns Metropolitan District No. 3 (the “**Board**”), Town of Castle Rock, Colorado (the “**District**”) held a special meeting via teleconference on Tuesday, June 15, 2021, at the hour of 1:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

*[Remainder of Page Intentionally Left Blank.]*

NOTICE AS TO PROPOSED 2021 BUDGET

## NOTICE OF PUBLIC HEARING ON THE PROPOSED 2021 BUDGETS

NOTICE IS HEREBY GIVEN that the Boards of Directors (collectively, the “Boards”) of the LANTERNS METROPOLITAN DISTRICT NOS. 2-5 (collectively, the “Districts”), will hold a meeting on Tuesday, June 15, 2021 at 1:00 P.M., for the purpose of conducting such business as may come before the Boards including a public hearing on the 2021 proposed budgets (the “Proposed Budgets”). Due to the threat posed by the COVID-19 coronavirus, this meeting will be held via teleconferencing and can be joined through the directions below:

<https://zoom.us/j/96494510351?pwd=NmlOeXcxaHk2d0ZkZ2tGdE9HL2tpQT09>

Meeting ID: 964 9451 0351

Passcode: 252372

Call-in Number: 720-707-2699

NOTICE IS FURTHER GIVEN that the Proposed Budgets have been submitted to the Districts. A copy of the Proposed Budgets are on file in the office of CliftonLarsonAllen, LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where the same are open for public inspection.

Any interested elector of the Districts may file any objections to the Proposed Budgets at any time prior to final adoption of the Proposed Budgets by the Boards. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARDS OF DIRECTORS:  
LANTERNS METROPOLITAN DISTRICT NOS. 2-5

/s/ WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2021 AND ENDING ON THE LAST DAY OF DECEMBER 2021.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on June 15, 2021, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2021. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

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Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Douglas County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

***[Remainder of page intentionally left blank.]***

ADOPTED THIS 15<sup>TH</sup> DAY OF JUNE, 2021.

LANTERNS METROPOLITAN DISTRICT NO. 3

Scott L Carlson  
Scott L Carlson (Jun 22, 2021 13:44 MDT)

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Officer of the District

ATTEST:

Kent D Carlson  
Kent D Carlson (Jun 17, 2021 14:50 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law



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General Counsel to the District

STATE OF COLORADO  
COUNTY OF DOUGLAS  
LANTERNS METROPOLITAN DISTRICT NO. 3

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Tuesday, June 15, 2021, via teleconference as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of June, 2021.

Kent D Carlson  
Kent D Carlson (Jun 17, 2021 14:50 MDT)

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**

**LANTERNS METROPOLITAN DISTRICT NO. 3**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2021**

**LANERNS METROPOLITAN DISTRICT NO. 3  
GENERAL FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/14/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

**LANTERNS METROPOLITAN DISTRICT NO. 3  
PROPERTY TAX SUMMARY INFORMATION  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/14/21

ACTUAL 2019	ACTUAL 2020	BUDGET 2021
----------------	----------------	----------------

**ASSESSED VALUATION**

Agricultural	\$	-	\$	1,710	\$	1,680
Certified Assessed Value	\$	-	\$	1,710	\$	1,680

**MILL LEVY**

**PROPERTY TAXES**

Budgeted property taxes	\$	-	\$	-	\$	-
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**BUDGETED PROPERTY TAXES**

	\$	-	\$	-	\$	-
--	----	---	----	---	----	---

**LANERNS METROPOLITAN DISTRICT NO. 3  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Lanterns Metropolitan District No. 3 , a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock in February 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town Council of the Town of Castle Rock, and as modified on September 16, 2014. The District's service area is located in the Town of Castle Rock, in Douglas County.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including water, sanitation, street, safety protection, park and recreation, transportation, television relay and translation and mosquito control improvements and services.

The Service Plans for Districts Nos. 1-3 limits the aggregate amount of debt that they may issue together to \$87,000,000.

The District has no employees and all administrative functions are contracted

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

The District anticipates no revenues in 2021.

**Expenditures**

The District anticipates no expenditures in 2021.

**Debt and Leases**

The District has no outstanding debt, nor any operating or capital leases.

**LANTERNS METROPOLITAN DISTRICT NO. 3  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserve Funds**

**Emergency Reserve**

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2021, as defined under TABOR, because the District anticipates no financial activity.

**This information is an integral part of the accompanying budget.**



**RESOLUTION**  
**ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

**(2021)**

---

The Board of Directors of Lanterns Metropolitan District No. 4 (the “**Board**”), Town of Castle Rock, Colorado (the “**District**”) held a special meeting via teleconference on Tuesday, June 15, 2021, at the hour of 1:00 P.M.

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*[Remainder of Page Intentionally Left Blank.]*

NOTICE AS TO PROPOSED 2021 BUDGET

## NOTICE OF PUBLIC HEARING ON THE PROPOSED 2021 BUDGETS

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Meeting ID: 964 9451 0351

Passcode: 252372

Call-in Number: 720-707-2699

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Any interested elector of the Districts may file any objections to the Proposed Budgets at any time prior to final adoption of the Proposed Budgets by the Boards. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARDS OF DIRECTORS:  
LANTERNS METROPOLITAN DISTRICT NOS. 2-5

/s/ WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2021 AND ENDING ON THE LAST DAY OF DECEMBER 2021.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on June 15, 2021, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

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Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

***[Remainder of page intentionally left blank.]***

ADOPTED THIS 15TH DAY OF JUNE, 2021.

LANTERNS METROPOLITAN DISTRICT NO. 4

Scott L. Carlson  
Scott L. Carlson (Jun 22, 2021 13:44 MDT)

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Officer of the District

ATTEST:

Kent D. Carlson  
Kent D. Carlson (Jun 17, 2021 14:50 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law



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General Counsel to the District

STATE OF COLORADO  
COUNTY OF DOUGLAS  
LANTERNS METROPOLITAN DISTRICT NO. 4

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Tuesday, June 15, 2021, via teleconference as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15<sup>th</sup> day of June, 2021.

Kent D. Carlson  
Kent D. Carlson (Jun 17, 2021 14:50 MDT)

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**

**LANTERNS METROPOLITAN DISTRICT NO. 4**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2021**



**LANTERNS METROPOLITAN DISTRICT NO. 4  
GENERAL FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/14/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

**LANTERNS METROPOLITAN DISTRICT NO. 4  
PROPERTY TAX SUMMARY INFORMATION  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

6/14/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
<b>ASSESSED VALUATION</b>			
Residential	\$ -	\$ 8,950	\$ -
Agricultural	-	5,480	2,790
Natural Resources	-	-	310
Vacant land	-	-	1,366,290
Certified Assessed Value	\$ -	\$ 14,430	\$ 1,369,390
 <b>MILL LEVY</b>			
Total mill levy	0.000	0.000	0.000
 <b>PROPERTY TAXES</b>			
Budgeted property taxes	\$ -	\$ -	\$ -
 <b>BUDGETED PROPERTY TAXES</b>			
	\$ -	\$ -	\$ -

**LANTERNS METROPOLITAN DISTRICT NO. 4  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

Lanterns Metropolitan District No. 4 , a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the Town of Castle Rock on January 17, 2019, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the Town Council of the Town of Castle Rock on August 21, 2018. The District's service area is located in the Town of Castle Rock, in Douglas County.

The District was established to provide financing for the operations and maintenance services to the Service area and will function as an overlay district that will share boundaries with District Nos. 1-3.

District No. 4 shall not be permitted to issue Debt without Town consent but is permitted to own, operate, and maintain Public Improvements and impose an ad valorem property tax mill levy to fund operation and maintenance services.

The District has no employees and all administrative functions are contracted

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**Revenues**

The District anticipates no revenues in 2021.

**Expenditures**

The District anticipates no expenditures in 2021.

**Debt and Leases**

The District has no outstanding debt, nor any operating or capital leases.

**LANTERNS METROPOLITAN DISTRICT NO. 4  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Reserve Funds**

**Emergency Reserve**

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2021, as defined under TABOR, because the District anticipates no financial activity.

**This information is an integral part of the accompanying budget.**

**RESOLUTION**  
**ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

**(2021)**

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The Board of Directors of Lanterns Metropolitan District No. 5 (the “**Board**”), Town of Castle Rock, Colorado (the “**District**”) held a special meeting via teleconference on Tuesday, June 15, 2021, at the hour of 1:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

*[Remainder of Page Intentionally Left Blank.]*

NOTICE AS TO PROPOSED 2021 BUDGET

## NOTICE OF PUBLIC HEARING ON THE PROPOSED 2021 BUDGETS

NOTICE IS HEREBY GIVEN that the Boards of Directors (collectively, the “Boards”) of the LANTERNS METROPOLITAN DISTRICT NOS. 2-5 (collectively, the “Districts”), will hold a meeting on Tuesday, June 15, 2021 at 1:00 P.M., for the purpose of conducting such business as may come before the Boards including a public hearing on the 2021 proposed budgets (the “Proposed Budgets”). Due to the threat posed by the COVID-19 coronavirus, this meeting will be held via teleconferencing and can be joined through the directions below:

<https://zoom.us/j/96494510351?pwd=NmlOeXcxaHk2d0ZkZ2tGdE9HL2tpQT09>

Meeting ID: 964 9451 0351

Passcode: 252372

Call-in Number: 720-707-2699

NOTICE IS FURTHER GIVEN that the Proposed Budgets have been submitted to the Districts. A copy of the Proposed Budgets are on file in the office of CliftonLarsonAllen, LLP, 8390 E. Crescent Parkway, Suite 300, Greenwood Village, Colorado 80111, where the same are open for public inspection.

Any interested elector of the Districts may file any objections to the Proposed Budgets at any time prior to final adoption of the Proposed Budgets by the Boards. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARDS OF DIRECTORS:  
LANTERNS METROPOLITAN DISTRICT NOS. 2-5

/s/ WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2021 AND ENDING ON THE LAST DAY OF DECEMBER 2021.

WHEREAS, the Board has authorized its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on June 15, 2021, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2021. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000



mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Douglas County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

***[Remainder of page intentionally left blank.]***

ADOPTED THIS 15<sup>TH</sup> DAY OF JUNE, 2021.

LANTERNS METROPOLITAN DISTRICT NO. 5

Scott L Carlson  
Scott L Carlson (Jun 22, 2021 13:44 MDT)

Officer of the District

ATTEST:

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**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2021**

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2021 BUDGET  
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6/14/21

	ACTUAL 2019	ACTUAL 2020	BUDGET 2021
<b>ASSESSED VALUATION</b>			
Agricultural	\$ -	\$ 3,270	\$ 2,700
Vacant land	-	-	1,097,620
Certified Assessed Value	\$ -	\$ 3,270	\$ 1,100,320
 <b>MILL LEVY</b>			
Total mill levy	0.000	0.000	0.000
 <b>PROPERTY TAXES</b>			
Budgeted property taxes	\$ -	\$ -	\$ -
 <b>BUDGETED PROPERTY TAXES</b>			
	\$ -	\$ -	\$ -

**LANTERNS METROPOLITAN DISTRICT NO. 5  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

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