

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

2019 CONSOLIDATED ANNUAL REPORT

LANTERNS METROPOLITAN DISTRICT NOS. 1-5

**2019 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, 2019, 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.**

On February 25, 2019 Lanterns Metropolitan District Nos. 2-5 each adopted a resolution declaring inactive status.

Lanterns Metropolitan District Nos. 1-3 recorded amended orders for inclusion of property which are attached hereto as **Exhibit A**.

The Service Plans make reference to the execution of an intergovernmental agreement between the Town and the Districts and on February 25, 2019 the Districts entered into an Intergovernmental Agreement between the Town and the Districts.

- 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 2019 Audit is not yet completed and will be provided as a supplement to this report upon completion. District Nos. 2-5 applied for an exemption from audit for 2019 under the Local Government Audit Law, and a copy of the exemptions are attached here as **Exhibit B**.

- 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 2019, 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 2019, District No. 1 reimbursed Toll for \$5,522,648.80 in capital expenditures for water, sanitation, and street improvements and \$2,046,809.10 in capital expenditures for water, sanitation, street, and park and recreation improvements. Copies of the acceptance resolutions for these capital expenditures are attached hereto as **Exhibit C**. During 2019, District No. 1 also made payments to Crystal Crossing Metropolitan District for public improvements pursuant to intergovernmental agreements between District No. 1, Crystal Crossing Metropolitan District and Crystal Crossing Metropolitan District.

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 is expected to be completed in mid-September 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 the Districts’ 2019 budgets are attached hereto as **Exhibit D**.

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 2019 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, 2019, \$99,971.78 in principal has been certified by District No. 1 under this agreement.

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 Operation Funding Agreement are collectively referred to as the “Operation Funding Agreement.” As of December 31, 2019, \$243,253.34 in principal is outstanding under 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, 2019, \$112,563 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, 2019, \$181,015 in principal is outstanding under the Funding and Reimbursement Agreement. The amount of outstanding indebtedness for District No. 1 is disclosed in the 2019 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 2019 is as follows:

	Assessed Valuation	Debt Service Mill Levy
District No. 1	\$13,760	64.044
District No. 2	\$2,330	0.000
District No. 3	\$1,710	0.000
District No. 4	\$14,430	N/A
District No. 5	\$3,270	N/A

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

A copy of the 2020 budget for District No. 1 is attached as **Exhibit E**. District Nos. 2-5 are currently inactive and did not adopt budgets for 2020.

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 2019.

For a summary of residential development occurring within the District during 2019, please see the response to Question 3, above. It is anticipated that model homes will be under construction in 2020.

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, 2019.

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, 2019 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, President
10 Inverness Drive East, Suite 125
Englewood, CO 80112
303-708-0730

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

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

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

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

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

EXHIBIT A

Amended Orders for Inclusion

DISTRICT COURT, DOUGLAS COUNTY, COLORADO	
Court Address: 4000 Justice Way, Castle Rock, CO, 80109-7546	DATE FILED: June 13, 2019 12:36 PM CASE NUMBER: 2003CV1264
In the Matter of: LANTERNS METROPOLITAN DISTRICT NO 1	△ COURT USE ONLY △ Case Number: 2003CV1264 Division: 3 Courtroom:
Order Granting Amended Order for Inclusion	

The motion/proposed order attached hereto: GRANTED.

Issue Date: 6/13/2019



DAVID JOHN STEVENS
District Court Judge

COMBINED COURT
STATE OF COLORADO } ss.
Douglas County.

CERTIFIED to be a full, true and correct copy of the original in my custody.

JUN 14 2019



CHERYLA LAYNE
Clerk of the Combined Court
By AKL Deputy

DISTRICT COURT, DOUGLAS COUNTY, COLORADO Court Address: 4000 Justice Way Castle Rock, CO 80109 Telephone: (720) 437-6200		
Petitioner: LANTERNS METROPOLITAN DISTRICT NO. 1		▲ COURT USE ONLY ▲ Case Number: 2003CV1264 Division: 1 Courtroom:
By the Court:		
AMENDED ORDER FOR INCLUSION (Approximately 272 Acres into Lanterns Metropolitan District No. 1)		

THIS MATTER comes before the Court, on Motion for Amended Order for Inclusion filed by the Board of Directors of Lanterns Metropolitan District No. 1, Town of Castle Rock, Douglas County, Colorado (the "District"). This Court, being fully advised in the premises, and there being no objection filed by any person, hereby ORDERS:

1. The District's Motion is hereby granted.
2. The legal description attached hereto as **Exhibit A**, corrects the scrivener's errors in the original legal description of the property included in the boundaries of the District and shall replace the legal description attached as Exhibit A to the Order of Inclusion issued by the Court on September 10, 2018 (the "Original Order").
3. The District shall record this Order in accordance with the provisions of Section 32-1-105, C.R.S.
4. This Order shall be effective *nunc pro tunc* to the date of the Original Order.

DONE AND EFFECTIVE THIS _____ DAY OF _____ 2019.

BY THE COURT:

District Court Judge

EXHIBIT A
(Legal Description of Inclusion Property)

LEGAL DESCRIPTION - THE LANTERNS METROPOLITAN DISTRICT NO. 1

A PARCEL OF LAND BEING A PART OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 22, AND A PART OF SECTION 26 AND A PART OF THE NORTHEAST QUARTER OF SECTION 27, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 28 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 89°50'08" EAST ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, A DISTANCE OF 2627.39 FEET TO A POINT BEING THE NORTH QUARTER CORNER OF SAID SECTION 26;

THENCE SOUTH 89°49'35" EAST ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 26, A DISTANCE OF 774.19 FEET;

THENCE SOUTH 00°10'25" WEST, A DISTANCE OF 828.12 FEET;

THENCE SOUTH 66°34'31" EAST, A DISTANCE OF 227.90 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 450.00 FEET, A CENTRAL ANGLE OF 15°19'08", AN ARC LENGTH OF 120.31 FEET, THE CHORD OF WHICH BEARS SOUTH 74°14'05" EAST, 119.96 FEET;

THENCE SOUTH 81°53'39" EAST, A DISTANCE OF 538.10 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 514.00 FEET, A CENTRAL ANGLE OF 81°53'39", AN ARC LENGTH OF 734.67 FEET, THE CHORD OF WHICH BEARS SOUTH 40°56'49" EAST, 673.71 FEET;

THENCE SOUTH 00°00'00" EAST, A DISTANCE OF 785.41 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 350.00 FEET, A CENTRAL ANGLE OF 13°52'55", AN ARC LENGTH OF 84.80 FEET, THE CHORD OF WHICH BEARS SOUTH 06°56'27" WEST, 84.59 FEET;

THENCE SOUTH 13°52'55" WEST, A DISTANCE OF 316.96 FEET;

THENCE SOUTH 59°55'49" WEST, A DISTANCE OF 122.45 FEET;

THENCE SOUTH 82°38'24" WEST, A DISTANCE OF 457.60 FEET;

THENCE SOUTH 07°21'36" EAST, A DISTANCE OF 176.84 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 587.50 FEET, A CENTRAL ANGLE OF 10°57'07", AN ARC LENGTH OF 112.30 FEET, THE CHORD OF WHICH BEARS SOUTH 12°50'10" EAST, 112.13 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 18°18'43" EAST, A DISTANCE OF 188.59 FEET;

THENCE SOUTH 44°57'41" EAST, A DISTANCE OF 182.06 FEET;

THENCE SOUTH 14°37'46" EAST, A DISTANCE OF 344.87 FEET;

THENCE NORTH 86°31'36" WEST, A DISTANCE OF 698.89 FEET;

THENCE SOUTH 32°30'10" WEST, A DISTANCE OF 378.39 FEET;

THENCE NORTH 57°28'09" WEST, A DISTANCE OF 107.39 FEET;

THENCE SOUTH 47°08'09" WEST, A DISTANCE OF 196.74 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 28°19'16", AN ARC LENGTH OF 87.74 FEET, THE CHORD OF WHICH BEARS NORTH 57°01'29" WEST, 86.85 FEET TO A POINT OF TANGENCY;

THENCE NORTH 71°11'08" WEST, A DISTANCE OF 113.29 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 732.50 FEET, A CENTRAL ANGLE OF 38°47'45", AN ARC LENGTH OF 470.42 FEET, THE CHORD OF WHICH BEARS NORTH 89°35'00" WEST, 482.37 FEET;

THENCE SOUTH 72°01'08" WEST, A DISTANCE OF 85.82 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 96°27'19", AN ARC LENGTH OF 288.81 FEET, THE CHORD OF WHICH BEARS SOUTH 23°47'28" WEST, 264.76 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 81°21'50" EAST, A DISTANCE OF 115.25 FEET;

THENCE SOUTH 28°38'10" EAST, A DISTANCE OF 250.00 FEET;

THENCE SOUTH 61°25'42" WEST, A DISTANCE OF 116.97 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 222.50 FEET, A CENTRAL ANGLE OF 84°49'08", AN ARC LENGTH OF 368.21 FEET, THE CHORD OF WHICH BEARS SOUTH 24°49'41" WEST, 327.61 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 17°45'46" EAST RADIAL TO AFORESAID CURVE, A DISTANCE OF 115.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 337.50 FEET, A CENTRAL ANGLE OF 39°42'49", AN ARC LENGTH OF 233.93 FEET, THE CHORD OF WHICH BEARS NORTH 87°54'22" WEST, 229.28 FEET TO A POINT OF TANGENCY;

THENCE NORTH 68°02'57" WEST, A DISTANCE OF 569.40 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 482.50 FEET, A CENTRAL ANGLE OF 17°38'46", AN ARC LENGTH OF 142.44 FEET, THE CHORD OF WHICH BEARS NORTH 76°52'20" WEST, 141.88 FEET;

THENCE NORTH 85°41'43" WEST, A DISTANCE OF 185.99 FEET TO A POINT OF CURVATURE;



THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 387.50 FEET, A CENTRAL ANGLE OF 34°35'55", AN ARC LENGTH OF 234.00 FEET, THE CHORD OF WHICH BEARS NORTH 68°23'45" WEST, 230.46 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 04°18'17" EAST, A DISTANCE OF 157.35 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 202.50 FEET, A CENTRAL ANGLE OF 83°08'43", AN ARC LENGTH OF 293.86 FEET, THE CHORD OF WHICH BEARS NORTH 06°09'41" EAST, 268.75 FEET TO A POINT OF TANGENCY;

THENCE NORTH 36°24'41" WEST, A DISTANCE OF 172.02 FEET;

THENCE NORTH 53°35'19" EAST, A DISTANCE OF 182.48 FEET;

THENCE NORTH 36°24'03" WEST, A DISTANCE OF 111.15 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 362.50 FEET, A CENTRAL ANGLE OF 30°19'15", AN ARC LENGTH OF 191.83 FEET, THE CHORD OF WHICH BEARS NORTH 51°34'18" WEST, 189.60 FEET TO A POINT OF TANGENCY;

THENCE NORTH 66°43'55" WEST, A DISTANCE OF 51.76 FEET;

THENCE NORTH 23°16'05" EAST, A DISTANCE OF 275.00 FEET;

THENCE SOUTH 66°43'55" EAST, A DISTANCE OF 51.76 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 637.50 FEET, A CENTRAL ANGLE OF 30°19'15", AN ARC LENGTH OF 337.36 FEET, THE CHORD OF WHICH BEARS SOUTH 51°34'18" EAST, 333.44 FEET;

THENCE SOUTH 36°24'41" EAST, A DISTANCE OF 106.65 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 164.50 FEET, A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 258.40 FEET, THE CHORD OF WHICH BEARS SOUTH 08°35'19" WEST, 232.64 FEET;

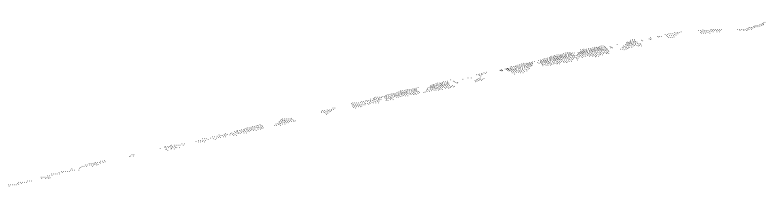
THENCE SOUTH 53°35'19" WEST, A DISTANCE OF 258.29 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 247.50 FEET, A CENTRAL ANGLE OF 48°48'33", AN ARC LENGTH OF 210.84 FEET, THE CHORD OF WHICH BEARS SOUTH 14°47'23" EAST, 204.52 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 48°32'45" EAST, A DISTANCE OF 69.16 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 112.50 FEET, A CENTRAL ANGLE OF 37°08'58", AN ARC LENGTH OF 72.94 FEET, THE CHORD OF WHICH BEARS SOUTH 67°07'14" EAST, 71.67 FEET;

THENCE SOUTH 85°41'43" EAST, A DISTANCE OF 185.99 FEET TO A POINT OF CURVATURE;



THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 737.50 FEET, A CENTRAL ANGLE OF 17°38'48", AN ARC LENGTH OF 227.14 FEET, THE CHORD OF WHICH BEARS SOUTH 76°52'20" EAST, 228.24 FEET;

THENCE SOUTH 68°02'57" EAST, A DISTANCE OF 550.12 FEET;

THENCE SOUTH 21°57'03" WEST, A DISTANCE OF 113.85 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 150°48'48", AN ARC LENGTH OF 467.21 FEET, THE CHORD OF WHICH BEARS NORTH 42°46'58" EAST, 343.55 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 61°21'50" WEST, A DISTANCE OF 114.57 FEET;

THENCE NORTH 28°38'10" WEST, A DISTANCE OF 1381.08 FEET;

THENCE NORTH 58°23'40" WEST, A DISTANCE OF 511.82 FEET;

THENCE NORTH 31°07'32" EAST, A DISTANCE OF 701.03 FEET;

THENCE NORTH 60°50'55" WEST, A DISTANCE OF 318.39 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 399.00 FEET, A CENTRAL ANGLE OF 29°09'05", AN ARC LENGTH OF 203.01 FEET, THE CHORD OF WHICH BEARS NORTH 75°25'27" WEST, 200.82 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 47.34 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1240.00 FEET, A CENTRAL ANGLE OF 10°08'36", AN ARC LENGTH OF 218.80 FEET, THE CHORD OF WHICH BEARS SOUTH 84°58'42" WEST, 218.52 FEET TO A POINT OF REVERSE CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 485.00 FEET, A CENTRAL ANGLE OF 45°28'29", AN ARC LENGTH OF 368.79 FEET, THE CHORD OF WHICH BEARS NORTH 77°23'21" WEST, 359.20 FEET;

THENCE NORTH 54°40'08" WEST, A DISTANCE OF 474.85 FEET;

THENCE NORTH 49°40'31" WEST, A DISTANCE OF 474.12 FEET;

THENCE NORTH 52°09'00" WEST, A DISTANCE OF 133.56 FEET;

THENCE NORTH 72°42'41" WEST, A DISTANCE OF 513.21 FEET;

THENCE NORTH 17°37'19" EAST, A DISTANCE OF 1776.72 FEET;

THENCE NORTH 57°07'28" EAST, A DISTANCE OF 178.31 FEET;

THENCE SOUTH 43°40'17" EAST, A DISTANCE OF 159.51 FEET TO A POINT ON THE EAST LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 22;

THENCE SOUTH 00°09'41" WEST ALONG SAID EAST LINE, A DISTANCE OF 469.14 FEET TO THE POINT OF BEGINNING;

SAID PARCEL DESCRIBED ABOVE CONTAINING A CALCULATED AREA OF 14,822.639 SQUARE FEET OR 340.281 ACRES, MORE OR LESS

EXCEPTING THEREFROM:

A PARCEL OF LAND BEING A PART OF THE NORTH HALF OF SECTION 26, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 59°39'41" EAST, A DISTANCE OF 1695.92 FEET TO A POINT BEING THE POINT OF BEGINNING;

THENCE NORTH 44°33'16" EAST, A DISTANCE OF 296.45 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 397.00 FEET, A CENTRAL ANGLE OF 71°58'60", AN ARC LENGTH OF 498.75 FEET, THE CHORD OF WHICH BEARS SOUTH 79°38'01" EAST, 466.59 FEET TO A POINT OF TANGENCY;

THENCE NORTH 64°22'34" EAST, A DISTANCE OF 153.43 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 283.00 FEET, A CENTRAL ANGLE OF 28°51'15", AN ARC LENGTH OF 132.45 FEET, THE CHORD OF WHICH BEARS NORTH 78°48'11" EAST, 131.05 FEET;

THENCE SOUTH 86°48'12" EAST, A DISTANCE OF 694.77 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 689.00 FEET, A CENTRAL ANGLE OF 20°11'41", AN ARC LENGTH OF 235.80 FEET, THE CHORD OF WHICH BEARS SOUTH 76°40'21" EAST, 234.58 FEET;

THENCE SOUTH 66°34'31" EAST, A DISTANCE OF 72.50 FEET;

THENCE SOUTH 23°25'29" WEST, A DISTANCE OF 170.01 FEET;

THENCE NORTH 70°49'31" WEST, A DISTANCE OF 215.69 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 26°08'36", AN ARC LENGTH OF 80.99 FEET, THE CHORD OF WHICH BEARS NORTH 83°53'49" WEST, 80.29 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 21°07'09" EAST, A DISTANCE OF 546.93 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 437.50 FEET, A



CENTRAL ANGLE OF 66°49'51", AN ARC LENGTH OF 510.31 FEET, THE CHORD OF WHICH BEARS SOUTH 54°32'05" EAST, 481.87 FEET;

THENCE SOUTH 87°57'00" EAST, A DISTANCE OF 138.81 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 472.50 FEET, A CENTRAL ANGLE OF 09°47'28", AN ARC LENGTH OF 80.74 FEET, THE CHORD OF WHICH BEARS SOUTH 06°57'05" WEST, 80.65 FEET;

THENCE SOUTH 02°17'54" WEST, A DISTANCE OF 79.66 FEET;

THENCE SOUTH 87°42'06" EAST, A DISTANCE OF 23.82 FEET;

THENCE SOUTH 02°23'45" WEST, A DISTANCE OF 114.90 FEET;

THENCE NORTH 87°57'00" WEST, A DISTANCE OF 152.70 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 712.50 FEET, A CENTRAL ANGLE OF 25°18'59", AN ARC LENGTH OF 314.82 FEET, THE CHORD OF WHICH BEARS NORTH 75°17'31" WEST, 312.27 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 27°06'50" WEST, A DISTANCE OF 596.27 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 508.00 FEET, A CENTRAL ANGLE OF 19°18'38", AN ARC LENGTH OF 171.21 FEET, THE CHORD OF WHICH BEARS NORTH 76°53'58" WEST, 170.40 FEET TO A POINT OF TANGENCY;

THENCE NORTH 86°33'16" WEST, A DISTANCE OF 250.54 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 490.00 FEET, A CENTRAL ANGLE OF 21°54'30", AN ARC LENGTH OF 187.36 FEET, THE CHORD OF WHICH BEARS SOUTH 82°29'29" WEST, 186.22 FEET;

THENCE SOUTH 71°32'14" WEST, A DISTANCE OF 97.13 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 485.00 FEET, A CENTRAL ANGLE OF 47°36'51", AN ARC LENGTH OF 403.05 FEET, THE CHORD OF WHICH BEARS NORTH 84°39'20" WEST, 391.55 FEET;

THENCE NORTH 60°50'55" WEST, A DISTANCE OF 614.85 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 529.00 FEET, A CENTRAL ANGLE OF 29°09'05", AN ARC LENGTH OF 289.15 FEET, THE CHORD OF WHICH BEARS NORTH 75°25'27" WEST, 266.26 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 97.63 FEET;

THENCE NORTH 00°00'00" WEST, A DISTANCE OF 264.14 FEET;

THENCE NORTH 74°08'19" EAST, A DISTANCE OF 612.29 FEET;



THENCE NORTH 15°51'41" WEST, A DISTANCE OF 699.19 FEET TO THE POINT OF BEGINNING,

SAID EXCEPTED PARCEL CONTAINING A CALCULATED AREA OF 2,906,205 SQUARE FEET OR 66.783 ACRES, MORE OR LESS.

SAID LANTERNS METROPOLITAN DISTRICT NO. 1 CONTAINING A CALCULATED AREA OF 11,828,434 SQUARE FEET OR 271.488

THE LINEAL UNIT USED IN THE PREPARATION OF THIS LEGAL DESCRIPTION IS THE U.S. SURVEY FOOT AS DEFINED BY THE UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.

I, WILLIAM F. HESSELBACH JR., A SURVEYOR LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.

WILLIAM F. HESSELBACH JR., P.L.S. 25366
FOR AND ON BEHALF OF
CVL CONSULTANTS OF COLORADO, INC
10333 E. DRY CREEK ROAD, SUITE 240
ENGLEWOOD, CO 80112

DISTRICT COURT, DOUGLAS COUNTY, COLORADO	
Court Address: 4000 Justice Way, Castle Rock, CO, 80109-7546	DATE FILED: June 13, 2019 12:42 PM CASE NUMBER: 2014CV30994
In the Matter of: LANTERNS METROPOLITAN DISTRICT NO 2	
△ COURT USE ONLY △	
Case Number: 2014CV30994 Division: 3 Courtroom:	
Amended Order for Inclusion (Approximately 192 Acres into Lanterns Metropolitan District No. 2)	

The motion/proposed order attached hereto: GRANTED.

Issue Date: 6/13/2019



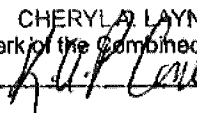
DAVID JOHN STEVENS
District Court Judge

COMBINED COURT
STATE OF COLORADO } ss.
Douglas County.

CERTIFIED to be a full, true and correct copy of the original in my custody.

JUN 14 2019



CHERYLA LAYNE
Clerk of the Combined Court
By  Deputy

DISTRICT COURT, DOUGLAS COUNTY, COLORADO Court Address: 4000 Justice Way Castle Rock, CO 80109 Telephone: (720) 437-6200	
Petitioner: LANTERNS METROPOLITAN DISTRICT NO. 2	▲ COURT USE ONLY ▲
By the Court:	Case Number: 2014CV30994 Division: 3 Courtroom:
AMENDED ORDER FOR INCLUSION (Approximately 192 Acres into Lanterns Metropolitan District No. 2)	

THIS MATTER comes before the Court, on Motion for Amended Order for Inclusion filed by the Board of Directors of Lanterns Metropolitan District No. 2, Town of Castle Rock, Douglas County, Colorado (the "District"). This Court, being fully advised in the premises, and there being no objection filed by any person, hereby ORDERS:

1. The District's Motion is hereby granted.
2. The legal description attached hereto as **Exhibit A**, corrects the scrivener's errors in the original legal description of the property included in the boundaries of the District and shall replace the legal description attached as Exhibit A to the Order of Inclusion issued by the Court on September 10, 2018 (the "Original Order").
3. The District shall record this Order in accordance with the provisions of Section 32-1-105, C.R.S.
4. This Order shall be effective *nunc pro tunc* to the date of the Original Order.

DONE AND EFFECTIVE THIS ____ DAY OF _____ 2019.

BY THE COURT:

District Court Judge

EXHIBIT A
(Legal Description of Inclusion Property)

LEGAL DESCRIPTION – THE LANTERNS METROPOLITAN DISTRICT NO. 2

FOUR (4) PARCELS OF LAND BEING PARTS OF SECTION 26 AND PARTS OF THE EAST HALF OF SECTION 27, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 33°26'58" WEST, A DISTANCE OF 1444.94 FEET TO A POINT BEING THE POINT OF BEGINNING;

THENCE SOUTH 72°42'41" EAST, A DISTANCE OF 513.21 FEET;

THENCE SOUTH 52°09'00" EAST, A DISTANCE OF 133.56 FEET;

THENCE SOUTH 49°40'31" EAST, A DISTANCE OF 474.12 FEET;

THENCE SOUTH 54°40'06" EAST, A DISTANCE OF 474.85 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 465.00 FEET, A CENTRAL ANGLE OF 45°26'29", AN ARC LENGTH OF 368.79 FEET, THE CHORD OF WHICH BEARS SOUTH 77°23'21" EAST, 359.20 FEET TO A POINT OF REVERSE CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1240.00 FEET, A CENTRAL ANGLE OF 10°06'36", AN ARC LENGTH OF 218.80 FEET, THE CHORD OF WHICH BEARS NORTH 84°56'42" EAST, 218.52 FEET;

THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 47.34 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 399.00 FEET, A CENTRAL ANGLE OF 29°09'05", AN ARC LENGTH OF 203.01 FEET, THE CHORD OF WHICH BEARS SOUTH 75°25'27" EAST, 200.82 FEET;

THENCE SOUTH 60°50'55" EAST, A DISTANCE OF 318.39 FEET;

THENCE SOUTH 31°07'32" WEST, A DISTANCE OF 701.03 FEET;

THENCE SOUTH 58°23'40" EAST, A DISTANCE OF 511.82 FEET;

THENCE SOUTH 28°38'10" EAST, A DISTANCE OF 1381.08 FEET;

THENCE NORTH 61°21'50" EAST, A DISTANCE OF 114.57 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 150°48'48", AN ARC LENGTH OF 467.21 FEET, THE CHORD OF WHICH BEARS SOUTH 42°46'58" WEST, 343.55 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 21°57'03" EAST, A DISTANCE OF 113.95 FEET;

THENCE NORTH 68°02'57" WEST, A DISTANCE OF 550.12 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 737.50 FEET, A CENTRAL ANGLE OF 17°38'46", AN ARC LENGTH OF 227.14 FEET, THE CHORD OF WHICH BEARS NORTH 76°52'20" WEST, 226.24 FEET;

THENCE NORTH 85°41'43" WEST, A DISTANCE OF 185.99 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 112.50 FEET, A CENTRAL ANGLE OF 37°08'58", AN ARC LENGTH OF 72.94 FEET, THE CHORD OF WHICH BEARS NORTH 67°07'14" WEST, 71.67 FEET;

THENCE NORTH 48°32'45" WEST, A DISTANCE OF 69.16 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 247.50 FEET, A CENTRAL ANGLE OF 48°48'33", AN ARC LENGTH OF 210.84 FEET, THE CHORD OF WHICH BEARS NORTH 14°47'23" WEST, 204.52 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 53°35'19" EAST, A DISTANCE OF 258.29 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 184.50 FEET, A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 258.40 FEET, THE CHORD OF WHICH BEARS NORTH 08°35'19" EAST, 232.64 FEET;

THENCE NORTH 36°24'41" WEST, A DISTANCE OF 106.65 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 637.50 FEET, A CENTRAL ANGLE OF 30°19'15", AN ARC LENGTH OF 337.36 FEET, THE CHORD OF WHICH BEARS NORTH 51°34'18" WEST, 333.44 FEET;

THENCE NORTH 66°43'55" WEST, A DISTANCE OF 51.76 FEET;

THENCE SOUTH 23°16'05" WEST, A DISTANCE OF 275.00 FEET;

THENCE NORTH 66°43'55" WEST, A DISTANCE OF 328.72 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 637.50 FEET, A CENTRAL ANGLE OF 19°05'37", AN ARC LENGTH OF 212.45 FEET, THE CHORD OF WHICH BEARS NORTH 57°11'07" WEST, 211.46 FEET;

THENCE NORTH 47°38'18" WEST, A DISTANCE OF 236.30 FEET;

THENCE NORTH 42°21'42" EAST, A DISTANCE OF 115.00 FEET;

THENCE NORTH 47°38'18" WEST, A DISTANCE OF 145.18 FEET;

THENCE SOUTH 42°21'42" WEST, A DISTANCE OF 115.00 FEET;

THENCE NORTH 47°38'18" WEST, A DISTANCE OF 118.07 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 862.50 FEET, A CENTRAL ANGLE OF 26°47'48", AN ARC LENGTH OF 309.84 FEET, THE CHORD OF WHICH BEARS NORTH 61°02'12" WEST, 307.03 FEET;

THENCE NORTH 74°26'06" WEST, A DISTANCE OF 69.76 FEET;

THENCE NORTH 15°33'54" EAST, A DISTANCE OF 160.00 FEET;

THENCE NORTH 74°26'06" WEST, A DISTANCE OF 114.81 FEET;

THENCE NORTH 15°33'54" EAST, A DISTANCE OF 444.33 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 887.50 FEET, A CENTRAL ANGLE OF 07°22'16", AN ARC LENGTH OF 114.18 FEET, THE CHORD OF WHICH BEARS NORTH 59°21'03" WEST, 114.10 FEET;

THENCE NORTH 34°20'05" EAST RADIAL TO AFORESAID CURVE, A DISTANCE OF 115.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 772.50 FEET, A CENTRAL ANGLE OF 05°58'22", AN ARC LENGTH OF 80.53 FEET, THE CHORD OF WHICH BEARS NORTH 52°40'44" WEST, 80.49 FEET OF CUSP;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 426.50 FEET, A CENTRAL ANGLE OF 15°30'37", AN ARC LENGTH OF 115.46 FEET, THE CHORD OF WHICH BEARS SOUTH 37°15'10" WEST, 115.10 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 46°49'07" WEST, A DISTANCE OF 621.57 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 369.04 FEET TO THE POINT OF BEGINNING,

SAID PARCEL A CONTAINING A CALCULATED AREA OF 3,184,418 SQUARE FEET OR 73.104 ACRES, MORE OR LESS.

PARCEL B

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 59°39'41" EAST, A DISTANCE OF 1695.92 FEET TO A POINT BEING THE POINT OF BEGINNING;

THENCE NORTH 44°33'16" EAST, A DISTANCE OF 296.45 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 397.00 FEET, A CENTRAL ANGLE OF 71°58'50", AN ARC LENGTH OF 498.75 FEET, THE CHORD OF WHICH BEARS SOUTH 79°38'01" EAST, 466.59 FEET TO A POINT OF TANGENCY;

THENCE NORTH 64°22'34" EAST, A DISTANCE OF 153.43 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 263.00 FEET, A CENTRAL ANGLE OF 28°51'15", AN ARC LENGTH OF 132.45 FEET, THE CHORD OF WHICH BEARS NORTH 78°48'11" EAST, 131.05 FEET;

THENCE SOUTH 86°46'12" EAST, A DISTANCE OF 694.77 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 689.00 FEET, A CENTRAL ANGLE OF 20°11'41", AN ARC LENGTH OF 235.80 FEET, THE CHORD OF WHICH BEARS SOUTH 76°40'21" EAST, 234.58 FEET;

THENCE SOUTH 66°34'31" EAST, A DISTANCE OF 72.50 FEET;

THENCE SOUTH 23°25'29" WEST, A DISTANCE OF 170.01 FEET;

THENCE NORTH 70°49'31" WEST, A DISTANCE OF 215.69 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 26°08'36", AN ARC LENGTH OF 80.99 FEET, THE CHORD OF WHICH BEARS NORTH 83°53'49" WEST, 80.29 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 21°07'09" EAST, A DISTANCE OF 546.93 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 437.50 FEET, A CENTRAL ANGLE OF 66°49'51", AN ARC LENGTH OF 510.31 FEET, THE CHORD OF WHICH BEARS SOUTH 54°32'05" EAST, 481.87 FEET;

THENCE SOUTH 87°57'00" EAST, A DISTANCE OF 136.81 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 472.50 FEET, A CENTRAL ANGLE OF 09°47'28", AN ARC LENGTH OF 80.74 FEET, THE CHORD OF WHICH BEARS SOUTH 06°57'05" WEST, 80.65 FEET;

THENCE SOUTH 02°17'54" WEST, A DISTANCE OF 79.65 FEET;

THENCE SOUTH 87°42'06" EAST, A DISTANCE OF 23.82 FEET;

THENCE SOUTH 02°23'45" WEST, A DISTANCE OF 114.90 FEET;

THENCE NORTH 87°57'00" WEST, A DISTANCE OF 152.70 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 712.50 FEET, A CENTRAL ANGLE OF 25°18'59", AN ARC LENGTH OF 314.82 FEET, THE CHORD OF WHICH BEARS NORTH 75°17'31" WEST, 312.27 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 27°08'50" WEST, A DISTANCE OF 596.27 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 508.00 FEET, A CENTRAL ANGLE OF 19°18'36", AN ARC LENGTH OF 171.21 FEET, THE CHORD OF WHICH BEARS NORTH 76°53'58" WEST, 170.40 FEET TO A POINT OF TANGENCY;

THENCE NORTH 86°33'16" WEST, A DISTANCE OF 250.54 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 490.00 FEET, A CENTRAL ANGLE OF 21°54'30", AN ARC LENGTH OF 187.36 FEET, THE CHORD OF WHICH BEARS SOUTH 82°29'29" WEST, 186.22 FEET;

THENCE SOUTH 71°32'14" WEST, A DISTANCE OF 97.13 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 485.00 FEET, A CENTRAL ANGLE OF 47°36'51", AN ARC LENGTH OF 403.05 FEET, THE CHORD OF WHICH BEARS NORTH 84°39'20" WEST, 391.55 FEET;

THENCE NORTH 60°50'55" WEST, A DISTANCE OF 614.85 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 529.00 FEET, A CENTRAL ANGLE OF 29°09'05", AN ARC LENGTH OF 269.15 FEET, THE CHORD OF WHICH BEARS NORTH 75°25'27" WEST, 266.26 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 97.63 FEET;

THENCE NORTH 00°00'00" WEST, A DISTANCE OF 254.14 FEET;

THENCE NORTH 74°08'19" EAST, A DISTANCE OF 612.29 FEET;

THENCE NORTH 15°51'41" WEST, A DISTANCE OF 699.19 FEET TO THE POINT OF BEGINNING,

SAID PARCEL B CONTAINING A CALCULATED AREA OF 2,996,205 SQUARE FEET OR 68.783 ACRES, MORE OR LESS.

PARCEL C

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 33°06'06" EAST, A DISTANCE OF 4607.56 FEET TO A POINT BEING THE POINT OF BEGINNING;

THENCE NORTH 72°01'08" EAST, A DISTANCE OF 85.82 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 732.50 FEET, A

CENTRAL ANGLE OF 36°47'45", AN ARC LENGTH OF 470.42 FEET, THE CHORD OF WHICH BEARS SOUTH 89°35'00" EAST, 462.37 FEET;

THENCE SOUTH 71°11'08" EAST, A DISTANCE OF 113.29 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 28°19'16", AN ARC LENGTH OF 87.74 FEET, THE CHORD OF WHICH BEARS SOUTH 57°01'29" EAST, 86.85 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 47°08'09" EAST RADIAL TO AFORESAID CURVE, A DISTANCE OF 196.74 FEET;

THENCE SOUTH 57°28'09" EAST, A DISTANCE OF 107.39 FEET,

THENCE SOUTH 00°00'00" EAST, A DISTANCE OF 619.94 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 255.88 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 337.50 FEET, A CENTRAL ANGLE OF 92°53'18", AN ARC LENGTH OF 647.16 FEET, THE CHORD OF WHICH BEARS SOUTH 47°00'19" WEST, 489.18 FEET TO A POINT OF TANGENCY;

THENCE NORTH 86°33'02" WEST, A DISTANCE OF 254.21 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 425.00 FEET, A CENTRAL ANGLE OF 25°51'16", AN ARC LENGTH OF 191.78 FEET, THE CHORD OF WHICH BEARS NORTH 73°38'00" WEST, 190.16 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 17°45'48" WEST, A DISTANCE OF 115.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 222.50 FEET, A CENTRAL ANGLE OF 94°49'06", AN ARC LENGTH OF 368.21 FEET, THE CHORD OF WHICH BEARS NORTH 24°49'41" EAST, 327.61 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 61°25'42" EAST, A DISTANCE OF 116.97 FEET;

THENCE NORTH 28°38'10" WEST, A DISTANCE OF 250.00 FEET;

THENCE SOUTH 61°21'50" WEST, A DISTANCE OF 115.25 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 177.50 FEET, A CENTRAL ANGLE OF 96°27'19", AN ARC LENGTH OF 298.81 FEET, THE CHORD OF WHICH BEARS NORTH 23°47'28" EAST, 264.76 FEET TO THE POINT OF BEGINNING,

SAID PARCEL C CONTAINING A CALCULATED AREA OF 833,048 SQUARE FEET OR 19.124 ACRES, MORE OR LESS.

PARCEL D

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 63°12'10" EAST, A DISTANCE OF 5913.45 FEET TO A POINT BEING THE EAST QUARTER CORNER OF SAID SECTION 26, SAID POINT BEING THE POINT OF BEGINNING;

THENCE SOUTH 00°29'22" EAST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 26, A DISTANCE OF 704.27 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 208.68 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 365.50 FEET, A CENTRAL ANGLE OF 21°14'27", AN ARC LENGTH OF 136.50 FEET, THE CHORD OF WHICH BEARS NORTH 79°22'47" WEST, 134.72 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 46°10'57" WEST, A DISTANCE OF 149.82 FEET;

THENCE SOUTH 75°22'14" WEST, A DISTANCE OF 475.60 FEET;

THENCE NORTH 14°37'46" WEST, A DISTANCE OF 344.87 FEET;

THENCE NORTH 44°57'41" WEST, A DISTANCE OF 182.08 FEET;

THENCE NORTH 18°18'43" WEST, A DISTANCE OF 188.59 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 587.50 FEET, A CENTRAL ANGLE OF 10°57'07", AN ARC LENGTH OF 112.30 FEET, THE CHORD OF WHICH BEARS NORTH 12°50'10" WEST, 112.13 FEET;

THENCE NORTH 07°21'36" WEST, A DISTANCE OF 176.84 FEET;

THENCE NORTH 82°38'24" EAST, A DISTANCE OF 457.60 FEET;

THENCE NORTH 59°55'49" EAST, A DISTANCE OF 122.45 FEET;

THENCE NORTH 13°52'55" EAST, A DISTANCE OF 316.96 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 350.00 FEET, A CENTRAL ANGLE OF 13°52'55", AN ARC LENGTH OF 84.80 FEET, THE CHORD OF WHICH BEARS NORTH 06°56'27" EAST, 84.59 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 176.75 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 122.50 FEET, A CENTRAL ANGLE OF 61°34'04", AN ARC LENGTH OF 131.63 FEET, THE CHORD OF WHICH BEARS NORTH 73°52'51" EAST, 125.39 FEET;

THENCE NORTH 43°05'49" EAST, A DISTANCE OF 52.08 FEET;

THENCE SOUTH 46°54'11" EAST, A DISTANCE OF 175.00 FEET;

THENCE NORTH 43°05'49" EAST, A DISTANCE OF 75.03 FEET TO A POINT ON A CURVE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 447.50 FEET, A CENTRAL ANGLE OF 09°37'52", AN ARC LENGTH OF 75.22 FEET, THE CHORD OF WHICH BEARS NORTH 38°16'53" EAST, 75.13 FEET TO A POINT OF TANGENCY;

THENCE NORTH 89°28'45" EAST, A DISTANCE OF 191.20 FEET TO A POINT ON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 26;


THENCE SOUTH 00°31'15" EAST ALONG SAID EAST LINE, A DISTANCE OF 780.21 FEET TO THE POINT OF BEGINNING,

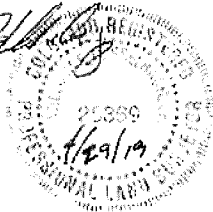
SAID PARCEL D CONTAINING A CALCULATED AREA OF 1,352,117 SQUARE FEET OR 31.040 ACRES, MORE OR LESS.

SAID LANTERNS METROPOLITAN DISTRICT NO. 2 CONTAINING A CALCULATED AREA OF 8,365,789 SQUARE FEET OR 192.051 ACRES, MORE OR LESS.

THE LINEAL UNIT USED IN THE PREPARATION OF THIS LEGAL DESCRIPTION IS THE U.S. SURVEY FOOT AS DEFINED BY THE UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.

I, WILLIAM F. HESSELBACH JR., A SURVEYOR LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.


WILLIAM F. HESSELBACH JR., P.L.S. 25369
FOR AND ON BEHALF OF
CVL CONSULTANTS OF COLORADO, INC.
10333 E. DRY CREEK ROAD, SUITE 240
ENGLEWOOD, CO 80112



DISTRICT COURT, DOUGLAS COUNTY, COLORADO	
Court Address: 4000 Justice Way, Castle Rock, CO, 80109-7546	DATE FILED: June 13, 2019 12:44 PM CASE NUMBER: 2014CV30995
In the Matter of: LANTERNS METROPOLITAN DISTRICT NO 3	
△ COURT USE ONLY △	
Case Number: 2014CV30995 Division: 3 Courtroom:	
Amended Order for Inclusion (Approximately 141 Acres into Lanterns Metropolitan District No. 3)	

The motion/proposed order attached hereto: GRANTED.

Issue Date: 6/13/2019

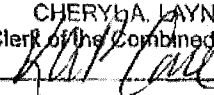


DAVID JOHN STEVENS
District Court Judge

COMBINED COURT
STATE OF COLORADO } ss.
Douglas County.
CERTIFIED to be a full, true and correct copy of the original in my custody.

JUN 14 2019



CHERYLA LAYNE
Clerk of the Combined Court
By  Deputy

DISTRICT COURT, DOUGLAS COUNTY, COLORADO Court Address: 4000 Justice Way Castle Rock, CO 80109 Telephone: (720) 437-6200	
Petitioner: LANTERNS METROPOLITAN DISTRICT NO. 3	▲ COURT USE ONLY ▲
By the Court:	Case Number: 2014CV30995 Division: 3 Courtroom:
AMENDED ORDER FOR INCLUSION (Approximately 141 Acres into Lanterns Metropolitan District No. 3)	

THIS MATTER comes before the Court, on Motion for Amended Order for Inclusion filed by the Board of Directors of Lanterns Metropolitan District No. 3, Town of Castle Rock, Douglas County, Colorado (the "District"). This Court, being fully advised in the premises, and there being no objection filed by any person, hereby ORDERS:

1. The District's Motion is hereby granted.
2. The legal description attached hereto as **Exhibit A**, corrects the scrivener's errors in the original legal description of the property included in the boundaries of the District and shall replace the legal description attached as Exhibit A to the Order of Inclusion issued by the Court on September 10, 2018 (the "Original Order").
3. The District shall record this Order in accordance with the provisions of Section 32-1-105, C.R.S.
4. This Order shall be effective *nunc pro tunc* to the date of the Original Order.

DONE AND EFFECTIVE THIS ____ DAY OF _____ 2019.

BY THE COURT:

District Court Judge

EXHIBIT A
(Legal Description of Inclusion Property)

LEGAL DESCRIPTION – THE LANTERNS METROPOLITAN DISTRICT NO. 3

TWO (2) PARCELS OF LAND BEING PARTS OF SECTION 26 AND PARTS OF THE EAST HALF OF SECTION 27, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL A

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 26°49'48" WEST, A DISTANCE OF 1764.63 FEET TO A POINT BEING THE POINT OF BEGINNING;

THENCE SOUTH 46°49'07" EAST, A DISTANCE OF 621.57 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 426.50 FEET, A CENTRAL ANGLE OF 15°30'37", AN ARC LENGTH OF 115.46 FEET, THE CHORD OF WHICH BEARS NORTH 37°15'10" EAST, 115.10 FEET TO A POINT OF CUSP;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 772.50 FEET, A CENTRAL ANGLE OF 05°58'22", AN ARC LENGTH OF 80.53 FEET, THE CHORD OF WHICH BEARS SOUTH 52°40'44" EAST, 80.49 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 34°20'05" WEST, A DISTANCE OF 115.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 887.50 FEET, A CENTRAL ANGLE OF 07°22'16", AN ARC LENGTH OF 114.18 FEET, THE CHORD OF WHICH BEARS SOUTH 59°21'03" EAST, 114.10 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 15°33'54" WEST, A DISTANCE OF 444.33 FEET;

THENCE SOUTH 74°26'06" EAST, A DISTANCE OF 114.81 FEET;

THENCE SOUTH 15°33'54" WEST, A DISTANCE OF 160.00 FEET;

THENCE SOUTH 74°26'06" EAST, A DISTANCE OF 69.76 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 662.50 FEET, A CENTRAL ANGLE OF 26°47'48", AN ARC LENGTH OF 309.84 FEET, THE CHORD OF WHICH BEARS SOUTH 61°02'12" EAST, 307.03 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 47°38'18" EAST, A DISTANCE OF 118.07 FEET;

THENCE NORTH 42°21'42" EAST, A DISTANCE OF 115.00 FEET;

THENCE SOUTH 47°38'18" EAST, A DISTANCE OF 145.18 FEET;

THENCE SOUTH 42°21'42" WEST, A DISTANCE OF 115.00 FEET;

THENCE SOUTH 47°38'18" EAST, A DISTANCE OF 236.30 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 637.50 FEET, A CENTRAL ANGLE OF 19°05'37", AN ARC LENGTH OF 212.45 FEET, THE CHORD OF WHICH BEARS SOUTH 57°11'07" EAST, 211.46 FEET;

THENCE SOUTH 66°43'55" EAST, A DISTANCE OF 380.48 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 362.50 FEET, A CENTRAL ANGLE OF 30°19'15", AN ARC LENGTH OF 191.83 FEET, THE CHORD OF WHICH BEARS SOUTH 51°34'18" EAST, 189.60 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 36°24'03" EAST, A DISTANCE OF 111.15 FEET;

THENCE SOUTH 53°35'19" WEST, A DISTANCE OF 192.48 FEET;

THENCE SOUTH 36°24'41" EAST, A DISTANCE OF 172.02 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 202.50 FEET, A CENTRAL ANGLE OF 83°08'43", AN ARC LENGTH OF 293.86 FEET, THE CHORD OF WHICH BEARS SOUTH 05°09'41" WEST, 268.75 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 04°18'17" WEST, A DISTANCE OF 300.78 FEET;

THENCE SOUTH 67°30'00" WEST, A DISTANCE OF 621.51 FEET;

THENCE NORTH 90°00'00" WEST, A DISTANCE OF 974.68 FEET;

THENCE NORTH 45°00'00" WEST, A DISTANCE OF 336.58 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 369.90 FEET;

THENCE NORTH 45°00'00" WEST, A DISTANCE OF 614.10 FEET;

THENCE NORTH 10°38'37" EAST, A DISTANCE OF 1653.06 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 516.19 FEET TO THE POINT OF BEGINNING,

SAID PARCEL A CONTAINING A CALCULATED AREA OF 3,987,219 SQUARE FEET OR 91.534 ACRES, MORE OR LESS.

PARCEL B

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AS SHOWN ON THE ATTACHED EXHIBIT TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO.

THENCE SOUTH 89°50'08" EAST ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, A DISTANCE OF 2627.39 FEET TO A POINT BEING THE NORTH QUARTER CORNER OF SAID SECTION 26;

THENCE SOUTH 89°49'35" EAST ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 26, A DISTANCE OF 774.20 FEET TO A POINT BEING THE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89°49'35" EAST ALONG SAID NORTH LINE, A DISTANCE OF 1852.74 FEET TO A POINT BEING THE NORTHEAST CORNER OF SAID SECTION 26;

THENCE SOUTH 00°31'15" EAST ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 26, A DISTANCE OF 1870.38 FEET;

THENCE SOUTH 89°28'45" WEST, A DISTANCE OF 191.18 FEET TO A POINT OF NON-TANGENT CURVATURE,

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 447.50 FEET, A CENTRAL ANGLE OF 09°37'52", AN ARC LENGTH OF 75.22 FEET, THE CHORD OF WHICH BEARS SOUTH 38°18'53" WEST, 75.13 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 43°05'49" WEST, A DISTANCE OF 75.03 FEET;

THENCE NORTH 46°54'11" WEST, A DISTANCE OF 175.00 FEET;

THENCE SOUTH 43°05'49" WEST, A DISTANCE OF 52.08 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 122.50 FEET, A CENTRAL ANGLE OF 61°34'04", AN ARC LENGTH OF 131.63 FEET, THE CHORD OF WHICH BEARS SOUTH 73°52'51" WEST, 125.39 FEET TO A POINT OF NON-TANGENCY;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 608.65 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 514.00 FEET, A CENTRAL ANGLE OF 81°53'39", AN ARC LENGTH OF 734.67 FEET, THE CHORD OF WHICH BEARS NORTH 40°56'49" WEST, 673.71 FEET;

THENCE NORTH 81°53'39" WEST, A DISTANCE OF 538.10 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 450.00 FEET, A CENTRAL ANGLE OF 15°19'08", AN ARC LENGTH OF 120.31 FEET, THE CHORD OF WHICH BEARS NORTH 74°14'05" WEST, 119.96 FEET;

THENCE NORTH 66°34'31" WEST, A DISTANCE OF 227.90 FEET;

THENCE NORTH 00°10'25" EAST, A DISTANCE OF 628.12 FEET TO THE POINT OF BEGINNING.

SAID PARCEL B CONTAINING A CALCULATED AREA OF 2,140,252 SQUARE FEET OR 49.133 ACRES, MORE OR LESS.

SAID LANTERNS METROPOLITAN DISTRICT NO. 3 CONTAINING A CALCULATED AREA OF 6,127,471 SQUARE FEET OR 140.688 ACRES, MORE OR LESS.

THE LINEAL UNIT USED IN THE PREPARATION OF THIS LEGAL DESCRIPTION IS THE U.S. SURVEY FOOT AS DEFINED BY THE UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.

I, WILLIAM F. HESSELBACH JR., A SURVEYOR LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.

WILLIAM F. HESSELBACH JR., P.L.S. 25369
FOR AND ON BEHALF OF
CVL CONSULTANTS OF COLORADO, INC.
10333 E. DRY CREEK ROAD, SUITE 240
ENGLEWOOD, CO 80112

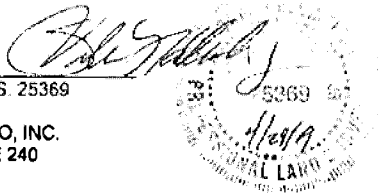


EXHIBIT B

2019 Exemptions from Audit
(District Nos. 2-5)

APPLICATION FOR EXEMPTION FROM AUDIT

SHORT FORM

NAME OF GOVERNMENT ADDRESS	Lanterns Metropolitan District No. 2
	8390 E Crescent Parkway
	Suite 300 Greenwood Village, CO 80111
CONTACT PERSON	Carrie Bartow
PHONE	303-779-5710
EMAIL	Carrie.Bartow@claconnect.com
FAX	303-779-0348

For the Year Ended
12/31/19
or fiscal year ended:

PART 1 - CERTIFICATION OF PREPARER

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:	Carrie Bartow
TITLE	Accountant for the District
FIRM NAME (if applicable)	CliftonLarsonAllen LLP
ADDRESS	8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111
PHONE	303-779-5710
DATE PREPARED	3/5/2020

PREPARER (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types	GOVERNMENTAL <small>(MODIFIED ACCRUAL BASIS)</small>	PROPRIETARY <small>(CASH OR BUDGETARY BASIS)</small>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ -	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date the debt was authorized:	<div style="border: 1px solid black; padding: 2px;">11/4/2014 and 11/6/2018</div>	
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8 Does the entity have any lease agreements? If yes: What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ -
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
5-3	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ -

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

Complete the following capital assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firemen's pension plan? Yes No
- 7-2 Does the entity have a volunteer firemen's pension plan? Yes No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ -

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

10-1 Is this application for a newly formed governmental entity?

If yes: **Date of formation:**

10-2 Has the entity changed its name in the past or current year?

If yes: **Please list the NEW name & PRIOR name:**

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

10-4 Does the entity have an agreement with another government to provide services?

If yes: **List the name of the other governmental entity and the services provided:**

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: **Date Filed:**

10-6 Does the entity have a certified Mill Levy?

If yes: **Please provide the following mills levied for the year reported (do not report \$ amounts):**

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

10-3 The District was established to provide design, financing, acquisition, and construction of certain infrastructure including streets improvements, safety protection, water and sewer, and park and recreational improvements.

10-4 (a) Per a MOU between Lanterns MD Nos 2-5, the Districts agree that Lanterns MD No. 1 will provide the administration for all five Districts, and will also provide financing, construction, design, operation and maintenance of public improvements.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A <u>MAJORITY</u> of the members of the governing body must complete and sign in the column below.
Board Member 1	Clay Carlson	I Clay Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: May 2022
Board Member 2	Kent Carlson	I Kent Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kent Carlson</u> Date: 3/23/2020 My term Expires: May 2022
Board Member 3	Ryan Carlson	I Ryan Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Ryan Carlson</u> Date: 3/23/2020 My term Expires: May 2020
Board Member 4	Lonny Phelps	I Lonny Phelps, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Lonny Phelps</u> Date: 3/23/2020 My term Expires: May 2020
Board Member 5	Scott Carlson	I Scott Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Scott Carlson</u> Date: 3/23/2020 My term Expires: May 2022
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP
www.CLACONnect.com

Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 2
Douglas County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Lanterns Metropolitan District No. 2 as of and for the year ended December 31, 2019, included in the accompanying prescribed form. 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 American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form 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 financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Lanterns Metropolitan District No. 2.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP' in a cursive, flowing script.

Greenwood Village, Colorado
March 5, 2020

Certificate Of Completion

Envelope Id: 9DA4D87B0CE64683976CDDEAC0DF1468	Status: Completed
Subject: Please DocuSign: Lanterns Metropolitan District No. 2 - 2019 Audit Exemption.pdf	
Client Name: Lanterns Metropolitan District No. 2	
Client Number: 011-042882-00	
Source Envelope:	
Document Pages: 8	Signatures: 4
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	SyLuc Vo
Time Zone: (UTC-06:00) Central Time (US & Canada)	220 South 6th Street
	Suite 300
	Minneapolis, MN 55402
	SyLuc.Vo@claconnect.com
	IP Address: 67.162.151.56

Record Tracking

Status: Original	Holder: SyLuc Vo	Location: DocuSign
3/23/2020 1:02:22 PM	SyLuc.Vo@claconnect.com	

Signer Events

Kent Carlson
 kentcarlson@carlsonland.net
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

 A7356B0AA53244E...

Timestamp

Sent: 3/23/2020 1:07:37 PM
 Viewed: 3/23/2020 1:08:11 PM
 Signed: 3/23/2020 1:08:21 PM

Signature Adoption: Pre-selected Style
 Using IP Address: 96.84.249.109

Electronic Record and Signature Disclosure:
 Accepted: 3/4/2019 10:55:46 AM
 ID: c01a8a1e-cd19-458b-9483-db7e1f09e787

Lonny Phelps
 lphelps@phelpsengineering.net
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 BE15BBE083614AF...

Sent: 3/23/2020 1:07:38 PM
 Viewed: 3/23/2020 1:08:23 PM
 Signed: 3/23/2020 1:32:56 PM

Signature Adoption: Pre-selected Style
 Using IP Address: 23.31.68.19

Electronic Record and Signature Disclosure:
 Accepted: 3/23/2020 1:32:46 PM
 ID: e5f694fa-edb2-431d-b829-9197be31965a

Ryan Carlson
 ryancarlson@carlsonland.net
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 33267F60073347D...

Sent: 3/23/2020 1:07:38 PM
 Viewed: 3/23/2020 2:03:54 PM
 Signed: 3/23/2020 2:04:03 PM

Signature Adoption: Pre-selected Style
 Using IP Address: 174.209.26.127
 Signed using mobile

Electronic Record and Signature Disclosure:
 Accepted: 3/23/2020 2:03:54 PM
 ID: 23e69c8b-715e-4fed-b696-edbf425af365

Scott Carlson
 scott@carlsonland.net
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 D4B715C613D540F...

Sent: 3/23/2020 1:07:38 PM
 Viewed: 3/23/2020 1:47:26 PM
 Signed: 3/23/2020 1:47:33 PM

Signature Adoption: Pre-selected Style
 Using IP Address: 96.84.249.109

Signer Events	Signature	Timestamp
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Electronic Record and Signature Disclosure:
Accepted: 3/23/2020 1:47:26 PM
ID: 936fbc4e-3683-4dab-acf0-3aa6ae182b1d

In Person Signer Events	Signature	Timestamp
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Editor Delivery Events	Status	Timestamp
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Agent Delivery Events	Status	Timestamp
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Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent	Hashed/Encrypted	3/23/2020 1:07:38 PM
Certified Delivered	Security Checked	3/23/2020 3:36:06 PM
Signing Complete	Security Checked	3/23/2020 3:36:06 PM
Completed	Security Checked	3/23/2020 3:36:06 PM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, CliftonLarsonAllen LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact CliftonLarsonAllen LLP:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: BusinessTechnology@CLAconnect.com

To advise CliftonLarsonAllen LLP of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at BusinessTechnology@CLAconnect.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from CliftonLarsonAllen LLP

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with CliftonLarsonAllen LLP

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

APPLICATION FOR EXEMPTION FROM AUDIT**SHORT FORM**NAME OF GOVERNMENT
ADDRESS

Lanterns Metropolitan District No. 3

8390 E Crescent Parkway

Suite 300

Greenwood Village, CO 80111

CONTACT PERSON

Carrie Bartow

PHONE

303-779-5710

EMAIL

Carrie.Bartow@claconnect.com

FAX

303-779-0348

For the Year Ended
12/31/19
or fiscal year ended:**PART 1 - CERTIFICATION OF PREPARER**

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:

Carrie Bartow

TITLE

Accountant for the District

FIRM NAME (if applicable)

CliftonLarsonAllen LLP

ADDRESS

8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111

PHONE

303-779-5710

DATE PREPARED

3/5/2020

PREPARER (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)



PROPRIETARY
(CASH OR BUDGETARY BASIS)



PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ -	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date the debt was authorized:	<div style="border: 1px solid black; padding: 2px;">11/4/2014 and 11/6/2018</div>	
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4-8 Does the entity have any lease agreements? If yes: What is being leased? What is the original date of the lease? Number of years of lease? Is the lease subject to annual appropriation? What are the annual lease payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ -
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
5-3	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ -

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

Complete the following capital assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firemen's pension plan? Yes No
- 7-2 Does the entity have a volunteer firemen's pension plan? Yes No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan \$ -

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ -

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

10-1 Is this application for a newly formed governmental entity?

If yes: Date of formation:

10-2 Has the entity changed its name in the past or current year?

If yes: Please list the NEW name & PRIOR name:

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

10-4 Does the entity have an agreement with another government to provide services?

If yes: List the name of the other governmental entity and the services provided:

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: Date Filed:

10-6 Does the entity have a certified Mill Levy?

If yes: Please provide the following mills levied for the year reported (do not report \$ amounts):

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

10-3 The District was established to provide design, financing, acquisition, and construction of certain infrastructure including streets improvements, safety protection, water and sewer, and park and recreational improvements.

10-4 (a) Per a MOU between Lanterns MD Nos 2-5, the Districts agree that Lanterns MD No. 1 will provide the administration for all five Districts, and will also provide financing, construction, design, operation and maintenance of public improvements.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

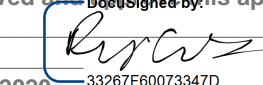
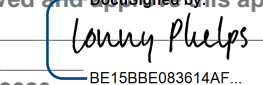
Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Clay Carlson	I Clay Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: May 2022
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CliftonLarsonAllen LLP
www.CLACONnect.com

Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 3
Douglas County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Lanterns Metropolitan District No. 3 as of and for the year ended December 31, 2019, included in the accompanying prescribed form. 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 American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form 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 financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Lanterns Metropolitan District No. 3.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP'.

Greenwood Village, Colorado
March 5, 2020

Certificate Of Completion

Envelope Id: D40E858CCFED4B94B667394AC26D3F6F	Status: Completed
Subject: Please DocuSign: Lanterns Metropolitan District No. 3 - 2019 Audit Exemption.pdf	
Client Name: Lanterns Metropolitan District No. 3	
Client Number: 011-042882-00	
Source Envelope:	
Document Pages: 8	Signatures: 4
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Time Zone: (UTC-06:00) Central Time (US & Canada)	220 South 6th Street
	Suite 300
	Minneapolis, MN 55402
	SyLuc.Vo@claconnect.com
	IP Address: 67.162.151.56

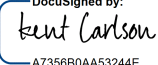
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Kent Carlson
 kentcarlson@carlsonland.net
 Security Level: Email, Account Authentication (None)

Signature

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Electronic Record and Signature Disclosure:
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Lonny Phelps
 lphelps@phelpsengineering.net
 Security Level: Email, Account Authentication (None)

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Ryan Carlson
 ryancarlson@carlsonland.net
 Security Level: Email, Account Authentication (None)

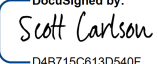
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 Accepted: 3/23/2020 2:01:59 PM
 ID: 67701582-4395-41a1-9bb8-aa8e08a77337

Scott Carlson
 scott@carlsonland.net
 Security Level: Email, Account Authentication (None)

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Editor Delivery Events	Status	Timestamp
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Agent Delivery Events	Status	Timestamp
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Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Completed	Security Checked	3/23/2020 3:43:30 PM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, CliftonLarsonAllen LLP (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

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At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact CliftonLarsonAllen LLP:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: BusinessTechnology@CLAconnect.com

To advise CliftonLarsonAllen LLP of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at BusinessTechnology@CLAconnect.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

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To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with CliftonLarsonAllen LLP

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

APPLICATION FOR EXEMPTION FROM AUDIT**SHORT FORM**NAME OF GOVERNMENT
ADDRESS

Lanterns Metropolitan District No. 4

8390 E Crescent Parkway

Suite 300

Greenwood Village, CO 80111

CONTACT PERSON

Carrie Bartow

PHONE

303-779-5710

EMAIL

Carrie.Bartow@claconnect.com

FAX

303-779-0348

For the Year Ended
12/31/19
or fiscal year ended:**PART 1 - CERTIFICATION OF PREPARER**

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:

Carrie Bartow

TITLE

Accountant for the District

FIRM NAME (if applicable)

CliftonLarsonAllen LLP

ADDRESS

8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111

PHONE

303-779-5710

DATE PREPARED

3/5/2020

PREPARER (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)



PROPRIETARY
(CASH OR BUDGETARY BASIS)



PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ -	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):	\$ -	
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

Please answer the following questions by marking the appropriate boxes.

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date the debt was authorized:	<div style="border: 1px solid black; padding: 2px;">11/6/2018</div>	
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
What is the amount outstanding?	<div style="border: 1px solid black; padding: 2px;">\$ -</div>	
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
What is being leased?	<div style="border: 1px solid black; padding: 2px;"></div>	
4-8 Does the entity have any lease agreements? If yes: What is the original date of the lease?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Number of years of lease?	<div style="border: 1px solid black; padding: 2px;"></div>	
Is the lease subject to annual appropriation?	<input type="checkbox"/>	<input type="checkbox"/>
What are the annual lease payments?	<div style="border: 1px solid black; padding: 2px;">\$ -</div>	

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ -
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
5-3	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ -

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

6-3 Complete the following capital assets table:

	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firemen's pension plan? Yes No
- 7-2 Does the entity have a volunteer firemen's pension plan? Yes No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A
-
- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ -

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

10-1 Is this application for a newly formed governmental entity?

10-1

If yes: **Date of formation:**

10-2 Has the entity changed its name in the past or current year?

If yes: **Please list the NEW name & PRIOR name:**

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

See comment.

10-4 Does the entity have an agreement with another government to provide services?

If yes: **List the name of the other governmental entity and the services provided:**

Lanterns Metropolitan District Nos. 1-5

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: **Date Filed:**

10-6 Does the entity have a certified Mill Levy?

If yes: **Please provide the following mills levied for the year reported (do not report \$ amounts):**

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

10-3 The District was established to provide design, financing, acquisition, and construction of certain infrastructure including streets improvements, safety protection, water and sewer, and park and recreational improvements.

10-4 (a) Per a MOU between Lanterns MD Nos 2-5, the Districts agree that Lanterns MD No. 1 will provide the administration for all five Districts, and will also provide financing, construction, design, operation and maintenance of public improvements.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A <u>MAJORITY</u> of the members of the governing body must complete and sign in the column below.
Board Member 1	Clay Carlson	I Clay Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: May 2022
Board Member 2	Kent Carlson	I Kent Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kent Carlson</u> Date: 3/23/2020 My term Expires: May 2022 <small>DocuSigned By: A7356B0AA53244E...</small>
Board Member 3	Ryan Carlson	I Ryan Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Ryan Carlson</u> Date: 3/23/2020 My term Expires: May 2020 <small>DocuSigned By: 33267F60073347D...</small>
Board Member 4	Lonny Phelps	I Lonny Phelps, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Lonny Phelps</u> Date: 3/23/2020 My term Expires: May 2020 <small>DocuSigned By: BE15BBE083614AF...</small>
Board Member 5	Scott Carlson	I Scott Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Scott Carlson</u> Date: 3/23/2020 My term Expires: May 2022 <small>DocuSigned By: D4B715C613D540F...</small>
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP
www.CLACONNECT.com

Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 4
Douglas County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Lanterns Metropolitan District No. 4 as of and for the year ended December 31, 2019, included in the accompanying prescribed form. 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 American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form 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 financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Lanterns Metropolitan District No. 4.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP' in a cursive script.

Greenwood Village, Colorado
March 5, 2020

Certificate Of Completion

Envelope Id: 90877CE25A39428A97588422751956A7	Status: Completed
Subject: Please DocuSign: Lanterns Metropolitan District No. 4 - 2019 Audit Exemption.pdf	
Client Name: Lanterns Metropolitan District No. 4	
Client Number: 011-045884-00	
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	Suite 300
	Minneapolis, MN 55402
	SyLuc.Vo@claconnect.com
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 kentcarlson@carlsonland.net
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Signature

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Lonny Phelps
 lphelps@phelpsengineering.net
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Ryan Carlson
 ryancarlson@carlsonland.net
 Security Level: Email, Account Authentication (None)

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Scott Carlson
 scott@carlsonland.net
 Security Level: Email, Account Authentication (None)

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If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

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Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

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You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: BusinessTechnology@CLAconnect.com

To advise CliftonLarsonAllen LLP of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at BusinessTechnology@CLAconnect.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

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- You can access and read this Electronic Record and Signature Disclosure; and
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- Until or unless you notify CliftonLarsonAllen LLP as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by CliftonLarsonAllen LLP during the course of your relationship with CliftonLarsonAllen LLP.

APPLICATION FOR EXEMPTION FROM AUDIT**SHORT FORM**NAME OF GOVERNMENT
ADDRESS

Lanterns Metropolitan District No. 5

8390 E Crescent Parkway

Suite 300

Greenwood Village, CO 80111

CONTACT PERSON

Carrie Bartow

PHONE

303-779-5710

EMAIL

Carrie.Bartow@claconnect.com

FAX

303-779-0348

For the Year Ended
12/31/19
or fiscal year ended:**PART 1 - CERTIFICATION OF PREPARER**

I certify that I am skilled in governmental accounting and that the information in the application is complete and accurate, to the best of my knowledge.

NAME:

Carrie Bartow

TITLE

Accountant for the District

FIRM NAME (if applicable)

CliftonLarsonAllen LLP

ADDRESS

8390 E Crescent Parkway, Suite 300, Greenwood Village, CO 80111

PHONE

303-779-5710

DATE PREPARED

3/5/2020

PREPARER (SIGNATURE REQUIRED)

SEE ATTACHED ACCOUNTANT'S COMPILATION REPORT

Please indicate whether the following financial information is recorded using Governmental or Proprietary fund types

GOVERNMENTAL
(MODIFIED ACCRUAL BASIS)



PROPRIETARY
(CASH OR BUDGETARY BASIS)



PART 2 - REVENUE

REVENUE: All revenues for all funds must be reflected in this section, including proceeds from the sale of the government's land, building, and equipment, and proceeds from debt or lease transactions. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
2-1	Taxes: Property (report mills levied in Question 10-6)	\$ -	
2-2	Specific ownership	\$ -	
2-3	Sales and use	\$ -	
2-4	Other (specify):	\$ -	
2-5	Licenses and permits	\$ -	
2-6	Intergovernmental: Grants	\$ -	
2-7	Conservation Trust Funds (Lottery)	\$ -	
2-8	Highway Users Tax Funds (HUTF)	\$ -	
2-9	Other (specify):	\$ -	
2-10	Charges for services	\$ -	
2-11	Fines and forfeits	\$ -	
2-12	Special assessments	\$ -	
2-13	Investment income	\$ -	
2-14	Charges for utility services	\$ -	
2-15	Debt proceeds (should agree with line 4-4, column 2)	\$ -	
2-16	Lease proceeds	\$ -	
2-17	Developer Advances received (should agree with line 4-4)	\$ -	
2-18	Proceeds from sale of capital assets	\$ -	
2-19	Fire and police pension	\$ -	
2-20	Donations	\$ -	
2-21	Other (specify):	\$ -	
2-22		\$ -	
2-23		\$ -	
2-24	(add lines 2-1 through 2-23) TOTAL REVENUE	\$ -	

PART 3 - EXPENDITURES/EXPENSES

EXPENDITURES: All expenditures for all funds must be reflected in this section, including the purchase of capital assets and principal and interest payments on long-term debt. Financial information will not include fund equity information.

Line#	Description	Round to nearest Dollar	Please use this space to provide any necessary explanations
3-1	Administrative	\$ -	
3-2	Salaries	\$ -	
3-3	Payroll taxes	\$ -	
3-4	Contract services	\$ -	
3-5	Employee benefits	\$ -	
3-6	Insurance	\$ -	
3-7	Accounting and legal fees	\$ -	
3-8	Repair and maintenance	\$ -	
3-9	Supplies	\$ -	
3-10	Utilities and telephone	\$ -	
3-11	Fire/Police	\$ -	
3-12	Streets and highways	\$ -	
3-13	Public health	\$ -	
3-14	Culture and recreation	\$ -	
3-15	Utility operations	\$ -	
3-16	Capital outlay	\$ -	
3-17	Debt service principal (should agree with Part 4)	\$ -	
3-18	Debt service interest	\$ -	
3-19	Repayment of Developer Advance Principal (should agree with line 4-4)	\$ -	
3-20	Repayment of Developer Advance Interest	\$ -	
3-21	Contribution to pension plan (should agree to line 7-2)	\$ -	
3-22	Contribution to Fire & Police Pension Assoc. (should agree to line 7-2)	\$ -	
3-23	Other (specify):		
3-24		\$ -	
3-25		\$ -	
3-26	(add lines 3-1 through 3-24) TOTAL EXPENDITURES/EXPENSES	\$ -	

If TOTAL REVENUE (Line 2-24) or TOTAL EXPENDITURES (Line 3-26) are GREATER than \$100,000 - **STOP**. You may not use this form. Please use the "Application for Exemption from Audit - LONG FORM".

PART 4 - DEBT OUTSTANDING, ISSUED, AND RETIRED

Please answer the following questions by marking the appropriate boxes.

	Yes	No		
4-1 Does the entity have outstanding debt? If Yes, please attach a copy of the entity's Debt Repayment Schedule.	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-2 Is the debt repayment schedule attached? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-3 Is the entity current in its debt service payments? If no, MUST explain: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;">N/A</div>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
4-4 Please complete the following debt schedule, if applicable: (please only include principal amounts)(enter all amount as positive numbers)				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Notes/Loans	\$ -	\$ -	\$ -	\$ -
Leases	\$ -	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -	\$ -
Other (specify):	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

*must tie to prior year ending balance

	Yes	No
4-5 Does the entity have any authorized, but unissued, debt? If yes: How much?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Date the debt was authorized:	<div style="border: 1px solid black; padding: 2px; display: inline-block;">11/6/2018</div>	
4-6 Does the entity intend to issue debt within the next calendar year? If yes: How much?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
What is the amount outstanding?	<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$ -</div>	
4-7 Does the entity have debt that has been refinanced that it is still responsible for? If yes: What is the amount outstanding?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
What is the amount outstanding?	<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$ -</div>	
4-8 Does the entity have any lease agreements? If yes: What is being leased?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
What is the original date of the lease?	<div style="border: 1px solid black; padding: 2px; display: inline-block;"></div>	
Number of years of lease?	<div style="border: 1px solid black; padding: 2px; display: inline-block;"></div>	
Is the lease subject to annual appropriation?	<input type="checkbox"/>	<input type="checkbox"/>
What are the annual lease payments?	<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$ -</div>	

Please use this space to provide any explanations or comments:

PART 5 - CASH AND INVESTMENTS

Please provide the entity's cash deposit and investment balances.

	Amount	Total
5-1 YEAR-END Total of ALL Checking and Savings Accounts	\$ -	
5-2 Certificates of deposit	\$ -	
Total Cash Deposits		\$ -
Investments (if investment is a mutual fund, please list underlying investments):		
	\$ -	
	\$ -	
5-3	\$ -	
	\$ -	
Total Investments		\$ -
Total Cash and Investments		\$ -

Please answer the following questions by marking in the appropriate boxes

	Yes	No	N/A
5-4 Are the entity's Investments legal in accordance with Section 24-75-601, et. seq., C.R.S.?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5-5 Are the entity's deposits in an eligible (Public Deposit Protection Act) public depository (Section 11-10.5-101, et seq. C.R.S.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If no, MUST use this space to provide any explanations:

PART 6 - CAPITAL ASSETS

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 6-1 Does the entity have capital assets? Yes No
- 6-2 Has the entity performed an annual inventory of capital assets in accordance with Section 29-1-506, C.R.S.,? If no, MUST explain: Yes No

Complete the following capital assets table:	Balance - beginning of the year*	Additions (Must be included in Part 3)	Deletions	Year-End Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	\$ -	\$ -	\$ -	\$ -
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ -	\$ -	\$ -	\$ -
Construction In Progress (CIP)	\$ -	\$ -	\$ -	\$ -
Other (explain):	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

Please use this space to provide any explanations or comments:

PART 7 - PENSION INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No

- 7-1 Does the entity have an "old hire" firemen's pension plan? Yes No
- 7-2 Does the entity have a volunteer firemen's pension plan? Yes No

If yes: Who administers the plan?

Indicate the contributions from:

Tax (property, SO, sales, etc.):	\$ -
State contribution amount:	\$ -
Other (gifts, donations, etc.):	\$ -
TOTAL	\$ -

What is the monthly benefit paid for 20 years of service per retiree as of Jan

Please use this space to provide any explanations or comments:

PART 8 - BUDGET INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes No N/A

- 8-1 Did the entity file a budget with the Department of Local Affairs for the current year in accordance with Section 29-1-113 C.R.S.? Yes No N/A

- 8-2 Did the entity pass an appropriations resolution, in accordance with Section 29-1-108 C.R.S.? If no, MUST explain: Yes No N/A

If yes: Please indicate the amount budgeted for each fund for the year reported:

Fund Name	Budgeted Expenditures/Expenses
General Fund	\$ -

PART 9 - TAXPAYER'S BILL OF RIGHTS (TABOR)

Please answer the following question by marking in the appropriate box

Yes

No

9-1 Is the entity in compliance with all the provisions of TABOR [State Constitution, Article X, Section 20(5)]?

Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3 percent emergency reserve requirement. All governments should determine if they meet this requirement of TABOR.

If no, MUST explain:

PART 10 - GENERAL INFORMATION

Please answer the following questions by marking in the appropriate boxes.

Yes

No

10-1 Is this application for a newly formed governmental entity?

If yes: **Date of formation:**

10-2 Has the entity changed its name in the past or current year?

If yes: **Please list the NEW name & PRIOR name:**

10-3 Is the entity a metropolitan district?

Please indicate what services the entity provides:

10-4 Does the entity have an agreement with another government to provide services?

If yes: **List the name of the other governmental entity and the services provided:**

10-5 Has the district filed a *Title 32, Article 1 Special District Notice of Inactive Status* during

If yes: **Date Filed:**

10-6 Does the entity have a certified Mill Levy?

If yes: **Please provide the following mills levied for the year reported (do not report \$ amounts):**

Bond Redemption mills	-
General/Other mills	-
Total mills	-

Please use this space to provide any explanations or comments:

10-3 The District was established to provide design, financing, acquisition, and construction of certain infrastructure including streets improvements, safety protection, water and sewer, and park and recreational improvements.

10-4 (a) Per a MOU between Lanterns MD Nos 2-5, the Districts agree that Lanterns MD No. 1 will provide the administration for all five Districts, and will also provide financing, construction, design, operation and maintenance of public improvements.

PART 11 - GOVERNING BODY APPROVAL

Please answer the following question by marking in the appropriate box		YES	NO
12-1	If you plan to submit this form electronically, have you read the new Electronic Signature Policy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Office of the State Auditor — Local Government Division - Exemption Form Electronic Signatures Policy and Procedure

Policy - Requirements

The Office of the State Auditor Local Government Audit Division may accept an electronic submission of an application for exemption from audit that includes governing board signatures obtained through a program such as DocuSign or Echosign. Required elements and safeguards are as follows:

- The preparer of the application is responsible for obtaining board signatures that comply with the requirement in Section 29-1-604 (3), C.R.S., that states the application shall be personally reviewed, approved, and signed by a majority of the members of the governing body.
- The application must be accompanied by the signature history document created by the electronic signature software. The signature history document must show when the document was created and when the document was emailed to the various parties, and include the dates the individual board members signed the document. The signature history must also show the individuals' email addresses and IP address.
- Office of the State Auditor staff will not coordinate obtaining signatures.

The application for exemption from audit form created by our office includes a section for governing body approval. Local governing boards note their approval and submit the application through one of the following three methods:

- 1) Submit the application in hard copy via the US Mail including original signatures.
- 2) Submit the application electronically via email and either,
 - a. Include a copy of an adopted resolution that documents formal approval by the Board, **or**
 - b. Include electronic signatures obtained through a software program such as DocuSign or Echosign in accordance with the requirements noted above.

Print the names of ALL members of current governing body below. Print Board Member's Name		A MAJORITY of the members of the governing body must complete and sign in the column below.
Board Member 1	Clay Carlson	I Clay Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: May 2022
Board Member 2	Kent Carlson	I Kent Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Kent Carlson</u> Date: 3/23/2020 My term Expires: May 2022
Board Member 3	Ryan Carlson	I Ryan Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Ryan Carlson</u> Date: 3/23/2020 My term Expires: May 2022
Board Member 4	Lonny Phelps	I Lonny Phelps, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: May 2020
Board Member 5	Scott Carlson	I Scott Carlson, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed <u>Scott Carlson</u> Date: 3/23/2020 My term Expires: May 2022
Board Member 6		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____
Board Member 7		I _____, attest I am a duly elected or appointed board member, and that I have personally reviewed and approve this application for exemption from audit. Signed _____ Date: _____ My term Expires: _____



CliftonLarsonAllen LLP
www.CLACONnect.com

Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 5
Douglas County, Colorado

Management is responsible for the accompanying Application for Exemption from Audit of Lanterns Metropolitan District No. 5 as of and for the year ended December 31, 2019, included in the accompanying prescribed form. 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 American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form 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 financial statements included in the accompanying prescribed form.

The Application for Exemption from Audit is presented in accordance with the requirements of the Colorado Office of the State Auditor, which differ from accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than this specified party.

We are not independent with respect to Lanterns Metropolitan District No. 5.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP' in a cursive, flowing script.

Greenwood Village, Colorado
March 5, 2020

Certificate Of Completion

Envelope Id: 2023B3520A8D49CC8A62EF8D3AE0BC21	Status: Completed
Subject: Please DocuSign: Lanterns Metropolitan District No. 5 - 2019 Audit Exemption.pdf	
Client Name: Lanterns Metropolitan District No. 5	
Client Number: 011-045885-00	
Source Envelope:	
Document Pages: 8	Signatures: 3
Certificate Pages: 5	Initials: 0
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Signer Events

Kent Carlson
kentcarlson@carlsonland.net
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

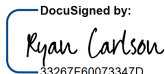
A7356B0AA53244E...
Signature Adoption: Pre-selected Style
Using IP Address: 96.84.249.109

Timestamp

Sent: 3/23/2020 1:35:08 PM
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Ryan Carlson
ryancarlson@carlsonland.net
Security Level: Email, Account Authentication (None)

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Signed: 3/23/2020 2:02:54 PM

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Accepted: 3/23/2020 2:02:38 PM
ID: 9807a8ae-8258-46d0-8a9a-54e075adc26f

Scott Carlson
scott@carlsonland.net
Security Level: Email, Account Authentication (None)

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Signature Adoption: Pre-selected Style
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Sent: 3/23/2020 1:35:09 PM
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Signed: 3/23/2020 1:41:53 PM

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Accepted: 3/23/2020 1:41:44 PM
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In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

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Agent Delivery Events

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Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	3/23/2020 1:35:09 PM
Certified Delivered	Security Checked	3/23/2020 3:52:23 PM
Signing Complete	Security Checked	3/23/2020 3:52:23 PM
Completed	Security Checked	3/23/2020 3:52:23 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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ii. send us an email to BusinessTechnology@CLAconnect.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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EXHIBIT C

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

**LANERNS METROPOLITAN DISTRICT NO. 1
ACCEPTANCE RESOLUTION PURSUANT TO INFRASTRUCTURE ACQUISITION
AND REIMBURSEMENT AGREEMENT
(JULY 23, 2019)**

WHEREAS, Lanerms 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 Lanerms Metropolitan District No. 1 and First Amended and Restated Service Plan for Lanerms Metropolitan District No. 2 and First Amended and Restated Service Plan for Lanerms Metropolitan District No. 3 and Service Plan for Lanerms Metropolitan District No. 4 and Service Plan for Lanerms 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.
- g. EVO Consulting Services, Inc. previously reviewed the invoices and other material presented to substantiate District Eligible Costs in the amount of \$99,971.78 which amount was accepted by the District on November 13, 2018. EVO Consulting Services, Inc. has issued an Engineer Cost Certification, attached hereto as **Exhibit C**, 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.

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 \$5,669,691.33. 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 23th day of July, 2019.

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


By:



Officer of the District

Attest:

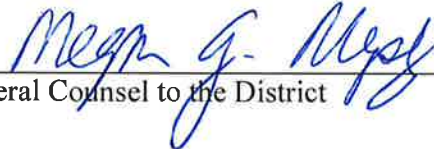
By:



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 #1
July 2019

INDEPENDENT
DES
District Engineering
SERVICES

355 Union Boulevard, Suite 302
Lakewood, CO 80228

**Lanterns Metropolitan District
Cost Certification Report**

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July 23, 2019

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

LANTERNS METROPOLITAN DISTRICT COST CERTIFICATION REPORT #1

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 Circle 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 **\$5,522,648.80**.

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, legal, and other necessary services.

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 21st, 2018.
- Infrastructure Acquisition and Reimbursement Agreement, by and between Toll Southwest, LLC and Lanterns Metropolitan District No. 1, dated July 8th, 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 April of 2018 and July of 2018. 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	\$971,974.06	17.60%
Sanitation	\$3,082,921.28	55.82%
Street Improvements	\$1,467,753.46	26.58%
Safety	\$0.00	0.00%
Parks and Rec	\$0.00	0.00%
TOTAL	\$ 5,522,648.80	100%

FIELD INVESTIGATION RESULTS

A field investigation was conducted in June. 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 **\$5,522,648.80**.

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

Attachment A

Site Map

Cost Certification #1

- Street Improvements: Earthwork
- Sanitary Improvements: Sanitary Mainline, Storm Mainline
- Water Improvements: Water Mainline



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.

Arrow Graphics Installed a “coming soon” sign with posts for the District.

Art and Business One Provided brand and marketing efforts for the Montaine Community.

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

CMS Environmental Solutions Perform stormwater inspections for the District.

Colorado Department of Public Health Fees were paid for permit modifications.

CTL Thompson Tested and removed asbestos from the site. Also performed site compaction testing and provided a pavement design for the District.

CVL Consultants Design and mapping services for the Montaine Circle project.

Element Water Provided water resource services for the District.

EMK Consultants Inc Staked grading limits for the District.

Environment Demolition Insight, Inc Provided removal services for the District.

ERO Resource Corporation Held survey for the District.

First American Title Insurance Company Fees were paid for the commitment of platting Filing 2.

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

Lanterns Metropolitan District Fees for operating costs were paid.

LSC Transportation Wrote a trip generation compliance letter for the District.

M2 & Associates Coalition group working to have a highway interchange approved.

Mediamax, Inc Took a community aerial video for the District.

Meyers Research Performed a market analysis for the District,

Milesbrand Provided Montaine community logo design and brand management.

Norris Design Provided landscape architect services for the District.

Pase Contracting Performed erosion control services for the District.

Phelps Engineering Service Served as a construction manager on site.

Scott Contracting Served as contractor installing utilities on Montaine Circle.

SIMKISS Agency Performance bond fees were paid.

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

Attachment C

Expenditure Data

Attachment C

Lanterns Metropolitan District
 Engineer's Summary for Cost Certification #1

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non- Eligible Expenses	Notes
Arrow Graphics										
26191	11/26/18	Yes	N/A	N/A	Toll Bros	Coming Soon Sign	\$2,877.32	\$0.00	\$2,877.32	Related to Homesales
Subtotal Arrow Graphics							\$2,877.32	\$0.00	\$2,877.32	
Art + Business One										
2837	8/13/18	Yes	N/A	N/A	Toll Bros	Brand/Marketing	\$12,500.00	\$0.00	\$12,500.00	Marketing related to Homesales
2850	9/4/18	Yes	N/A	N/A	Toll Bros	Brand/Marketing	\$10,000.00	\$0.00	\$10,000.00	Marketing related to Homesales
2870	9/25/18	Yes	N/A	N/A	Toll Bros	Brand/Marketing	\$10,000.00	\$0.00	\$10,000.00	Marketing related to Homesales
2885	10/17/18	Yes	N/A	N/A	Toll Bros	Brand/Marketing	\$7,500.00	\$0.00	\$7,500.00	Marketing related to Homesales
2925	12/21/18	Yes	N/A	N/A	Toll Bros	Brand/Marketing	\$5,000.00	\$0.00	\$5,000.00	Marketing related to Homesales
3016	4/19/19	Yes	N/A	N/A	Toll Bros	Brand/Marketing	\$213.40	\$0.00	\$213.40	Marketing related to Homesales
Subtotal Art + Business One							\$45,213.40	\$0.00	\$45,213.40	
Bemas Construction Inc. - 322391										
Demolition										
1809-1	3/30/18	Yes	4/27/18	2466889	Toll Bros.	Site Demolition	\$53,926.65	\$53,429.40	\$497.25	Quarry Mason Dr - Review in Corresponding Filing Certification
1809-2	8/2/18	Yes	8/24/18	2499744	Toll Bros.	Site Demolition	\$126,113.40	\$88,673.40	\$37,440.00	Quarry Mason Dr - Review in Corresponding Filing Certification
1809-3D	9/28/18	Yes	10/26/18	2517512	Toll Bros.	Site Demolition	\$13,230.00	\$13,230.00	\$0.00	
Subtotal Demo							\$193,270.05	\$155,332.80	\$37,937.25	
Purchase Orders										
1809-1PO	1/4/19	Yes	5/17/19	2572943	Toll Bros.	Removals - Purchase Order	\$42,991.50	\$42,991.50	\$0.00	
Subtotal PO							\$42,991.50	\$42,991.50	\$0.00	
Earthwork										
1809-1EW	8/2/18	Yes	8/24/18	2499744	Toll Bros.	Site Earthwork	\$83,729.25	\$83,729.25	\$0.00	
1809-2EW	8/31/19	Yes	9/28/19	2509411	Toll Bros.	Site Earthwork	\$295,275.74	\$295,275.74	\$0.00	
1809-3EW	10/3/18	Yes	10/26/18	2517512	Toll Bros.	Site Earthwork	\$332,200.80	\$332,200.80	\$0.00	
1809-4EW	1/10/19	Yes	2/8/19	2545301	Toll Bros.	Site Earthwork	\$251,907.56	\$251,907.56	\$0.00	
1809-5EW	5/2/19	Yes	5/17/19	2572943	Toll Bros.	Site Earthwork	\$337,192.78	\$337,192.78	\$0.00	
Subtotal Earthwork							\$1,300,306.13	\$1,300,306.13	\$0.00	
Retainage										
1809-Retainage 1	3/30/18	Yes	5/10/19	2570787	Toll Bros.	Retainage Release - Demo	\$5,991.85	\$5,936.60	\$55.25	
1809-Retainage 2	8/2/18	Yes	5/10/19	2570787	Toll Bros.	Retainage Release - Demo	\$14,012.60	\$9,852.60	\$4,160.00	
1809-Retainage 3D	9/28/18	Yes	5/10/19	2570787	Toll Bros.	Retainage Release - Demo	\$1,470.00	\$1,470.00	\$0.00	
Subtotal Retainage							\$21,474.45	\$17,259.20	\$4,215.25	
Subtotal Bemas Construction Inc.							\$1,558,042.13	\$1,515,889.63	\$42,152.50	
Castle Rock, Town of										
3446/4206	4/8/19	Yes	N/A	N/A	Toll Bros	Review fees for Early Grading Submittal	\$6,380.00	\$0.00	\$6,380.00	Review with Filings 2 & 3
190318/4206	3/18/19	Yes	3/26/19	10129412	Toll Bros	Inspection Fees	\$383,462.87	\$169,676.80	\$213,786.07	
190408/4206	4/8/19	Yes	4/9/19	10135293	Toll Bros	SIA Fee	\$325,000.00	\$325,000.00	\$0.00	
Subtotal C astle Rock, Town of							\$714,842.87	\$494,676.80	\$220,166.07	
CMS Enviro Sol - 343198										
73438	4/6/18	Yes	6/22/18	2482240	Toll Bros	Stormwater Permit, Air Pollution, SWMP	\$1,590.00	\$1,590.00	\$0.00	
79178	9/5/18	Yes	10/12/18	2513259	Toll Bros	Bi-Weekly Standard Inspection	\$375.00	\$375.00	\$0.00	
79675	12/1/18	Yes	12/21/18	2534278	Toll Bros	Bi-Weekly Standard Inspection	\$375.00	\$375.00	\$0.00	

Attachment C

Lanterns Metropolitan District
 Engineer's Summary for Cost Certification #1

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
80850	12/15/18	Yes	1/4/19	2535415	Toll Bros	Bi-Weekly Standard Inspection	\$375.00	\$375.00	\$0.00	
82892	1/1/19	Yes	2/22/19	2549327	Toll Bros	Bi-Weekly Standard Inspection	\$375.00	\$375.00	\$0.00	
82126	12/1/18	Yes	4/12/19	2564081	Toll Bros	Bi-Weekly Inspection, Meeting	\$460.00	\$460.00	\$0.00	
87248	3/30/19	Yes	4/12/19	2564081	Toll Bros	Modification Form	\$195.00	\$195.00	\$0.00	
83980	3/25/19	Yes	4/12/19	2564081	Toll Bros	Bi-Weekly Standard Inspection	\$375.00	\$375.00	\$0.00	
86570	4/25/19	Yes	5/10/19	2571886	Toll Bros	Bi-Weekly Standard Inspection	\$375.00	\$375.00	\$0.00	
85127	4/15/19	Yes	5/10/19	2571886	Toll Bros	Bi-Weekly Standard Inspection	\$375.00	\$375.00	\$0.00	
87693	4/15/19	Yes	5/10/19	2571886	Toll Bros	Update to CDPHE Addendum	\$295.00	\$295.00	\$0.00	
Subtotal CMS Enviro Sol							\$5,165.00	\$5,165.00	\$0.00	
Colorado Department of Public Health										
WC191054310	11/30/18	Yes	1/4/19	2535417	Toll Bros	Application Fee	\$175.00	\$0.00	\$175.00	Rockinghorse Filing 16 - Not Montaine
WC191054424	12/18/18	Yes	1/25/19	2541561	Toll Bros	Permit Modification - Montaine Parkway	\$135.00	\$135.00	\$0.00	
Subtotal Colorado Department of Public Health							\$310.00	\$135.00	\$175.00	
CTL/Thompson Structural Engineer -70977										
471999	3/31/18	Yes	5/4/2018	328866	Toll Bros	Asbestos Testing - Removal	\$3,832.07	\$3,750.60	\$81.47	
481726	6/30/18	Yes	8/10/2018	347382	Toll Bros	Asbestos Testing - Removal	\$977.50	\$850.00	\$127.50	
484823	7/31/18	Yes	8/31/2018	351519	Toll Bros	Community Center Testing	\$5,000.00	\$0.00	\$5,000.00	Community Center not Eligible
488176	8/31/18	Yes	10/5/2018	357723	Toll Bros	Site Compaction Testing	\$18,000.00	\$0.00	\$18,000.00	Review with Filing #2 Certification
488177	8/31/18	Yes	10/5/2018	357723	Toll Bros	Site Compaction Testing	\$11,500.00	\$0.00	\$11,500.00	Review with Filing #3 Certification
490992	9/30/18	Yes	10/26/18	362738	Toll Bros	Montaine Parkway Testing	\$9,342.00	\$9,342.00	\$0.00	
493580	10/31/18	Yes	11/30/18	369424	Toll Bros	Montaine Parkway Testing	\$2,059.00	\$2,059.00	\$0.00	
498558	12/31/18	Yes	1/25/19	379538	Toll Bros	Montaine Parkway Testing	\$3,278.00	\$3,278.00	\$0.00	
506955	3/31/19	Yes	4/26/19	398345	Toll Bros	Pavement Design	\$20,900.00	\$20,900.00	\$0.00	
Subtotal CTL/Thompson Structural Engineer							\$74,888.57	\$40,179.60	\$34,708.97	
CVL Consultants										
22922	4/15/18	Yes	5/25/18	2474891	Toll Bros	Engineering	\$13,017.58	\$13,017.58	\$0.00	
23451	5/15/18	Yes	6/15/18	2480295	Toll Bros	Engineering	\$25,125.93	\$0.00	\$25,125.93	Lots and Community Center not Eligible - Review with F2/3
23529	5/15/18	Yes	6/15/18	2480295	Toll Bros	Engineering	\$29,599.29	\$29,599.29	\$0.00	
24061	6/15/18	Yes	7/20/18	2489883	Toll Bros	Engineering	\$24,747.26	\$0.00	\$24,747.26	Lots and Community Center not Eligible - Review with F2/3
24062	6/15/18	Yes	7/20/18	2489883	Toll Bros	Engineering	\$16,750.53	\$16,750.53	\$0.00	
25053	8/15/18	Yes	9/14/18	2505453	Toll Bros	Engineering	\$33,630.88	\$0.00	\$33,630.88	Lots and Community Center not Eligible - Review with F2/3
25054	8/15/18	Yes	9/14/18	2505453	Toll Bros	Engineering	\$14,583.60	\$14,583.60	\$0.00	
25573	9/17/18	Yes	10/19/18	2515558	Toll Bros	Engineering	\$8,962.20	\$0.00	\$8,962.20	Lots and Community Center not Eligible - Review with F2/3
25574	9/17/18	Yes	10/19/18	2515558	Toll Bros	Engineering	\$17,857.85	\$17,857.85	\$0.00	
25688	10/22/18	Yes	11/16/18	2523469	Toll Bros	Engineering	\$10,441.24	\$0.00	\$10,441.24	Lots and Community Center not Eligible - Review with F2/3
25689	10/22/18	Yes	11/16/18	2523469	Toll Bros	Engineering	\$18,425.77	\$18,425.77	\$0.00	
25690	10/22/18	Yes	11/30/18	2528497	Toll Bros	Engineering	\$17,575.68	\$0.00	\$17,575.68	Lots and Community Center not Eligible - Review with F2/3
25853	11/19/18	Yes	12/21/18	373740	Toll Bros	Engineering	\$43,965.89	\$43,965.89	\$0.00	
25854	11/19/18	Yes	12/21/18	373740	Toll Bros	Engineering	\$8,778.86	\$0.00	\$8,778.86	Lots and Community Center not Eligible - Review with F2/3
25861	11/19/18	Yes	12/21/18	373740	Toll Bros	Engineering	\$7,564.94	\$0.00	\$7,564.94	Lots and Community Center not Eligible - Review with F2/3
25964	12/13/18	Yes	1/11/19	376521	Toll Bros	Engineering	\$5,795.20	\$5,795.20	\$0.00	
25965	12/13/18	Yes	1/11/19	376521	Toll Bros	Engineering	\$9,375.50	\$0.00	\$9,375.50	Lots and Community Center not Eligible - Review with F2/3
26086	1/18/19	Yes	2/15/19	383733	Toll Bros	Engineering	\$9,677.01	\$9,677.01	\$0.00	
26091	1/18/19	Yes	2/15/19	383733	Toll Bros	Engineering	\$28,289.76	\$0.00	\$28,289.76	Lots and Community Center not Eligible - Review with F2/3
26198	2/20/19	Yes	3/15/19	389491	Toll Bros	Engineering	\$10,003.43	\$0.00	\$10,003.43	Lots and Community Center not Eligible - Review with F2/3
26199	2/20/19	Yes	3/15/19	389491	Toll Bros	Engineering	\$3,915.80	\$3,915.80	\$0.00	
26200	2/20/19	Yes	3/15/19	389491	Toll Bros	Engineering	\$7,560.25	\$0.00	\$7,560.25	Lots and Community Center not Eligible - Review with F2/3
26339	3/25/19	Yes	4/19/19	396873	Toll Bros	Engineering	\$4,280.20	\$0.00	\$4,280.20	Lots and Community Center not Eligible - Review with F2/3
26340	3/25/19	Yes	4/19/19	396873	Toll Bros	Engineering	\$850.34	\$850.34	\$0.00	

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26341	3/25/19	Yes	4/19/19	396873	Toll Bros	Engineering	\$25,159.27	\$0.00	\$25,159.27	Lots and Community Center not Eligible - Review with F2/3
26517	4/24/19	Yes	5/17/19	402807	Toll Bros	Engineering	\$30,178.59	\$0.00	\$30,178.59	Lots and Community Center not Eligible - Review with F2/3
26518	4/24/19	Yes	5/17/19	402807	Toll Bros	Engineering	\$917.02	\$917.02	\$0.00	
26519	4/24/19	Yes	5/17/19	402807	Toll Bros	Engineering	\$2,256.54	\$0.00	\$2,256.54	Lots and Community Center not Eligible - Review with F2/3
26546	5/21/19	Yes	6/7/19	407112	Toll Bros	Engineering	\$74,567.62	\$0.00	\$74,567.62	Lots and Community Center not Eligible - Review with F2/3
26547	5/21/19	Yes	12/21/18	407112	Toll Bros	Engineering	\$13,664.40	\$13,664.40	\$0.00	
Subtotal CVL Consultants							\$517,518.43	\$189,020.28	\$328,498.15	
Element Water										
TOL01	8/1/18	Yes	N/A	N/A	Toll Bros	Water Resources Services	\$771.25	\$0.00	\$771.25	
TOL02	5/8/19	Yes	N/A	N/A	Toll Bros	Water Resources Services	\$508.75	\$0.00	\$508.75	
Subtotal Element Water							\$1,280.00	\$0.00	\$1,280.00	
EMK Consultants Inc.										
53803	4/11/18	Yes	5/11/18	2471005	Toll Bros	Survey Staking	\$8,855.00	\$8,855.00	\$0.00	
53997	5/10/18	Yes	6/8/18	2478473	Toll Bros	Survey Staking	\$508.75	\$508.75	\$0.00	
Subtotal EMK Consultants Inc.							\$9,363.75	\$9,363.75	\$0.00	
Environmental Demolition Insight, Inc.										
8	4/12/18	Yes	N/A	N/A	Toll Bros	Work in crawlspace	\$5,850.00	\$0.00	\$5,850.00	Work on lots not District Eligible
18	4/12/18	Yes	N/A	N/A	Toll Bros	Kitchen Flooring - Remove and Dispose	\$6,810.00	\$0.00	\$6,810.00	Work on lots not District Eligible
19	4/12/18	Yes	N/A	N/A	Toll Bros	Repair damage to power cables	\$100.00	\$0.00	\$100.00	Dry utilities not District Eligible
Subtotal Environmental Demolition Insight, Inc.							\$12,760.00	\$0.00	\$12,760.00	
ERO Resources Corp										
90259	6/14/18	Yes	N/A	N/A	Toll Bros	Survey	\$655.62	\$0.00	\$655.62	
90700	8/9/18	Yes	N/A	N/A	Toll Bros	Survey	\$487.50	\$0.00	\$487.50	
Subtotal ERO Resources Corp							\$1,143.12	\$0.00	\$1,143.12	
First American Title Insurance Company										
9954-9954107068	4/20/18	Yes	N/A	N/A	Toll Bros	Commitment for platting Lanterns Filing 2	\$500.00	\$0.00	\$500.00	Review with Filing 2
Subtotal First American Title Insurance Company							\$500.00	\$0.00	\$500.00	
Fox Rothschild LLP										
2196688A	5/10/18	Yes	N/A	N/A	Toll Bros	Legal Services for Purchase of Lanterns	\$11,165.00	\$0.00	\$11,165.00	
2196693	5/9/18	Yes	N/A	N/A	Toll Bros	Legal Services for HOA Covenants	\$264.00	\$0.00	\$264.00	HOA not District Eligible
2196694	5/9/18	Yes	5/25/18	332909	Toll Bros	Legal Services for HOA Covenants	\$264.00	\$0.00	\$264.00	HOA not District Eligible
2222267	7/11/18	Yes	8/3/18	346032	Toll Bros	Legal Services for Purchase of Lanterns	\$3,457.50	\$0.00	\$3,457.50	
2234371	8/8/18	Yes	9/7/18	352899	Toll Bros	Legal Services for Purchase of Lanterns	\$1,028.00	\$0.00	\$1,028.00	
2262205	10/11/18	Yes	11/9/18	365465	Toll Bros	Legal Services for HOA Covenants	\$2,852.00	\$0.00	\$2,852.00	HOA not District Eligible
2262208	10/11/18	Yes	11/9/18	365465	Toll Bros	Legal Services for HOA Covenants	\$3,634.00	\$0.00	\$3,634.00	HOA not District Eligible
2270348	11/5/18	Yes	3/15/19	389545	Toll Bros	Legal Services for Lot Sales	\$21,765.00	\$0.00	\$21,765.00	Lots not District Eligible
2291213	12/13/18	Yes	1/25/19	379578	Toll Bros	Legal Services for Purchase of Lanterns	\$415.00	\$0.00	\$415.00	
2291216	12/13/18	Yes	1/25/19	379578	Toll Bros	Legal Services for Lot Sales	\$9,301.00	\$0.00	\$9,301.00	Lots not District Eligible
2303616	1/14/19	Yes	2/1/19	380951	Toll Bros	Legal Services for Lot Sales	\$13,359.00	\$0.00	\$13,359.00	Lots not District Eligible
2315126	2/7/19	Yes	3/8/19	388124	Toll Bros	Legal Services for Purchase of Lanterns	\$2,709.00	\$0.00	\$2,709.00	
2315129	2/7/19	Yes	3/2/19	388124	Toll Bros	Legal Services for Lot Sales	\$10,769.50	\$0.00	\$10,769.50	Lots not District Eligible
2331284	3/4/19	Yes	3/29/19	392460	Toll Bros	Legal Services for Lot Sales	\$3,297.00	\$0.00	\$3,297.00	Lots not District Eligible
2349778	4/10/19	Yes	4/26/19	398389	Toll Bros	Legal Services for Lot Sales	\$6,265.00	\$0.00	\$6,265.00	Lots not District Eligible
2362669	5/9/19	Yes	5/31/19	405842	Toll Bros	Legal Services for Purchase of Lanterns	\$3,985.50	\$0.00	\$3,985.50	
2362679	5/7/19	Yes	5/31/19	405842	Toll Bros	Legal Services for Lot Sales	\$422.50	\$0.00	\$422.50	Lots not District Eligible
Subtotal Fox Rothschild LLP							\$94,953.00	\$0.00	\$94,953.00	

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Lanterns MD										
201806	6/1/18	Yes	7/20/18	2490174	Toll Bros	Operating Costs	\$3,998.20	\$0.00	\$3,998.20	
201807	7/18/18	Yes	8/3/18	2494115	Toll Bros	Operating Costs	\$4,536.47	\$0.00	\$4,536.47	
201809	9/17/18	Yes	9/28/18	2509868	Toll Bros	Operating Costs	\$22,658.38	\$0.00	\$22,658.38	
20181	10/24/18	Yes	11/9/18	2521764	Toll Bros	Operating Costs	\$14,437.53	\$0.00	\$14,437.53	
201811	11/7/18	Yes	11/23/18	2525992	Toll Bros	Operating Costs	\$13,969.49	\$0.00	\$13,969.49	
201812	12/13/18	Yes	1/4/19	2535725	Toll Bros	Operating Costs	\$3,139.76	\$0.00	\$3,139.76	
201901	1/10/19	Yes	1/25/19	2541905	Toll Bros	Operating Costs	\$17,163.13	\$0.00	\$17,163.13	
201902	2/15/19	Yes	3/1/19	2551641	Toll Bros	Operating Costs	\$5,591.11	\$0.00	\$5,591.11	
MAY2018	5/1/18	Yes	7/13/18	2488138	Toll Bros	Operating Costs	\$4,997.27	\$0.00	\$4,997.27	
Subtotal Lanterns MD							\$90,491.34	\$0.00	\$90,491.34	
LSC Transportation										
55424	10/8/18	Yes	N/A	N/A	Toll Bros	Completion report	\$3,681.60	\$0.00	\$3,681.60	Review with Filings 2 & 3
55758	12/11/18	Yes	N/A	N/A	Toll Bros	Review and update access memo	\$399.10	\$0.00	\$399.10	Review with Filings 2 & 4
56243	3/4/19	Yes	N/A	N/A	Toll Bros	Trip Generation Compliance Letter	\$888.65	\$0.00	\$888.65	Review with Filings 2 & 5
56387	4/8/19	Yes	N/A	N/A	Toll Bros	Trip Generation Compliance Letter	\$61.35	\$0.00	\$61.35	Review with Filings 2 & 6
Subtotal LSC Transportation							\$5,030.70	\$0.00	\$5,030.70	
M2 & Associates										
101T	10/31/18	Yes	N/A	N/A	Toll Bros	Professional Services	\$500.00	\$0.00	\$500.00	Lot work not eligible
Subtotal M2 & Associates							\$500.00	\$0.00	\$500.00	
Mediamax, Inc.										
1774	6/6/18	Yes	N/A	N/A	Toll Bros	Community Aerial Video	\$895.00	\$0.00	\$895.00	Marketing not District
Subtotal Mediamax, Inc.							\$895.00	\$0.00	\$895.00	
Meyers Research										
CO410-19A	5/28/19	Yes	N/A	N/A	Toll Bros	Market Analysis	\$11,250.00	\$0.00	\$11,250.00	Marketing not District
Subtotal Meyers Research							\$11,250.00	\$0.00	\$11,250.00	
Milesbrand										
2397	12/31/17	Yes	N/A	N/A	Toll Bros	Logo Design and Brand Management	\$5,750.00	\$0.00	\$5,750.00	
Subtotal Milesbrand							\$5,750.00	\$0.00	\$5,750.00	
Norris Design										
23869	3/31/18	Yes	9/14/18	2505892	Toll Bros	Design Services	\$50,088.59	\$27,625.31	\$22,463.28	Remaining costs to be reviewed with Filing 2 & 3
24199	4/30/18	Yes	6/15/18	2480767	Toll Bros	Design Services	\$59,089.85	\$24,090.19	\$34,999.66	Remaining costs to be reviewed with Filing 2 & 3
24676	5/31/18	Yes	9/14/18	2505892	Toll Bros	Design Services	\$28,851.98	\$22,158.76	\$6,693.22	Remaining costs to be reviewed with Filing 2 & 3
25401	7/31/18	Yes	9/7/18	2504069	Toll Bros	Design Services	\$42,704.61	\$18,287.03	\$24,417.58	Remaining costs to be reviewed with Filing 2 & 3
25480	8/31/18	Yes	10/12/18	2513820	Toll Bros	Design Services	\$2,635.09	\$0.00	\$2,635.09	Review with Filings 2 & 3
25485	8/31/18	Yes	10/12/18	251820	Toll Bros	Design Services	\$38,961.32	\$21,596.47	\$17,364.85	Remaining costs to be reviewed with Filing 2 & 3
25516	10/31/18	Yes	12/7/18	2529558	Toll Bros	Design Services	\$2,263.35	\$0.00	\$2,263.35	Review with Filings 2 & 3
25764	10/31/18	Yes	12/7/18	2529558	Toll Bros	Design Services	\$39,989.75	\$12,451.83	\$27,537.92	Remaining costs to be reviewed with Filing 2 & 3
25884	9/30/18	Yes	11/9/18	2521916	Toll Bros	Design Services	\$6,823.09	\$0.00	\$6,823.09	Review with Filings 2 & 3
26136	9/30/18	Yes	11/9/18	2521916	Toll Bros	Design Services	\$39,510.21	\$12,324.40	\$27,185.81	Remaining costs to be reviewed with Filing 2 & 3
26594	11/30/18	Yes	1/11/19	2537798	Toll Bros	Design Services	\$3,817.90	\$0.00	\$3,817.90	Review with Filings 2 & 3
26601	11/30/18	Yes	1/11/19	2537798	Toll Bros	Design Services	\$43,388.30	\$22,270.25	\$21,118.05	Remaining costs to be reviewed with Filing 2 & 3
27080	12/31/18	Yes	2/8/19	2545804	Toll Bros	Design Services	\$467.50	\$0.00	\$467.50	Review with Filings 2 & 3
27081	12/31/18	Yes	2/8/19	2545804	Toll Bros	Design Services	\$2,684.65	\$946.04	\$1,738.61	Remaining costs to be reviewed with Filing 2 & 3

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27481	1/31/19	Yes	3/22/19	2557588	Toll Bros	Design Services	\$1,316.44	\$0.00	\$1,316.44	Review with Filings 2 & 3
27483	1/31/19	Yes	3/15/19	2555418	Toll Bros	Design Services	\$22,908.82	\$16,475.04	\$6,433.78	Remaining costs to be reviewed with Filing 2 & 3
28102	2/28/19	Yes	4/5/19	2561551	Toll Bros	Design Services	\$1,235.00	\$0.00	\$1,235.00	Review with Filings 2 & 3
28341	2/28/19	Yes	4/5/19	2561551	Toll Bros	Design Services	\$17,474.42	\$8,034.74	\$9,439.68	Remaining costs to be reviewed with Filing 2 & 3
50023	3/31/19	Yes	4/26/19	2567532	Toll Bros	Design Services	\$1,255.00	\$0.00	\$1,255.00	Review with Filings 2 & 3
50024	3/31/19	Yes	4/26/19	2567532	Toll Bros	Design Services	\$4,466.34	\$2,318.29	\$2,148.05	Remaining costs to be reviewed with Filing 2 & 3
50948	4/30/19	Yes	5/31/19	2577680	Toll Bros	Design Services	\$1,260.00	\$0.00	\$1,260.00	Review with Filings 2 & 3
50949	4/30/19	Yes	6/7/19	2579268	Toll Bros	Design Services	\$36,371.25	\$10,003.93	\$26,367.32	Remaining costs to be reviewed with Filing 2 & 3
50950	4/30/19	Yes	5/31/19	2577680	Toll Bros	Design Services	\$80.00	\$0.00	\$80.00	Review with Filings 2 & 3
50951	4/30/19	Yes	5/31/19	2577680	Toll Bros	Design Services	\$593.79	\$0.00	\$593.79	Review with Filing 4
50952	4/30/19	Yes	5/31/19	2577680	Toll Bros	Design Services	\$80.00	\$0.00	\$80.00	Review with Filing 5
Subtotal Norris Design							\$448,317.25	\$198,582.28	\$249,734.97	
Pase Contracting, Inc. - 263309										
21137	7/31/19	Yes	9/14/18	354336	Toll Bros	Erosion Control	\$2,310.90	\$2,310.90	\$0.00	
21507	9/30/18	Yes	11/16/18	367071	Toll Bros	Erosion Control	\$5,000.00	\$5,000.00	\$0.00	
21630	9/30/18	Yes	11/16/18	257071	Toll Bros	Erosion Control	\$3,300.00	\$3,300.00	\$0.00	
21631	10/5/18	Yes	11/2/18	364200	Toll Bros	Erosion Control	\$3,148.20	\$3,148.20	\$0.00	
21687	11/6/18	Yes	11/30/18	369621	Toll Bros	Erosion Control	\$4,425.65	\$4,425.65	\$0.00	
21889	11/24/18	Yes	12/21/18	373960	Toll Bros	Erosion Control	\$6,267.50	\$6,267.50	\$0.00	
24029	11/30/18	Yes	12/21/18	373960	Toll Bros	Erosion Control	\$8,628.20	\$8,628.20	\$0.00	
24066	11/12/18	Yes	12/7/18	371021	Toll Bros	Erosion Control	\$14,965.00	\$14,965.00	\$0.00	
24067	11/12/18	Yes	12/7/18	371021	Toll Bros	Erosion Control	\$6,516.00	\$6,516.00	\$0.00	
24068	11/12/18	Yes	12/7/18	371021	Toll Bros	Erosion Control	\$3,572.50	\$3,572.50	\$0.00	
24293	12/31/18	Yes	3/1/19	386806	Toll Bros	Erosion Control	\$6,342.15	\$6,342.15	\$0.00	
24560	12/31/18	Yes	3/1/19	386806	Toll Bros	Erosion Control	\$49,978.00	\$49,978.00	\$0.00	
24561	1/11/19	Yes	3/8/19	388245	Toll Bros	Erosion Control	\$12,498.20	\$12,498.20	\$0.00	
24616	1/31/19	Yes	3/8/19	388245	Toll Bros	Erosion Control	\$2,205.00	\$2,205.00	\$0.00	
24834	2/15/19	Yes	3/8/19	388245	Toll Bros	Erosion Control	\$1,738.80	\$1,738.80	\$0.00	
24986	2/28/19	Yes	4/5/19	394002	Toll Bros	Erosion Control	\$860.00	\$860.00	\$0.00	
25143	3/31/19	Yes	5/17/19	403005	Toll Bros	Erosion Control	\$6,268.90	\$6,268.90	\$0.00	
25243	3/31/19	Yes	5/17/19	403005	Toll Bros	Erosion Control	\$7,102.90	\$7,102.90	\$0.00	
25271	4/30/19	Yes	5/17/19	403005	Toll Bros	Erosion Control	\$7,360.00	\$7,360.00	\$0.00	
25333	4/30/19	Yes	5/17/19	403005	Toll Bros	Erosion Control	\$10,315.55	\$10,315.55	\$0.00	
25462	4/30/19	Yes	5/17/19	403005	Toll Bros	Erosion Control	\$762.90	\$762.90	\$0.00	
Subtotal Pase Contracting, Inc.							\$163,566.35	\$163,566.35	\$0.00	
Phelps Engineering Services, Inc.										
4705	4/29/19	Yes	6/7/19	2579391	Toll Bros	Construction Management Services	\$19,276.00	\$19,276.00	\$0.00	
Subtotal Phelps Engineering Services, Inc.							\$19,276.00	\$19,276.00	\$0.00	
Saltar Associates										
66081	4/16/19	Yes	N/A	N/A	Toll Bros	Montaine Active Adult Clubhouse	\$2,020.00	\$0.00	\$2,020.00	
66453	5/16/19	Yes	N/A	N/A	Toll Bros	Montaine Active Adult Clubhouse	\$5,890.00	\$0.00	\$5,890.00	
Subtotal Saltar Associates							\$7,910.00	\$0.00	\$7,910.00	
Scott Contracting										
Sewer										
1	4/26/19	Yes	5/24/19	172036	Toll Bros	Sanitary Sewer Construction	\$255,456.37	\$255,456.37	\$0.00	
2	5/23/19	Yes	7/12/19	10175204	Toll Bros	Sanitary Sewer Construction	\$311,202.64	\$311,202.64	\$0.00	
3	6/26/19	Yes	7/19/19	2589910	Toll Bros	Sanitary Sewer Construction	\$171,344.41	\$171,344.41	\$0.00	

Attachment C

Lanterns Metropolitan District
 Engineer's Summary for Cost Certification #1

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non- Eligible Expenses	Notes
4	7/11/19	Yes	7/19/19	2589910	Toll Bros	Sanitary Sewer Construction	\$51,845.04	\$51,845.04	\$0.00	
Subtotal Sewer							\$789,848.46	\$789,848.46	\$0.00	
Storm										
2	5/23/19	Yes	7/12/19	2587467	Toll Bros	Stormline Construction	\$6,566.40	\$6,566.40	\$0.00	
3	6/26/19	Yes	7/19/19	2589910	Toll Bros	Stormline Construction	\$177,093.00	\$177,093.00	\$0.00	
4	7/11/19	Yes	7/19/19	2589910	Toll Bros	Stormline Construction	\$1,114,263.72	\$1,114,263.72	\$0.00	
Subtotal Storm							\$1,297,923.12	\$1,297,923.12	\$0.00	
Water										
2	5/23/19	Yes	7/12/19	2587467	Toll Bros	Waterline Construction	\$325,776.82	\$325,776.82	\$0.00	
3	6/26/19	Yes	7/19/19	2589910	Toll Bros	Waterline Construction	\$261,329.58	\$261,329.58	\$0.00	
4	7/11/19	Yes	7/19/19	2589910	Toll Bros	Waterline Construction	\$156,681.61	\$156,681.61	\$0.00	
Subtotal Water							\$743,788.01	\$743,788.01	\$0.00	
Subtotal Scott Contracting							\$2,831,559.59	\$2,831,559.59	\$0.00	
SIMKISS Agency, INC. - 6737										
61041	7/3/18	Yes	8/3/18	346193	Toll Bros	Bond Premiums	\$1,392.00	\$1,392.00	\$0.00	
61046	7/3/18	Yes	8/3/18	346193	Toll Bros	Bond Premiums	\$3,837.00	\$3,837.00	\$0.00	
64456	12/7/18	Yes	1/11/19	376866	Toll Bros	Bond Premiums	\$242.00	\$242.00	\$0.00	
64557	12/7/18	Yes	1/11/19	376866	Toll Bros	Bond Premiums	\$982.00	\$451.52	\$530.48	
65441	1/25/19	Yes	2/22/19	385438	Toll Bros	Bond Premiums	\$2,278.00	\$0.00	\$2,278.00	Review with Filing 2/3
65444	1/24/19	Yes	2/22/19	385438	Toll Bros	Bond Premiums	\$2,419.00	\$0.00	\$2,419.00	Review with Filing 2/3
65800	2/13/19	Yes	3/15/19	389740	Toll Bros	Bond Premiums	\$484.00	\$0.00	\$484.00	Review with Filing 2
65794	2/13/19	Yes	3/15/19	389740	Toll Bros	Bond Premiums	\$605.00	\$0.00	\$605.00	Review with Filing 3
66641	3/18/19	Yes	4/12/19	394886	Toll Bros	Bond Premiums	\$49,312.00	\$49,312.00	\$0.00	
Subtotal SIMKISS Agency, INC.							\$61,551.00	\$55,234.52	\$6,316.48	
Total							\$6,684,954.82	\$5,522,648.80	\$1,162,306.02	

"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

Attachment D

Project Photos

Lanterns Metropolitan District Site Photos



Montaine Circle Site Aerial



Montaine Cir Northeast Aerial



Montaine Cir Southeast Aerial



Montaine Cir Southern Aerial



Montaine Cir SW



Montaine Cir SW



Montaine Cir Earthwork



Montaine Cir Earthwork



Montaine Cir Water Mains



Montaine Cir Water and Sewer Mains



Montaine Cir Sediment Basin Aerial



Montaine Cir Sediment Basin



Montaine Cir



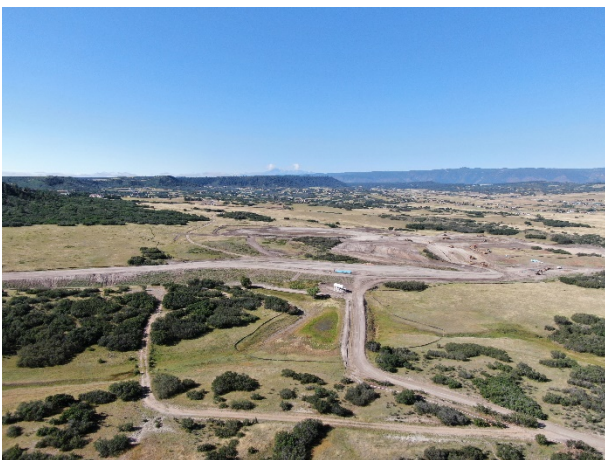
Montaine Cir Water Mains



Montaine Cir



Montaine Cir



Montaine Cir Center Aerial



Montaine Circle East



Montaine Cir Northeast



Montaine Cir Southeast



Montaine Cir East



Montaine Cir East



Montaine Cir East



Montaine Cir at Creek Crossing



Montaine Cir Earthwork



Montaine Cir SW of Old Lanterns Pkwy



Montaine Cir SW of Old Lanterns Pkwy



Montaine Cir at Old Lanterns Pkwy

Exhibit B

Accountant Cost Certification



CLA (CliftonLarsonAllen LLP)
8399 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111
303-779-5710 | fax 303-779-0348
CLAconnect.com

July 26, 2019

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

Re: **Lanterns Metropolitan District No. 1- Developer Reimbursement for Report #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 \$6,684,954.82 of expenses incurred for the period of March 1, 2018 through July 11, 2019. Of the total submitted, \$5,522,648.80 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	\$1,467,753.46
Water	971,974.06
Sanitary sewer and storm drainage	<u>3,082,921.28</u>
Total	<u>\$5,522,648.80</u>

For additional detail on the costs incurred by the Developer, please refer to the IDES Engineer’s Certification Report #1, dated July 23, 2019.

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

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 cursive script that reads "Clifton Larson Allen LLP".

CLIFTONLARSONALLEN LLP
Greenwood Village, Colorado

Exhibit C

EVO Engineer Cost Certification

EVO Consulting Services, Inc.

5910 South Moline Way
Englewood, Colorado 80111

Phone: 303-713-0055
Fax: 303-694-0810
E-mail: evoservices@msr.com

May 8, 2013

Board of Directors
Lanterns Metropolitan District
C/o Ms. Lisa Jacoby, Manager
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228

Re Reimbursement Recommendations for Costs Incurred
Lanterns Subdivision Filing No. 1

Gentlemen

This letter addresses costs incurred by the Developer, Premise Real Estate LLC, for costs incurred in connection with the proposed Lanterns development in Castle Rock, Colorado, pursuant to reimbursement by the Lanterns Metropolitan District.

Included in the documents that were provided for our review were copies of invoices and checks, or other evidence of payment, and a spreadsheet listing of invoice information for the various vendors for which reimbursement is being requested.

Reimbursement requests such as the one we are responding to herein, often include costs which would not generally be considered within the purview of the District Oversight Engineer. However, because we see an advantage to covering as many of the requested costs as possible in a single letter, and with our lengthy background in working with Districts, we include recommendations for approval of some of these costs, such as District organization.

We are necessarily conservative in making these recommendations. Such recommendations for approval may be revised or amended upon subsequent review by District legal counsel, bonding counsel, and / or District accountants.

The recommendations herein, address costs for engineering services as well as legal services in connection with district formation and organization (soft costs) by the following vendors, who provided the indicated general services:

- | | |
|-----------------------------|-------------------------------------|
| ➤ McGeady Sisneros, P. C. | District Formation and Organization |
| ➤ EMK Consultants, Inc | Civil Engineering & Surveying |
| ➤ Issacson Rosenbaum, Woods | District Formation and Formation |

Page 2

Methodology

Using the spreadsheets provided by Lisa Jacoby, Special District Management Services, Inc. (SDMSI) as a basis for our review, we verified the invoiced amounts on the spreadsheets from copies of the invoices, along with evidence of payment, evidenced by copies of canceled checks. The services covered by the invoices were verified as being customarily legitimate reimbursable expenses.

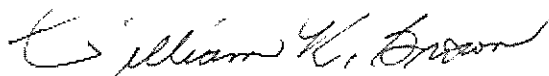
Recommendations

To the best of our knowledge, the services rendered for the costs as listed on the attached SDMSI spreadsheets, are appropriate as District expenses and are consistent with those customarily reimbursable by special districts. The costs are competitive with current pricing for similar services in the Denver metropolitan area. Accordingly, we recommend that the Board of Directors of the Lanterns Metropolitan District consistent with its rules and regulations, reimburse Premise Real Estate LLC the amount of \$99,971.78 for the services as itemized on the SDMSI spreadsheets

We are available to answer any questions that might arise in connection with these reimbursement recommendations.

Very truly yours,

EVO Consulting Services, Inc.



William K Brown, P.E.
District Oversight Engineer

Cc:

Attachments

Lanterns MD Org Costs

Compounding Period: Annual

Nominal Annual Rate: 7.000%

Cash Flow Data - Loans and Payments

	Event	Date	Amount	Number	Period	End Date
1	Loan	11/13/2013	99,971.78	1		
2	Loan	12/31/2013	0.00	1		
3	Loan	12/31/2014	0.00	1		
4	Loan	12/31/2015	0.00	1		
5	Loan	12/31/2016	0.00	1		
6	Loan	12/31/2017	0.00	1		
7	Loan	12/31/2018	0.00	1		
8	Loan	07/23/2019	0.00	1		

TValue Amortization Schedule - Normal, 365 Day Year, Open Balance

	Date	Loan	Payment	Interest	Principal	Balance
Loan	11/13/2013	99,971.78				99,971.78
Loan	12/31/2013	0.00		920.29	-920.29	100,892.07
2013 Totals		99,971.78	0.00	920.29	-920.29	
Loan	12/31/2014	0.00		7,062.44	-7,062.44	107,954.51
2014 Totals		0.00	0.00	7,062.44	-7,062.44	
Loan	12/31/2015	0.00		7,556.82	-7,556.82	115,511.33
2015 Totals		0.00	0.00	7,556.82	-7,556.82	
Loan	12/31/2016	0.00		8,085.79	-8,085.79	123,597.12
2016 Totals		0.00	0.00	8,085.79	-8,085.79	
Loan	12/31/2017	0.00		8,651.80	-8,651.80	132,248.92
2017 Totals		0.00	0.00	8,651.80	-8,651.80	
Loan	12/31/2018	0.00		9,257.42	-9,257.42	141,506.34
2018 Totals		0.00	0.00	9,257.42	-9,257.42	
Loan	07/23/2019	0.00		5,536.19	-5,536.19	147,042.53
2019 Totals		0.00	0.00	5,536.19	-5,536.19	
Grand Totals		99,971.78	0.00	47,070.75	-47,070.75	

Lanterns MD Org Costs

An open balance of 147,042.53 remains on 7/23/2019.

**LANERNS METROPOLITAN DISTRICT NO. 1
ACCEPTANCE RESOLUTION PURSUANT TO INFRASTRUCTURE ACQUISITION
AND REIMBURSEMENT AGREEMENT
(OCTOBER 29, 2019)**

WHEREAS, Lanerms 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 Lanerms Metropolitan District No. 1 and First Amended and Restated Service Plan for Lanerms Metropolitan District No. 2 and First Amended and Restated Service Plan for Lanerms Metropolitan District No. 3 and Service Plan for Lanerms Metropolitan District No. 4 and Service Plan for Lanerms 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 \$2,046,809.09. 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 29th day of October, 2019.

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 #2
October 2019

INDEPENDENT
DES
District Engineering
SERVICES

355 Union Boulevard, Suite 302
Lakewood, CO 80228

**Lanterns Metropolitan District
Cost Certification Report**

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Cost Certification Report..... Pages 1-3

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Site Map..... Attachment A

Vendor Participation..... Attachment B

Expenditure Data..... Attachment C

Project Photos Attachment D

October 28, 2019

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 #2

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 Circle 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 **\$2,046,809.10**.

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.

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 21st, 2018.
- Infrastructure Acquisition and Reimbursement Agreement, by and between Toll Southwest, LLC and Lanterns Metropolitan District No. 1, dated July 8th, 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 April 2019 and October 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	\$825,148.69	40.31%
Sanitation	\$915,712.17	44.74%
Street Improvements	\$253,643.43	12.39%
Safety	\$0.00	0.00%
Parks and Rec	\$52,304.81	2.56%
TOTAL	\$2,046,809.10	100%

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 **\$2,046,809.10**.

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.

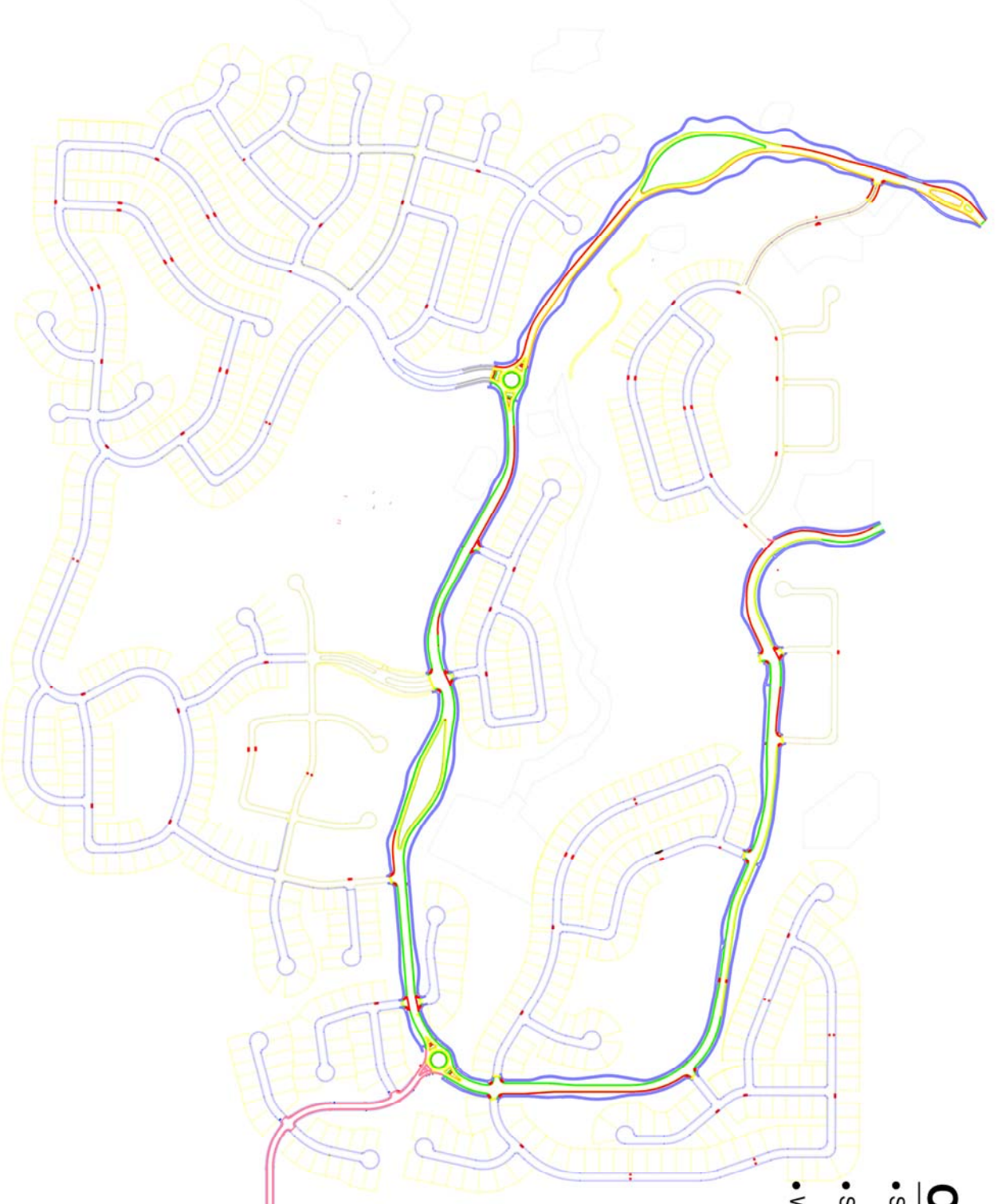
Attachments

Attachment A

Site Map

Cost Certification #2

- Street Improvements: Earthwork, Concrete
- Sanitary Improvements: Storm Mainline, Pond Grading (Pond A & C)
- Water Improvements: Water Mainline



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.

Arrow Graphics Installed a “coming soon” sign with posts for the District.

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

CMS Environmental Solutions Perform stormwater inspections for the District.

Colorado Department of Public Health Fees were paid for permit modifications.

CTL Thompson Tested and removed asbestos from the site. Also performed site compaction testing and provided a pavement design for the District.

CVL Consultants Design and mapping services for the Montaine Circle project.

ERO Resource Corporation Held survey for the District.

First American Title Insurance Company Fees were paid for the commitment of platting Filing 2.

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

Lanterns Metropolitan District Fees for operating costs were paid.

M2 & Associates Coalition group working to have a highway interchange approved.

Norris Design Provided landscape architect services for the District.

Pase Contracting Performed erosion control services for the District.

Phelps Engineering Service Served as a construction manager on site.

Salter Associates Consultant that provides security services for the Clubhouse.

Scott Contracting Served as contractor installing utilities and streets on Montaine Circle.

SIMKISS Agency Performance bond fees were paid.

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

Attachment C

Expenditure Data

Attachment C

Lanterns Metropolitan District
 Engineer's Summary for Cost Certification #2

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non- Eligible Expenses	Notes
Arrow Graphics										
27504	7/2/19	Yes	8/2/19	2593450	Toll Bros.	Construction Signs	\$1,437.94	\$0.00	\$1,437.94	
27560	7/17/19	Yes	8/16/19	2597270	Toll Bros.	Construction Signs	\$1,292.50	\$0.00	\$1,292.50	
Subtotal Arrow Graphics							\$2,730.44	\$0.00	\$2,730.44	
Bemas Construction Inc. - 322391										
Earthwork										
1809-6EW	7/2/19	Yes	7/19/19	2588898	Toll Bros.	Pond Grading	\$151,132.05	\$151,132.05	\$0.00	
Subtotal Earthwork							\$151,132.05	\$151,132.05	\$0.00	
Subtotal Bemas Construction Inc.							\$151,132.05	\$151,132.05	\$0.00	
Castle Rock, Town of										
CON19-0037	7/29/19	Yes	7/31/19	10183188	Toll Bros	Permit Fees	\$156,255.29	\$0.00	\$156,255.29	Review with Phase 2
CON19-0037 (1)	9/16/19	Yes	9/23/19	10208355	Toll Bros	Permit Fees	\$23,009.01	\$0.00	\$23,009.01	Review with Filing 2
CON19-0041	8/2/19	Yes	8/5/19	10186104	Toll Bros	Permit Fees	\$12,105.98	\$0.00	\$12,105.98	Review with Filing 2
GSC19-0045	9/13/19	Yes	9/19/19	3647	Toll Bros	Permit Fees	\$2,750.00	\$0.00	\$2,750.00	Review with Phase 2
CD19-0030	8/13/19	Yes	8/15/19	3621	Toll Bros	Commercial Const. Drawing Review	\$3,795.00	\$0.00	\$3,795.00	Review with Commercial
AGR18-0037	10/8/19	Yes	10/9/19	3444	Toll Bros	Permit Fees	\$7,055.00	\$0.00	\$7,055.00	Plat Review - Need Subdivision Areas
Subtotal Castle Rock, Town of							\$204,970.28	\$0.00	\$204,970.28	
CMS Enviro Solutions - 343198										
88048	5/1/19	Yes	6/7/19	2578831	Toll Bros	Bi-Weekly Inspection	\$375.00	\$375.00	\$0.00	
89149	6/1/19	Yes	6/28/19	2584736	Toll Bros	Bi-Weekly Inspection	\$570.00	\$570.00	\$0.00	
90471	7/1/19	Yes	8/2/19	2593594	Toll Bros	Bi-Weekly Inspection	\$375.00	\$375.00	\$0.00	
92020	8/1/19	Yes	8/30/19	2601574	Toll Bros	Bi-Weekly Inspection	\$375.00	\$375.00	\$0.00	
93371	9/1/19	Yes	10/4/19	2611053	Toll Bros	Bi-Weekly Inspection + Permit Modification	\$570.00	\$570.00	\$0.00	
Subtotal CMS Enviro Solutions							\$2,265.00	\$2,265.00	\$0.00	
Colorado Department of Public Health										
WC191055991	7/19/19	Yes	8/16/19	2597428	Toll Bros.	Modification Fee For Permit	\$135.00	\$135.00	\$0.00	
WC201089478	8/20/19	Yes	9/20/19	2607360	Toll Bros.	Modification Fee For Permit	\$540.00	\$540.00	\$0.00	
WC201091188	9/18/19	Yes	10/11/19	2611843	Toll Bros.	Modification Fee For Permit	\$135.00	\$135.00	\$0.00	
Subtotal Colorado Department of Public Health							\$810.00	\$810.00	\$0.00	
CTL Thompson - 70977										
508827	4/30/19	Yes	5/31/2019	405802	Toll Bros	Compaction Testing	\$3,938.00	\$3,938.00	\$0.00	
508828	4/30/19	Yes	5/31/2019	405802	Toll Bros	Site Grading	\$392.00	\$0.00	\$392.00	Review with Filing 2
511814	5/31/19	Yes	6/14/2019	408633	Toll Bros	Compaction Testing	\$8,009.00	\$8,009.00	\$0.00	
511815	5/31/19	Yes	6/14/2019	408633	Toll Bros	Site Grading	\$4,610.00	\$0.00	\$4,610.00	Review with Filing 2
514843	6/30/19	Yes	7/26/2019	416600	Toll Bros	Compaction Testing	\$7,170.00	\$7,170.00	\$0.00	
514844	6/30/19	Yes	7/26/19	416600	Toll Bros	Site Grading	\$6,790.00	\$0.00	\$6,790.00	Review with Filing 2
515539	6/30/19	Yes	7/26/19	416600	Toll Bros	Soil/Cement Pavement Design	\$1,800.00	\$1,800.00	\$0.00	
517535	7/31/19	Yes	8/16/19	421119	Toll Bros	Compaction Testing	\$12,270.00	\$12,270.00	\$0.00	
517536	7/31/19	Yes	8/16/19	421119	Toll Bros	Site Grading	\$4,562.00	\$0.00	\$4,562.00	Review with Filing 3
517537	7/31/19	Yes	8/16/19	421119	Toll Bros	Site Grading	\$1,230.00	\$0.00	\$1,230.00	Review with Filing 2
520625	8/31/19	Yes	9/20/19	428469	Toll Bros	Compaction Testing	\$19,284.00	\$19,284.00	\$0.00	
520626	8/31/19	Yes	9/20/19	428469	Toll Bros	Site Grading	\$6,242.00	\$0.00	\$6,242.00	Review with Filing 3
Subtotal CTL Thompson							\$76,297.00	\$52,471.00	\$23,826.00	

Attachment C

Lanterns Metropolitan District
 Engineer's Summary for Cost Certification #2

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non-Eligible Expenses	Notes
CVL Consultants										
026551	5/21/19	Yes	6/28/19	411681	Toll Bros	Engineering	\$20,132.50	\$0.00	\$20,132.50	Review with Filings 2R, 4, and 5
026673	6/25/19	Yes	7/19/19	415066	Toll Bros	Engineering	\$11,747.40	\$0.00	\$11,747.40	Review with Filings 2/3
026674	6/25/19	Yes	7/19/19	415066	Toll Bros	Engineering	\$1,040.00	\$478.19	\$561.81	
026675	6/25/19	Yes	7/19/19	415066	Toll Bros	Engineering	\$2,269.60	\$0.00	\$2,269.60	Lots and Community Center not Eligible - Review with F2/3
026676	6/25/19	Yes	7/19/19	415066	Toll Bros	Engineering	\$8,617.50	\$0.00	\$8,617.50	Review with Filings 2R, 4, and 5
026795	7/16/19	Yes	8/2/19	418135	Toll Bros	Engineering	\$20,463.38	\$275.00	\$20,188.38	Channel Reviewed; Review remain. With Filing 2/3
026796	7/16/19	Yes	8/2/19	418135	Toll Bros	Engineering	\$2,782.30	\$0.00	\$2,782.30	Lots and Community Center not Eligible - Review with F2/3
026797	7/16/19	Yes	8/2/19	418135	Toll Bros	Engineering	\$11,118.80	\$0.00	\$11,118.80	Review with Filings 2R, 4, and 5
026948	8/26/19	Yes	9/27/19	429848	Toll Bros	Engineering	\$9,886.60	\$0.00	\$9,886.60	Lots and Community Center not Eligible - Review with F2/3
026994	8/26/19	Yes	9/27/19	429848	Toll Bros	Engineering	\$24,122.50	\$24,122.50	\$0.00	
026995	8/27/19	Yes	9/27/19	429848	Toll Bros	Engineering	\$63,872.88	\$0.00	\$63,872.88	Review with Filings 2/3
026996	8/27/19	Yes	9/27/19	429848	Toll Bros	Engineering	\$16,280.45	\$0.00	\$16,280.45	Review with Filings 2R, 4, and 5
Subtotal CVL Consultants							\$192,333.91	\$24,875.69	\$167,458.22	
ERO Resources Corp										
93043	8/13/19	Yes	9/6/19	2603674	Toll Bros	Environmental Survey	\$406.10	\$406.10	\$0.00	
Subtotal ERO Resources Corp							\$406.10	\$406.10	\$0.00	
First American Title Insurance Company										
9954-9954108332	6/12/19	Yes	WT	WT	Toll Bros	First Land Closing	\$361.55	\$0.00	\$361.55	
9954-9954108517	7/31/19	Yes	WT	WT	Toll Bros	Commitment	\$500.00	\$0.00	\$500.00	
Subtotal First American Title Insurance Company							\$861.55	\$0.00	\$861.55	
Fox Rothschild LLP										
2379592	6/12/19	Yes	7/12/19	413429	Toll Bros	Legal Services for Purchase of Lanterns	\$32,701.40	\$0.00	\$32,701.40	Developer Attorney Costs not Capital Reimb. Eligible
2379598	6/12/19	Yes	7/12/19	413429	Toll Bros	Legal Services for Sale of Lots to Wonder	\$227.50	\$0.00	\$227.50	Lot Sale Not Eligible
2396871	7/16/19	Yes	8/9/19	419628	Toll Bros	Legal Services for Purchase of Lanterns	\$18,505.40	\$0.00	\$18,505.40	Developer Attorney Costs not Capital Reimb. Eligible
2396874	7/16/19	Yes	8/2/18	418171	Toll Bros	Legal Services for Sale of Lots to Wonder	\$727.00	\$0.00	\$727.00	Lot Sale Not Eligible
2405899	8/7/19	Yes	8/30/19	424213	Toll Bros	Legal Services for Purchase of Lanterns	\$9,795.00	\$0.00	\$9,795.00	Developer Attorney Costs not Capital Reimb. Eligible
2405903	8/7/19	Yes	8/30/19	424213	Toll Bros	Legal Services for Sale of Lots to Wonder	\$957.50	\$0.00	\$957.50	Lot Sale Not Eligible
2422800	9/11/19	Yes	10/4/19	431252	Toll Bros	Legal Services for Purchase of Lanterns	\$3,208.80	\$0.00	\$3,208.80	Developer Attorney Costs not Capital Reimb. Eligible
2422805	9/11/19	Yes	10/4/19	431252	Toll Bros	Legal Services for Sale of Lots to Wonder	\$276.00	\$0.00	\$276.00	Lot Sale Not Eligible
Subtotal Fox Rothschild LLP							\$66,398.60	\$0.00	\$66,398.60	
Lanterns MD										
201905	5/28/19	Yes	7/19/19	10178522	Toll Bros	Operating Costs	\$9,688.19	\$0.00	\$9,688.19	Accountant Review for O&M
201907	7/29/19	Yes	8/19/19	2595879	Toll Bros	Operating Costs	\$18,642.95	\$0.00	\$18,642.95	Accountant Review for O&M
Subtotal Lanterns MD							\$28,331.14	\$0.00	\$28,331.14	
M2 & Associates										
102T	12/1/18	Yes	12/10/19	3469	Toll Bros	Professional Services	\$500.00	\$0.00	\$500.00	Donation not Eligible
103T	1/2/19	Yes	1/10/19	3483	Toll Bros	Professional Services	\$500.00	\$0.00	\$500.00	Donation not Eligible
104T	2/1/19	Yes	2/15/19	3509	Toll Bros	Professional Services	\$500.00	\$0.00	\$500.00	Donation not Eligible
105T	3/1/19	Yes	3/8/19	3527	Toll Bros	Professional Services	\$500.00	\$0.00	\$500.00	Donation not Eligible
106T	4/1/19	Yes	4/16/19	3545	Toll Bros	Professional Services	\$500.00	\$0.00	\$500.00	Donation not Eligible
107T	5/1/19	Yes	5/21/19	3573	Toll Bros	Professional Services	\$500.00	\$0.00	\$500.00	Donation not Eligible
Subtotal M2 & Associates							\$3,000.00	\$0.00	\$3,000.00	
Norris Design										

Attachment C

Lanterns Metropolitan District
 Engineer's Summary for Cost Certification #2

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non- Eligible Expenses	Notes
01-51477	5/31/19	Yes	6/28/19	2585184	Toll Bros	Design Services	\$2,110.85	\$0.00	\$2,110.85	Review with AA Area, Amenity Area not District
01-51478	5/31/19	Yes	6/28/19	2585184	Toll Bros	Design Services	\$8,470.70	\$8,470.70	\$0.00	
01-51479	5/31/19	Yes	6/28/19	2585184	Toll Bros	Design Services	\$80.00	\$0.00	\$80.00	Review with F2
01-51480	5/31/19	Yes	6/28/19	2585184	Toll Bros	Design Services	\$20.00	\$0.00	\$20.00	Review with F4
01-51481	5/31/19	Yes	6/28/19	2585184	Toll Bros	Design Services	\$20.00	\$0.00	\$20.00	Review with F5
01-52014	6/30/19	Yes	8/2/19	2594163	Toll Bros	Design Services	\$417.12	\$0.00	\$417.12	Review with AA Area, Amenity Area not District
01-52015	6/30/19	Yes	8/2/19	2594163	Toll Bros	Design Services	\$4,241.71	\$4,241.71	\$0.00	
01-52109	7/31/19	Yes	9/6/19	2604001	Toll Bros	Design Services	\$212.50	\$0.00	\$212.50	Review with AA Area, Amenity Area not District
01-52192	7/31/19	Yes	9/6/19	2604001	Toll Bros	Design Services	\$640.00	\$0.00	\$640.00	Review with F2
01-52508	7/31/19	Yes	9/6/19	2604001	Toll Bros	Design Services	\$16,690.35	\$16,690.35	\$0.00	
01-52831	8/31/19	Yes	10/4/19	2610728	Toll Bros	Design Services	\$614.58	\$0.00	\$614.58	Review with AA Area, Amenity Area not District
Subtotal Norris Design							\$33,517.81	\$29,402.76	\$4,115.05	
Pase Contracting, Inc. - 263309										
25685	5/31/19	Yes	6/28/19	411836	Toll Bros	Eroision Control	\$1,968.00	\$1,968.00	\$0.00	
25812	6/30/19	Yes	8/2/19	418269	Toll Bros	Eroision Control	\$2,820.60	\$2,820.60	\$0.00	
26175	7/31/19	Yes	10/18/19	434123	Toll Bros	Eroision Control	\$12,296.00	\$12,296.00	\$0.00	
26197	7/31/19	Yes	10/11/19	432035	Toll Bros	Eroision Control	\$4,200.00	\$4,200.00	\$0.00	
26344	7/31/19	Yes	10/11/19	432035	Toll Bros	Eroision Control	\$5,792.50	\$5,792.50	\$0.00	
26544	8/31/19	Yes	10/18/19	434123	Toll Bros	Eroision Control	\$572.00	\$572.00	\$0.00	
26548	8/31/19	Yes	10/11/19	432035	Toll Bros	Eroision Control	\$10,549.50	\$10,549.50	\$0.00	
Subtotal Pase Contracting, Inc.							\$38,198.60	\$38,198.60	\$0.00	
Phelps Engineering Services, Inc.										
4725	6/3/19	Yes	6/28/19	2585376	Toll Bros	Construction Management Services	\$19,267.00	\$19,267.00	\$0.00	
4734	7/2/19	Yes	8/2/19	2594306	Toll Bros	Construction Management Services	\$16,074.00	\$16,074.00	\$0.00	
4758	8/1/19	Yes	10/4/19	2610852	Toll Bros	Construction Management Services	\$16,475.00	\$16,475.00	\$0.00	
4763	8/30/19	Yes	10/4/19	2610852	Toll Bros	Construction Management Services	\$15,611.00	\$15,611.00	\$0.00	
Subtotal Phelps Engineering Services, Inc.							\$67,427.00	\$67,427.00	\$0.00	
Salter Associates										
0067288	7/17/19	Yes	7/26/19	416840	Toll Bros	Montaine Active Adult Clubhouse	\$800.00	\$0.00	\$800.00	AA clubhouse not eligible
Subtotal Saltar Associates							\$800.00	\$0.00	\$800.00	
Scott Contracting										
Concrete										
15176-CC	8/30/19	Yes	9/13/19	2606115	Toll Bros	Concrete	\$192,294.00	\$192,294.00	\$0.00	Need Concrete CO #1
Subtotal Concrete							\$192,294.00	\$192,294.00	\$0.00	
Sewer										
15176-SS	8/30/19	Yes	9/13/19	2606115	Toll Bros	Sanitary Sewer Construction	\$5,962.00	\$0.00	\$5,962.00	Sanitary Lateral for Trailer not District
Subtotal Sewer							\$5,962.00	\$0.00	\$5,962.00	
Storm										
15176-ST	8/30/19	Yes	10/4/19	2610907	Toll Bros	Stormline Construction	\$704,983.50	\$704,983.50	\$0.00	
Subtotal Storm							\$704,983.50	\$704,983.50	\$0.00	
Water										
15176-WL	8/30/19	Yes	9/13/19	2606115	Toll Bros	Waterline Construction	\$780,229.64	\$780,229.64	\$0.00	
Subtotal Water							\$780,229.64	\$780,229.64	\$0.00	

Attachment C

Lanterns Metropolitan District
 Engineer's Summary for Cost Certification #2

Invoice ID	Invoice Date	Invoice Provided	Check Date	Check Number	Paid By	Description	Invoiced Amount	District Eligible Expenses	Non- Eligible Expenses	Notes
Subtotal Scott Contracting							\$1,683,469.14	\$1,677,507.14	\$5,962.00	
SIMKISS Agency, INC. - 6737										
67379	4/30/19	Yes	6/7/19	407323	Toll Bros	Bond Preimums	\$8,091.00	\$1,392.00	\$6,699.00	
69836	8/6/19	Yes	8/30/19	424445	Toll Bros	Bond Preimums	\$21,138.00	\$0.00	\$21,138.00	Review with Filing 2
70087	8/16/19	Yes	9/13/19	427290	Toll Bros	Bond Preimums	\$187.00	\$187.00	\$0.00	
70151	8/22/19	Yes	9/13/19	427290	Toll Bros	Bond Preimums	\$1,598.00	\$734.76	\$863.24	
Subtotal SIMKISS Agency, INC.							\$31,014.00	\$2,313.76	\$28,700.24	
Total							\$2,583,962.62	\$2,046,809.10	\$537,153.52	

"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

Attachment D

Project Photos

Lanterns Metropolitan District Site Photos



Montaine Aerial



Montaine Site Entrance Aerial



Aerial of Stormwater Easement



Montaine Cir Aerial



Montaine Cir at East Property Boundary



Montaine Cir NE



Montaine Cir Earthwork



Montaine Cir Staging Area



Montaine Cir Aerial



Box Culvert into Pond A



Manhole Construction



Road Base – Montaine Circle Earthwork



Montaine Sign



Montaine Pavement Placement



Montaine Cir Grading



Montaine Cir

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

October 22, 2019

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 \$2,583,962.62 of expenses incurred for the period December 1, 2018 through October 8, 2019. Of the total submitted, \$2,046,809.10 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	\$ 253,643.43
Sewer	915,712.17
Water	825,148.69
Parks and Recreation	<u>52,304.81</u>
Total	<u>\$2,046,809.10</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

EXHIBIT D

2019 Budgets



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, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, 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 22, 2019



An independent member of Nexia International

**LANTERNS METROPOLITAN DISTRICT NO. 1
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 2,541	\$ 3,951	\$ -
REVENUES			
Property taxes	38	41	68
Specific ownership taxes	6	4	7
Developer advance	23,650	42,794	73,225
Total revenues	<u>23,694</u>	<u>42,839</u>	<u>73,300</u>
Total funds available	<u>26,235</u>	<u>46,790</u>	<u>73,300</u>
EXPENDITURES			
General Fund	11,608	31,690	50,000
Capital Projects Fund	10,676	15,100	23,200
Total expenditures	<u>22,284</u>	<u>46,790</u>	<u>73,200</u>
Total expenditures and transfers out requiring appropriation	<u>22,284</u>	<u>46,790</u>	<u>73,200</u>
ENDING FUND BALANCES	<u>\$ 3,951</u>	<u>\$ -</u>	<u>\$ 100</u>
EMERGENCY RESERVE	\$ 100	\$ -	\$ 100
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</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
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/22/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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ASSESSED VALUATION

Vacant land	\$ 850	\$ 910	\$ 910
Certified Assessed Value	\$ 850	\$ 910	\$ 910

MILL LEVY

General	45.000	45.000	74.600
Total mill levy	45.000	45.000	74.600

PROPERTY TAXES

General	\$ 38	\$ 41	\$ 68
Budgeted property taxes	\$ 38	\$ 41	\$ 68

BUDGETED PROPERTY TAXES

General	\$ 38	\$ 41	\$ 68
	\$ 38	\$ 41	\$ 68

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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ 4,286	\$ 2,882	\$ -
REVENUES			
Property taxes	38	41	68
Specific ownership taxes	6	4	7
Developer advance	10,160	28,763	50,025
Total revenues	<u>10,204</u>	<u>28,808</u>	<u>50,100</u>
Total funds available	<u>14,490</u>	<u>31,690</u>	<u>50,100</u>
EXPENDITURES			
General and administrative			
Accounting	3,291	4,182	5,000
Treasurer's fees	1	1	1
Audit	400	329	500
Insurance	3,623	3,026	3,500
District management	1,517	3,652	4,000
Legal	2,309	18,000	10,000
Miscellaneous	467	500	500
Election	-	2,000	-
Contingency	-	-	26,499
Total expenditures	<u>11,608</u>	<u>31,690</u>	<u>50,000</u>
Total expenditures and transfers out requiring appropriation	<u>11,608</u>	<u>31,690</u>	<u>50,000</u>
ENDING FUND BALANCES	<u>\$ 2,882</u>	<u>\$ -</u>	<u>\$ 100</u>
EMERGENCY RESERVE	\$ 100	\$ -	\$ 100
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</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
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/22/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ (1,745)	\$ 1,069	\$ -
REVENUES			
Developer advance	13,490	14,031	23,200
Total revenues	<u>13,490</u>	<u>14,031</u>	<u>23,200</u>
Total funds available	<u>11,745</u>	<u>15,100</u>	<u>23,200</u>
EXPENDITURES			
General and Administrative			
Accounting	4,937	5,000	5,000
District management	2,276	5,000	5,100
Legal	3,463	5,100	5,100
Engineering	-	-	8,000
Total expenditures	<u>10,676</u>	<u>15,100</u>	<u>23,200</u>
Total expenditures and transfers out requiring appropriation	<u>10,676</u>	<u>15,100</u>	<u>23,200</u>
ENDING FUND BALANCES	<u>\$ 1,069</u>	<u>\$ -</u>	<u>\$ -</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
2019 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
2019 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 10% of the property taxes collected.

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 and Leases

The 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.

This information is an integral part of the accompanying budget.



CliftonLarsonAllen

CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 2

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Lanterns Metropolitan District No. 2 for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, 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. 2.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 2, 2019



An independent member of Nexia International

LANTERNS METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/2/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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ASSESSED VALUATION

Certified Assessed Value

\$	-	\$	-	\$	-
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MILL LEVY

PROPERTY TAXES

Budgeted property taxes

\$	-	\$	-	\$	-
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BUDGETED PROPERTY TAXES

\$	-	\$	-	\$	-
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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. 2
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/2/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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. 2
2019 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 and Expenditures

The District does not anticipate any financing activity in 2019.

Debt and Leases

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

Reserve Funds

Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR, because the District anticipates no financial activity.

This information is an integral part of the accompanying budget.



CliftonLarsonAllen

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Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 3

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Lanterns Metropolitan District No. 3 for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, 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. 3.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 2, 2019



An independent member of Nexia International

LANERNS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/2/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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ASSESSED VALUATION

Certified Assessed Value

\$	-	\$	-	\$	-

MILL LEVY

PROPERTY TAXES

Budgeted property taxes

\$	-	\$	-	\$	-

BUDGETED PROPERTY TAXES

\$	-	\$	-	\$	-

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. 3
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/2/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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. 3
2019 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 and Expenditures

The District does not anticipate any financing activity in 2019.

Debt and Leases

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

Reserve Funds

Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR, because the District anticipates no financial activity.

This information is an integral part of the accompanying budget.



CliftonLarsonAllen

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Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 4

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Lanterns Metropolitan District No. 4 for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, 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. 4.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
February 25, 2019

**LANTERNS METROPOLITAN DISTRICT NO. 4
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

2/21/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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ASSESSSED VALUATION

Certified Assessed Value

\$	-	\$	-	\$	-
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MILL LEVY

PROPERTY TAXES

Budgeted property taxes

\$	-	\$	-	\$	-
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BUDGETED PROPERTY TAXES

\$	-	\$	-	\$	-
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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. 4
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

2/21/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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. 4
2019 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 and Expenditures

The District does not anticipate any financial activity in 2019.

Debt and Leases

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

Reserve Funds

Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR, because the District anticipates no financial activity.

This information is an integral part of the accompanying budget.



CliftonLarsonAllen

CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
Lanterns Metropolitan District No. 5

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Lanterns Metropolitan District No. 5 for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, 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. 5.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
February 25, 2019

**LANTERNS METROPOLITAN DISTRICT NO. 5
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

2/23/19

ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
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ASSESSSED VALUATION

Certified Assessed Value

\$	-	\$	-	\$	-
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MILL LEVY

PROPERTY TAXES

Budgeted property taxes

\$	-	\$	-	\$	-
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BUDGETED PROPERTY TAXES

\$	-	\$	-	\$	-
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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. 5
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

2/23/19

	ACTUAL 2017	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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. 5
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Lanterns Metropolitan District No. 5, 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 25, 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. 5 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 and Expenditures

The District does not anticipate any financial activity in 2019.

Debt and Leases

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

Reserve Funds

Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR, because the District anticipates no financial activity.

This information is an integral part of the accompanying budget.

EXHIBIT E

2020 Budget
(District No. 1)



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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
ASSESSED VALUATION			
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>
MILL LEVY			
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>
PROPERTY TAXES			
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>
BUDGETED PROPERTY TAXES			
General	\$ 41	\$ 68	\$ 152
Debt Service	-	-	881
	<u>\$ 41</u>	<u>\$ 68</u>	<u>\$ 1,033</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>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</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
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	<u>-</u>	<u>314,936</u>	<u>937,000</u>
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

Bonds and Interest Maturing in the Year Ending December 31,	\$18,740,000		
	Limited Tax General Obligation Bonds		
	Series 2019A		
	Dated July 31, 2019		
	Interest Rates: 5.000%		
	Interest Payable June 1 and December 1		
	Principal Due December 1		
	Principal	Interest	Total
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
	\$ 18,740,000	\$ 20,632,250	\$ 39,372,250