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PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2018

**NEW ISSUE
BOOK-ENTRY ONLY**

**INSURED RATING: S&P: "AA"
UNDERLYING RATING: Moody's: "A3"
See "RATINGS"
INSURANCE: Build America Mutual**

In the opinion of Butler Snow LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2018 Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2018 Bonds (the "Tax Code"), interest on the 2018 Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Under laws of the State of Colorado in effect on the date of delivery of the 2018 Bonds, interest on the 2018 Bonds is exempt from Colorado income tax. See "TAX MATTERS."

\$11,230,000*
TRIVIEW METROPOLITAN DISTRICT
(EL PASO COUNTY, COLORADO)
WATER AND WASTEWATER ENTERPRISE
REVENUE REFUNDING AND IMPROVEMENT BONDS
SERIES 2018

Dated: Date of Delivery

Due: December 1, as shown herein

The Triview Metropolitan District (the "District") will issue its Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018 (the "2018 Bonds"), as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The 2018 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as the securities depository for the 2018 Bonds. Purchases of the 2018 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2018 Bonds. See "THE 2018 BONDS--Book-Entry Only System." The 2018 Bonds bear interest at the rates set forth below, payable to the registered owner of the 2018 Bonds (initially Cede & Co.) on June 1 and December 1 of each year, commencing June 1, 2019, to and including the maturity dates herein, unless the 2018 Bonds are redeemed earlier. The principal of the 2018 Bonds will be payable upon presentation and surrender at BOKF, NA, dba Colorado State Bank and Trust, Denver, Colorado, or its successor as the Paying Agent for the 2018 Bonds. See "THE 2018 BONDS."

The maturity schedule for the 2018 Bonds appears on the inside cover page of this Official Statement.

The 2018 Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption as described in "THE 2018 BONDS--Redemption Provisions."

The proceeds of the 2018 Bonds will be used to: (i) refund certain outstanding revenue obligations of the District, as more particularly described herein; (ii) acquire water rights for District purposes; and (iii) pay the costs of issuing the 2018 Bonds. See "SOURCES AND USES OF FUNDS."

The 2018 Bonds are special, limited obligations of the District payable solely from the Net Pledged Revenues (defined herein) derived by the District from operation of its current Water and Wastewater System (the "System"). The 2018 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with other Parity Bonds (as defined herein) and any additional Parity Bonds issued in the future, as more particularly described herein. See "SECURITY FOR THE BONDS." **The 2018 Bonds do not constitute a general obligation of the District, or an obligation of El Paso County, the State of Colorado or any other political subdivision other than the District. Owners of the 2018 Bonds may not look to any other funds or accounts other than those specifically pledged by the District to the payment of the 2018 Bonds.** See "SECURITY FOR THE BONDS."

The scheduled payment of principal of and interest on the 2018 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2018 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "BOND INSURANCE."



This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."

The 2018 Bonds are offered when, as, and if issued by the District and accepted by the Underwriter subject to the approval of legality of the 2018 Bonds by Butler Snow LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP has also acted as special counsel to the District in connection with the Official Statement. Certain legal matters will be passed upon for the District by its General Counsel, Law Offices of Gary L. Shupp, P.C., Colorado Springs, Colorado. Ballard Spahr LLP, Denver, Colorado, has acted as counsel to the Underwriter. It is expected that the 2018 Bonds will be available for delivery through the facilities of DTC, on or about November 29, 2018.*



D | A | DAVIDSON
D.A. Davidson & Co. member SIPC

MATURITY SCHEDULE*
(CUSIP© 6-digit issuer number: _____)

\$11,230,000*
TRIVIEW METROPOLITAN DISTRICT
(EL PASO COUNTY, COLORADO)
WATER AND WASTEWATER ENTERPRISE
REVENUE REFUNDING AND IMPROVEMENT BONDS
SERIES 2018

| Year (December 1) | Principal Amount | Interest Rate | Yield | CUSIP© Issue No. | Year (December 1) | Principal Amount | Interest Rate | Yield | CUSIP© Issue No. |
|----------------------|---------------------|------------------|-------|---------------------|----------------------|---------------------|------------------|-------|---------------------|
| 2019 | \$ 175,000 | | | | 2027 | \$ 260,000 | | | |
| 2020 | 185,000 | | | | 2028 | 270,000 | | | |
| 2021 | 195,000 | | | | 2029 | 285,000 | | | |
| 2022 | 205,000 | | | | 2030 | 300,000 | | | |
| 2023 | 215,000 | | | | 2031 | 315,000 | | | |
| 2024 | 225,000 | | | | 2032 | 330,000 | | | |
| 2025 | 235,000 | | | | 2033 | 345,000 | | | |
| 2026 | 245,000 | | | | 2034 | 365,000 | | | |

\$2,075,000 ____% Term Bond Due December 1, 2048. Priced to Yield: ____%. CUSIP© Issue No.: ____.

\$5,005,000 ____% Term Bond Due December 1, 2048. Priced to Yield: ____%. CUSIP© Issue No.: ____.

* Subject to change.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2018 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2018 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the District. The District maintains an internet website that contains information about the District; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2018 Bonds.

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided from sources other than the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2018 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2018 Bonds and may not be reproduced or used in whole or in part for any other purpose. The 2018 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2018 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2018 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2018 BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the 2018 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “Appendix F - Specimen Municipal Bond Insurance Policy.”

**TRIVIEW METROPOLITAN DISTRICT
(EL PASO COUNTY, COLORADO)**

Board of Directors

Mark Melville, President
Marco Fiorito, Vice President
James Barnhart, Secretary/Treasurer
James Otis, Director
Anthony Sexton, Director

Administrative Officials

James McGrady, District Manager

GENERAL COUNSEL TO THE DISTRICT

Law Offices of Gary L. Shupp, P.C.
Colorado Springs, Colorado

REGISTRAR AND PAYING AGENT

BOKF, NA, dba Colorado State Bank and Trust
Denver, Colorado

BOND AND SPECIAL COUNSEL TO THE DISTRICT

Butler Snow LLP
Denver, Colorado

UNDERWRITER

D.A. Davidson & Co.
Denver, Colorado

UNDERWRITER'S COUNSEL

Ballard Spahr LLP
Denver, Colorado

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NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix D - Form of Continuing Disclosure Agreement.

The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in this Official Statement be used in future years. Further, the Budget to Actual Comparison table referred to below is to be updated using current year budget information found in the audited financial statements; no separate budget documents required to be filed.

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Triview
Metropolitan
District



0

1,000

2,000

Feet

LANDSCAPE ARCHITECTURE
VISUALIZATION
P.O. BOX 1293
ELIZABETH, CO 80107
WWW.TRSNV.COM

Date: 8/16/2018

DISTRICT MAP



OFFICIAL STATEMENT

\$11,395,000*

**TRIVIEW METROPOLITAN DISTRICT
(EL PASO COUNTY, COLORADO)
WATER AND WASTEWATER ENTERPRISE
REVENUE REFUNDING AND IMPROVEMENT BONDS
SERIES 2018**

INTRODUCTION

General

This Official Statement, including the cover page and appendices, is furnished by the Triview Metropolitan District, in El Paso County, Colorado (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado (the “State”), to provide information about the District and its \$11,395,000* Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018 (the “2018 Bonds”). The 2018 Bonds will be issued pursuant to a bond resolution (the “Bond Resolution”) adopted by the board of directors of the District (the “Board”) on October 9, 2018.

The offering of the 2018 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2018 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled “CERTAIN RISK FACTORS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page and appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein are defined in Appendix B hereto.

The Issuer

The District is a special district formed pursuant to Title 32, Article 1, Colorado Revised Statutes (“C.R.S.”) (the “Special District Act”) by order of the District Court for El Paso County in 1985 for the purpose of providing street and drainage, water and wastewater, park and recreation, traffic and safety protection and mosquito control improvements and services. The District’s formation was preceded by the County’s approval of Service Plan in December 1985 (the “Service Plan”). See “THE DISTRICT.”

The District is located entirely within the Town of Monument (the “Town”), generally to the east of I-25, between Higby Road to the north and Baptist Road to the south. The Town is approximately 15 miles north of the City of Colorado Springs, Colorado. The District contains approximately 2,590 acres. See the map of the District on page -v- of this Official Statement.

* Subject to change.

Authority for Issuance

The 2018 Bonds are issued in full conformity with the constitution and laws of the State, particularly: the Special District Act; the Supplemental Public Securities Act (Title 11, Article 57, Part 2, C.R.S.); Title 37, Article 45.1, C.R.S.; Title 31, Article 35, Part 4, C.R.S.; and pursuant to the Bond Resolution.

The 2018 Bonds; Prior Redemption

The 2018 Bonds are issued as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof. The 2018 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the 2018 Bonds. See “THE 2018 BONDS--Book-Entry Only System.” The 2018 Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the cover page hereof. The payment of principal and interest on the 2018 Bonds is described in “THE 2018 BONDS--Payment Provisions.”

The 2018 Bonds are subject to redemption prior to maturity at the option of the District and also are subject to mandatory sinking fund redemption as described in “THE 2018 BONDS--Redemption Provisions.”

Purpose

Proceeds of the 2018 Bonds will be used to: (i) refund all of the District’s Tax-Exempt Term Loan, dated as of October 22, 2014, currently outstanding in the aggregate principal amount of \$4,333,873.74 (the “2014 Loan”); (ii) refund all of the District’s Water and Wastewater Enterprise Revenue Bond, Series 2016, currently outstanding in the aggregate principal amount of \$6,320,000 (the “2016 Bonds”); (iii) acquire water rights for District purposes (the “Improvement Project”); and (iv) pay the costs of issuing the 2018 Bonds. See “SOURCES AND USES OF FUNDS.”

The 2014 Loan and the 2016 Bonds are referred to herein as the “Refunded Bonds.” The refunding of the Refunded Bonds is referred to herein as the “Refunding Project.” The Improvement Project and the Refunding Project are referred to collectively as the “Project.”

The System

General. The District provides water and wastewater services to all areas included within the District’s boundaries. All properties within the District are required to connect to the District’s water system and wastewater system (together, the “System”). The District does not provide any service outside its boundaries. See “THE SYSTEM” for more information on the System.

Water. The District operates its own water treatment facilities, storage tanks, lines and other distribution infrastructure; those facilities comprise the water system. See “THE SYSTEM.”

Wastewater. The District is a 44% shareholder in the Upper Monument Creek Regional Wastewater Treatment Plant (the “WWTP”) which currently provides regional wastewater treatment to the District and the other partners in the WWTP. The other partners include the Forest Lakes Metropolitan District (“Forest Lakes”) and the Donala Water and Sanitation District (“Donala”). Pursuant to an intergovernmental agreement dated November 11, 1999, as subsequently amended on October 25, 2001 (the “Wastewater Agreement”), between the District, Forest Lakes and Donala, the WWTP is currently operated by Donala. Each party is responsible for its respective share of operation and maintenance costs based on the relative share of actual flows. The wastewater system also includes interceptors, collection lines and other infrastructure wholly or partially owned by the District. See “THE SYSTEM.”

Possible Regionalization Projects. The District is in discussions with Colorado Springs Utilities (“CSU”) with respect to regional water and wastewater projects. With respect to the water system, these discussions focus on intersystem exchanges of water which will require the District to construct a pipeline to connect with the CSU water system. The District is also in discussions with CSU to connect to a regional wastewater pipeline that CSU is expected to construct to serve several entities in and around the Town, including the District, the Town, the Town of Palmer Lake (“Palmer Lake”), Woodmoor Water and Sanitation District (“Woodmoor”), Donala, portions of Colorado Springs’ northern service area and the Air Force Academy.

Security

General. The 2018 Bonds are special, limited obligations of the District. The principal of and interest on the 2018 Bonds are payable solely from the Net Pledged Revenues. The Bond Resolution defines “Net Pledged Revenues” as the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the System. See Appendix B for a more detailed definition of the System.

The Bond Resolution defines “Gross Pledged Revenues” to mean all income, rents, receipts, charges and revenues derived directly or indirectly by the District from the operation and use of and otherwise pertaining to the System, or any part thereof, whether resulting from Capital Improvements or otherwise, and includes all income, rents, receipts, charges and revenues received by the District from the System, including without limitation:

(1) All fees, rates and other charges for the use of the System, or for any service rendered by the District in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

(a) Excluding any moneys borrowed and used for the acquisition of Capital Improvements or for the refunding of securities, and all income or other gain from any investment of such borrowed moneys; and

(b) Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom; and

(2) All income or other gain from any investment of Gross Pledged Revenues (including without limitation the income or gain from any investment of all Net Pledged Revenues, but excluding borrowed moneys and all income or other gain thereon in any acquisition or construction fund, reserve fund, or any escrow fund for any Parity Bonds payable from Net Pledged Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on any investment of Gross Pledged Revenues); and

(3) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the System and to which the pledge and lien herein provided are lawfully extended by the Board or by the qualified electors of the District.

The Bond Resolution defines “Operation and Maintenance Expenses” to mean, generally, reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the System or any component division or other part thereof, or any other designated facilities in connection with which such term is used including, without limitation, all salaries, labor, materials and repairs necessary to render efficient service, except as limited by law. Operation and Maintenance Expenses do not include depreciation, franchise fees, costs of Capital Improvements, certain reserves and certain other items. The complete definition of Operation and Maintenance Expenses is found in Appendix B--Summary of Certain Provisions of the Bond Resolution--Certain Definitions.

Special, Limited Obligations. The 2018 Bonds do not constitute a general obligation of the District. Owners of the 2018 Bonds may not look to any other funds or accounts other than those specifically pledged by the District to the payment of the 2018 Bonds. The 2018 Bonds do not constitute an obligation of the County, the State or any political subdivision other than the District.

Lien Priority; Additional Bonds. The 2018 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues. The lien of the 2018 Bonds is on a parity with the lien thereon of any bonds or securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the 2018 Bonds (“Parity Bonds”).

Upon the satisfaction of certain conditions set forth in the Bond Resolution, the District may issue additional Parity Bonds. See “SECURITY FOR THE BONDS--Additional Bonds.”

The District currently anticipates the issuance of additional Parity Bonds, possibly in 2021 or 2022, for the acquisition of water rights and possibly to fund the costs of its participation in regionalization projects with CSU. See “THE SYSTEM--System Capital Improvements Program.”

Municipal Bond Insurance

General. Concurrently with the issuance of the 2018 Bonds, BAM will issue its Municipal Bond Insurance Policy (the “Policy”) for the 2018 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the 2018 Bonds when due as set forth in the form of the Policy included in this Official Statement as Appendix F - Specimen Municipal Bond Insurance Policy.

Issuance of the Policy gives the Insurer certain rights with respect to the 2018 Bonds. For instance, the Insurer will have the right to direct any remedies that are exercised pursuant to the Bond Resolution. The rights of the Insurer are discussed in Appendix B - Certain Provisions of the Bond Ordinance, particularly the section therein entitled “Provisions Related to the Insurer.”

Disclaimer. The information contained in “BOND INSURANCE” has been furnished by BAM for use in this Official Statement. Such information has not been independently confirmed or verified by the City or the Underwriter. No representation is made as to the accuracy, completeness or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained and incorporated herein by reference is correct. Reference is made to Appendix F - Specimen Municipal Bond Insurance Policy, which is an integral part of this Official Statement, for a specimen of the Policy. *No assurance can be given by the District that BAM will be able to meet its obligations under the Policy.*

Further, the obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Bond Counsel in connection with the execution and delivery of the 2018 Bonds. Butler Snow LLP also has acted as special counsel to the District in connection with this Official Statement. The fees of Butler Snow LLP will be paid only from Bond proceeds at closing. The District’s financial statements for the year ended December 31, 2017, attached hereto as Appendix A, have been audited by Stockman Kast Ryan & Co., LLP, certified public accountants, Colorado Springs, Colorado, to the extent and for the period indicated in their report thereon. See “INDEPENDENT AUDITORS.” Certain legal matters will be passed upon for the District by its General Counsel, Law Offices of Gary L. Shupp, P.C., Colorado Springs, Colorado. BOKF, NA dba Colorado State Bank and Trust, Denver, Colorado, will act as the Paying Agent and Registrar for the 2018 Bonds. D.A. Davidson & Co., Denver, Colorado will act as the underwriter for the 2018 Bonds (the “Underwriter”). See “UNDERWRITING.” Ballard Spahr LLP, Denver, Colorado, has acted as counsel to the Underwriter.

Tax Status

In the opinion of Butler Snow LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2018 Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2018 Bonds (the “Tax Code”), interest on the 2018 Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Under laws of the State of Colorado in effect on the date of delivery of the 2018 Bonds, interest on the 2018 Bonds is exempt from Colorado income tax. See “TAX MATTERS.”

Continuing Disclosure Undertaking

The District will execute a continuing disclosure agreement (the “Continuing Disclosure Agreement”) with BOKF, NA, dba Colorado State Bank and Trust, as dissemination agent, at the time of the closing for the 2018 Bonds. The Continuing Disclosure Agreement will be executed for the benefit of the beneficial owners of the 2018 Bonds and the District has covenanted in the Bond Resolution to comply with its terms. The Continuing Disclosure Agreement will provide that so long as the 2018 Bonds remain outstanding, the District will provide, or cause to be provided, the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; all as specified in the Continuing Disclosure Agreement. The form of the Continuing Disclosure Agreement is attached hereto as Appendix D.

The District has entered into continuing disclosure undertakings for past bond issues. In the last five years, the District (i) did not file its audited financial statements for 2014, (ii) did not file certain required operating data for 2013 through 2017; and (iii) did not file notices of its failure to provide the information described above. In 2016, the District made a remedial filing of its 2014 financial statements and annual financial information covering years through 2015; however, that filing did not include historic top ten taxpayer information because it was not available from the County. The District also did not file a remedial failure to file notice in 2016. The District made a remedial filing of missing operating data for 2016 and 2017, including a remedial failure to file notice.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the information contained under the headings “CERTAIN RISK FACTORS,” “SOURCES AND USES OF FUNDS,” and “FINANCIAL INFORMATION--Budget Summary and Comparison,” contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the ability of the District to pay debt service on the 2018 Bonds.

Additional Information

This introduction is only a brief summary of the provisions of the 2018 Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2018 Bonds, the Bond Resolution, the Project and the District are included in this Official Statement. All references herein to the 2018 Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District and the Underwriter at the following addresses:

Triview Metropolitan District
16055 Old Forest Point, Suite 300
Monument, Colorado 80132
Telephone: (719) 488-6868

D.A. Davidson & Co.
1550 Market Street, Suite 300
Denver, Colorado 80202
Telephone: (303) 764-6000.

CERTAIN RISK FACTORS

The purchase of the 2018 Bonds involves special risks and the 2018 Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of debt service on the 2018 Bonds and could affect the market price of the 2018 Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2018 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.*

Limited Obligations

General. The 2018 Bonds constitute special, limited obligations of the District, payable solely from and secured by an irrevocable pledge of the Net Pledged Revenues derived by the District from operation of the System and from other amounts as provided in the Bond Resolution. Owners of the 2018 Bonds may not look to any other funds or accounts other than those specifically pledged by the District to the payment of the 2018 Bonds. See “SECURITY FOR THE BONDS--Limited Obligations.” The 2018 Bonds *do not* constitute a general obligation of the District, and the District cannot levy any general ad valorem tax to pay the 2018 Bonds.

The ability of the District to meet its payment obligations under the Bond Resolution will depend upon the ability of the System to generate sufficient Gross Pledged Revenues to meet such obligations, the System’s operating expenses, debt service on other debt or obligations, extraordinary costs or expenses that may occur and other costs and expenses. Accordingly, investors should be aware that future revenues and expenses of the District will be subject to conditions that may differ materially from current conditions to an extent that cannot be determined at this time.

No Mortgage Secures the 2018 Bonds. The payment of the 2018 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the Net Pledged Revenues and other moneys pledged for the payment of the 2018 Bonds. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the 2018 Bonds (other than the District’s right to foreclose upon property to enforce the lien of unpaid customer fees). See “SECURITY FOR THE BONDS--Limited Obligations.”

No Reserve Fund

There will be no Reserve Fund securing the 2018 Bonds. However, the Bond Resolution allows the creation of a reserve fund with respect to additional Parity Bonds.

Factors that May Cause Insufficiency of Revenues

General. The generation of Net Pledged Revenues is dependent upon numerous factors outside the District’s control. These include the economy, cool or wet summer weather resulting in lower water usage, ability to collect water and/or wastewater service charges and tap fees, continued growth (or lack thereof) and changes in law. It is also impossible to predict how future economic conditions will affect the operation of the System or the District’s

finances in general. The following factors, among others, may impact the generation of Net Pledged Revenues in the future.

The 2018 Bonds are payable solely from Net Pledged Revenues and payment of the 2018 Bonds is dependent upon the generation of sufficient Net Pledged Revenues from the System. The components of the Net Pledged Revenues which constitute traditional user fees and tap fees are subject to fluctuation and certain risks. For example, if the System were to become inoperable due to damage, destruction, or environmental restriction or for any other reason, if the District should lack raw water or lack treatable water due to contamination, lack of adequate water rights to serve customers, drought, climate change or any other reason, if the District has inadequate storage or transmission facilities, if the District is unable to increase rates and charges for any reason or if the District incurs unanticipated expenses or reduced revenues for any reason, the District may be unable to generate adequate user fee and tap fee revenues from the System to pay debt service on the 2018 Bonds. See “SECURITY FOR THE BONDS” and “THE SYSTEM.”

The District’s water supply currently is comprised primarily of rights in nonrenewable Denver Basin groundwater aquifers pumped from deep wells. Water from the Denver Basin wells is pumped to and treated at the District’s two water treatment plants before being pumped to water storage tanks for delivery to homes. As water in the aquifers is depleted, deeper wells must be drilled to access the available water; as a result, operation and maintenance expenses can be expected to increase in the future for the nonrenewable portion of the water system.

Constitutional Limitations on Enterprises. The District has concluded that the System presently qualifies as an “enterprise” under the provisions of Article X, Section 20 of the Colorado Constitution (“TABOR”). If the District’s water and wastewater operations should fail at some time in the future to qualify as an enterprise for purposes of TABOR, the System would become subject to the limitations of TABOR, including, without limitation, the spending limits contained in TABOR. See “LEGAL MATTERS--Certain Constitutional Limitations.” If the District fails to maintain the enterprise status of the System, that event will not adversely affect the validity or enforceability of the 2018 Bonds, but may affect the District’s ability to collect Net Pledged Revenues in an amount sufficient to pay debt service.

Water Quality and Environmental Requirements

The System is subject to numerous Federal and State regulatory requirements. Those regulations are subject to change at any time.

Public drinking water systems are regulated by the Environmental Protection Agency (“EPA”); the Colorado Department of Public Health and Environment (“CDPHE”) has the authority to enforce drinking water quality standards. Water quality standards imposed by the Federal government or the State may affect the water available to the District and implementation of those standards or enforcement by CDPHE could result in increased costs associated with water treatment operations of the District. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could cause portions of the System to become unavailable. Any disruption of service could negatively impact Net Pledged Revenues.

Wastewater treatment systems are also regulated by the EPA; the CDPHE has the authority to issue permits and enforce discharge standards. The existing WWTP is operated by Donala under an effluent discharge permit issued by the CDPHE. The current permit was originally issued on May 1, 2015, and most recently was modified, reissued and signed on September 29, 2017, and expires on April 30, 2020. Implementation of more stringent effluent standards in the future could result in increased operation and maintenance costs or could require substantial capital improvements to the System. Should that occur, the System's costs would increase; such increased costs could reduce the amount of Net Pledged Revenues available to pay debt service on the 2018 Bonds. In addition, failure to comply with regulatory changes, or the inability to comply with them in a timely manner could cause portions of the System to become unavailable. Any disruption of service could negatively impact Net Pledged Revenues.

The current WWTP may be subject to various environmental regulations which could subject the District to increased operating costs or capital expenditures. Such increased costs could reduce the amount of Net Pledged Revenues available to pay debt service on the 2018 Bonds. See "THE SYSTEM--System Capital Improvements Program."

Delay in Collection of Fees and Enforcement of Liens

The District is entitled by statute to certify delinquent fees and charges to the County Treasurer, to be collected in the same manner as property taxes. See "REVENUES AVAILABLE FOR DEBT SERVICE--Billing and Collection." However, certification of the delinquent fees and charges to the County Treasurer would result in such fees being paid as property taxes in the year following certification. Accordingly, this collection process can result in significant delays in collections.

The District also has the statutory authority to enforce payment of its rates and charges through the foreclosure of liens on the real property of delinquent ratepayers. However, foreclosure of real property liens is a time-consuming and burdensome remedy. The delays involved in foreclosure could substantially delay the collection of rates and charges by the District. In addition, proceeds realized from the sale of real property, if any, may not be sufficient to cover the delinquent rates and charges after the payment of any senior liens on the property.

Bankruptcy and Foreclosure; Other Federal Issues

The ability and willingness of an owner or operator of property to remit water rates and charges in a timely manner may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent water or wastewater service charges using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a property. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in the collection of Net Pledged Revenues in amounts that may be insufficient to pay debt service on the 2018 Bonds when due.

A federal tax lien or other federal lien could exist in the future which could have a lien upon the Net Pledged Revenues which, pursuant to federal law, is prior to the lien thereon of the Bond Resolution. The District is not aware of the current existence of such a lien or

circumstances which could give rise to such a lien, but it is possible that such a lien could arise in the future.

Additional Parity Bonds

The District is permitted to incur other debt payable on a parity with the lien of the 2018 Bonds. See “SECURITY FOR THE BONDS--Additional Bonds.” Debt service on the 2018 Bonds and all additional Parity Bonds will be payable from Net Pledged Revenues on a pro-rata basis. To the extent that future obligations are issued on a parity with the lien of the 2018 Bonds, the security for the 2018 Bonds may be diluted. The District may decide to issue additional Parity Bonds in the future for the purchase of water rights and construction of additional System infrastructure.

Changes in Law

Various Colorado constitutional provisions, laws and regulations apply to the operation of the System and the operation and finances of the District. Various federal laws and regulations also apply to the operation of the System. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District or the operation of the System in the future.

Limitations on Remedies Available to Owners of Bonds

General; Bankruptcy. The enforceability of the rights and remedies of the owners of the 2018 Bonds and the obligations incurred by the District in issuing the 2018 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2018 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights. Colorado law currently provides that a special district may file for federal bankruptcy protection only if it can show the United States Bankruptcy Court that it has been unsuccessful with other existing alternatives to bankruptcy and that it would be unable to discharge its obligations as they become due by means of a mill levy of not more than one hundred (100) mills.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2018 Bonds in the event of a default in the payment of principal or interest on the 2018 Bonds. Consequently, remedies available to the owners of the 2018 Bonds may have to be enforced from year to year.

No Trustee. There is no bond trustee or similar person or entity to monitor or enforce the provisions of the Bond Resolution on behalf of the Owners of the 2018 Bonds, and

therefore the Owners should be prepared to enforce such provisions themselves if the need to do so ever arises.

Secondary Market

There can be no assurance or guaranty that a secondary market for the 2018 Bonds will be maintained or that sufficient information will be publicly available to permit the maintenance of such a market. Accordingly, each purchaser should expect to bear the risk of the investment represented by the 2018 Bonds to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The District expects to apply the proceeds from the sale of the 2018 Bonds as set forth in the following table.

| <u>Sources and Uses of Funds</u> | | <u>Amount</u> |
|--|--|---------------|
| SOURCE: | | |
| Par amount of 2018 Bonds..... | | |
| Plus/(less): net original issue premium/(discount)..... | | |
| Total | | |
| USES: | | |
| The Refunding Project | | |
| The Improvement Project | | |
| Costs of issuance (including Underwriter's discount and premium on the Policy)..... | | |
| Total | | |

Source: The Underwriter.

The Refunding Project

A portion of the proceeds of the 2018 Bonds will be used to effect a current refunding of each series of the Refunded Bonds. In order to accomplish the Refunding Project, the District will use a portion of the net proceeds of the 2018 Bonds to pay the principal and interest on the Refunded Bonds upon prior redemption simultaneously with the closing on the Bonds on November 29, 2018.*

The Improvement Project

The District will use a portion of the proceeds of the 2018 Bonds to purchase water rights evidenced by 32 shares in the Fountain Mutual Irrigation Company ("FMIC"). The District currently expects to purchase the shares in January 2019.

* Subject to change.

THE 2018 BONDS

General

The 2018 Bonds will be dated as of their date of delivery and will mature and bear interest as shown on the inside cover page of this Official Statement. The 2018 Bonds will be issued in fully registered form and initially will be registered in the name of “Cede & Co.,” as nominee for DTC. Purchases by beneficial owners of the 2018 Bonds are to be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof. Payments to beneficial owners are to be made as described below in “Book-Entry Only System.”

For a complete statement of the details and conditions of the 2018 Bond issue, reference is made to the Bond Resolution and the Sale Certificate (defined in Appendix B). Copies of those documents are available from the sources listed in “INTRODUCTION--Additional Information.”

Payment Provisions

The principal of each 2018 Bond shall be payable at the principal corporate trust office of the Paying Agent, or at such other office as the Paying Agent directs in writing to the Owners of the 2018 Bonds, or at the principal office of its successor, upon presentation and surrender of the 2018 Bond.

Interest on the 2018 Bonds (calculated based on a 360-day year consisting of twelve 30-day months) is payable semiannually on June 1 and December 1, commencing June 1, 2019. Payment of interest on any 2018 Bond shall be made to the Owner thereof by the Paying Agent on or before each interest payment date, (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to such Owner at his or her address as it appears on the registration records kept by the Paying Agent at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date (the “Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date and the date fixed for payment of such unpaid interest shall be fixed by the Paying Agent whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners not less than ten days prior to the Special Record Date by first-class mail to each such Owner as shown on the Paying Agent’s registration books on a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such unpaid interest. The Paying Agent may make payments of interest on any 2018 Bond by such alternative means as may be mutually agreed to between the Owner of such 2018 Bond and the Paying Agent.

If any 2018 Bond is not paid upon its presentation and surrender at or after its maturity or prior redemption, interest shall continue at its stated rate per annum until the principal thereof is paid in full.

Notwithstanding the foregoing, payments of the principal of and interest on the 2018 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so

long as DTC or Cede & Co. is the Owner of the 2018 Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "Book-Entry Only System" below.

Redemption Provisions*

Optional Redemption.* The 2018 Bonds maturing on and before December 1, ____, are not subject to redemption prior to maturity at the option of the District. The 2018 Bonds maturing on and after December 1, ____, are subject to redemption prior to their respective maturities, at the option of the District, in whole, or in part from any maturity and interest rate, in any order of maturity and by lot within a maturity and interest rate, in such manner as the District may determine (giving proportionate weight to 2018 Bonds in denominations larger than \$5,000), from any legally available funds of the District, on December 1, ____, or on any date thereafter, at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

The 2018 Bonds may not be redeemed as described in the prior paragraph unless all Policy Costs (defined in Appendix B), if any, due and owing to the Surety Provider (defined in Appendix B) shall have been paid.

Mandatory Sinking Fund Redemption.* The 2018 Bonds maturing on December 1, 2039, and December 1, 2048 (the "Term Bonds"), are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of such Term Bonds redeemed, plus accrued interest to the redemption date, without a redemption premium.

As a sinking fund for the Term Bonds maturing on December 1, 2039, the District will deposit into the Bond Fund sufficient funds, together with other amounts on deposit in the Bond Fund, to redeem the Term Bonds on the dates and in the principal amounts shown below:

| Redemption Date (December 1) | Principal Amount |
|---------------------------------|---------------------|
| 2035 | \$ 380,000 |
| 2036 | 400,000 |
| 2037 | 415,000 |
| 2038 | 430,000 |
| 2039 (maturity) | 450,000 |

As a sinking fund for the Term Bonds maturing on December 1, 2048, the District will deposit into the Bond Fund sufficient funds, together with other amounts on deposit in the Bond Fund, to redeem the Term Bonds on the dates and in the principal amounts shown below:

* Subject to change.

| <u>Redemption Date</u> <u>(December 1)</u> | <u>Principal</u> <u>Amount</u> | <u>Redemption Date</u> <u>(December 1)</u> | <u>Principal</u> <u>Amount</u> |
|---|-----------------------------------|---|-----------------------------------|
| 2040 | \$ 470,000 | 2045 | \$ 575,000 |
| 2041 | 490,000 | 2046 | 600,000 |
| 2042 | 510,000 | 2047 | 625,000 |
| 2043 | 530,000 | 2048 (maturity) | 650,000 |
| 2044 | 555,000 | | |

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Term Bonds (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next December 1, and give notice of such call without further instruction or notice from the District.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the District may (a) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the District on such sinking fund date and such sinking fund obligation will be accordingly reduced.

Notice of Redemption. Notice of optional or mandatory redemption shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the Redemption Date to each Owner at his address as it last appears on the registration books kept by the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the redemption of any 2018 Bond. Such notice shall identify the 2018 Bonds to be so redeemed (if less than all are to be redeemed) and the Redemption Date, and shall further state that on such Redemption Date there will become due and payable upon each 2018 Bond so to be redeemed, at the principal office of the Paying Agent, the principal amount thereof, accrued interest to the Redemption Date, and the stipulated premium, if any, and that from and after such date interest will cease to accrue. After notice has been given in the manner described above, 2018 Bonds so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the principal office of the Paying Agent, the Paying Agent will pay the 2018 Bond or 2018 Bonds so called for redemption. No further interest shall accrue on the principal of any such 2018 Bond called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the Redemption Date.

Notwithstanding the provisions described above, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or before the Redemption Date of funds sufficient to pay the redemption price of the 2018 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the 2018 Bonds called for redemption in the same manner as the original redemption notice was mailed, or (b) be given only if funds

sufficient to pay the redemption price of the 2018 Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

No Partial Redemption After Default. Further, if an Event of Default under the Bond Resolution has occurred and is continuing (see Appendix B--Summary of Certain Provisions of the Bond Resolution - Events of Default and Remedies), of which an officer of the Paying Agent has actual knowledge, there shall be no redemption of less than all of the 2018 Bonds at the time Outstanding (other than pursuant to any mandatory sinking fund redemption provisions).

Tax Covenants

In the Bond Resolution, the District covenants for the benefit of the Owners of the 2018 Bonds that it will not take any action or omit to take any action with respect to the 2018 Bonds, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the 2018 Bonds if such action or omission (i) would cause the interest on the 2018 Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the 2018 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the 2018 Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the District agrees to comply with the procedures set forth in the Tax Compliance Certificate with respect to the 2018 Bonds. The foregoing covenant remains in full force and effect notwithstanding the payment in full or defeasance of the 2018 Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code and Colorado law have been met.

Book-Entry Only System

The 2018 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2018 Bonds. The ownership of one fully registered 2018 Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2018 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2018 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Registrar and Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2018 Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

Set forth below are the estimated debt service requirements for the 2018 Bonds. Upon completion of the Refunding Project, the 2018 Bonds will constitute the only outstanding revenue bonds of the District.

Debt Service Requirements(1)*

| Year | The 2018 Bonds* | | |
|-------|-----------------|----------|-------|
| | Principal | Interest | Total |
| 2019 | \$ 175,000 | | |
| 2020 | 185,000 | | |
| 2021 | 195,000 | | |
| 2022 | 205,000 | | |
| 2023 | 215,000 | | |
| 2024 | 225,000 | | |
| 2025 | 235,000 | | |
| 2026 | 245,000 | | |
| 2027 | 260,000 | | |
| 2028 | 270,000 | | |
| 2029 | 285,000 | | |
| 2030 | 300,000 | | |
| 2031 | 315,000 | | |
| 2032 | 330,000 | | |
| 2033 | 345,000 | | |
| 2034 | 365,000 | | |
| 2035 | 380,000 | | |
| 2036 | 400,000 | | |
| 2037 | 415,000 | | |
| 2038 | 430,000 | | |
| 2039 | 450,000 | | |
| 2040 | 470,000 | | |
| 2041 | 490,000 | | |
| 2042 | 510,000 | | |
| 2043 | 530,000 | | |
| 2044 | 555,000 | | |
| 2045 | 575,000 | | |
| 2046 | 600,000 | | |
| 2047 | 625,000 | | |
| 2048 | <u>650,000</u> | | |
| Total | \$11,230,000 | | |

(1) Totals may not add due to rounding.

Source: the Underwriter.

* Subject to change.

SECURITY FOR THE BONDS

Limited Obligations

The 2018 Bonds are special, limited obligations of the District. The 2018 Bonds do not constitute a general obligation of the District nor do they constitute a lien on any properties owned by or located within the boundaries of the District other than the Net Pledged Revenues. *The owners of the 2018 Bonds do not have the right to require or compel the exercise of the taxing power of the District for payment of the principal of or interest on the 2018 Bonds.* The owners of the 2018 Bonds may not look to any funds of the District (other than Net Pledged Revenues or other funds or accounts specifically pledged by the District) for payment of the 2018 Bonds. Therefore, the security for the punctual payment of the debt service on the 2018 Bonds is dependent upon the generation of Net Pledged Revenues in an amount sufficient to meet those requirements. See “CERTAIN RISK FACTORS.”

Pledge of Net Pledged Revenues of the System

The 2018 Bonds are secured by and constitute an irrevocable lien (but not necessarily an exclusive lien) on the Net Pledged Revenues on a parity with the lien thereon of any Parity Bonds. See “Additional Bonds” below.

The pledge of the Net Pledged Revenues shall be valid and binding from and after the date of the delivery of the 2018 Bonds and the moneys as received by the District and pledged by the Bond Resolution shall immediately be subject to the lien of the pledge without any physical delivery thereof, any filing, or further act. The lien of the pledge and the obligation to perform the contractual provisions made in the Bond Resolution shall have priority over any or all other obligations and liabilities of the District except any Outstanding Parity Bonds heretofore or hereafter authorized and any Policy Costs as provided in the Bond Resolution. The lien of the pledge of the Net Pledged Revenues and as described above shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as otherwise provided in the Bond Resolution) irrespective of whether such parties have notice thereof.

Rate Maintenance Covenant

In the Bond Resolution, the District covenants to maintain rates and charges at certain levels (the “Rate Maintenance Covenant”).

In the Rate Maintenance Covenant, the District agrees to charge against users of service pertaining to and users of the System, including the District, such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Resolution in each year. The charges pertaining to the System must be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year: (A) an amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year, (B) an amount equal to 110% of both the principal and interest on the 2018 Bonds and any Parity Bonds then Outstanding that are payable from the Net Pledged Revenues in that Fiscal Year (excluding the reserves therefor), and (C) any amounts required to pay all Policy Costs, if any, due and owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom. Notwithstanding the foregoing, revenues derived from Tap Fees (defined below) are

not included when calculating the amount of Gross Pledged Revenue required to meet clause (B) of the Rate Maintenance Covenant.

The District imposes various one-time tap and impact fees that are imposed in a lump sum prior to the issuance of a building permit. Certain of those fees are related to the System and other fees are attributable to the general governmental functions of the District. The Bond Resolution defines these one-time tap and impact fees imposed upon new users as “Tap Fees;” including: water tap fees, sewer tap fees, renewable water fees, reuse tap fees, park and recreation and landscape fees, road and bridge fees, review and comment fees, water meter fees, sewer impact fees and water impact fees.

Certain of the Tap Fees are related to the System and are included in Gross Pledged Revenues; those Tap Fees are referred to herein as the “System Tap Fees.” The System Tap Fees include water tap fees, sewer tap fees, renewable water fees, reuse tap fees, review and comment fees, water meter fees, sewer impact fees and water impact fees.

Investors should be aware that although park and recreation and landscape fees and road and bridge fees are included in the definition of “Tap Fees” for purposes of the Bond Resolution, those fees are not associated with the System in any way and do not constitute System Tap Fees or Gross Pledged Revenues under any circumstances.

History of Net Pledged Revenues and Pro-Forma Debt Service Coverage

The following table sets forth actual Net Pledged Revenues for 2013 through 2017, as compared to the estimated maximum annual debt service due on the 2018 Bonds (\$683,616* in 2019*).

Investors should be aware that collections of Net Pledged Revenues may not continue at the levels stated below, and the coverage factors in future years may not remain at the historical levels. In particular, due to local and national economic conditions, tap fee revenues may fluctuate. Tap fees are one-time fees that are directly tied to new development, which may or may not occur in future years. Information about the sources of the Net Pledged Revenues can be found in “REVENUES AVAILABLE FOR DEBT SERVICE.”

Investors should also be aware that the System Tap Fees are included in Gross Pledged Revenues pursuant to the Bond Resolution and accordingly are available to pay debt service on the 2018 Bonds.

The District has the discretion to accept cash “in-lieu-of” fees from developers who do not bring sufficient water to the District to support their proposed development, and began collecting such fees by resolution passed in 2016. The District then may utilize such funds, as necessary, to acquire other water resources necessary to serve the development. Such in-lieu-of fees are discretionary, and unlike tap fees that are uniformly applied throughout the District, are evaluated on a case by case basis. As a result, there is no assurance that such fees will be received in future years or will be received in the amounts illustrated in the table below.

* Subject to change.

History of Net Pledged Revenues and Pro-Forma Debt Service Coverage*

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Gross Pledged Revenues | | | | | |
| Water sales (1) | \$1,034,965 | \$1,287,136 | \$1,161,606 | \$1,244,467 | \$2,615,798 |
| Tap fees (2) | 860,928 | 3,207,462 | 218,396 | 566,727 | 1,307,842 |
| Payment in lieu of fees | -- | -- | 80,500 | 53,170 | 282,710 |
| Sewer charges (3) | 809,504 | 902,533 | 977,586 | 1,039,932 | 1,159,831 |
| Interest, miscellaneous and other fees (4) | <u>27,305</u> | <u>56,532</u> | <u>36,413</u> | <u>108,504</u> | <u>116,462</u> |
| Total Gross Pledged Revenues | <u>2,732,702</u> | <u>5,453,663</u> | <u>2,474,501</u> | <u>3,012,800</u> | <u>5,482,643</u> |
| Operation and Maintenance Expenses | | | | | |
| Water system | 337,992 | 415,494 | 365,983 | 581,200 | 510,039 |
| Sewer system | 483,382 | 465,834 | 465,154 | 574,335 | 702,407 |
| General and administrative | <u>396,143</u> | <u>489,110</u> | <u>435,514</u> | <u>435,543</u> | <u>408,891</u> |
| Total Operation and Maintenance Exp. | <u>1,217,517</u> | <u>1,370,438</u> | <u>1,266,651</u> | <u>1,591,078</u> | <u>1,621,337</u> |
| Net Pledged Revenues | \$1,515,185 | \$4,083,225 | \$1,207,850 | \$1,421,722 | \$3,861,306 |
| Estimated Maximum Annual Debt Service Requirements (5)* | \$683,616 | \$683,616 | \$683,616 | \$683,616 | \$683,616 |
| Pro Forma Coverage Ratio* | 2.22x | 5.97x | 1.77x | 2.08x | 5.65x |

- (1) Includes revenues from water rates and charges (i.e., charges for service) as well as renewable water fees, water meter fees and water impact fees.
- (2) Net of amounts required to be reimbursed to developers as described in "THE SYSTEM--Tap Fee Reimbursement Agreements."
- (3) Includes revenues from sewer rates and charges (i.e., charges for service) as well as sewer impact fees.
- (4) Includes penalties, water meter kits, lease revenue, and review and comment fees.
- (5) Represents the estimated maximum annual debt service requirements of the 2018 Bonds (\$683,616* in 2019*). See "DEBT SERVICE REQUIREMENTS."

Sources: Derived from the District's audited financial statements for 2013-2017.

For 2018, the District has conservatively budgeted Gross Pledged Revenues of \$4,547,500 and Operation and Maintenance Expenses of \$2,165,020, resulting in Net Pledged Revenues of \$2,382,480, resulting in estimated pro-forma debt service coverage of 3.49x. Specifically, the District has conservatively budgeted tap fees expected to be received in 2018, which also affects the other System Tap Fees since they are imposed in a lump sum. In addition, according to the District, In addition, Donala conservatively budgeted wastewater system operation and maintenance expenses.

Flow of Funds

So long as any of the 2018 Bonds and any Parity Bonds are Outstanding as to any Bond Requirements (defined in Appendix B), the entire Gross Pledged Revenues, upon their receipt from time to time by the District, shall be set aside and credited immediately to the special and separate account created by the Bond Resolution and to be known as the "Triview Metropolitan District, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Gross Income Fund" (the "Income Fund"). Payments shall be made from the Income Fund in the following order of priority:

- (1) Operation and Maintenance Expenses. First, as a first charge on the Income Fund, from time to time there shall continue to be held therein moneys sufficient to pay

* Subject to change.

Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Income Fund at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Income Fund as described below.

(2) Bond Fund Payments. Second, from any remaining Net Pledged Revenues, the following amounts shall be credited to the Bond Fund (defined in Appendix B), concurrently with each other and with amounts required to meet the Bond Requirements for any Outstanding Parity Bonds:

(A) Interest Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds, or commencing on the first day of the month six months next prior to the first interest payment date of any of the 2018 Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding 2018 Bonds on the next succeeding interest payment date.

(B) Principal Payments. Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the 2018 Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the 2018 Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the principal and redemption premium, if any, due and payable on the Outstanding 2018 Bonds on the next succeeding principal payment date.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment described in paragraph (A) or (B) (whichever is applicable) above may be appropriately reduced; but the required annual amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the 2018 Bonds then Outstanding, as such Bond Requirements become due. No interest or principal shall be paid on any 2018 Bonds owned by or on behalf of the District.

(3) Reserve Fund Payments. Third, except as otherwise provided in the Bond Resolution, and concurrently with any payments required to be made pursuant to any Parity Bond Resolutions with respect to any reserve funds which may be, but are not required to be, established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds, from any moneys remaining in the Income Fund there shall be credited to the Reserve Fund monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Reserve Fund for any reason are less than the Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to reaccumulate the Reserve Fund Requirement by not more than 12 such monthly payments. Also see Appendix B--Summary of Certain Provisions of the Bond Resolution--Reserve Fund. ***The 2018 Bonds are not secured by a Reserve Fund.***

(4) Termination of Deposits. No payment need be made into the Bond Fund or the Reserve Fund if there are no Policy Costs due and owing and if the amount in the Bond Fund and the amount in the Reserve Fund (exclusive of the amount available under a Reserve Fund Insurance Policy) total a sum at least sufficient so that all 2018 Bonds Outstanding are deemed to have been paid pursuant to the Bond Resolution (see Appendix B--Summary of Certain Provisions of the Bond Resolution--Defeasance), in which case moneys therein (taking into account the known minimum gain from any investment if such moneys in Investment Securities from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding 2018 Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the Board.

(5) Defraying Delinquencies. If at any time the District shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund at such time from the Reserve Fund (if any) equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. Provisions to the use and the replenishment of any future Reserve Fund are set forth in Appendix B - Certain Definitions and Document Summaries - Reserve Fund.

(5) Rebate Fund. Fourth, concurrently with any payments required to be made pursuant to any Parity Bond Resolutions with respect to any rebate funds established thereby, there shall be deposited into the special and separate account of the Rebate Fund created in the Bond Resolution moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the District to comply with its tax covenant (see "THE 2018 BONDS--Tax Covenants"). Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of the Bond Resolution to the extent that such amounts are required to be paid to the United States Treasury. For a further discussion of the use of moneys on deposit in the Rebate Fund, see Appendix B--Summary of Certain Provisions of the Bond Resolution - Rebate Fund.

(6) Payment of Subordinate Securities. Fifth, and subject to the above provisions but subsequent to the payments required by the above provisions, any moneys remaining in the Income Fund may be used by the District for the payment of Bond Requirements of subordinate securities, including reasonable reserves for such subordinate securities and for rebate of amounts to the United States Treasury with respect to such subordinate securities.

(7) Use of Remaining Revenues. After the above payments are made, any remaining Net Pledged Revenues in the Income Fund shall be used, firstly, for any one or any combination of reasonably necessary purposes and in the Board's discretion relating to the operation, improvement or debt management of the System and, secondly, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the Board may from time to time conclusively determine.

Additional Bonds

Parity Bonds. The District is authorized to issue additional Parity Bonds upon the satisfaction of the following conditions set forth in the Bond Resolution.

A. At the time of the adoption of the resolution authorizing the issuance of the additional securities, the District shall not be in default in making any payments described in “Flow of Funds” above, including any payments of Policy Costs.

B. The Net Pledged Revenues derived in any 12 month period within the 18 months immediately preceding the date of issuance of the additional Parity Bonds shall not be less than 110% of the Combined Maximum Annual Principal and Interest Requirements of the Outstanding Bonds, any Outstanding Parity Bonds and the Parity Bonds proposed to be issued and 100% of the Policy Costs then due and owing, if any, except as otherwise expressly provided in the Bond Resolution. For purposes of this test, Net Pledged Revenues shall not include Tap Fees.

In any computation under paragraph B above, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the District Manager, as the case may be, which results from any changes which became effective not less than 60 days prior to the last day of the period for which Gross Pledged Revenues are determined in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the District Manager estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations described above, and estimates any loss under this sentence will not at any time materially and adversely affect the District’s apparent ability to comply with the Rate Maintenance Covenant (described in “Rate Maintenance Covenants” above) without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

The respective annual Bond Requirements (including as such a requirement the amount of any prior redemption premiums due on any Redemption Date) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by any Commercial Bank with trust powers, including the known minimum yield from any investment in Federal Securities and any bank deposits, including any certificate of deposit.

In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the System as estimated by the District Manager that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the District Manager may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements to which such

expenditure relates and not otherwise included in the calculations under this section of the Bond Resolution, if the District Manager also opines that any such increase in revenues or reduction in any increase in Operation and Maintenance Expenses will not materially and adversely affect the District's apparent ability to comply with the Rate Maintenance Covenant without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

Certification of Revenues. A written certificate or written opinion by the District Manager that such annual revenues, when adjusted as provided above, are sufficient to pay the amounts required by paragraph B above, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver additional securities on a parity with the 2018 Bonds.

The proceeds of any additional Parity Bonds or other securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements or to refund all or any portion of the 2018 Bonds, Parity Bonds or other securities payable from Net Pledged Revenues, regardless of the priority or the lien of such securities on Net Pledged Revenues.

The District must comply with different requirements prior to the issuance of refunding bonds or other refunding obligations having a parity lien on the Net Pledged Revenues. Those requirements are discussed in Appendix B--Summary of Certain Provisions of the Bond Resolution--Refunding Bonds.

Superior Lien Bonds. The Bond Resolution prohibits the issuance of obligations having a lien on Net Pledged Revenues which is superior to the lien thereon of the 2018 Bonds.

Subordinate Lien Bonds. The Bond Resolution permits the issuance of additional obligations with a lien on Net Pledged Revenues which is subordinate or junior to the lien thereon of the 2018 Bonds; provided that the principal and interest payment on such Subordinate Securities is payable annually after the payment on the 2018 Bonds and provided further that the District is current and in compliance with its obligations under the Bond Resolution or any documents pursuant to which Parity Bonds are issued.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2018 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the 2018 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the 2018 Bonds when due as set forth in the form of the Policy included as Appendix F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2018 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2018 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the 2018 Bonds, nor does it guarantee that the rating on the 2018 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2018, and as prepared in accordance with statutory accounting practices prescribed or

permitted by the New York State Department of Financial Services were \$524.0 million, \$104.1 million and \$419.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the 2018 Bonds or the advisability of investing in the 2018 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditisights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the 2018 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2018 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2018 Bonds, whether at the initial offering or otherwise.

REVENUES AVAILABLE FOR DEBT SERVICE

Customer Rates and Charges

General Information. The District has adopted Rules and Regulations with respect to water and sewer service. The most recent Rules and Regulations were approved and adopted in February 2007. The District assigns single-family equivalents (“SFE”) based upon meter sizes. SFE assignments range from one SFE for 5/8” and 3/4” meters to 80 SFEs for 8” meters. Meters are required for all structurally independent buildings requiring water service.

The District recently engaged Raftelis Financial Consultants, Inc. to conduct a Water and Wastewater Rate Study dated July 23, 2018 (the “Rate Study”). The purpose of the Rate Study was to: develop financial plans for water and wastewater funds to ensure sufficient funding for operation and maintenance costs, capital replacement and refurbishment needs, capital expansion projects, water rights acquisitions and provide financial stability for the utilities; develop cash reserve fund targets; plan for future financial challenges, including debt service coverage and future capital needs; and assess the appropriateness of District tap fees. Certain recommendations from the Rate Study are described below.

Current Usage Rates. Each year, the Board reviews rates and adjusts them as necessary. The District imposed a 5% water rate revenue increase and a 10% wastewater rate revenue increase effective September 1, 2018. The Board did not adopt rate increases for future years. The Rate Study recommends annual water rate increases of 8% effective January 1, 2019 through 2023, and 5% water rate increases effective January 1, 2024 through 2027. The Rate Study recommends annual wastewater rate increases of 9% effective January 1, 2019 through 2027. However, the Board may impose different rate increases (or no increases at all) in its discretion.

Residential Water and Wastewater Rates. The District’s current residential water and wastewater service rates are shown below.

Residential Water and Wastewater Rates

WATER RATES

| | | |
|--|------------------|---------|
| Base Rate per month | | \$21.00 |
| Volume Rate (per 1,000 gallons) | | |
| Block 1 | 0 to 6,000 | \$ 3.70 |
| Block 2 | 6,001 to 20,000 | 4.58 |
| Block 3 | 20,001 to 30,000 | 8.10 |
| Block 4 | 30,001 to 40,000 | 9.15 |
| Block 5 | Over 40,000 | 11.10 |

WASTEWATER RATES

| | |
|--|---------|
| Base Rate per month | \$39.31 |
| Volume Charge (per 1,000 gallons) | 3.87 |
| (based on average volume usage For November through February) | |

Commercial Water and Wastewater Rates. The District’s current commercial water and wastewater service rates are shown below.

Commercial Water Rates

| Base Rate per month | Meter Size | Cost |
|---|-------------------|-------------|
| | 1" and smaller | \$32.72 |
| | 1 ½" | 58.05 |
| | 2" | 109.98 |
| | 3" | 248.26 |
| | 4" | 451.15 |
| | 6" | 1,072.47 |
| | 8" | 2,563.52 |
| Volume Rate (per 1,000 gallons) | | |
| Uniform rate based on monthly water usage | | \$3.75 |

Commercial Wastewater Rates

| Base Rate per month | Meter Size | Cost |
|---|-------------------|-------------|
| | 1" and smaller | \$ 47.41 |
| | 1 ½" | 94.82 |
| | 2" | 191.99 |
| | 3" | 450.38 |
| | 4" | 829.63 |
| | 6" | 1,991.12 |
| | 8" | 4,788.14 |
| Volume Rate (per 1,000 gallons) | | |
| Uniform rate based on monthly water usage | | \$3.82 |

The District imposes other miscellaneous charges related to water and wastewater service, including review fees, disconnect and reconnect fees, and late fees.

Tap Fees

General. The District also imposes tap fees for connection to the System. Tap fees must be paid prior to issuance of a building permit. Pursuant to the Rules and Regulations, no tap fee refunds are paid by the District unless the District cancels or revokes an application for service. Tap fees are reviewed by the Board annually. The most recent schedule of residential and commercial tap fees was effective May 1, 2017.

In addition to the tap fees shown below, the District currently imposes water meter fees, drainage impact fees, park, recreation and landscape fees, road and bridge fees, review and comment fees and sewer impact fees that must be paid at the same time as tap fees.

Residential Tap Fees. The following table sets forth the District's current residential tap fee schedule, as well as the current schedule of residential renewable water fees and residential reuse tap fees.

Schedule of Residential Tap Fees - Per Dwelling Unit

| | Water Tap Fee | Sewer Tap Fee | Renewable Water Fee | Reuse Tap Fee |
|----------------------------|------------------|------------------|------------------------|------------------|
| Apartment | \$ 6,284.88 | \$3,588.75 | \$1,827.00 | \$3,132.00 |
| Attached Single Family (1) | 9,030.00 | 5,156.25 | 2,625.00 | 4,500.00 |
| Single Family | 12,040.00 | 6,875.00 | 3,500.00 | 6,000.00 |

- (1) “Attached Single Family” means townhome or condominiums with individual or sub-meters. The District requires that these units be supplied by individual taps and meters or a common tap with a sub-meter for each unit.

The Rate Study recommends elimination of the Reuse Tap Fee and an increase in the single-family Renewable Water Tap Fee to \$7,000 (\$5,250 for attached single-family and \$3,654 for apartments). This would result in a slightly lower overall tap fee but would approximate the cost of purchasing water rights and typical household water usage. However, the Board may impose different tap fees (or make no changes at all) in its discretion.

While the District does not currently plan on constructing a “re-use/purple pipe” system to allow for irrigation of public spaces with non-potable water supplies, the District remains committed to the re-use of all water supplies available to the District which can legally be so re-used, thereby maximizing all available water resources. The District currently plans to continue to collect a reuse tap fee in order to facilitate acquisition of reusable water supplies, development of infrastructure to allow for such reuse and other related matters; however, in the future the District may combine this fee with the renewable water fee.

Commercial Tap Fees. Commercial tap fees are imposed based upon meter size/SFEs. The District’s current commercial tap fee schedule, as well as the current schedule of commercial renewable water fees and commercial reuse tap fees, is set forth below. The minimum tap for commercial, office or industrial use is 1 inch.

Schedule of Commercial Tap Fees - Based upon Tap Size

| Tap Size/SFEs | Water Tap Fee | Sewer Tap Fee | Renewable Water Fee | Reuse Tap Fee |
|---------------|------------------|------------------|------------------------|------------------|
| 1”/1.9 | \$ 22,876.00 | \$ 13,062.50 | \$ 6,650.00 | \$ 11,400.00 |
| 1.5”/4.4 | 52,976.00 | 30,250.00 | 15,400.00 | 26,400.00 |
| 2”/8.1 | 97,524.00 | 55,687.50 | 28,350.00 | 48,600.00 |
| 2.5”/13.25 | 159,530.00 | 91,093.75 | 46,375.00 | 79,500.00 |
| 3”/19 | 228,760.00 | 130,625.00 | 66,500.00 | 114,000.00 |
| 4”/35 | 421,400.00 | 240,625.00 | 122,500.00 | 210,000.00 |
| 6”/84 | 1,011,360.00 | 577,500.00 | 294,000.00 | 504,000.00 |
| 8”/154 | 1,854,160.00 | 1,058,750.00 | 539,000.00 | 924,000.00 |
| 10”/250 | 3,010,000.00 | 1,718,750.00 | 875,000.00 | 1,500,000.00 |
| 12”/368 | 4,430,720.00 | 2,530,000.00 | 1,288,000.00 | 2,208,000.00 |

History of Tap Connections. The following table sets forth a history of tap connections in the District.

History of Tap Connections

| <u>Year</u> | <u>Number of Connections</u> | | |
|-------------|------------------------------|-------------------|--------------|
| | <u>Residential</u> | <u>Commercial</u> | <u>Total</u> |
| 2013 | 62 | 1 | 63 |
| 2014 | 159 | 2 | 161 |
| 2015 | 50 | 4 | 54 |
| 2016 | 50 | 4 | 54 |
| 2017 | 104 | 2 | 106 |
| 2018(1) | 94 | 1 | 95 |

(1) Through September 30, 2018.

Source: The District.

Management Discussion and Analysis

The audited financial statements attached to this Official Statement as Appendix A include a Management Discussion and Analysis for 2017.

Customer Information

The following table sets forth a history of the District's customers.

| <u>Year</u> | <u>Water Customers</u> | | <u>Wastewater Customers</u> | |
|-------------|------------------------|----------------------|-----------------------------|-------------------|
| | <u>Residential</u> | <u>Commercial(1)</u> | <u>Residential</u> | <u>Commercial</u> |
| 2013 | 1,233 | 45 | 1,302 | 45 |
| 2014 | 1,292 | 48 | 1,292 | 48 |
| 2015 | 1,349 | 55 | 1,349 | 55 |
| 2016 | 1,405 | 58 | 1,405 | 58 |
| 2017 | 1,483 | 60 | 1,483 | 61 |
| 2018(2) | 1,564 | 60 | 1,564 | 61 |

(1) Certain customers may have both a commercial account and an irrigation account.

(2) As of September 30, 2018.

Source: The District.

The following table sets forth a history of the revenue derived from charges for water service and wastewater service. The service charges include only amounts billed for monthly service. Other tables in this Official Statement include other water and/or sewer-related fees and revenues in addition to service charge revenue; as a result, they differ from the service charge revenues shown below.

History of Charges for Water and Sewer Service

| <u>Year</u> | <u>Water Sales</u> | <u>Sewer Charges</u> |
|-------------|--------------------|----------------------|
| 2013 | \$ 904,006 | \$ 809,504 |
| 2014 | 1,069,391 | 902,533 |
| 2015 | 1,051,498 | 977,586 |
| 2016 | 1,067,970 | 1,039,932 |
| 2017 | 1,188,591 | 1,130,831 |
| 2018(1) | 1,112,491 | 869,400 |

(1) Through September 30, 2018.

Source: The District.

Set forth in the following table is a list of the ten largest customers (based upon total service charges paid) of the System for the twelve-month period ending on December 31, 2017. Information on water usage by those customers also is provided. State law protects personal financial information of utility users unless that information is presented in an aggregate or statistical form that prevents the identification, location or habits of individuals. Accordingly, the information set forth below does not identify customers by name; it includes only the type of business. No independent investigation has been made of, and consequently there can be no representation as to, the financial condition of the customers listed below, the likelihood that such customers will remain in the District or continue to be served by the District, or their continued usage of the System. During 2017, no individual customer of the District accounted for more than 2.01% of total System revenues. The District expects that the largest customers for 2018 will be materially similar to the largest customers for 2017.

Largest System Customers - 2017(1)

| <u>Customer</u> | <u>Consumption (000 gallons)</u> | <u>Total Service Charges Paid</u> | <u>Percent of Total Charges (1)</u> |
|--------------------|--------------------------------------|---------------------------------------|---|
| Grocery store | 38,160 | \$ 46,530 | 2.01% |
| Hotel | 2,695 | 25,371 | 1.09 |
| Retailer | 1,995 | 21,780 | 0.94 |
| Car wash | 2,015 | 19,139 | 0.83 |
| Restaurant | 2,204 | 18,111 | 0.78 |
| School | 1,151 | 17,128 | 0.74 |
| Apartment building | 716 | 12,949 | 0.56 |
| Strip mall | 1,327 | 12,681 | 0.55 |
| Restaurant | 1,169 | 12,185 | 0.54 |
| Strip mall | 980 | 7,781 | 0.34 |
| Total | 52,412 | \$193,655 | 8.35% |

(1) Based on total water and wastewater service charge revenue of \$2,319,422 for 2017.

Source: The District.

Billing and Collection

In 2016 the District began outsourcing its billing process including meter reading, billing and customer service. This was done to avoid investment in new billing software program and adding additional staff to handle the increased workload resulting from

District growth. In October 2016, the District contracted with American Conservation & Billing Solutions, Inc. (“ACBS”) to provide billing and customer service pursuant to a Utility Billing Services Agreement. The contract originally provided for 12 monthly billing cycles; it provides for automatic renewals for succeeding one-month terms absent notice by either party of its intention not to renew. The District may cancel the agreement upon 30 days’ written notice. The District currently pays ACBS a fee of \$2.75 per customer per month. ACBS bills and collects for water service and sewer service only. The District is responsible for collection of its Tap Fees.

District customers are billed monthly for water and sewer service. Payment of charges to the District is due within 30 days of the billing date. Payments made later than 30 days after the billing date are subject to additional charges. Customers over 60 days receive a letter from ACBS that constitutes a 10-day notice of a service shut-off date. The District shuts off service as indicated in the letter.

In addition, Colorado law permits the District to certify certain unpaid fees to the El Paso County Treasurer for collection in the same manner as property taxes in accordance with State statute. The District has never had to file a lien to collect unpaid fees.

THE SYSTEM

Service Area

The District began operations during the 1990s. The District's service area is the same as its boundaries. The District is the exclusive provider of water and wastewater service within its service area. The District does not provide water and wastewater service outside its boundaries.

Facilities

Water Facilities. The original water treatment plant began operations in the early 1990s along with two Denver Basin Ground water wells. As the District has grown new components of the water system have been added, including additional groundwater wells as needed. The original treatment plant has a capacity of 400,000 gallons per day. A second water treatment plant known as the B plant was constructed in 2001 and expanded in 2008; it has a current capacity of 1,900,000 gallons per day.

A 1.1 million gallon storage tank was constructed adjoining the B plant in 1998, along with a booster pump station needed to serve the residents near the treatment plant and tank. A second 1.5 million gallon tank and booster pump station was added to the system in 2016 to serve a new area of development known as Sanctuary Pointe.

The maximum daily use of the water system is approximately 1.8 million gallons per day ("MGD"). Average winter use is approximately 400,000 per day.

The water system includes about 30 miles of pipeline. The District recently completed an evaluation of system line loss utilizing sonic leak detection; no leaks were found.

Wastewater Agreement. The District, Donala and Forest Lakes entered into the Wastewater Agreement to cooperate in the provision of wastewater services through the WWTP, a regional wastewater collection, treatment and effluent disposal system. Each district has the authority to allocate its WWTP capacity for use within its respective service area in accordance with its own rules and regulations.

The WWTP was originally designed, financed and constructed by the District and Forest Lakes and was operated by Donala pursuant to a 1993 lease and financing agreement between the parties. Pursuant to the Wastewater Agreement, Forest Lakes and Triview conveyed part ownership of the WWTP and associated real property (including access, utility lines, administration and treatment buildings) to Donala, which undertook an initial WWTP expansion from .500 MGD of capacity to .875 MGD. As a result of the Wastewater Agreement, the WWTP and related property are owned by the three districts as tenants in common. The Wastewater Agreement also provided for the joint ownership of certain tertiary treatment facilities and effluent return flow capability by the District and Donala. Finally, pursuant to the Wastewater Agreement, a 24" interceptor line is owned 50% by the District, 25% by Forest Lakes and 25% by Donala. Each of the parties agreed in the Wastewater Agreement not to seek partition of the facilities governed thereby.

Donala is the WWTP Operator pursuant to the Wastewater Agreement under the supervision of an Operations Committee comprised of one representative from each District.

The WWTP Operator is entitled to charge the other Districts a management fee that would be paid as an Operation and Maintenance Expense; however, no such fee is currently charged.

The Operations Committee is required to meet on a regular basis to review performance of the WWTP, to inform each of the parties of matters concerning operations and maintenance and to coordinate planning for orderly growth and expansion of the WWTP. Other than changes in WWTP operations mandated by federal, State or local regulations and/or to ensure permit compliance, major decisions with respect to the WWTP are made by each board of directors or their designated representatives (each district having one vote). Major decisions include the annual budget for O&M, replacement of the WWTP Operator, expansion or major repairs and replacements of facilities and approval of the plans related thereto, determinations regarding insurance and use of the facilities by parties other than the districts. Each district must comply with applicable environmental regulations.

The WWTP Operator is required to present a proposed budget for operation and maintenance costs for the WWTP, as defined in the Wastewater Agreement (referred to herein as "O&M costs") for the following year to each party by September 15 of each year; a final budget must be agreed to by the parties by October 15. The O&M costs are allocated among the districts in direct proportion to the respective metered influents coming into the facilities, except that O&M costs associated with the tertiary facilities are paid in direct proportion to metered return flows. Each district is required to budget and appropriate sufficient funds for payment of its O&M costs. No later than the 10th day of each month, the WWTP Operator provides information to each district regarding its metered flow and the related O&M costs for the previous month. O&M cost payments are made quarterly to the WWTP Operator.

The Wastewater Agreement provides for the financing of WTP expansions and related changes in ownership percentages of the facilities. It also provides for the use of WWTP capacity, the use by the parties of unused capacity of other parties, the reservation of capacity for use by any district that is not borrowing capacity from another party, required water rights to be provided by each party, construction provisions, insurance provisions, defaults under the agreement and a 90-day cure period and remedies, including a tap moratorium on a party defaulting on its financial responsibilities.

The Wastewater Agreement prohibits the sale of any portion of a district's co-tenancy without the prior written consent of the other districts. It also prohibits the sale of any use of capacity without a sale of the underlying ownership interest. Each district has the right of first refusal in the event of a proposed sale; any sale must be made to a governmental or quasi-governmental entity.

Sewer Facilities. As described above, the WWTP is jointly owned by the District, Donala and Forest Lakes pursuant to the Wastewater Agreement. The current ownership of the WWTP is: the District - 44%, Donala 38.9% and Forest Lakes - 17.1%. The WWTP has a treatment capacity of 1.75 MGD. The wastewater system also includes two interceptor lines: the 24" interceptor line and the Monument Creek Interceptor, which is jointly owned by the District and Forest Lakes. The wastewater system also includes interceptors, collection lines and other infrastructure wholly or partially owned by the District.

Water Rights. The District's current water rights are represented by nonrenewable groundwater supply derived from Denver Basin wells and from renewable FMIC

shares. The District currently owns or controls 515 FMIC shares and expects to acquire an additional 32 shares pursuant to the Improvement Project.

The District's Denver Basin wells produce water that can be used and reused to extinction due to existing plans for augmentation. According to the District, the water rights associated with the Denver Basin wells provide sufficient water rights to serve the District at buildout.

However, the District intends to move from a nonrenewable groundwater supply to a renewable water supply through the acquisition of surface water rights. The District owns 500 of the 515 FMIC shares referenced above, and is under contract for the purchase of the other 15 shares. The District is currently is an opposer in a water court case in which a private party is changing certain FMIC Shares in which the District has contractual interests and is also working on a change in use case in water court to convert certain FMIC shares from Agricultural uses to Municipal use. FMIC is a co-applicant in the case and is working cooperatively with the District. The District also anticipates filing another water court case in 2018 for adjudication of additional Denver Basin groundwater supplies for use in the District's system.

The 515 FMIC shares yield, on average, approximately 360 acre feet of water per year. The consumptive use water attributable to these shares can be used and reused to extinction. The District is in discussions with Colorado Springs Utilities with respect to intersystem exchanges of water. If the intersystem exchanges are realized, it is reasonable to expect that an additional 240-acre feet of yield can be generated by these shares through re-use. With the yield from the shares plus the yield derived from the successive use of these shares the yield per share is approximately 1.16 acre feet per share.

The reusable component of the FMIC shares and the reusable component of the Denver Basin wells helps reduce the amount of renewable water the District needs to purchase.

It is projected that the District's build out demand will be approximately 2,200 acre feet. The District has set a goal to derive no more than 15% of its projected buildout demand from Denver basin wells which equates to 330-acre feet of first use pumping from the existing Denver basin wells. This 330 acre feet is expected to yield another 221 acre feet of successive use water. The remaining amount of water needed to meet build out demand is approximately 1,649-acre feet.

The District and its consultants continue to investigate and pursue appropriate renewable water supplies, and continue to discuss and work with similarly situated neighboring districts and municipalities for efficiencies in delivery and re-use of water.

Tap Fee Reimbursement Agreements

The District is a party to several tap fee reimbursement agreements (and a related intergovernmental agreement) that require the reimbursement of certain tap fees to developers in exchange for the funding of specified System improvements.

Sanctuary Pointe Agreement. The District, Baptist Road Investments, LLC ("BRI") and Pulpit Rock Investments, LLC ("PRI," and together with BRI, the "Developer") are parties to the Sanctuary Pointe Water Infrastructure Agreement dated January 23, 2015 (the

“Sanctuary Pointe Agreement”). The Developer is the developer of certain property located in the Town and the District. The District agreed to construct/retrofit booster pump infrastructure to provide water service to Phase I of the development. The costs of the Phase I infrastructure are a joint obligation of the District and the Developer. In exchange for funding timely construction of this infrastructure, the District agreed to reimburse the Developer for its portion of the upfront costs. Pursuant to the Sanctuary Pointe Agreement, the Developer agreed to transfer Denver Basin groundwater rights underlying the Sanctuary Pointe property to the District in exchange for a “will serve” letter for approximately 261 residential units anticipated for Phase I of the development. The District also agreed to provide will serve letters for subsequent phases of development; however, the parties agreed that the Developer water rights would be insufficient to serve the development and the District will issue will serve letters only to the extent of remaining available groundwater rights or receipt of payments in lieu of water service. The Developer is required to pay an additional \$3,000 water impact fee for each lot within Phase I for each tap purchased. Water impact fees collected from the Developer were used for funding the up-front costs associated with the construction of the water tank and retrofitting of an existing booster station to service Phase I of the Sanctuary Pointe development.

The District agreed to escrow \$8,000 from the combined single-family water and sewer tap/impact fees paid by the Developer and \$6,000 for each combined multi-family water and sewer tap/impact fee and to use those funds solely for construction of the Sanctuary Pointe Water Infrastructure (as defined in the agreement) and/or reimbursement of the Developer for the associated costs of those improvement. Total Water Infrastructure Costs are approximately \$4.8 million. The Developer is required to pay the District “in-lieu-of” water rights payments at a discounted rate of \$3,800 per annual acre foot of supply for up to 169.5 acre feet of water (representing the maximum 600 units anticipated for the development, less the 261 units for which water rights have been provided); that rate will be in effect for five years following the date of the agreement and thereafter will increase at the rate of inflation.

The District utilizes the escrowed impact fees, as well as a portion of normal tap fees, to reimburse the Developer for certain costs advanced in developing this infrastructure. In addition, the District charges residents within the pressure-system supported portion of Sanctuary Pointe a monthly fee that will continue in perpetuity to fund the operations of the pressure system, which benefit only that portion of Sanctuary Pointe not subject to gravity feed (i.e. District customers not served by the pump system are not required to fund it).

Regency Park Water Agreement. The District, the Town, Jackson Creek Land Company, LLC (“Jackson Creek”), Centre Development Company of Colorado Springs, LLC (“Centre”), and Vision Development, Inc. (“Vision”), have entered into a Water Agreement dated April 8, 2014 (the “Water Agreement”). The Water Agreement is a settlement agreement between the District and Centre regarding potential litigation surrounding prior contracts for the purchase and use of certain water rights. The Water Agreement required the District to pay \$1.5 million in cash to Jackson Creek for certain Denver Basin water within the Regency Park area of the Town (including \$675,000 related to storage obligations described below (see “Town IGA Related to Regency Park Water Agreement”)) and provide Jackson Creek with an additional \$1.5 million in cash credits against the District’s tap/impact fees (for a fixed amount of 1,325.9 acre feet for purposes of Jackson Creek’s future development within the District’s boundaries). The 2011 schedule of tap fees applies for 10 years from the date of the Water Agreement and any increases in tap fees is waived by the District. Jackson Creek, Center and

Vision may utilize as many of the cash credits during the first five years of the agreement; after that time, the user of the Cash Credits must purchase another tap/impact fee at the District's then-effective rates simultaneously with the use of the cash credit. The water rights conveyed to the District by Jackson Creek is not to be used to provide will serve letters to other parties.

Infrastructure Agreement. The District and Creekside Developers, LLC ("Creekside") entered into an Infrastructure Agreement dated November 8, 2016, pursuant to which Creekside agreed to advance fund specific infrastructure and the District agreed to reimburse Creekside for its expenditures, again to settle potential litigation concerning prior agreements. In order to reimburse Creekside, the District agreed to deposit 46% of the tap/impact fees actually paid by Creekside (i.e., not including water tap credits under the Water Agreement) into a separate, interest-bearing account and used, together with interest thereon, to reimburse Creekside, in whole or in part, for specified infrastructure. The Agreement requires Creekside to pay an additional administrative and handling Fee of \$1,500 for each single-family lot and \$750 for each multifamily unit developed on the property; those funds are also to be deposited into the separate account and used to reimburse Creekside for infrastructure costs. Any unreimbursed costs upon exhaustion of the fund described above will be borne by Creekside with no further recourse for reimbursement. Once 200 tap fees have been paid to the District, the District is then required to construct infrastructure to serve additional development. The costs associated with the construction shall be a maximum of \$1 million, for which Creekside is required to advance funds.

Town IGA Related to Regency Park Water Agreement. Pursuant to this agreement, entered into between the Town and the District simultaneously with the Water Agreement, the Town agreed to divert specified water rights to storage in Monument Lake for later release for replacement of any injurious post-pumping depletion that may result from the District's use of water in Jackson Creek pursuant to any court-approved augmentation plan. The District paid \$675,000 to the Town as consideration for the storage based on a successful augmentation plan. The storage space is to be utilized as a source of "post-pumping depletion" replacement supply in +/- 100 years under the augmentation plan. The District remains obligated under this agreement to construct the Beaver Creek Pipeline at such time as the water rights/augmentation water is anticipated to be required from a point on Beaver Creek where Monument's water rights can be administered, to Monument's own pipeline infrastructure, for subsequent delivery to storage. The District has adjudicated the augmentation plan in Water Court Case 14-CW3053 and will construct the pipeline discussed above only if it stops pumping water from its Denver Basin wells. The District does not anticipate that it will cease pumping water from its Denver Basin wells in the foreseeable future.

Other Agreements. The District is also a party to a variety of other intergovernmental agreements ("IGA") related to operation of the System. The District is party to: (i) an agreement with various local governments in El Paso County establishing the Pikes Peak Regional Water Authority to address localized water supply issues including interconnection of systems, reuse and storage; (ii) an IGA with Forest Lakes providing for emergency water system interconnect and mutual aid, executed in February 2016; and (iii) an IGA with Donala providing for emergency water system interconnect and mutual aid, executed in October 2016.

The District is also in the process of negotiating two additional IGAs, including a 10-year Water Supply agreement with Pueblo Board of Water Works and a wheeling

agreement with Colorado Springs Utilities. The purpose of these agreements is to deliver renewable water to the District and deliver the District's reusable Denver basin return flows to the District. The delivery of both the Pueblo Board of Water Works leased water (if the necessary agreements are reached) and the diversion of Denver Basin reusable return flows will eliminate the need to drill additional Denver Basin groundwater wells. The District is also in the process of changing the FMIC shares from agricultural use to municipal use which will further add to the District's renewable/reusable surface water supply.

System Capital Improvements Program

Water System. The Rate Study indicates that the District's 10-year capital improvements program ("CIP") for the water system totals \$23.13 million in 2018-2028 (approximately \$26.1 million adjusted for inflation). The major portion of the water system CIP includes: purchases of water rights (approximately \$11.6 million); development tap fee reimbursements for previously constructed infrastructure (approximately \$2.8 million); a new well (approximately \$1.55 million); and a regional water pipeline to Colorado Springs Utilities (approximately \$10.13 million). These projects would be funded primarily from cash and additional Parity Bonds.

Wastewater System. The Rate Study indicates that the District's 10-year CIP for the wastewater system totals \$21.9 million in 2018-2028 (approximately \$27.6 million adjusted for inflation). The major projects include: catwalk and bar screen at the WWTP (approximately \$270,000); tap fee reimbursements (approximately \$1.6 million); plant expansion at the WWTP (approximately \$12.7 million); and Regulation 31 upgrades to the WWTP (approximately \$10.75 million). To the extent needed, these projects are expected to be funded with cash and additional Parity Bonds.

However, in the October 2018 meeting of the Operations Committee, the parties to the Wastewater Agreement decided not to undertake the project needed to implement the amendments to Regulation 31 (setting basic standards and methodologies for surface water).

Most of the major expansion costs envisioned associated with the WWTP could be eliminated and replaced with a more cost effective regional wastewater pipeline. The District is in discussions with Colorado Springs Utilities to connect to a regional wastewater pipeline that is expected to be constructed to serve several entities including the District, the Town, Woodmoor, Palmer Lake, Donala, portions of Colorado Springs northern service area, and the Air Force Academy.

The Colorado Springs Utilities staff has been authorized by its senior management team to develop a participation agreement to fund a feasibility study that will explore possible routing alignments for the 13-mile pipeline and estimate engineering and construction costs; that study is expected to be conducted by CSU and the Air Force Academy in 2019. Building this pipeline would allow the District to comply with Regulation 31 and would also solve any arsenic related issues at the WWTP. The preliminary estimated cost of this pipeline, including design, is approximately \$31 million; however, because of the number of potential partners in this project, the cost to the District will be significantly less than rebuilding the WWTP to comply with Regulation 31. The need to add additional capacity to the WWTP would also be eliminated through a regional wastewater connection to Colorado Springs Utilities J.D. Phillips Treatment Plant.

If the District participates in the Colorado Springs Utilities pipeline in the future, it will likely be required to contribute to the operation and maintenance expenses for the pipeline and to pay Colorado Springs Utilities for treatment costs. It is not possible to predict at this time whether those costs will be higher or lower than the existing costs associated with the WWTP.

THE DISTRICT

Description and Organization

The District is a quasi-municipal corporation and a political subdivision of the State, formed under the Special District Act for the purpose of providing the following improvements and services: street and drainage, water and wastewater, park and recreation, traffic and safety protection and mosquito control. The District was formed pursuant to an order and decree issued by the District Court for El Paso County on May 13, 1985, which was subsequently recorded in the records of the El Paso County Clerk and Recorder on June 4, 1985. Formation of the District was preceded by the County's approval of a Service Plan in December 1984 (as previously defined herein, the "Service Plan"). Formation of the District was also approved by the qualified electors of the proposed District at an election held on May 10, 1985.

The District is located entirely within the Town, generally to the east of I-25, between Higby Road to the north and Baptist Road to the south. The Town is approximately 15 miles north of the City of Colorado Springs, Colorado. The District contains approximately 2,590 acres. See the map on page v of this Official Statement.

Powers

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly the Special District Act, which provides that the Board has certain powers including, but not limited to, the power: to have perpetual existence; to sue and be sued; to enter into contracts and agreements; to incur indebtedness and revenue obligations; to acquire, dispose of, and encumber real and personal property; to have the management, control, and supervision of all the business and affairs of the special district and all construction, installation, operation, and maintenance of special district improvements; to appoint, hire, and retain agents, employees, engineers, and attorneys; to fix and from time to time increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by or available from the District, and to pledge such revenue for the payment of any indebtedness of the District; to furnish services and facilities without the boundaries of the special district and to establish fees, rates, tolls, penalties, or charges for such services and facilities; to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to special districts by statute; to enter into contracts with public utilities, cooperative electric associations and municipalities for the purpose of providing street lighting service; to erect and maintain, in providing safety protection services, traffic and safety controls and devices; to finance line extension charges for new telephone construction in non-residential special districts; to establish, maintain, and operate a system to transport the public by bus, rail, or any other means of conveyance; and to exercise the power of eminent domain and dominant eminent domain for the special district's authorized purposes. In addition, the Board has the power to furnish security services for any area within the District, if the District has provided written notification to, consulted with, and obtained the written consent of all local law enforcement agencies having jurisdiction within the area and any applicable master association or similar body having authority to furnish security services. The Board is further authorized to furnish covenant enforcement and design review services, subject to the terms of an agreement with any applicable master association. The District does not provide any such security or covenant enforcement services.

Governing Board

General. The District is governed by a board of directors (the “Board”) which, pursuant to State law, consists of five members. Currently, the Board has no vacancies. In order to be eligible for nomination to the Board, prospective Board members must be eligible electors of the District as defined by State law. Directors are elected to staggered four year terms of office at successive biennial elections. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. The directors hold regular meetings on the second Tuesday of each month and special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Directors may receive a maximum of \$2,400 per year as compensation for service to the District, payable not in excess of \$100 per meeting attended; directors serving terms that commenced prior to January 1, 2018 are limited to a maximum of \$1,600 per year. Directors may not receive compensation from the District as employees of the District, except as provided above.

The present directors, their positions on the Board, occupations and terms of office are as follows:

| Name | Office | Year Initial Service Began | Current Term Expires (May) |
|----------------|---------------------|-------------------------------|-------------------------------|
| Mark Melville | President | 2015 | 2022 |
| Marco Fiorito | Vice President | 2015 | 2020 |
| James Barnhart | Secretary/Treasurer | 2016 | 2022 |
| James Otis | Director | 2016 | 2020 |
| Anthony Sexton | Director | 2018 | 2022 |

Pursuant to the State constitution, directors are limited to two terms in office unless the District’s voters have approved a waiver or modification of this limit.

Conflicts of Interest. State law requires directors to disqualify themselves from voting on any issue in which they have a conflict of interest unless the applicable director has disclosed the conflict in a certificate filed with the Secretary of State and with the Board at least 72 hours in advance of any meeting of which the conflict may arise. Additionally, no contract for work or material, including a contract for services, regardless of the amount, may be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice is published for bids and such Board member or owner submits the lowest responsible and responsive bid. According to the District, no board members voting on the Bond Resolution are expected to file general conflict statements prior to the adoption of the Bond Resolution.

Administration and Employees

General. The Board is responsible for the overall management and administration of the affairs of the District. The District employs a total of fourteen employees, including a District Manager, two administrative assistants, a water superintendent and four water operators, along with 4 full time employees and 2 temporary employees in the Street and Park and Open Space Departments.

District Manager. The District Manager is employed by the Board to oversee the day-to-day operations of the District, including management of the following District departments: Administration, Park and Open Space, Street, and Storm Water along with the District's Utility Department, consisting of Water, Wastewater, and Storm Water.

James C. McGrady, District Manager. James C. McGrady has been the District Manager since April 2018, after having served as the interim manager since October 2017. He has worked as a Special District Manager, City Manager, and Utility Director within the State for the past 17 years. Mr. McGrady has managed Stonegate Metropolitan District, Forest View Acres Water District, Chatfield South Water District, Dancing Willows Metropolitan District, South Sheridan Water and Sanitary Sewer District, Castle Pines North Metropolitan District and Cumberland Green Metropolitan District. He has also served as the City Manager for the City of Castle Pines and as the Utility Director for the City of Fountain. In addition to serving in these executive level positions, he spent over 20 years working for Colorado Springs Utilities and the City of Aurora in various positions primarily focused on water resources planning, acquisition of water supply and storage, water right administration and accounting, negotiations of stipulation/settlements, environmental impact studies, business customer management and economic development, customer service process improvements, and water distribution system planning and design. Mr. McGrady holds a Bachelor's Degree in Business Administration from the University of Notre Dame and a Masters of Business Administration Degree from Regis University. He has also taken numerous engineering courses at the University of Colorado at Colorado Springs and Idaho State University.

Services Provided by District Manager and Other Employees. The District Manager and other District employees provide a wide range of services to the District and the Board, including implementing Board policies; preparing annual budgets; working with the District's attorney, accountant and administrator; overseeing construction of public infrastructure; managing the day-to-day activities of the District; coordinating with property owners; responding to inquiries and complaints; interacting with local, state and federal agencies on regulatory matters as well as on issues of common concern; planning for future service demands; reviewing proposed development projects within the District; directing District consultants, engineers, public works inspector, construction managers, groundwater hydrologist, environmental specialists and financial advisors; and representing the District on requisite governmental committees and advisory groups.

The District is in the process of negotiating a contract with Fromm and Company to provide routine financial, accounting and budgeting services to the District for a monthly fee. Special services, including election services and special projects are also provided as requested and are billed separately. The contract is expected to expire on December 31 of each year and to be automatically renewed unless written notice of termination is given by either party. The agreement is expected to be terminable by either party upon 30 days' written notice.

The District also retains JDS-Hydro Consultants, Inc., Colorado Springs, Colorado as its engineer; Monson Cummins & Shohet, LLC, Colorado Springs, Colorado, as its water counsel; and the Law Offices of Gary L. Shupp, P.C., Colorado Springs, Colorado, as its general counsel.

Employee Benefits. The District offers its employees a wide range of benefits, including medical, dental, vision, long-term disability and life insurance; sick leave; vacation and holiday benefits; medical, bereavement, military, and jury duty leave; tuition reimbursement; and a 5% retirement plan match program.

District Agreements

The Special District Act authorizes the District to enter into agreements and contracts affecting its affairs. According to the District's general counsel, the District is not a party to any agreement which materially affects its financial status or operations, other than those discussed below. Also see "THE SYSTEM" for certain agreements related to the System.

Intergovernmental Agreement with the Town of Monument. The District and the Town entered into an Intergovernmental Agreement dated September 22, 1987, as amended on January 11, 1999 (the "Town IGA"). The Town IGA provides for the division of services between the Town and the District after the property within the District was annexed into the Town. The Town IGA provides that the District shall charge user services charges for all facilities for which the District provides operation and maintenance. The District is also permitted to impose facilities development fees, service charge surcharges, availability of service or facilities charges, ad valorem taxes and other fees, rates, tolls or other charges as permitted by law and is required to impose a renewable water fee. The Town agreed that it would not charge any sewer, water, irrigation water system development fee, or park fee to any person within the District so long as the District is providing such services. The Town IGA also provides that the operation, repair, maintenance and ownership of certain water, sanitation, irrigation, park and recreation, storm drainage, traffic and safety, transportation and street facilities within the District be provided by the District until such time as the facilities are owned by the Town.

The Town IGA specifies the services to be provided by the Town and services to be provided by the District. Under the Town IGA, the District is required to provide water service, street maintenance (including, but not limited to, operation and maintenance of street lighting and traffic signalization) and snow removal; drainage system maintenance; park and open space maintenance; and sewer service. As compensation for performance by the District of services as provided in the Town IGA, the Town has covenanted to rebate to the District a portion of revenues generated through ad valorem property taxes, specific ownership taxes, and sales taxes and use taxes collected within the District. Under the current agreement, the District receives 50% of all such ad valorem taxes, specific ownership taxes, sales taxes and use taxes. Those funds are deposited into the District's General Fund.

The Town IGA can be terminated at any time by mutual consent of the parties. Revenues received by the District pursuant to the terms of the Town IGA are available to pay the principal of and interest on its general obligation bonds, but are not specifically pledged for such purposes. The Town IGA was agreed to and amended without the prior approval of the Town's voters. No opinion of counsel has been received that the Town IGA constitutes a valid and binding obligation of the Town. The District can provide no assurances that the Town will continue to pay tax revenues to the District under the Town IGA; however, the District would consider nonpayment by the Town a default under the Town IGA.

Inclusions, Exclusions, Consolidation and Dissolution

Inclusion of Property. The Special District Act provides that the boundaries of a special district may be altered by the inclusion of additional real property under certain circumstances. After its inclusion, the included property is subject to all of the taxes and charges imposed by the special district and shall be liable for its proportionate share of existing bonded indebtedness of the special district. The District has included property in the past. No inclusions of property within the District are currently pending or expected.

Exclusion of Property. The Special District Act provides that the boundaries of a special district also may be altered by the exclusion of real property from the District under certain circumstances. After its exclusion, the excluded property is no longer subject to the special district's operating mill levy, and is not subject to any debt service mill levy for new debt issued by the special district. The excluded property, however, remains subject to the special district's debt service mill levy for that proportion of the special district's outstanding indebtedness and the interest thereon existing immediately prior to the effective date of the exclusion order. The District has excluded property in the past. No exclusions of property from the District are currently pending or expected.

Consolidation with Other Districts. Two or more special districts may consolidate into a single district upon the approval of the district court and of the electors of each of the consolidating special districts. The district court order approving the consolidation can provide that the consolidated district assumes the debt of the districts being consolidated. If so, separate voter authorization of the debt assumption is required. If such authorization is not obtained, then the territory of the prior district will continue to be solely obligated for the debt after the consolidation. At the present time, no consolidations with other districts are pending or expected.

Dissolution of the District. The Special District Act allows a special district board of directors to file a dissolution petition with the district court. The district court must approve the petition if the special district's plan for dissolution meets certain requirements, generally regarding the continued provision of services to residents and the payment of outstanding debt. If the special district has debt outstanding, the district may continue to exist for only the limited purpose of levying its debt service mill levy and discharging the indebtedness.

District Facilities and Services

General. The District currently provides the following services: public works, street and highway maintenance, park and recreation, water and wastewater services, and drainage services. The District also performs certain proprietary activities relating to the provision of water, wastewater and related administration and environmental functions. The District fund provision of water and wastewater services through a proprietary (enterprise) fund. Other services are provided through the General Fund. Certain of these services, other than water and wastewater, are discussed below.

Street and Storm Drainage Improvements. The District is empowered to provide for the construction, installation, completion, improving and providing street improvements including residential roads, industrial roads, commercial roads, both two lane collectors and four lane collectors, together with cloverleaf roads, and related drainage improvements

including box culverts, storm sewers, storm inlets with related and necessary street lighting improvements including street lights, pull boxes and conductors, and together with all necessary, land and easements and incidental and appurtenant properties, facilities, equipment and costs, including engineering, surveying, construction supervision, and contingencies. According to the District, street improvements serving the District are approximately 60% complete. The remainder of needed streets will be constructed by developers as development occurs and turned over to the District.

The District's storm drainage facilities also include on-site detention ponds. According to the District, seven detention ponds have been completed, and the District anticipates building a total of 20 upon completion of development within the District.

Parks and Recreational Facilities. The District is empowered to provide for the acquisition, construction, installation, completion, improving and otherwise providing park and recreational facilities including landscape, irrigation and related equipment, together with all necessary land and easements and incidental and appurtenant properties, facilities, permits, equipment and costs, including facilities and equipment for the operation and maintenance of the foregoing including engineering, surveying, construction supervision and contingencies for the District and the inhabitants thereof. Park and recreation improvements in the District consist of small parks within residential areas and the operation and maintenance of trails.

Traffic and Safety Controls. The District is empowered to provide for the acquisition, construction, installation, completing, improving and otherwise providing traffic light signalization, together with all necessary land and easements and incidental and appurtenant properties, facilities, permits, equipment and costs, including facilities and equipment for the operation and maintenance of the foregoing including engineering, surveying, construction supervision and contingencies for the District and the inhabitants thereof.

Provision of Public Services in the District

In addition to the services provided by the District, property in the District is served by the following services: fire protection is provided by Tri-Lakes Monument Fire Protection District, as well as the Woodmoor-Monument Fire Protection District pursuant to a reciprocal agreement with Westcott Fire Protection District; police protection is provided by the Town; schools are provided by Lewis Palmer School District No. 38; park and recreation services are provided by the District; telephone service is provided by CenturyLink; cable is provided by Comcast Communications; gas is provided by Black Hills Energy; and electric is provided by Mountain View Electric Association.

Environmental Matters

Some of the property in the southern portion of the District has been identified as containing habitat of the Preble's Meadow Jumping Mouse (the "Preble's Mouse"), which has been listed as a threatened species by the federal government since 1998. In accordance with the Endangered Species Act of 1973, the District applied to the U.S. Fish and Wildlife Service (the "Wildlife Service") in 1998 for a Section 404 Permit, which would allow the District to develop the habitat property. On September 3, 2001, the U.S. Army Corp of Engineers issued the permit (the "Permit") to the District which authorizes the incidental taking of certain habitat in accordance with an Environmental Assessment/Habitat Conservation Plan (the "Plan")

prepared by the District and approved by the Wildlife Service. As part of the Plan, the District agreed to enhance certain habitat and preserve other property for use as a habitat of the endangered species. The Plan includes preserving 175 acres of property in the District for habitat purposes. The District prepares an annual status report on the habitat and submits this report to the Corps and the Service for their review and comment. The 404 Permit will remain open until all of the work identified in the process is completed or the Preble's Mouse is de-listed.

Insurance Coverage

The Board acts to protect the District against loss and liability by maintaining certain insurance coverage. Currently, the District maintains insurance through the Colorado Special Districts Property and Liability Pool ("CSDPLP"). CSDPLP was established by the Special District Association of Colorado in 1988 to provide special districts with general liability, auto/property liability, public officials' liability and workers' compensation insurance coverage as an alternative to the traditional insurance market. CSDPLP provides insurance coverage for over 1,100 special districts and is governed by a nine-member board of special district representatives. The District's current policy expires on January 1, 2019, and provides \$2,000,000 of coverage (per occurrence) for public entity liability insurance, which includes general liability, employee benefits administration liability, public officials liability, employment practices liability and no-fault sewer backup. The District's current policy also includes automobile liability coverage. The District also maintains workers' compensation insurance coverage with CSDPLP. The District's workers' compensation policy expires on January 1, 2019.

Development in the District

Although the District currently contains significant residential and commercial development, certain portions of the District are being developed or are planned for development in the future. This Official Statement contains information relating to the anticipated future development within the District, which depends upon general local, regional and national economic conditions, market activity, governmental regulations, and other significant factors over which the District and the residential and commercial developers in the District have no control. See "INTRODUCTION--Forward-Looking Statements." The following information has been supplied by the District or gathered from publicly available sources; however, the District has no responsibility for future development in the District. Further, the Underwriter makes no representation regarding the current or anticipated development in the District.

The land in the District has been developed or is planned for residential, commercial, and mixed-use uses. According to the District, of the approximately 2,590 acres in the District, approximately 1,957 acres are designated for single-family residential and associated use, 334 acres are designated for industrial/commercial use, 263 acres are designated for commercial use, and 36 are designated for mixed uses, which includes high density residential, commercial and office uses. According to the District, of the approximately 2,590 acres within the District, approximately 50% is developed or currently has buildings under construction, and approximately 50% is undeveloped.

Residential Development. The majority of the property in the District consists of property which is being used as or is planned for residential development. The District currently serves an estimated 1,528 single family residential homes and 267 multi-family residential units. The majority of the current single family residential development within the District is being completed by Classic Homes, Vantage Homes and Saddle Tree Homes. Lokal Homes is in the process of building a Town Home Community located on Lyons Tail. At full build-out, the District is expected to contain approximately 3,032 single-family homes and approximately 756 multi-family, rental, townhome and condominium units.

Commercial Development. Several commercial developments are located in the District. The largest commercial development in the District the Monument Marketplace, consisting of approximately 660,000 square feet of commercial retail space located on approximately 93 acres. Major retailers in Monument Marketplace include Home Depot, Wal-Mart Super Center, Kohl's Department Store, Pet Smart and Staples Office Supply. In addition, Monument Marketplace contains a Wells Fargo Bank and several buildings that have approximately 21,000 square feet of commercial/retail space currently occupied by small businesses and restaurants. The District states that an additional 11,000 square feet of commercial/retail space is planned for Monument Marketplace. Restaurants in Monument Marketplace include Chili's and a Texas Roadhouse, as well as a number of other local restaurants and national fast-food establishments.

Jackson Creek Crossing, a smaller retail strip containing approximately 86,000 square feet of commercial retail space, is also located in the District. Jackson Creek Crossing contains a King Soopers grocery store and several small businesses and restaurants. A 7-Eleven and gas station and a First Bank are located on pads within the shopping center and a Chinese restaurant is located adjacent to Jackson Creek Crossing. Starbucks is also planning to construct a store.

Jackson Creek Commerce Center is another commercial development located within the District that is marketed to medical/healthcare service providers and local businesses. Jackson Creek Commerce Center contains the Colorado Springs Health Partners Health Center. Other businesses located in Jackson Creek Commerce Center include a Brakes Plus, Advanced Auto Parts, a Goodwill Retail Store, Tractor Supply Co., and Ent Federal Credit Union. A Murphy Express gas station and a Qdoba restaurant were recently completed in Jackson Creek Commerce Center. According to the District, an additional 46,000 square feet of commercial space planned for Jackson Creek Commerce Center.

The Monument Ridge commercial development is also located within the District, to the south of Baptist Road and east of Jackson Creek Parkway. Monument Ridge contains a Fairfield Inn, Walgreens, Chase Bank, Auto Zone, and a McDonalds. In addition, the commercial development in the District includes a Natural Foods grocery store. A retail storage facility was recently completed, and a 194-unit apartment complex is planned to begin construction in the near future.

Recently Shuck Development has begun planning a commercial area located west of I-25 and North of Baptist Road. The first phase of this development is expected to consist of office warehouse facilities.

FINANCIAL INFORMATION

Budget Process

The District is required by law to adopt an annual budget setting forth all proposed expenditures for the administration, operation, and maintenance of all offices, departments, boards, commissions, and institutions of the District. The budget must show the actual or estimated deficits from prior years, all debt redemptions and interest charges during the budget year, and all expenditures for capital projects to be undertaken or executed during the budget year. It must also set forth the anticipated income and other means of financing the proposed expenditures for the ensuing fiscal year, which coincides with the calendar year.

No later than October 15 of each year, the person appointed to prepare the budget must submit a proposed budget to the Board for the ensuing year. The Board must cause to be published a notice that such proposed budget is open for inspection by the public. Prior to adoption, any elector of the District may register his or her objections to the proposed budget. The District must adopt its budget by December 15. After adoption of the budget, the Board must enact a corresponding appropriation resolution before the beginning of the fiscal year. If the District fails to file a certified copy of its budget by the following January 31 with the Colorado Division of Local Government in the Department of Local Affairs, the division may authorize the County Treasurer to prohibit release of the District's tax revenues and other moneys held by the County Treasurer until the District files its budget.

In general, the District cannot expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. However, in the case of an emergency or some contingency which was not reasonably foreseeable, the Board may authorize the expenditure of funds in excess of the budget by adopting a resolution. If the District receives revenues which were unanticipated at the time of adoption of the budget, the Board may authorize the expenditure of such revenues by adopting a supplemental budget after notice and hearing.

Financial Statements

According to Title 29, Article 1, Part 6, C.R.S. (the "Colorado Local Government Audit Law"), the Board is required to have the financial statements of the District audited annually. The audited financial statements must be filed with the Board by July 31 of each year and with the State Auditor 30 days later. If the District fails to file its audit report with the State Auditor, the State Auditor may, after notice to the District, authorize the County Treasurer to prohibit release of the District's tax revenues and other moneys held by the County Treasurer until the District files the audit report.

The District's audited basic financial statements for the fiscal year ended December 31, 2017 (attached hereto as Appendix A) include financial information with respect to the District and the Water, Wastewater and Reuse Fund and represent the most recent audited financial information available for the District. *Investors should be aware that the 2018 Bonds constitute special, limited obligations of the District payable solely from the Net Pledged Revenues. Inclusion of the District's basic financial statements is for informational purposes only and does not imply that the 2018 Bonds constitute a general obligation of the District or a lien on any District revenues other than the Net Pledged Revenues.*

Budget Summary and Comparison

The following tables set forth a comparison of the budgets for the Water, Wastewater and Reuse Fund for 2017 and 2018, as compared to actual results for the six-month periods ended June 30, 2017 and 2018. These tables are presented in budgetary format and are not intended to comply with Generally Accepted Accounting Principles (“GAAP”). For example, the table does not include beginning fund balances (which also are available for expenditure in each year) or ending fund balances. See the table in the section entitled “Water, Wastewater and Reuse Fund - Statement of Revenues, Expenses and Changes in Net Position.”

Water, Wastewater and Reuse Fund - Budget to Actual Comparison

| | 2017 | | 2018 | |
|--|-----------------|----------------------------------|-------------|-------------------------------------|
| | Final Budget | Actual 6/30/17 ⁽¹⁾ | Budget | Actual 6/30/18 ⁽¹⁾⁽²⁾ |
| Revenue | | | | |
| Water revenue | \$1,155,000 | \$433,856 | \$1,201,000 | \$488,827 |
| Sewer revenue | 1,097,000 | 541,433 | 1,144,000 | 557,285 |
| Reuse fee | 300,000 | 342,000 | 360,000 | 377,400 |
| Water/sewer impact fees | 150,000 | 186,000 | 240,000 | 194,325 |
| Renewable water fee | 100,000 | 132,200 | 210,000 | 213,150 |
| Lease revenue | 100,000 | 102,000 | 100,000 | 8,496 |
| Effluent paid-AGUA | 70,000 | 37,977 | 50,000 | 130,975 |
| Review comment fee | 25,000 | 30,000 | 30,000 | 36,120 |
| Water meter kits | 18,000 | 30,214 | 30,000 | 33,000 |
| Interest | 12,000 | 5,250 | 10,000 | 17,076 |
| Miscellaneous | 10,000 | 13,201 | 20,000 | 27,304 |
| Bulk water revenue | 6,000 | 18,495 | 20,000 | 3,429 |
| Total Wastewater Revenue | 3,043,000 | 1,872,626 | 3,415,000 | 2,087,387 |
| Expenditures | | | | |
| General administrative | 614,627 | 201,573 | 623,121 | 318,156 |
| Water system | 601,150 | 258,807 | 592,000 | 316,157 |
| Wastewater system | 713,591 | 372,818 | 949,899 | 277,144 |
| Debt Service | 1,423,878 | 388,150 | 949,551 | 384,963 |
| Total expenditures | 3,353,246 | 1,221,348 | 3,114,571 | 1,296,420 |
| Excess of Revenue Over (Under) Expenditures | (310,246) | 651,278 | 300,429 | 790,967 |
| Other Financing Sources/Uses | | | | |
| Transfer from other funds | 365,000 | 182,500 | 330,000 | 165,000 |
| Excess of Revenue Over (Under) Expenditures and Other Financing Sources | 54,754 | 833,778 | 630,429 | 955,967 |
| Beginning Fund Balance | 55,317 | 635,303 | 1,220,609 | 2,308,021 |
| Ending Fund Balance | 110,071 | 1,469,081 | 1,851,038 | 3,263,988 |
| Committed Funds-escrow renewable/reuse/impact fees | -- | -- | (810,000) | -- |
| Ending Fund Balance, net of committed funds | \$110,071 | \$1,469,081 | \$1,041,038 | \$3,263,988 |

(1) Unaudited, interim information provided by the District.

(2) The interim figures as of June 30, 2018 are prior to allocation for various departments. Water and sewer tap revenue is not included in this table; those revenues are budgeted in the Capital Projects Fund and included in the Water, Wastewater and Reuse enterprise fund for audit purposes.

Source: Derived from the District’s 2018 budget and interim financial information provided by the District.

History of General Fund Revenues, Expenses and Changes in Net Assets

Set forth in the following table is a five-year comparative statement of revenues, expenses and changes in net assets for the Water, Wastewater and Reuse Fund. The information in this table is presented in accordance with GAAP. The information in this table should be read together with the District's audited financial statements for the year ended December 31, 2017, and the accompanying notes, which are included as Appendix A, attached hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Water, Wastewater and Reuse Fund-Statement of Revenues, Expenses and Change in Net Position

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|
| Operating Revenue | | | | | |
| Water sales | \$1,034,965 | \$1,287,136 | \$1,161,606 | \$1,244,467 | \$2,615,798 |
| Tap fees | 860,928 | 3,207,462 | 218,396 | 566,727 | 1,307,842 |
| Payment in lieu of fees | -- | -- | 80,500 | 53,170 | 282,710 |
| Sewer charges | 809,504 | 902,533 | 977,586 | 1,039,932 | 1,159,831 |
| Total operating revenue | 2,705,397 | 5,397,131 | 2,438,088 | 2,904,296 | 5,366,181 |
| Operating Expenses | | | | | |
| Water system | 337,992 | 415,494 | 365,983 | 581,200 | 510,039 |
| Wastewater system | 483,382 | 465,834 | 465,154 | 574,335 | 702,407 |
| General and administrative | 396,143 | 489,110 | 435,514 | 435,543 | 408,891 |
| Depreciation | 803,945 | 819,352 | 832,645 | 879,305 | 930,141 |
| Total operating expenses | 2,021,462 | 2,189,790 | 2,099,296 | 2,470,383 | 2,551,478 |
| Income (Loss) From Operations | 683,935 | 3,207,341 | 338,792 | 433,913 | 2,814,703 |
| Nonoperating Revenues (Expenses) | | | | | |
| Interest income | 925 | 2,352 | 5,168 | 13,884 | 16,197 |
| Miscellaneous income | 26,380 | 54,180 | 31,245 | 94,620 | 40,665 |
| Other fees | -- | -- | -- | -- | 59,600 |
| Developer reimbursement | -- | -- | -- | 472,957 | 163,329 |
| Release of escrow funds | -- | -- | 296,081 | 47,689 | -- |
| Debt/bond issuance costs | -- | (52,408) | -- | (29,000) | -- |
| Interest expense | (214,524) | (204,777) | (283,609) | (262,285) | (414,075) |
| Total non-operating expense, net | (187,219) | (200,653) | 48,885 | 337,865 | (134,284) |
| Income (Loss) Before Transfers | 496,716 | 3,006,688 | 387,677 | 771,778 | 2,680,419 |
| Transfers In | 143,444 | 180,000 | 190,000 | 230,000 | 400,000 |
| Change In Net Position | 640,160 | 3,186,688 | 577,677 | 1,001,778 | 2,080,419 |
| Net Position-Beginning of Year (1) | 19,882,127 | 20,522,287 | 23,708,975 | 24,286,652 | 25,288,430 |
| Net Position-End of Year (1) | \$20,522,287 | \$23,708,975 | \$24,286,652 | \$25,288,430 | \$28,368,849 |

(1) Reflects the value of all assets attributable to this fund, not just those acquired during the year presented.

Source: Derived from the District's audited Financial Statements for the years ended December 31, 2013-2017.

DEBT STRUCTURE

Required Elections

Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, Article X, Section 20 of the Colorado Constitution (the Taxpayers Bill of Rights, or “TABOR”) requires that, except for refinancing bonded debt at a lower interest rate, the District must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. For a discussion of TABOR, see “LEGAL MATTERS--Certain Constitutional Limitations.” For a discussion of District debt elections, see “General Obligation Debt--Authorized but Unissued Debt” below.

General Obligation Debt

Statutory Debt Limit. The District is subject to a statutory debt limitation established pursuant to Section 32-1-1101(6), C.R.S., which provides that with certain exceptions listed below, the total principal amount of general obligation debt issued by a special district after 1991 shall not at the time of issuance exceed the greater of \$2,000,000 or 50% of the special district’s assessed valuation. Based upon the District’s 2017 certified assessed valuation of \$79,843,970, the District’s debt limitation is \$39,921,985. Exceptions from the debt limitation statute include obligations which are: rated in certain rating categories; determined by the board of the special district to be necessary to construct improvements ordered by a federal or state regulatory agency for public health or environmental reasons; secured by a letter of credit issued by certain qualified financial institutions; or issued to financial institutions or institutional investors. Special districts are also permitted to issue general obligation debt payable from a limited mill levy not exceeding fifty mills.

Outstanding General Obligation Debt. The District currently has \$45,640,000 aggregate principal amount of its General Obligation Refunding Bonds, Series 2016, outstanding. The District has no remaining electoral authorization to issue general obligation indebtedness and currently has no plans to seek voter approval for any additional general obligation indebtedness.

Revenue and Other Financial Obligations

The District also has the authority to issue revenue obligations payable from the net revenue of District facilities, to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations. Upon issuance of the 2018 Bonds and completion of the Refunding Project, the 2018 Bonds will be the only revenue obligations of the District. The District may issue additional Parity Bonds upon the satisfaction of all legal requirements.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the District. It is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population

The following table sets forth a history of the populations of the Town of Monument, El Paso County and the State. Between 2000 and 2010, the Town's population increased 180.6%, that of El Paso County increased 20.4%, and the State's population increased 16.9%.

| <u>Population</u> | | | | | | |
|-------------------|------------------|----------------|----------------|----------------|-----------|----------------|
| Year | Town of Monument | Percent Change | El Paso County | Percent Change | Colorado | Percent Change |
| 1970 | 393 | -- | 235,972 | -- | 2,207,259 | -- |
| 1980 | 690 | 75.6% | 309,424 | 31.1% | 2,889,735 | 30.9% |
| 1990 | 1,020 | 47.8 | 397,014 | 28.3 | 3,294,394 | 14.0 |
| 2000 | 1,971 | 93.2 | 516,929 | 30.2 | 4,301,261 | 30.6 |
| 2010 | 5,530 | 180.6 | 622,263 | 20.4 | 5,029,196 | 16.9 |
| 2011 | 5,695 | -- | 638,289 | -- | 5,119,538 | -- |
| 2012 | 5,781 | 1.5% | 647,446 | 1.4% | 5,191,086 | 1.4% |
| 2013 | 5,875 | 1.6 | 656,981 | 1.5 | 5,268,413 | 1.5 |
| 2014 | 5,973 | 1.7 | 665,052 | 1.2 | 5,350,118 | 1.6 |
| 2015 | 6,093 | 2.0 | 676,178 | 1.7 | 5,448,055 | 1.8 |
| 2016 | 6,241 | 2.4 | 690,207 | 2.1 | 5,538,180 | 1.7 |

Sources: United States Department of Commerce, Bureau of the Census (1970 to 2010), and Colorado State Demography Office (2011 to 2016 estimates, which are subject to periodic revisions).

Income

The following table sets forth annual per capita personal income levels for El Paso County, the State and the United States. Per capita personal income levels in El Paso County have consistently been lower than personal income levels in the State and the United States during the period shown.

Per Capita Personal Income

| Year ⁽¹⁾ | El Paso County | Colorado | United States |
|---------------------|----------------|----------|---------------|
| 2012 | \$40,349 | \$45,120 | \$44,283 |
| 2013 | 40,652 | 46,869 | 44,489 |
| 2014 | 42,470 | 50,021 | 46,486 |
| 2015 | 43,945 | 51,956 | 48,429 |
| 2016 | 44,409 | 52,097 | 49,204 |
| 2017 | n/a | 53,504 | 50,392 |

(1) El Paso County figures updated November 16, 2017. State and national figures updated March 22, 2018. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The following table presents information on employment within El Paso County, the State and the United States, for the time period indicated.

Labor Force and Percent Unemployed

| Year | El Paso County ⁽¹⁾ | | Colorado ⁽¹⁾ | | United States |
|----------------------|-------------------------------|--------------------|-------------------------|--------------------|--------------------|
| | Labor Force | Percent Unemployed | Labor Force | Percent Unemployed | Percent Unemployed |
| 2013 | 306,761 | 7.9% | 2,767,153 | 6.9% | 7.4% |
| 2014 | 306,425 | 6.0 | 2,799,491 | 5.0 | 6.2 |
| 2015 | 307,567 | 4.6 | 2,824,759 | 3.9 | 5.3 |
| 2016 | 314,615 | 3.7 | 2,893,268 | 3.3 | 4.9 |
| 2017 | 326,663 | 3.3 | 2,992,307 | 2.8 | 4.4 |
| <u>Month of June</u> | | | | | |
| 2017 | 328,969 | 3.4% | 3,004,021 | 2.9% | 4.3% |
| 2018 | 343,795 | 3.6 | 3,115,806 | 3.0 | 4.0 |

(1) Figures for El Paso County and the State are not seasonally adjusted.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data and United States Department of Labor, Bureau of Labor Statistics.

The following table sets forth the number of individuals employed in selected industries in El Paso County covered by unemployment insurance. The largest employment sector in El Paso County in 2017 was health care and social assistance (comprising approximately 15.1% of the county's work force), followed, in order, by retail trade, accommodation and food services, educational services, and professional and technical services. For the 12-month period ended December 31, 2017, total average employment in the County increased 2.4% as compared to the same 12-month period ending December 31, 2016, and average weekly wages increased 3.6% during the same time period.

Average Number of Employees Within Selected Industries – El Paso County

| Industry | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|----------------|----------------|----------------|----------------|--------------------|
| Accommodation and Food Services | 26,725 | 27,088 | 28,496 | 29,518 | 30,877 |
| Administrative and Waste Services | 17,605 | 17,890 | 18,573 | 18,892 | 18,829 |
| Agriculture, Forestry, Fishing, Hunting | 209 | 249 | 307 | 414 | 481 |
| Arts, Entertainment and Recreation | 4,754 | 4,857 | 4,995 | 5,152 | 5,435 |
| Construction | 12,211 | 13,419 | 14,263 | 14,850 | 16,208 |
| Educational Services | 26,063 | 26,178 | 26,332 | 26,918 | 27,417 |
| Finance and Insurance | 11,618 | 11,611 | 11,634 | 12,077 | 12,324 |
| Government | 13,150 | 13,021 | 13,045 | 13,157 | 13,330 |
| Health Care and Social Assistance | 33,512 | 34,896 | 36,978 | 39,496 | 40,924 |
| Information | 7,333 | 7,267 | 7,055 | 6,417 | 6,172 |
| Management of Companies/Enterprises | 1,142 | 1,120 | 1,105 | 1,219 | 1,246 |
| Manufacturing | 11,447 | 11,854 | 11,678 | 11,480 | 11,480 |
| Mining | 149 | 96 | 92 | 65 | 70 |
| Non-classifiable | 26 | 32 | 56 | 39 | n/a ⁽²⁾ |
| Other Services | 9,330 | 9,693 | 10,316 | 10,853 | 11,511 |
| Professional and Technical Services | 21,771 | 22,097 | 22,986 | 23,309 | 23,858 |
| Real Estate, Rental and Leasing | 4,062 | 4,070 | 4,325 | 4,653 | 4,823 |
| Retail Trade | 30,109 | 30,971 | 31,843 | 32,687 | 32,389 |
| Transportation and Warehousing | 4,677 | 4,827 | 5,041 | 5,234 | 5,392 |
| Utilities | 2,482 | 2,461 | 2,431 | 2,493 | 2,435 |
| Wholesale Trade | 4,924 | 5,004 | 5,155 | 5,525 | 5,574 |
| Total ⁽¹⁾ | <u>243,299</u> | <u>248,701</u> | <u>256,705</u> | <u>264,447</u> | <u>270,781</u> |

(1) Figures may not equal totals when added due to the rounding of averages.

(2) Figures were not released due to confidentiality.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Major Employers

The following tables set forth a brief description of the major private and public employers located in El Paso County. No independent investigation has been made regarding these major employers. Therefore, there can be no representation as to whether or not such employers will retain their status as major employers in the County.

Top Private Employers in El Paso County – May 2018

| Employer | Product or Service |
|--|--|
| The Broadmoor Hotel | Hotel/resort |
| Cherwell Software | Information technology |
| Cheyenne Mountain Conference Resort | Hospitality |
| Cobham Semiconductor Solutions | Semiconductor manufacturing/aerospace |
| Colorado College | Higher education |
| Compassion International | Christian child advocacy ministry |
| DePuy Synthes Companies of Johnson & Johnson | Manufacture orthopedic implants |
| EviCore | Healthcare management |
| Firstsource Solutions, Ltd. | Business process management |
| Focus on the Family | Christian ministry |
| Luce Research | Data collection |
| Lockheed Martin Corporation | Advanced technology systems integrator |
| Microchip Technology | Semiconductor manufacturing |
| Oracle America, Inc. | Customer support center |
| Peak Vista Community Health Centers | Healthcare |
| Penrose-St. Francis/Centura Health | Healthcare |
| Polaris Alpha | Defense industry technology/software |
| Progressive Insurance Company | Insurance customer support/data center |
| T. Rowe Price Associates, Inc. | Asset management firm |
| UCHealth – Memorial Health Systems | Healthcare |
| United Services Automobile Association | Regional insurance policy service |
| Western Forge Corporation | Hand tool manufacturing |
| Wide Open West | Telecommunications |

Source: Colorado Springs Chamber and EDC.

Top Public Employers in El Paso County – May 2018

| Employer | Product or Service |
|---|-------------------------------|
| City of Colorado Springs | City government |
| Colorado Springs Utilities | Four service utility provider |
| El Paso County | County government |
| El Paso County School District #2 – Harrison | Public education K-12 |
| El Paso County School District #3 – Widefield | Public education K-12 |
| El Paso County School District #8 – Fountain/Ft. Carson | Public education K-12 |
| El Paso County School District #11 – Colorado Springs | Public education K-12 |
| El Paso County School District #20 – Air Academy | Public education K-12 |
| El Paso County School District #49 – Falcon | Public education K-12 |
| Fort Carson | Military installation |
| Peterson Air Force Base | Military installation |
| Schriever Air Force Base | Military installation |
| United States Air Force Academy | Higher education |
| University of Colorado at Colorado Springs | Higher education – 4 year |

Source: Colorado Springs Chamber and EDC.

Current Construction

The following table sets forth the number of permits issued for both residential and commercial construction in El Paso County during the time period indicated.

Building Permits Issued for New Structures in El Paso County⁽¹⁾

| Year | Single Family | | Multi-Family ⁽²⁾ | | Commercial ⁽³⁾ | |
|---------------------|---------------|-----------------|-----------------------------|---------------|---------------------------|--------------|
| | Permits | Value | Units | Value | Permits | Value |
| 2013 | 2,688 | \$1,079,909,778 | 745 | \$104,505,202 | 173 | \$80,955,507 |
| 2014 | 2,433 | 1,032,039,203 | 1,090 | 153,369,996 | 149 | 133,047,797 |
| 2015 | 2,739 | 1,131,190,529 | 846 | 114,315,368 | 174 | 154,369,016 |
| 2016 | 3,237 | 1,360,333,105 | 1,717 | 294,641,637 | 258 | 257,115,348 |
| 2017 | 3,503 | 1,417,418,973 | 1,351 | 202,830,494 | 230 | 208,200,644 |
| 2018 ⁽⁴⁾ | 2,181 | 851,309,482 | 1,383 | 213,305,986 | 132 | 137,763,398 |

(1) Pikes Peak Regional Building Department issues permits for unincorporated El Paso County and for the municipalities of Colorado Springs, Fountain, Green Mountain Falls, Manitou Springs, Monument, and Palmer Lake.

(2) Includes townhouses, duplexes, condominiums, and multi-family buildings.

(3) Includes hotels, motels; amusement and recreation; manufacturing; offices, banks and professional buildings; and stores and other retail buildings.

(4) Figures are for January 1 through June 30, 2018.

Source: Pikes Peak Regional Building Department.

Foreclosure Activity

The following table sets forth the number of foreclosures filed in El Paso County during the time period shown. Such information only represents the number of foreclosures filed and does not take into account foreclosures which were filed and subsequently redeemed or withdrawn.

History of Foreclosures – El Paso County

| Year | Number of Foreclosures Filed | Percent Change |
|---------------------|---------------------------------|-------------------|
| 2013 | 1,861 | -- |
| 2014 | 1,825 | (1.9)% |
| 2015 | 1,470 | (19.5) |
| 2016 | 1,287 | (12.4) |
| 2017 | 1,089 | (15.4) |
| 2018 ⁽¹⁾ | 455 | -- |

(1) Figures are for January 1 through June 30, 2018.

Sources: Colorado Division of Housing (2013 to 2017 figures) and El Paso County Public Trustee's Office (2018 figure).

TAX MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2018 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2018 Bonds (the “Tax Code”), interest on the 2018 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Under the laws of the State in effect on the date of delivery of the 2018 Bonds, interest on the 2018 Bonds is exempt from Colorado income tax. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the 2018 Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code impose several requirements which must be met with respect to the 2018 Bonds in order for the interest thereon to be excluded from gross income, alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations), Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the 2018 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2018 Bonds; (b) limitations on the extent to which proceeds of the 2018 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2018 Bonds above the yield on the 2018 Bonds to be paid to the United States Treasury. The District will covenant and represent in the Resolution that it will take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the 2018 Bonds) to the extent necessary to maintain the exclusion of interest on the 2018 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Bond Counsel’s opinion as to the exclusion of interest on the 2018 Bonds from gross income, alternative minimum taxable income (to the extent described above), Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the 2018 Bonds to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted

current earnings” includes interest on the 2018 Bonds. No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017.

With respect to 2018 Bonds that were sold in the initial offering at a discount (the “Discount Bonds”), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as “original issue discount” for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income, alternative minimum taxable income and Colorado income tax under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income and Colorado income taxation under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner’s basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation (other than Colorado state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2018 Bonds. Owners of the 2018 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2018 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2018 Bonds may be sold at a premium, representing a difference between the original offering price of those 2018 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain

upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2018 Bonds from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the 2018 Bonds. Owners of the 2018 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2018 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2018 Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2018 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2018 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2018 Bonds. Owners of the 2018 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2018 Bonds. If an audit is commenced, the market value of the 2018 Bonds may be adversely affected. Under current audit procedures, the Service will treat the District as the taxpayer and the Owners may have no right to participate in such procedures. The District has covenanted in the Bond Resolution not to take any action that would cause the interest on the 2018 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, Underwriter, Bond Counsel, special counsel or general counsel is responsible for paying or reimbursing any 2018 Bondholder with respect to any audit or litigation costs relating to the 2018 Bonds.

LEGAL MATTERS

No Litigation

There is no litigation now pending which questions the validity of the 2018 Bonds or any proceedings the District has taken with respect to the issuance or sale thereof or which would affect the District's ability to pay the 2018 Bonds from the sources pledged therefore. In addition, the District's General Counsel states that as of the date hereof, to the best of its knowledge, although the District is subject to certain pending or threatened litigation or administrative proceedings, these matters either are adequately covered by insurance or, to the extent not insured, the likelihood is remote that the ultimate resolution thereof would materially affect the financial position of the District.

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle (including a light rail car), owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; failure to perform an education employment required background check; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Immunity Act for injuries occurring on or after January 1, 2018, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000; except in such instance, no person may recover in excess of \$387,000. Those amounts will increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. Lower amounts are recoverable for injuries accruing prior to January 1, 2018. The District may increase any maximum amount that may be recovered from the District for certain types of injuries. However, the District may not be held liable either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. The District has not acted to increase the damage limitations in the Immunity Act.

The District may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined

from engaging in anti-competitive practices which violate the antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

The approving opinion of Butler Snow LLP, Denver, Colorado, as Bond Counsel, will be delivered with the 2018 Bonds. The form of the Bond Counsel opinion is attached to this Official Statement as Appendix E. Butler Snow LLP has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its General Counsel, Law Offices of Gary L. Shupp, P.C., Colorado. Certain matters will be passed upon for the Underwriter by its counsel, Ballard Spahr LLP, Denver, Colorado.

Certain Constitutional Limitations

TABOR (Article X, Section 20 of the Colorado Constitution). In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or “TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District (“local governments”), but does not apply to “enterprises,” defined as government owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government’s spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service on bonds can be paid without regard to any spending limits, assuming revenues are available to do so.

At an election held within the District in November 2006, the voters of the District authorized the District to collect, retain and spend all revenues accounted for in the general fund such as property taxes, specific ownership taxes, sales taxes, and other revenues received from the Town, grant revenues, and investment income through December 31, 2017, as a voter approved revenue change and exception to the limitations imposed by TABOR, with the stipulation that these excess amounts would be used to pay down District debt. The voters of the District also authorized the District to collect, retain and spend revenues accounted for in the enterprise funds, such as water and sewer user fees, tap fees, inclusion fees, water reuse fees, grants and investment income in those years in which the water and sewer utility did not qualify as an enterprise. At an election on November 8, 2016, the District's voters approved the extension of the authorization through December 31, 2028.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending, excluding bonded debt service. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The District has budgeted emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

Enterprise Status. The District has determined that the System is currently an enterprise; however, TABOR contemplates that enterprise status can change over time. Because the 2018 Bonds are issued by the District as an enterprise, voter approval for the issuance of the 2018 Bonds is not required under TABOR, and the remaining terms of TABOR do not apply to the operation of the System.

Police Power

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including bankruptcy.

RATINGS

Moody's Investors Service ("Moody's") has assigned the 2018 Bonds the Underlying Rating shown on the cover page of this Official Statement. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is also expected to assign the 2018 Bonds the Insured Rating of "AA" (stable outlook) as shown on the cover page of this Official Statement, based on the understanding that the Policy will be issued concurrently with the issuance of the 2018 Bonds by BAM. See "BOND INSURANCE." An explanation of the

significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

The ratings reflect only the views of the applicable rating agency, and there is no assurance that either of the rating will continue for any given period of time or will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price or liquidity of the 2018 Bonds. Other than its obligations under the Continuing Disclosure Agreement, the District has not undertaken any responsibility to bring to the attention of the owners of the 2018 Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

INDEPENDENT AUDITORS

The financial statements of the District as of December 31, 2017, and for the year then ended, included in this Official Statement as Appendix A, have been audited by Stockman Kast Ryan & Co., LLP, certified public accountants, Colorado Springs, Colorado, as stated in their report appearing herein.

The District has not requested and will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. Stockman Kast Ryan & Co., LLP, the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Stockman Kast Ryan & Co., LLP, also has not performed any procedures relating to this Official Statement.

UNDERWRITING

D.A. Davidson & Co., Denver, Colorado (the "Underwriter") has agreed to purchase the 2018 Bonds from the District pursuant to a Purchase Agreement at a purchase price of \$_____ (representing the par amount of the 2018 Bonds, plus net original issue premium of \$_____, and less underwriting discount of \$_____). The Underwriter is committed to take and pay for all of the 2018 Bonds if any are taken.

The 2018 Bonds are being offered for sale to the public at the yields shown on the cover of this Official Statement. The Underwriter intends to offer the 2018 Bonds to the public at the offering price set forth on the cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers who may reallow concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriter, and the 2018 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such 2018 Bonds into investment accounts.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution has been authorized by the Board. This Official Statement is hereby duly approved by the Board as of the date on the cover page hereof.

By: _____
District Manager

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE YEARS ENDED DECEMBER 31, 2017**



TRIVIEW METROPOLITAN DISTRICT

BASIC FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

BOARD OF TRUSTEES

President Reid Bolander
Vice President Mark Melville
Secretary/Treasurer Marco Fiorito
Director James Barnhart
Director James Otis

James McGrady - District Manager

TRIVIEW METROPOLITAN DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Triview Metropolitan District
Monument, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Triview Metropolitan District (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules on pages 37 and 38 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Stockman Kast Ryan & Co., LLP

July 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRIVIEW METROPOLITAN DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) is presented to provide an overview of the financial activities and conditions for the fiscal year ended on December 31, 2017. The MD&A contains information currently known to management as of the date of the auditor's report. The MD&A should be read in conjunction with the District's financial statement that accompanies this report.

FINANCIAL HIGHLIGHTS

- Total Assets equaled: \$66,022,198 for 2017.
- Deferred Outflows of Resources were \$4,635,586.
- Cash, Cash Equivalents and Investments as of December 31, 2017 were \$18,119,859.
- Total Liabilities for 2017 equaled \$59,176,912.
- Deferred Inflows of Resources were \$2,794,539.
- Net Position for 2017 totaled \$8,686,333.
- Governmental change in Net Position from 2016 to 2017 totaled \$2,008,452.
- Business-type change in Net Position from 2016 to 2017 totaled \$3,080,419.

FINANCIAL STATEMENTS

The financial statements consist of three parts - management discussion and analysis, the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two are government-wide statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplemental information that further explains and supports the information in the financial statements.

Government-wide Statements — The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial status, or financial position. Over time increases or decreases in the District's net position is one indicator whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base (Assessed Valuation) are needed to assess the overall strength of the District.

Fund Financial Statements — The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds, not the District as a whole. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Fund — The activity of the District's General fund is reported as a governmental fund, which focuses on how money flows into and out of the General fund. This fund is reported using the modified accrual accounting method, which measures cash and all of the other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs.

Proprietary (Enterprise) Fund — The activity of the District Enterprise fund is to report the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's Enterprise fund is the same as the business-type activities reported in the governmental-wide statements but provides more detailed and additional information, such as cash flows.

District Specific — The Triview Metropolitan District utilizes two separate financial categories of activities; one for the general district functions and one for the enterprise, or business-type functions. Each of these, in turn, is segregated into operational and capital functions. Together, these comprise the overall government-wide statements. The Governmental, or general, category covers the public functions involving: administration; streets; drainage; landscaping; traffic control; street lighting; street signage; environmental and mosquito control. The Proprietary, or Business-type, category involves the public provision of water, wastewater, reuse water, related administration, and environmental functions. The Governmental functions are funded by property taxes, sales taxes, impact fees and bond financing when required. The Proprietary functions are funded by water and sewer user charges, tap fees and, similarly, bond financing when required for capital projects.

FINANCIAL POSITION & RESULTS FROM OPERATIONS

NET POSITION:

| | 2017 | | | 2016 | | |
|---|----------------------------|---------------------------|----------------------|----------------------------|---------------------------|----------------------|
| | Governmental Activities | Proprietary Activities | Total | Governmental Activities | Proprietary Activities | Total |
| ASSETS | | | | | | |
| Other | \$ 17,147,798 | \$ 4,563,724 | \$ 21,711,522 | \$ 15,002,775 | \$ 1,762,824 | \$ 16,765,599 |
| Capital | 8,435,975 | 35,874,701 | 44,310,676 | 8,469,009 | 36,016,128 | 44,485,137 |
| Total assets | <u>\$ 25,583,773</u> | <u>\$ 40,438,425</u> | <u>\$ 66,022,198</u> | <u>\$ 23,471,784</u> | <u>\$ 37,778,952</u> | <u>\$ 61,250,736</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| | \$ 4,432,209 | \$ 203,377 | \$ 4,635,586 | \$ 4,526,516 | \$ 224,060 | \$ 4,750,576 |

| | 2017 | | | 2016 | | |
|--------------------------------------|-------------------------|------------------------|----------------------|-------------------------|------------------------|----------------------|
| | Governmental Activities | Proprietary Activities | Total | Governmental Activities | Proprietary Activities | Total |
| LIABILITIES | | | | | | |
| Current | \$ 917,461 | \$ 1,804,079 | \$ 2,721,540 | \$ 699,635 | \$ 1,660,708 | \$ 2,360,343 |
| Long-term | 45,986,498 | 10,468,874 | 56,455,372 | 46,557,111 | 11,053,874 | 57,610,985 |
| Total liabilities | <u>\$ 46,903,959</u> | <u>\$ 12,272,953</u> | <u>\$ 59,176,912</u> | <u>\$ 47,256,746</u> | <u>\$ 12,714,582</u> | <u>\$ 59,971,328</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| | <u>\$ 2,794,539</u> | <u>\$ -</u> | <u>\$ 2,794,539</u> | <u>\$ 2,432,522</u> | <u>\$ -</u> | <u>\$ 2,432,522</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | \$ (32,028,388) | \$ 28,009,047 | \$ (4,019,341) | \$ (32,484,304) | \$ 27,419,283 | \$ (5,065,021) |
| Restricted position | 621,722 | | 621,722 | 187,950 | | 187,950 |
| Unrestricted position | 11,724,150 | 359,802 | 12,083,952 | 10,605,386 | (2,130,853) | 8,474,533 |
| Total net position | <u>\$ (19,682,516)</u> | <u>\$ 28,368,849</u> | <u>\$ 8,686,333</u> | <u>\$ (21,690,968)</u> | <u>\$ 25,288,430</u> | <u>\$ 3,597,462</u> |

Triview Metropolitan District was formed in 1985. In 1987 debt was placed upon Triview and in 1988 the developer filed for bankruptcy. This "Old Debt" remained in place accruing interest at 12.21% annual rate with no payments being made. This is referred to as the "Inactive Period". In 1994 the majority of the land within the District was acquired by a new developer and in 1997 a development agreement was reached whereby all of the previous debt and any new debt to that developer became Limited Tax Obligation Debt, or "Unscheduled Bonds" resembling "Revenue Bonds". The point-in-time from 1998 onward is referred to as the "Active Period".

The Old Debt had paid for a portion of the sewer system, a partially constructed water tank, partial road grading and soft costs; but nothing at that stage, the Inactive Period, could provide services. In order to service the first house within Triview, additional funds had to be obtained to complete the water and sewer systems, construct streets and improve the site drainage along with other required improvements. This funding initially took the form of developer loans that were then converted into Limited Tax Liability Bonds during this Active Period.

The current financial position is the result of the District investing in infrastructure in order to provide services. That infrastructure is being depreciated. The debt in excess of that directly related to the infrastructure equates to the accruing interest costs thus resulting in the status of the net position.

PROGRAM REVENUE BY SOURCE:

| | 2017 | | | 2016 | | |
|-------------------------------|-------------------------|--------------------------|-------------------|-------------------------|--------------------------|------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| Charges of services | | | | | | |
| User charges (rates) | \$ | \$ 4,058,339 | \$ 4,058,339 | \$ | \$ 2,284,399 | \$ 2,284,399 |
| Impact fees | 588,830 | | 588,830 | 729,290 | | 729,290 |
| Capital contributions: | | | | | | |
| Water & sewer tap fees | | 1,307,842 | 1,307,842 | | 566,727 | 566,727 |
| GENERAL | | | | | | |
| Tax revenues | 5,289,219 | | 5,289,219 | 4,858,109 | | 4,858,109 |
| Interest income | 144,636 | 16,197 | 160,833 | 79,625 | 13,884 | 93,509 |
| Other | 36,178 | 263,594 | 263,594 | 23,503 | 668,436 | 691,939 |
| Total revenues | <u>6,058,863</u> | <u>5,645,972</u> | <u>11,704,835</u> | <u>5,690,527</u> | <u>3,533,446</u> | <u>9,223,973</u> |

| | 2017 | | | 2016 | | |
|----------------------------------|-------------------------|--------------------------|---------------------|-------------------------|--------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | Governmental Activities | Business-Type Activities | Total |
| FUNCTIONAL | | | | | | |
| General government | 566,292 | | 566,292 | 461,921 | | 461,921 |
| Streets | 430,394 | | 430,394 | 433,959 | | 433,959 |
| Lighting | 45,895 | | 45,895 | 32,728 | | 32,728 |
| Signage | 4,814 | | 4,814 | 2,987 | | 2,987 |
| Traffic control | 28,734 | | 28,734 | 28,393 | | 28,393 |
| Parks | 537,130 | | 537,130 | 312,883 | | 312,883 |
| Conservation | 18,467 | | 18,467 | 18,681 | | 18,681 |
| Debt service | 2,018,685 | | 2,018,685 | 3,205,582 | | 3,205,582 |
| Water, wastewater and reuse | | 2,965,553 | 2,965,553 | | 2,761,668 | 2,761,668 |
| Total expenditures | <u>3,650,411</u> | <u>2,965,553</u> | <u>6,615,964</u> | <u>4,497,134</u> | <u>2,761,668</u> | <u>7,258,802</u> |
| Transfers | <u>(400,000)</u> | <u>400,000</u> | <u>-</u> | <u>(230,000)</u> | <u>230,000</u> | <u>-</u> |
| Change in net position | 2,008,452 | 3,080,419 | 5,088,871 | 963,393 | 1,001,778 | 1,965,171 |
| Net position – beginning of year | <u>(21,690,968)</u> | <u>25,288,430</u> | <u>3,597,462</u> | <u>(22,654,361)</u> | <u>24,286,652</u> | <u>1,632,291</u> |
| Net position – end of year | <u>\$ (19,682,516)</u> | <u>\$ 28,368,849</u> | <u>\$ 8,686,333</u> | <u>\$ (21,690,968)</u> | <u>\$ 25,288,430</u> | <u>\$ 3,597,462</u> |

Both Governmental and Proprietary (Business Type) Activities exhibited a positive change in net position primarily attributable to monitoring appropriate expenditures in conjunction with declining fee revenue.

ANALYSIS OF POSITION

The overall financial position of the District improved during 2017, due to substantial revenue growth and continued monitoring of operating expenditures.

In the Water, Wastewater and Reuse Enterprise Fund Schedule of Revenues, Expenses and Changes in Net Position, (non-GAAP budgeting basis) Budget and Actual, expenses were under budget by \$369,065. The revenues were better than budget due primarily to the increased in tap revenue from several residential developments.

Capital assets for the Governmental Activities decreased due to capital outlays of only \$455,654 in 2017 and depreciation in excess of additional capital. Capital assets for the Business-type Activities decreased also due to depreciation expense exceeding capital outlay in 2017. Triview has constructed facilities that, in some cases, will serve the build-out population yet the District is less than 40% developed and probably 15 years from build out status. These facilities are depreciated, as necessary, at a logical rate. With increased development and increased facility construction, depreciation will not be as significant a factor once an adequate economy of scale is reached.

CAPITAL ASSETS:

| | 2017 | | | 2016 | | |
|---------------------------|-------------------------|------------------------|---------------|-------------------------|------------------------|---------------|
| | Governmental Activities | Proprietary Activities | Total | Governmental Activities | Proprietary Activities | Total |
| Operating systems | \$ 15,173,130 | \$ 48,478,551 | \$ 63,651,681 | \$ 14,717,476 | \$ 47,689,837 | \$ 62,407,313 |
| Accumulated depreciation | (6,737,155) | (12,603,850) | (19,341,005) | (6,248,467) | (11,673,709) | (17,922,176) |
| Total capital assets, net | \$ 8,435,975 | \$ 35,874,701 | \$ 44,310,676 | \$ 8,469,009 | \$ 36,016,128 | \$ 44,485,137 |

The long-term liabilities decreased during 2017 by \$1,635,613 primarily due to repayment of debt obligation.

LONG-TERM DEBT:

| | 2017 | | | 2016 | | |
|--------------------|-------------------------|------------------------|---------------|-------------------------|------------------------|---------------|
| | Governmental Activities | Proprietary Activities | Total | Governmental Activities | Proprietary Activities | Total |
| Loan payable | \$ | \$ 11,053,874 | \$ 11,053,874 | | \$ 12,083,874 | \$ 12,083,874 |
| G.O. bonds payable | 46,526,498 | | 46,526,498 | 47,132,111 | | 47,132,111 |
| Total debt | \$ 46,526,498 | \$ 11,053,874 | \$ 57,580,372 | \$ 47,132,111 | \$ 12,083,874 | \$ 59,215,985 |

FUTURE TRENDS AND ECONOMIC FACTORS

As of December 31, 2017, there are 1,490 residential taps and 96 commercial taps being serviced by the District.

Two commercial taps, along with a multi-family dwelling tap, are anticipated for 2018. These taps will have a significant effect upon the financial position of the District. This additional commercial development generates the following revenue implications:

- Increase in property tax base, which is assessed under Statute at 3½ times that of residential property.
- Increase in retail commercial sales tax revenues; which Triview receives 50% of same under an agreement with the Town of Monument.
- Increase in employment base that relates to residential demand for District housing.
- Increase in use tax revenues; which are based upon building costs by type.
- Increase in water and sewer user fees and charges.
- Increase in impact fees generated by the additional commercial development.

The residential market continued to prosper during 2017. The District anticipates the momentum to continue into 2018 due to the continued development of Sanctuary Pointe and an estimated 60 residences to be permitted.

Increases in residential units generate the following revenue implications:

- Increase in property tax base as compared to undeveloped land; which is assessed at lesser rates.
- Increase in use tax revenues.
- Increase in water and sewer user fees and charges.
- Increase in impact fees generated by the additional residential development.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Triview Metropolitan District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to James McGrady, District Manager, PO Box 849, 16055 Old Forest Point, Suite 300, Monument, Colorado, 80132.

BASIC FINANCIAL STATEMENTS

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2017

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 84,103 | \$ 1,749,646 | \$ 1,833,749 |
| Cash and cash equivalents, restricted | 439,957 | - | 439,957 |
| Investments | 13,985,336 | 1,860,817 | 15,846,153 |
| Property taxes receivable | 2,794,539 | - | 2,794,539 |
| Interest receivable | 2,293 | - | 2,293 |
| Accounts receivable | 406,028 | 81,272 | 487,300 |
| Prepaid expenses | 63,480 | 16,468 | 79,948 |
| Internal balances | (627,938) | 627,938 | - |
| Funds held in escrow | - | 227,583 | 227,583 |
| Capital assets, net of accumulated depreciation | 8,435,975 | 35,874,701 | 44,310,676 |
| Total assets | <u>25,583,773</u> | <u>40,438,425</u> | <u>66,022,198</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | 4,432,209 | 203,377 | 4,635,586 |
| Total deferred outflows of resources | <u>4,432,209</u> | <u>203,377</u> | <u>4,635,586</u> |
| LIABILITIES | | | |
| Accounts payable | 73,194 | 853,835 | 927,029 |
| Accrued interest | 304,267 | 89,661 | 393,928 |
| Escrow funds held | - | 227,583 | 227,583 |
| Accrued settlement | - | 48,000 | 48,000 |
| Long-term liabilities | | | |
| Due within one year | 540,000 | 585,000 | 1,125,000 |
| Due in more than one year | 45,986,498 | 10,468,874 | 56,455,372 |
| Total liabilities | <u>46,903,959</u> | <u>12,272,953</u> | <u>59,176,912</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred property tax revenue | 2,794,539 | - | 2,794,539 |
| Total deferred inflows of resources | <u>2,794,539</u> | <u>-</u> | <u>2,794,539</u> |
| NET POSITION | | | |
| Net investment in capital assets | (32,028,388) | 28,009,047 | (4,019,341) |
| Restricted | | | |
| Debt service | 439,957 | - | 439,957 |
| Emergency reserve (TABOR) | 181,765 | - | 181,765 |
| Unrestricted | 11,724,150 | 359,802 | 12,083,952 |
| Total net position | <u>\$ (19,682,516)</u> | <u>\$ 28,368,849</u> | <u>\$ 8,686,333</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|----------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 566,292 | \$ - | \$ - | \$ - | \$ (566,292) | \$ - | \$ (566,292) |
| Streets | 430,394 | 109,282 | - | - | (321,112) | - | (321,112) |
| Lighting | 45,895 | - | - | - | (45,895) | - | (45,895) |
| Drainage | - | 138,875 | - | - | 138,875 | - | 138,875 |
| Signage | 4,814 | - | - | - | (4,814) | - | (4,814) |
| Traffic control | 28,734 | - | - | - | (28,734) | - | (28,734) |
| Parks, landscape and open space | 537,130 | 340,673 | - | - | (196,457) | - | (196,457) |
| Conservation | 18,467 | - | - | - | (18,467) | - | (18,467) |
| Interest and fiscal charges | 2,018,685 | - | - | - | (2,018,685) | - | (2,018,685) |
| General government | <u>\$ 3,650,411</u> | <u>\$ 588,830</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(3,061,581)</u> | <u>-</u> | <u>(3,061,581)</u> |
| Business-type activities: | | | | | | | |
| Water, Wastewater and Reuse Fund | \$ 2,965,553 | \$ 5,366,181 | \$ - | \$ - | | 2,400,628 | 2,400,628 |
| Total | <u>\$ 2,965,553</u> | <u>\$ 5,366,181</u> | <u>\$ -</u> | <u>\$ -</u> | | <u>2,400,628</u> | <u>2,400,628</u> |
| General revenues: | | | | | | | |
| Taxes | | | | | 5,289,219 | - | 5,289,219 |
| Investment earnings | | | | | 144,636 | 16,197 | 160,833 |
| Conservation Trust funds | | | | | 18,467 | - | 18,467 |
| Other revenues | | | | | 17,711 | 263,594 | 281,305 |
| Transfers | | | | | (400,000) | 400,000 | - |
| Total general revenues | | | | | <u>5,070,033</u> | <u>679,791</u> | <u>5,749,824</u> |
| Change in net position | | | | | 2,008,452 | 3,080,419 | 5,088,871 |
| Net position - Beginning | | | | | (21,690,968) | 25,288,430 | 3,597,462 |
| Net position - Ending | | | | | <u>\$ (19,682,516)</u> | <u>\$ 28,368,849</u> | <u>\$ 8,686,333</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**TRIVIEW METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2017**

| | <u>General</u> |
|---|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 84,103 |
| Investments | 13,985,336 |
| Restricted cash and cash equivalents | 439,957 |
| Property taxes receivable | 2,794,539 |
| Interest receivable | 2,293 |
| Accounts receivable, other | 406,028 |
| Prepaid expense | 63,480 |
| Total assets | <u>\$ 17,775,736</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | |
| Accounts payable | \$ 73,194 |
| Due to other funds | 627,938 |
| Total liabilities | <u>701,132</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred property tax revenue | 2,794,539 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>2,794,539</u> |
| FUND BALANCE | |
| Nonspendable: | |
| Prepaid expenditures | 63,480 |
| Restricted: | |
| Debt service | 439,957 |
| Emergency reserves | 181,765 |
| Unassigned | 13,594,863 |
| Total fund balance | <u>14,280,065</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | <u>\$ 17,775,736</u> |
| Total fund balance, governmental funds | \$ 14,280,065 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Capital assets | 8,435,975 |
| Deferred outflows of resources are not current financial resources, and therefore are not reported in the funds | 4,432,209 |
| Accrued interest is not due and payable in the current period, and therefore, is not reported as a liability in the funds | (304,267) |
| Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position | <u>(46,526,498)</u> |
| Net position of governmental activities | <u>\$ (19,682,516)</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2017

| | <u>General</u> |
|--|----------------------|
| REVENUES | |
| Taxes | \$ 5,289,219 |
| Fees | 588,830 |
| Conservation trust funds | 18,467 |
| Interest income | 144,636 |
| Miscellaneous revenue | 17,711 |
| Total revenues | <u>6,058,863</u> |
| EXPENDITURES | |
| General government | 622,414 |
| Streets | 401,529 |
| Lighting | 45,895 |
| Signage | 4,814 |
| Traffic control | 1,882 |
| Parks, landscape and open space | 503,691 |
| Conservation | 18,467 |
| Debt Service: | |
| Interest and fiscal charges | 2,302,749 |
| Total expenditures | <u>3,901,441</u> |
| EXCESS OF REVENUE OVER EXPENDITURES | <u>2,157,422</u> |
| OTHER FINANCING SOURCES (USES) | |
| Transfers out | (400,000) |
| Total other financing sources | <u>(400,000)</u> |
| NET CHANGE IN FUND BALANCE | 1,757,422 |
| FUND BALANCE - BEGINNING OF YEAR | <u>12,522,643</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 14,280,065</u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**TRIVIEW METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

| | |
|--|---------------------|
| Net change in fund balances - Total governmental funds | <u>\$ 1,757,422</u> |
|--|---------------------|

| | |
|---|----------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays for the period. | (33,034) |
|---|----------|

| | |
|--|----------------|
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | <u>284,064</u> |
|--|----------------|

| | |
|--|----------------------------|
| Change in net position - Governmental activities | <u><u>\$ 2,008,452</u></u> |
|--|----------------------------|

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
December 31, 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | |
|-------------------------------------|-------------------|
| Current assets | |
| Cash and cash equivalents | \$ 1,749,646 |
| Investments | 1,860,817 |
| Accounts Receivable | 81,272 |
| Prepaid expenses | 16,468 |
| Due from other funds | 627,938 |
| Total current assets | <u>4,336,141</u> |
| Non-current assets | |
| Funds held in escrow | 227,583 |
| Capital assets, net of depreciation | 35,874,701 |
| Total non-current assets | <u>36,102,284</u> |
| Total assets | <u>40,438,425</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|------------------------------|----------------|
| Deferred amount on refunding | <u>203,377</u> |
|------------------------------|----------------|

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 40,641,802

LIABILITIES AND NET POSITION

| | |
|-------------------------------|-------------------|
| Current Liabilities | |
| Accounts payable | \$ 853,835 |
| Accrued interest | 89,661 |
| Accrued settlement | 48,000 |
| Bonds/Notes payable | 585,000 |
| Total current liabilities | <u>1,576,496</u> |
| Non-current liabilities | |
| Escrow funds held | 227,583 |
| Bonds/Notes payable | 10,468,874 |
| Total non-current liabilities | <u>10,696,457</u> |
| Total liabilities | <u>12,272,953</u> |

NET POSITION

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 28,009,047 |
| Unrestricted | 359,802 |
| Total net position | <u>28,368,849</u> |

TOTAL LIABILITIES AND NET POSITION

\$ 40,641,802

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
Year Ended December 31, 2017

OPERATING REVENUE

| | |
|-------------------------|------------------|
| Water sales | \$ 2,615,798 |
| Tap fees | 1,307,842 |
| Payment in lieu of fees | 282,710 |
| Sewer charges | <u>1,159,831</u> |
| Total operating revenue | <u>5,366,181</u> |

OPERATING EXPENSES

| | |
|----------------------------|------------------|
| Water system | 510,039 |
| Wastewater system | 702,407 |
| General and administrative | 408,891 |
| Depreciation | <u>930,141</u> |
| Total operating expenses | <u>2,551,478</u> |

OPERATING INCOME

2,814,703

NONOPERATING REVENUE (EXPENSE)

| | |
|---------------------------------|------------------|
| Interest income | 16,197 |
| Miscellaneous income | 40,665 |
| Other fees | 59,600 |
| Developer reimbursement | 163,329 |
| Interest expense | <u>(414,075)</u> |
| Total nonoperating expense, net | <u>(134,284)</u> |

INCOME BEFORE TRANSFERS

2,680,419

TRANSFERS IN

400,000

CHANGE IN NET POSITION

3,080,419

NET POSITION - BEGINNING OF YEAR

25,288,430

NET POSITION - END OF YEAR

\$ 28,368,849

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
Year Ended December 31, 2017

| | <u>Water</u> |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 5,850,602 |
| Cash payments to suppliers for goods and services | (813,515) |
| Cash payments to employees for services | (221,910) |
| Net cash provided in operating activities | <u>4,815,177</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Transfers in | 400,000 |
| Miscellaneous non-operating income | 100,265 |
| Change in due from other funds | (956,734) |
| Net cash used by noncapital financing activities | <u>(456,469)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchases of capital assets | (788,714) |
| Principal paid on debt | (1,030,000) |
| Developer reimbursement | 163,329 |
| Interest paid on debt | (393,801) |
| Net cash used in capital and related financing activities | <u>(2,049,186)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of investments | (704,162) |
| Investment income | 16,197 |
| Net cash provided by investing activities | <u>(687,965)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 1,621,557 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>128,089</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 1,749,646</u> |

Continued

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER, WASTEWATER AND REUSE FUND
Year Ended December 31, 2017

**RECONCILIATION OF OPERATING INCOME TO CASH FLOWS
PROVIDED BY OPERATING ACTIVITIES**

| | |
|--|----------------------------|
| Operating income | \$ 2,814,703 |
| Adjustments to reconcile operating income to net cash used in operating activities: | |
| Depreciation | 930,141 |
| Effects of changes in operating assets and liabilities: | |
| Accounts receivable | 484,421 |
| Prepaid expense | (2,640) |
| Accounts payable | <u>588,552</u> |
| Total adjustments | <u>2,000,474</u> |
| Net cash used in operating activities | <u><u>\$ 4,815,177</u></u> |

These financial statements should be read only in connection with
the accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TRIVIEW METROPOLITAN DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Triview Metropolitan District (the "District") is a quasi-municipal political subdivision of the State of Colorado organized to develop and provide certain services to the residents of the District. The District was formed by order of the District Court for the County of El Paso, Colorado, entered in Civil Action No. 85 CV 0893 on May 13, 1985, following the favorable outcome of an organizational election held on May 10, 1985. The District, as a metropolitan district, derives its power from state statutes. Among the express statutory powers of the District are the powers of taxation and eminent domain, and the power to borrow money and issue both general obligation bonds and revenue bonds. The District has purchased water rights, and has constructed a water distribution system, a sanitary and storm sewer collection system, roadways, signs and other improvements.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). A summary of the significant accounting policies used in the preparation of these financial statements follows.

Reporting Entity — The District has no component units for which either discrete or blended presentation is required. The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are in substance, part of the primary government) and discretely presented component units. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Government-Wide and Fund Financial Statements — The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between *governmental* and *business-type* activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities are financed to a significant extent by fees and charges.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. *Program revenues* include 1) fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation — The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The District considers property taxes as available if they are collected within 30 days after year-end. Property taxes are recognized as revenue in the fiscal period for which they are levied, providing the available criteria are met.

Those revenues susceptible to accrual are property taxes, sales taxes, interest revenue and charges for services. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District reports the following major governmental fund:

General Fund — The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the District reports the following major proprietary fund:

Enterprise Fund — The enterprise fund is used to account for those operations financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District has one enterprise fund—the Water, Wastewater and Reuse Fund. The intent of the District is that the costs of providing goods and services to the general public on a

continuing basis be financed or recovered primarily through user charges. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as programs revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to apply restricted resources first, then unrestricted resources as they are needed.

Receivables — All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses — Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Due To and From Other Funds — Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. In the fund financial statements, these receivables and payable are classified as "due from other funds" or "due to other funds". In the government-wide financial statements, all internal balances have been substantially eliminated.

Restricted Cash and Investments — The use of certain cash and investments of the District is restricted. These cash and investment items are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by debt agreements.

Investments — Investments are stated at fair value. Fair value is the amount the District can reasonably expect to receive to sell an investment in an orderly transaction between market participants. See Note 4 for further information on the fair values of investments.

Capital Assets — Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, traffic, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and are depreciated over the remaining useful lives of the related capital assets, as applicable.

Buildings, improvements, vehicles, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

| | |
|--|--------------|
| Roads and streets | 2 - 40 years |
| Wells | 20 years |
| Water storage tank | 40 years |
| Wastewater treatment facility | 40 years |
| Water distribution System and treatment facility | 40 years |
| Equipment | 3 - 7 years |

When depreciable property is acquired, depreciation is included in expense for the year of acquisition for the number of months during the year the asset was in service. When depreciable property is retired or otherwise disposed of, depreciation is included in expense for the number of months in service during the year of retirement and the related costs and accumulated depreciation are removed from the accounts with any gain or loss reflected in the statement of revenue, expenses and changes in fund net assets.

Accumulated Employee Benefit Amounts — Accumulated unpaid vacation, sick pay, and other employee benefit amounts are not material. Therefore, a liability of these benefits has not been reflected in these financial statements.

Long-Term Liabilities — In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issue costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classification — The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Non-spendable — This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Statement of Cash Flows — For purposes of the Statement of Cash Flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, government pools, and short-term investments with original maturities of three months or less from the date of acquisition, including restricted cash and cash equivalents. Funds held in escrow are excluded from the District's definition of cash and cash equivalents.

Estimates — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events — The District has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date of issuance of the financial statements.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the general fund balance sheet and the government-wide statement of net position:

The general fund balance sheet includes reconciliation between *fund balance-governmental fund* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds". The details of this difference are as follows:

| | |
|---|---------------------|
| Capital assets | \$ 15,173,130 |
| Accumulated depreciation | <u>(6,737,155)</u> |
| Net adjustment to fund balance – governmental fund to arrive at net position – governmental activities | <u>\$ 8,435,975</u> |

Explanation of certain differences between the governmental fund statement of revenues, expenditures and change in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and change in fund balance includes a reconciliation of *net changes in fund balance-governmental fund* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report outlays for capital assets as expenditures. In contrast in the Statement of Activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The details of this difference are as follows:

| | |
|---|--------------------|
| Depreciation | \$ (488,688) |
| Capital outlays | <u>455,654</u> |
| Net adjustment to net change in fund balance – governmental fund to arrive at change in net position – governmental activities | <u>\$ (33,034)</u> |

Another element of the reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities". The details of this difference are as follows:

| | |
|--|-------------------|
| Amortization of advance refunding difference | \$ (94,307) |
| Amortization of discount/premium | 30,613 |
| Repayment of bonds | 575,000 |
| Change in accrued interest | <u>(227,242)</u> |
| Net adjustment to net change in fund balance – governmental fund to arrive at change in net position of governmental activities | <u>\$ 284,064</u> |

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information — The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the fall, the District Manager submits to the Board of Directors, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District to obtain taxpayer comments.
3. Prior to December 15, the budget is legally approved.
4. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration is employed as a management control device during the year for the governmental and proprietary funds.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. The budget for the Water, Wastewater and Reuse Fund is prepared on a basis of accounting other than generally accepted accounting principles, which is normal for proprietary funds. The primary differences are that bond proceeds are treated as a budget source, capital expenditures and principal payments are treated as a budget use, and accrued unpaid interest and the amortization and depreciation expense are not budgeted.
8. Budgeted amounts are as originally adopted or amended.
9. All annual appropriations lapse at the end of the year.

4. DEPOSITS AND INVESTMENTS

The District's deposits and investments consist of the following at December 31, 2017:

| | Deposits | Certificate of Deposit | COLO- TRUST | Total |
|---|--------------------|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$1,833,750 | \$ 2,622,443 | \$ 13,223,710 | \$ 17,679,902 |
| Restricted cash and cash equivalents | 439,957 | | | 439,957 |
| Funds held in escrow | 227,583 | | | 227,583 |
| Total | <u>\$2,501,290</u> | <u>\$ 2,622,443</u> | <u>\$ 13,223,710</u> | <u>\$ 18,347,442</u> |

Reconciliation of cash and cash equivalents to the government-wide financial statements at December 31, 2017:

| | Governmental Activities | Business- type Activities | Total |
|--------------------------------------|----------------------------|---------------------------------|----------------------|
| Cash and cash equivalents | \$ 84,103 | \$ 1,749,646 | \$ 1,833,749 |
| Restricted cash and cash equivalents | 439,957 | | 439,957 |
| Investments | 13,985,336 | 1,860,817 | 15,846,153 |
| Funds held in escrow | | 227,583 | 227,583 |
| Total | <u>\$ 14,509,396</u> | <u>\$ 3,838,046</u> | <u>\$ 18,347,442</u> |

Deposits — The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2017, the carrying amount of the District's deposits including certificates of deposits and money markets were \$5,123,732 the bank balances were \$5,213,693. Of the total bank balance, \$977,583 was covered by FDIC insurance and \$4,236,110 falls under the provision of the Colorado Public Deposit Protection Act which is collateralized in single institution pools.

Investments — The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies' securities
- Certain international agencies' securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Certain commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposits
- Certain money market fund
- Guaranteed investment contract

Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. A twelve member Board of Trustees, elected by the fund participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. The separate audited financial statements of COLOTRUST are available on their website at www.colotrust.com. The District has no unfunded commitments or redemption restrictions on their investments in COLOTRUST.

Investments with maturities of less than 90 days are classified as cash and cash equivalents on the financial statements.

The District's investments are subject to interest rate risk and credit risk as described below:

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk. State law limits investments to those described above. The District does not have an investment policy that would further limit its investment choices. As of December 31, 2017 the District's ColoTrust investment is rated AAAM by Standard & Poor's.

5. **ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at December 31, 2017:

| | |
|---|-------------------|
| GENERAL FUND | |
| Cash with County Treasurer | \$ 25,485 |
| Taxes from town | 362,982 |
| Undeposited funds | <u>17,561</u> |
| Total general fund | <u>406,028</u> |
| WATER, WASTEWATER AND REUSE FUND | |
| Developer fees/reimbursements | 15,914 |
| User fees receivable | <u>65,358</u> |
| Total water, wastewater and reuse fund | <u>81,272</u> |
| Total accounts receivables | <u>\$ 487,300</u> |

6. **INTERFUND BALANCES AND TRANSFERS**

Interfund balances consisted of the following at December 31, 2017:

| Receivable | Payable | Amount |
|-----------------|--------------|-------------------|
| Enterprise fund | General fund | <u>\$ 627,938</u> |

The enterprise fund has a receivable from the general fund, the purpose of this interfund balance is to be a mechanism to track the proper allocation of payments and receipts. During the year ended December 31, 2017 the General Fund transferred \$400,000 to the Enterprise Fund for the allocation of certain taxes to the enterprise fund for operations.

7. **PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are payable in two installments due February 28 and June 15, or in one installment due April 30. El Paso County bills and collects property taxes for the District. District property tax revenues are recognized when levied to the extent that they result in current receivables. The tax rate for the year ended December 31, 2017 was 35.000 mills. The District's assessed valuation for 2016, for taxes collected in 2017, was \$69,500,640.

8. **ESCROW FUNDS HELD**

An escrow account in the District's name has been established. As a result of agreements between the District, El Paso County, Centre Development and Pinetree Properties one million dollars was deposited with the District to construct infrastructure improvements west of Interstate 25 and to provide service to that portion of the District. The remaining balance of \$227,583 includes interest of \$153,936 at December 31, 2017.

9. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

| | Balance at December 31, 2016 | Additions | Disposals/ Retirements | Balance at December 31, 2017 |
|--|------------------------------------|--------------|---------------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Road and streets | \$ 12,500,039 | \$ 351,522 | \$ - | \$ 12,851,561 |
| Traffic control | 436,399 | - | - | 436,399 |
| Parks, landscape and open space | 1,342,775 | 60,637 | - | 1,403,412 |
| Equipment | 265,918 | 43,495 | - | 309,413 |
| Office space | 172,345 | - | - | 172,345 |
| Total capital assets being depreciated | 14,717,476 | 455,654 | - | 15,173,130 |
| Less accumulated depreciation for: | | | | |
| Road and streets | (5,303,264) | (380,387) | - | (5,683,651) |
| Traffic control | (351,964) | (26,852) | - | (378,816) |
| Parks, landscape and open space | (423,727) | (33,439) | - | (457,166) |
| Equipment | (152,952) | (43,195) | - | (196,147) |
| Office space | (16,560) | (4,815) | - | (21,375) |
| Total accumulated depreciation | (6,248,467) | (488,688) | - | (6,737,155) |
| Total capital assets, net | \$ 8,469,009 | \$ (33,034) | \$ - | \$ 8,435,975 |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Water rights | \$ 11,540,081 | \$ 10,500 | \$ - | \$ 11,550,581 |
| Capital assets, being depreciated: | | | | |
| Wells | 2,360,826 | 146,230 | - | 2,507,056 |
| Water storage tank | 1,038,433 | - | - | 1,038,433 |
| Wastewater treatment facility | 10,017,728 | - | - | 10,017,728 |
| Water distribution system and treatment facility | 19,475,104 | 107,480 | - | 19,582,584 |
| Sanctuary Pointe | 3,196,449 | 275,728 | - | 3,472,177 |
| Equipment | 61,216 | 248,776 | - | 309,992 |
| Total capital assets being depreciated | 47,689,837 | 788,714 | - | 48,478,551 |
| Less accumulated depreciation for: | | | | |
| Wells | (781,669) | (81,212) | - | (862,881) |
| Water storage tank | (507,761) | (25,961) | - | (533,722) |
| Wastewater treatment facility | (3,242,001) | (250,443) | - | (3,492,444) |
| Water distribution system and treatment facility | (7,048,677) | (488,431) | - | (7,537,108) |
| Sanctuary Pointe | (34,577) | (80,032) | - | (114,609) |
| Equipment | (59,024) | (4,062) | - | (63,086) |
| Total accumulated depreciation | (11,673,709) | (930,141) | - | (12,603,850) |
| Total capital assets, net | \$ 36,016,128 | \$ (141,427) | \$ - | \$ 35,874,701 |

10. LONG-TERM LIABILITIES

Loans — On October 22, 2014 the District issued a Tax Exempt Revenue Note for \$5,933,874 through Northstar Bank. This Note is payable semiannually in principal amounts of \$200,000 excluding interest at 2.75% to 3.75% with the final payment due October 22, 2029. The proceeds of this Note were used to pay the outstanding Colorado Water Resources and Power Development Authority loans along with the outstanding management fees to Donala Water and Sanitation District. The District has pledged all future net enterprise revenues as payment on this loan.

The District entered in to a loan agreement with a commercial company on August 22, 2014 in the amount of \$1,350,000 for the purchase of certain water rights with an actual purchase price of \$2,000,000. This loan is payable over three years with \$450,000 plus interest at 3.5% due annually for three years. The loan was paid in full in 2017.

Annual debt service requirements to maturity for business -type activities loans are as follows:

| <u>Year</u> | <u>Business Type Activities</u> | |
|-------------|---------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2018 | \$ 400,000 | \$ 176,215 |
| 2019 | 400,000 | 161,007 |
| 2020 | 400,000 | 146,187 |
| 2021 | 400,000 | 130,590 |
| 2022 | 400,000 | 84,613 |
| 2023 - 2027 | 2,000,000 | 255,937 |
| 2028 - 2029 | 733,874 | 25,120 |
| Total | <u>\$ 4,733,874</u> | <u>\$ 979,669</u> |

Revenue Bond — The District issued Water and Wastewater Enterprise Revenue bonds on December 14, 2016, to provide funds for the acquisition of \$6,500,000 of water rights. The Bond is payable semiannually on June 1 and December 1 each year commencing June 1, 2017 with the final payment due December 1, 2031. The Bond is pledged by water and sewer revenue and bear an interest rate of 2.98%.

Annual debt service requirements to maturity for business-type activities bonds are as follows:

| <u>Year</u> | <u>Business Type Activities</u> | |
|-------------|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2018 | \$ 185,000 | \$ 188,336 |
| 2019 | 190,000 | 182,823 |
| 2020 | 195,000 | 177,161 |
| 2021 | 200,000 | 171,350 |
| 2022 | 210,000 | 165,390 |
| 2023 - 2027 | 1,135,000 | 729,951 |
| 2028 - 2031 | 4,205,000 | 455,791 |
| Total | <u>\$ 6,320,000</u> | <u>\$ 2,070,802</u> |

General Obligation Bonds — The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Voters of the District authorized the issuance of \$50,840,800 of debt at special elections held in November 1986 and November 1987. General obligation bonds have been issued for governmental activities.

On December 15, 2016, the District issued \$46,215,000 in general obligation bonds with interest rates ranging from 4.0% to 5.0%. The District issued the bonds to advance refund \$42,740,000 of the outstanding Series 2009 general obligation bonds. The refunding was undertaken to lock in interest rates which were being remarketed weekly with the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$4,526,516. This amount is netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. At December 31, 2017, the balance in the Escrow account for the refunding of the 2009 Series bonds was \$44,945,647..

The 2016 refunding of the Series 2009 General Obligation Refunding Bonds increased total debt service payments over the next 29 years by approximately \$11,400,000. The 2016 refunding also results in an economic loss (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,300,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Series 2016 General Obligation Refunding Bonds bearing interest rates ranging from 4.00% to 5.00% until maturity on November 1, 2046.

\$ 45,640,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

| <u>December 31,</u> | <u>Governmental Activities</u> | |
|---------------------|--------------------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2018 | \$ 540,000 | \$ 1,943,612 |
| 2019 | 560,000 | 1,922,013 |
| 2020 | 630,000 | 1,899,613 |
| 2021 | 655,000 | 1,874,412 |
| 2022 | 730,000 | 1,848,213 |
| 2023 - 2027 | 4,500,000 | 8,675,763 |
| 2028 - 2032 | 6,470,000 | 7,368,063 |
| 2033 - 2037 | 8,705,000 | 5,769,162 |
| 2038 - 2042 | 11,390,000 | 3,814,094 |
| 2043 - 2046 | 11,460,000 | 1,212,956 |
| Total | <u>\$ 45,640,000</u> | <u>\$ 36,327,901</u> |

Changes In Long-Term Liabilities —

| | Balance at December 31, 2016 | Additions | Reductions | Balance at December 31, 2017 | Amounts Due Within One Year |
|---|------------------------------------|-------------|---------------------|------------------------------------|--------------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Series 2016 GO Bonds | \$ 46,215,000 | \$ - | \$ 575,000 | \$ 45,640,000 | \$ 540,000 |
| Bond Issuance Premium | 917,111 | - | 30,613 | 886,498 | - |
| Total - Governmental Activities | <u>\$ 47,132,111</u> | <u>\$ -</u> | <u>\$ 605,613</u> | <u>\$ 46,526,498</u> | <u>\$ 540,000</u> |
| <u>Business-Type Activities:</u> | | | | | |
| Northgate Water Agreement | \$ 450,000 | \$ - | \$ 450,000 | \$ - | \$ - |
| Northstar Revenue Note | 5,133,874 | - | 400,000 | 4,733,874 | 400,000 |
| KeyBank Revenue Bond | 6,500,000 | - | 180,000 | 6,320,000 | 185,000 |
| Total - Business-Type Activities | <u>\$ 12,083,874</u> | <u>\$ -</u> | <u>\$ 1,030,000</u> | <u>\$ 11,053,874</u> | <u>\$ 585,000</u> |

11. NET POSITION

The District has net assets consisting of three components: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

As of December 31, 2017, the District had net investment in capital assets as follows:

| | |
|--|-----------------------|
| Net investment in capital assets: | |
| Capital assets, net of depreciation | \$ 44,310,676 |
| Capital asset related to deferred outflow | 4,635,586 |
| Long-term liabilities due within one year | (1,125,000) |
| Long-term liabilities due in more than one year | (56,455,372) |
| Debt proceeds spent for non-capitalized purposes | <u>4,614,769</u> |
| Total net investment in capital assets | <u>\$ (4,019,341)</u> |

Restricted assets are reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported:

Restricted:

| | |
|-----------------------------|-------------------|
| Restricted for debt service | \$ 439,957 |
| Emergency reserve (TABOR) | <u>181,765</u> |
| Total restricted | <u>\$ 621,722</u> |

Unrestricted net position consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District utilizes unrestricted net position before using restricted net position. As of December 31, 2017, the District had unrestricted net position of \$12,083,952.

12. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for these risks of loss, including worker's compensation and employee health and accident insurance. Settlements have not exceeded coverage during the past three fiscal years.

13. COMMITMENTS AND CONTINGENCIES

Litigation — The District is involved in pending or threatened lawsuits and claims. The District and its legal counsel estimate that the potential claims against the District not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the District.

Tap fees — In 2007, the District settled a condemnation proceeding with a developer by agreeing to provide the developer with a credit for sewer and water tap fees in the cumulative amount of \$436,000. As of December 31, 2017 the developer had a remaining credit for sewer and water tap fees in the amount of \$48,000.

Commitments - On January 23, 2015 the District entered into an agreement with certain developers to expand the District's infrastructure to provide water, sewer and other standard services to a new area, Phase I of Sanctuary Pointe (Phase I) within the District's boundaries. The expansion of the District's services to this new area will require additional infrastructure estimated to cost approximately \$4,850,000.

A separate escrow account will be set up for a portion of the tap fees to be used to fund the additional infrastructure improvements. The District pledges to escrow \$8,000 from each single family and \$6,000 from each multi-family tap fee from Phase I. The agreement requires the Developers in Phase I to pay a Water Impact Fee of \$3,000, in excess of the standard District tap fees.

The agreement committed funding of approximately \$2,400,000 from escrowed tap fees and an additional \$250,000 from the District. The additional funding of approximately \$2,200,000 will be provided by the Developers. The contribution from the Developers will be repaid by the District from additional escrowed tap fees based on the schedule above. The estimated remaining funding of \$250,000 not supplied by the tap fees was required from the District within 90 days of the of the installation of the final residential meter in Phase I. As of December 31, 2017, the District had expended \$2,650,000 for infrastructure improvements in accordance with the Agreement.

Should the Developers fail to complete the development within two years after filing their intent to proceed the District will not be obligated to reimburse the Developers for all sewer infrastructure estimated to be approximately \$1,355,000.

14. INTERGOVERNMENTAL AGREEMENTS

Intergovernmental Agreement with Forest Lakes Metropolitan District and Donala Water and Sanitation District — The District entered into an agreement dated November 11, 1999, subsequently amended on October 25, 2001, with Forest Lakes Metropolitan District and Donala Water and Sanitation District to define ownership rights in the wastewater treatment plant. Under the amended agreement, the District and Forest Lakes transferred part ownership to Donala.

In 2009 the Districts completed an expansion of the plant to 1.75 million gallons per day (MGD). Under the terms of the above agreements, the three Districts reallocated ownership. Ownership was also modified under a 2009 agreement between the District and Donala, with the District deeding ownership of 6.7% of the 1.75 MGD capacity to Donala. The 6.7% was deeded back to the District on October 23, 2014, after the District satisfied the outstanding loan to Donala for Phase II costs incurred by Donala. The current ownership is 44% owned by the District, 17.1% by Forest Lakes, and 38.9% by Donala. The plant is currently being operated by Donala and all parties are responsible for their respective share of operations and maintenance costs, based on the relative share of actual flows.

In addition, in accordance with the November 11, 1999 agreement, an ownership interest in a 24" interceptor was transferred to the Forest Lakes Metropolitan District. As a result of the transfer, the interceptor is owned 50% by the District, 25% by Forest Lakes, and 25% by Donala.

Intergovernmental Agreement with Forest Lakes Metropolitan — On March 28, 2002, the District entered into an intergovernmental agreement with Forest Lakes Metropolitan District for the design, construction, operation and ownership of the Monument Creek Interceptor.

Intergovernmental Agreements with the Town of Monument — The 1987-1999 IGA with the Town of Monument is part of (appendix to) the 1987 Annexation Agreement which brought the property into the Town. This IGA sets out how the District and the Town will interact as two separate public entities. Additionally, the IGA contains various requirements for Triview Metropolitan District to follow, including the collection of certain fees and the methods for infrastructure construction as well as the maintenance of said facilities.

15. AMENDMENT TO COLORADO CONSTITUTION

Colorado voters passed an amendment to the *State Constitution*, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 6, 2006 District residents voted to exempt the District from the revenue limits of the Amendment. This revenue change is effective from January 1, 2007 through December 31, 2017.

The Amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

REQUIRED SUPPLEMENTAL INFORMATION

TRIVIEW METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-----------------------------|----------------------|---|
| | <u>Original & Final</u> | <u>Actual</u> | |
| REVENUES | | | |
| Taxes | \$ 4,634,862 | \$ 5,289,219 | \$ 654,357 |
| Fees | 503,717 | 588,830 | 85,113 |
| Conservation Trust funds | 14,000 | 18,467 | 4,467 |
| Interest income | 68,000 | 144,636 | 76,636 |
| Miscellaneous revenue | 10,300 | 17,711 | 7,411 |
| Total Revenues | <u>5,230,879</u> | <u>6,058,863</u> | <u>827,984</u> |
| EXPENDITURES | | | |
| General government | 742,378 | 622,414 | 119,964 |
| Streets | 904,000 | 401,529 | 502,471 |
| Lighting | 27,000 | 45,895 | (18,895) |
| Signage | 2,000 | 4,814 | (2,814) |
| Traffic control | 25,350 | 1,882 | 23,468 |
| Drainage | 15,500 | - | 15,500 |
| Parks, landscape & open space | 644,724 | 503,691 | 141,033 |
| Conservation | 14,000 | 18,467 | (4,467) |
| Debt Service: | | | |
| Interest and fiscal charges | 3,172,500 | 2,302,749 | 869,751 |
| Total Expenditures | <u>5,547,452</u> | <u>3,901,441</u> | <u>1,646,011</u> |
| EXCESS OF REVENUE OVER (UNDER) EXPENDITURES | <u>(316,573)</u> | <u>2,157,422</u> | <u>2,473,995</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (290,000) | (400,000) | (110,000) |
| Total other financing sources | <u>(290,000)</u> | <u>(400,000)</u> | <u>(110,000)</u> |
| NET CHANGE IN FUND BALANCE | (606,573) | 1,757,422 | 2,363,995 |
| FUND BALANCE - BEGINNING OF YEAR | 13,138,878 | 12,522,643 | (616,235) |
| FUND BALANCE - END OF YEAR | <u>\$ 12,532,305</u> | <u>\$ 14,280,065</u> | <u>\$ 1,747,760</u> |

These financial statements should be read only in connection with the
accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

TRIVIEW METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
WATER, WASTEWATER AND REUSE FUND
For the Year Ended December 31, 2017

| | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---|
| | Original & Final | Actual | |
| REVENUES | | | |
| Water assessments | \$ 1,899,000 | \$ 2,615,798 | \$ 716,798 |
| Sewer assessments | 1,097,000 | 1,159,831 | 62,831 |
| Interest income | 12,000 | 16,197 | 4,197 |
| Water and sewer tap fees | 845,750 | 1,307,842 | 462,092 |
| Payment in lieu of fees | - | 282,710 | 282,710 |
| Fees | 25,000 | 59,600 | 34,600 |
| Developer reimbursement | - | 163,329 | 163,329 |
| Miscellaneous income | 10,000 | 40,665 | 30,665 |
| Total Revenues | <u>3,888,750</u> | <u>5,645,972</u> | <u>1,757,222</u> |
| EXPENDITURES | | | |
| General & administrative: | | | |
| Salaries & wages | 348,247 | 221,910 | 126,337 |
| Employee benefits | 84,430 | 57,199 | 27,231 |
| Engineering | 61,500 | 16,702 | 44,798 |
| Legal | 9,000 | 6,709 | 2,291 |
| Accounting and auditing | 25,300 | 22,040 | 3,260 |
| Conference/training/class | 1,600 | 1,404 | 196 |
| Dues, publications & subscriptions | 4,000 | 1,458 | 2,542 |
| IT support | 1,000 | 2,178 | (1,178) |
| Office supplies & equipment | 5,600 | 5,778 | (178) |
| Postage | 5,000 | 1,552 | 3,448 |
| Publications - legal notice | 350 | - | 350 |
| Repairs & maintenance | 1,500 | 102 | 1,398 |
| Telephone service | 2,400 | 4,118 | (1,718) |
| Travel & meetings | 1,500 | 111 | 1,389 |
| Office overhead | 1,000 | 3,245 | (2,245) |
| Insurance | 8,000 | 5,109 | 2,891 |
| Billing expense | 50,000 | 52,300 | (2,300) |
| Miscellaneous | 1,000 | 60 | 940 |
| Vehicle repair and maintenance | 3,200 | 6,916 | (3,716) |
| Total General & Administrative | <u>614,627</u> | <u>408,891</u> | <u>205,736</u> |
| Water system | 601,150 | 510,039 | 91,111 |
| Wastewater system | 713,591 | 702,407 | 11,184 |
| Principal payments on capital debt | 1,030,000 | 1,030,000 | - |
| Interest expense | 393,878 | 414,075 | (20,197) |
| Capital expenditures | 664,209 | 788,714 | (124,505) |
| Total Expenses | <u>4,017,455</u> | <u>3,854,126</u> | <u>163,329</u> |
| EXCESS OF REVENUE OVER (UNDER) | | | |
| EXPENDITURES | <u>(128,705)</u> | <u>1,791,846</u> | <u>1,920,551</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer from (to) other funds | 290,000 | 400,000 | 110,000 |
| Total other financing sources | <u>290,000</u> | <u>400,000</u> | <u>110,000</u> |
| EXCESS OF REVENUE OVER EXPENSES | 161,295 | 2,191,846 | 2,030,551 |
| NET POSITION - BEGINNING OF YEAR | <u>56,418</u> | <u>635,303</u> | <u>578,885</u> |
| NET POSITION - END OF YEAR | <u>\$ 217,713</u> | <u>\$ 2,827,149</u> | <u>\$ 2,609,436</u> |

TRIVIEW METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2017

| | |
|---|--------------|
| Revenue (budgetary basis) | \$ 5,645,972 |
| Expenditures (budgetary basis) | 3,854,126 |
| Reconciling Items: | |
| Expenditures included in statement of revenues, expenses and changes in net position, but not included with expenditures on a budgetary basis: | |
| Depreciation | 930,141 |
| Expenditures included under budgetary basis, but not included in statement of revenues, expenses and changes in net position | |
| Capital outlay - water system improvements and water rights | (788,714) |
| Debt paid | (1,030,000) |
| Total | 2,965,553 |
| Other financing sources (uses) | 400,000 |
| Change in net position per statement of revenues, expenses and changes in net position | \$ 3,080,419 |

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

This Appendix B sets forth certain definitions used in the Bond Resolution and summaries of certain provisions of the Bond Resolution. This summary does not purport to be a definitive summary of all of the provisions of the Bond Resolution; this summary is qualified in its entirety by the provisions of the Bond Resolution. Reference must be made to the actual and complete provisions of the Bond Resolution for a complete recital of its terms. Copies of the Bond Resolution may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Certain Definitions

The following are definitions of certain terms as used in the Bond Resolution:

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the System, or an interest therein, or any other properties designated in the Bond Resolution.

“Board” means the Board of Directors of the District.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the District and satisfactory to the Paying Agent of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “Triview Metropolitan District, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018, Bond Fund” created pursuant to the Bond Resolution.

“Bond Purchase Agreement” means the Bond Purchase Agreement between the District and the Underwriter concerning the purchase of the Bonds.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

“Bonds” or “2018 Bonds” means those securities issued under the Bond Resolution and designated as the “Triview Metropolitan District, El Paso County, Colorado, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018.”

“Book-entry form” or “book-entry system” means, with respect to the Bonds, a form or system, as applicable, under which physical Bond certificates in fully registered form are registered only in the name of The Depository Trust Company or its nominee as Owner, with the physical Bond certificates “immobilized” in the custody of The Depository Trust Company. The book-entry system maintained by and the responsibility of The Depository Trust Company and not maintained by or the responsibility of the District or the Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of book-entry interests in the Bonds.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which commercial banks located in the city in which the principal corporate trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be incorporated into the System.

“Code” or “Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and the regulations promulgated thereunder.

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds and any Outstanding Parity Bonds, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided). The word “principal,” as used in the preceding sentence, means for all purposes of this paragraph, the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise. Any such computation shall be adjusted for all purposes in the same manner as is provided in the Bond Resolution.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located within the United States of America.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement entered into between the District and the Dissemination Agent.

“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the date of the Bond Resolution.

“District” means the Triview Metropolitan District, El Paso County, Colorado, a quasi-municipal corporation and political subdivision of the State.

“District Manager” means the district manager of the District, or his or her successor in functions, if any.

“Events of Default” means the events stated in the Bond Resolution and summarized below.

“Federal Government” means the United States of America and any agency, instrumentality or corporation thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, or bonds which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America.

“Fiscal Year” means the calendar year or any other 12 month period hereafter selected by the District as its fiscal year.

“Gross Pledged Revenues” means all income, rents, receipts, charges and revenues derived directly or indirectly by the District from the operation and use of and otherwise pertaining to the System, or any part thereof, whether resulting from Capital Improvements or otherwise, and includes all income, rents, receipts, charges and revenues received by the District from the System, including without limitation:

(a) All fees, rates and other charges for the use of the System, or for any service rendered by the District in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

(i) Excluding any moneys borrowed and used for the acquisition of Capital Improvements or for the refunding of securities, and all income or other gain from any investment of such borrowed moneys; and

(ii) Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom; and

(b) All income or other gain from any investment of Gross Pledged Revenues (including without limitation the income or gain from any investment of all Net Pledged Revenues, but excluding borrowed moneys and all income or other gain thereon in any acquisition or construction fund, reserve fund, or any escrow fund for any Parity Bonds payable from Net Pledged Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on any investment of Gross Pledged Revenues); and

(c) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the System and to which the pledge and lien provided in the Bond Resolution are lawfully extended by the Board or by the qualified electors of the District.

“improve” or “improvement” means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

“Improvement Project” means the acquisition of water rights consisting of approximately 32 shares of Fountain Mutual Irrigation Company and paying the costs of issuance of the Bonds.

“Income Fund” means the special fund designated as the “Triview Metropolitan District, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018, Gross Income Fund” created pursuant to the Bond Resolution.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

(a) Who is, in fact, independent and not under the domination of the District;

(b) Who does not have any substantial interest, direct or indirect, with the District,
and

(c) Who is not connected with the District as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the District.

“Independent Engineer” means an individual, firm or corporation engaged in the engineering profession of recognized good standing and having specific experience in respect of business and properties of a character similar to those of the System, which individual, firm or corporation has no substantial interest, direct or indirect, in the District and in the case of an individual, is not a member of the Board, or an officer or employee of the District, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the Board or an officer or employee of the District.

“Insurance Agreement” means an agreement entered into between the District and any Insurer pursuant to the Bond Resolution.

“Insurance Policy” means the municipal bond new issue insurance policy, if any, issued by the Insurer that guarantees payment of principal of and interest on the Bonds when due.

“Insurer” means the issuer of the Insurance Policy, if any, as set forth in the Sale Certificate.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the District under the laws of the State.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the System.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the District, paid or accrued, of operating, maintaining and repairing the System or any component division or other part thereof, or any other designated facilities in connection with which such term is used including, without limitation, all salaries, labor, materials and repairs necessary to render efficient service; and the term includes, at the option of the District, acting by and through the Board, except as limited by law, without limitation:

(a) Engineering, auditing, reporting, legal and other overhead expenses of the various departments of the District directly related and reasonably allocable to the administration, operation and maintenance of the System;

(b) Fidelity bond premiums and property and liability insurance premiums pertaining to the System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the System;

(c) Payments to pension, retirement, health and hospitalization funds, other insurance, and to any self-insurance fund;

(d) Any general (ad valorem) taxes, assessments, excise taxes or other charges which may be lawfully imposed on the District, the System, revenues therefrom, or the District’s income from or operations of any properties under its control and pertaining to the System, or any privilege in connection with the System or its operation (but no payments made in lieu of taxes);

(e) The reasonable charges of the Paying Agent, any alternate Paying Agent, any paying agents or escrow agent for any securities payable from the Net Pledged Revenues which have been or will be refunded, and any other depositary bank pertaining to the Bonds and any other securities payable from the Net Pledged Revenues or otherwise pertaining to the System, and the premium for any Reserve Fund Insurance Policy issued other than concurrently with the issuance of the Bonds;

(f) Contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the System or to the issuance of

the Bonds or any other securities relating to the System, including, without limitation, the expenses and compensation of any trustee, receiver or other fiduciary;

(g) The costs incurred by the District in the collection and any refunds of all or any part of the Gross Pledged Revenues;

(h) Any costs of utility services furnished to the System by the District or otherwise, including, without limitation, the contracting by the District for sanitary sewer, electricity, or gas, or any combination thereof, from any Person, for distribution through the System or for the transmission or treatment of wastewater, electricity, or gas for use by the District and its customers and the obligations due under any contract pertaining thereto on a take-and-pay basis or take-or-pay basis or otherwise;

(i) All other administrative, general and commercial expenses pertaining to the System and all other current expenses pertaining to the System which are properly classified as operation and maintenance expenses under generally accepted accounting principles; but

(i) Excluding any allowance for depreciation;

(ii) Excluding any franchise fees;

(iii) Excluding any costs of Capital Improvements (or any combination thereof);

(iv) Excluding any reserves for major capital replacements (other than normal repairs);

(v) Excluding any reserves for operation, maintenance or repair of the System;

(vi) Excluding any allowance for the redemption of any Bond or other security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith, or any reserve therefor;

(vii) Excluding any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities (or any combination thereof) incorporated into the System, or otherwise;

(viii) Excluding any liabilities incurred by the District as the result of its negligence in the operation of the System or any other ground of legal liability not based on contract; and

(ix) Excluding any such operation and maintenance expense as described above which are paid by District revenues which do not constitute Gross Pledged Revenues.

“Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to the System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bond, Parity Bonds, or other security canceled by the District, by any paying agent, or otherwise on the District’s behalf, at or before such date;

(b) Except any Bond, Parity Bond, or other security deemed to be paid as provided in the Bond Resolution with respect to defeasance or any similar provision of the resolution authorizing the issuance of such other security; and

(c) Except any Bond, Parity Bond, or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to the Bond Resolution or any similar provisions of the resolution authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Bond, Parity Bond, or other designated security.

“Parity Bonds” means any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

“Parity Bond Resolutions” means any resolutions or agreements hereafter entered into by the District with respect to Parity Bonds and, without duplication, any resolutions hereafter adopted by the Board authorizing the issuance of Parity Bonds.

“Paying Agent” means BOKF, NA, dba Colorado State Bank and Trust, being an agent of the District for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds, and includes any successor Commercial Bank as paying agent.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the District), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Policy Costs” means repayment of draws under the Reserve Fund Insurance Policy, if any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest thereon.

“President” means the Chairman of the Board of Directors and President of the District.

“Project” means the Improvement Project and the Refunding Project.

“Rating Agency” means any nationally recognized securities rating agency then maintaining a rating on the Bonds.

“Rebate Fund” means the special fund designated as the “Triview Metropolitan District, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018, Rebate Fund” created pursuant to the Bond Resolution.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means, (i) with respect to the Refunded Bonds, the earliest date on which the Refunded Bonds may be called for prior redemption; and (ii) with respect to the Bonds, the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the District.

“Refunded Bonds” means the 2014 Loan and the 2016 Bond.

“Refunded Bond Requirements” means (i) the payment of the interest due on the Refunded Bonds as the same become due on and after the date of delivery of the Bonds and on and before the Redemption Date; and (ii) the payment of principal of the Refunded Bonds as the same becomes due upon prior redemption on the Redemption Date.

“Refunding Project” means the payment of the Refunded Bond Requirements and the payment of the costs of issuing the Bonds.

“Reserve Fund” if required and so provided in the Sale Certificate, means the special fund designated as the “Triview Metropolitan District, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018, Reserve Fund” created pursuant to the Bond Resolution. *There is no Reserve Fund with respect to the 2018 Bonds.*

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“Reserve Fund Requirement” means, if required and so provided in the Sale Certificate, as of any date of calculation, an amount equal to no more than the lesser of (a) an amount set forth in the Sale Certificate or (b) (i) 10% of the principal amount of the Bonds, (ii) 100% of the maximum annual payment of principal of and interest on the Bonds, or (iii) 125% of the average payments of principal of and interest on the Bonds which will become due in any fiscal year.

“Resolution” or “Bond Resolution” means the Bond Resolution of the District, which provides for the issuance and delivery of the Bonds.

“Sale Certificate” means the sale certificate of the District relating to the Bonds issued pursuant to the Supplemental Public Securities Act and described in the Bond Resolution.

“Special Record Date” means the record date for determining ownership of the Bonds for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to the Bond Resolution.

“Subordinate Securities” means securities payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Bonds and any Parity Bonds.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as amended.

“Surety Provider” means the Insurer or any other entity issuing a Reserve Fund Insurance Policy with respect to the Bonds. *There is no Reserve Fund with respect to the 2018 Bonds and therefore no Surety Provider.*

“System” means the property and facilities comprising the water and wastewater system of the District, now owned or hereafter acquired, including real and personal property and any easements, and also any and all additions and betterments thereto and improvements and extensions hereafter constructed or acquired by the District and used in connection with the water and wastewater facilities of the District.

“Tap Fees” means one time tap and impact fees imposed by the District upon new users which include water tap fees, sewer tap fees, renewable water fees, reuse tap fees, park and recreation and landscape fees, road and bridge fees, review and comment fees, water meter fees, sewer impact fees and water impact fees.

“Tax Compliance Certificate” means the Federal Tax Exemption Certificate executed by the District in connection with the initial issuance and delivery of the Bonds.

“2014 Loan” means the District’s Tax-Exempt Term Loan, dated as of October 22, 2014, in the original principal amount of \$5,933,873.74, executed and delivered pursuant to an agreement with NorthStar Bank.

“2016 Bond” means the District’s Water and Wastewater Enterprise Revenue Bond, Series 2016, dated as of December 14, 2016, originally issued in the aggregate principal amount of \$6,500,000, issued to Key Government Finance, Inc.

“Underwriter” means D.A. Davidson & Co., Denver, Colorado.

Pledge Securing Bonds

Subject only to the right of the District to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses of the System, the Gross Pledged Revenues and other than moneys and securities held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all moneys and securities paid or to be paid to or held or to be held in any account under the Bond Resolution are hereby pledged to secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the obligations of the District to pay Policy Costs. The pledge of the Net Pledged Revenues to secure the payment of the Bond Requirements of the Outstanding Bonds is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of any Outstanding Parity Bonds hereafter issued in compliance with the provisions of the Bond Resolution. The pledge of the Net Pledged Revenues to secure the payment of the Policy Costs is subordinate only to the pledge to pay the Bond Requirements with respect to the 2018 Bonds and any Parity Bonds. This pledge shall be valid and binding from and after the date of the delivery of the 2018 Bonds, and the moneys as received by the District and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the District except any Outstanding Parity Bonds heretofore or hereafter authorized and any Policy Costs as provided in the Bond Resolution. The lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as otherwise provided in the Bond Resolution) irrespective of whether such parties have notice thereof.

Special Obligations

All of the Bond Requirements of the 2018 Bonds and the Policy Costs shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; the Owner or Owners of the 2018 Bonds, the Insurer, or the Surety Provider may not look to any general or other fund for the payment of such Bond Requirements and Policy Costs, except the special funds designated in the Bond Resolution and pledged therefor; the 2018 Bonds and the Policy Costs shall not constitute an indebtedness or a debt within the meaning of any constitutional, or statutory provision or limitation; and the 2018 Bonds and the Policy Costs shall not be considered or held to be general obligations of the District but shall constitute its special obligations. No statutory or constitutional provision enacted after the issuance of the 2018 Bonds shall in any manner be construed as limiting or impairing the obligation of the District to comply with the provisions of the Bond Resolution or to pay the Bond Requirements of the 2018 Bonds and the Policy Costs as provided in the Bond Resolution.

No Pledge of Property

The payment of the 2018 Bonds and the Policy Costs is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of the 2018 Bonds. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the 2018 Bonds or the Policy Costs.

Lien Status; Equality of Lien

The 2018 Bonds constitute an irrevocable lien (but not necessarily an exclusive such lien) upon the Net Pledged Revenues on a parity with the lien thereon of the Parity Bonds. The Policy Costs constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues.

The 2018 Bonds and any Parity Bonds hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance of the 2018 Bonds and any other such Parity Bonds, it being the intention of the Board that there shall be no priority among the 2018 Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Bond Fund and Reserve Fund shall secure only the 2018 Bonds and the moneys in any acquisition, bond, reserve or similar funds established for Parity Bonds shall secure only such Parity Bonds and (b) Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the 2018 Bonds even if no reserve fund is established for such Parity Bonds or a reserve fund is established but with a different requirement as to the amount of moneys (or the value of a reserve fund insurance policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such reserve fund is funded or the period of time over which such reserve fund is funded or additional or separate revenues are also pledged to such Parity Bonds.

Reserve Fund

There will be no Reserve Fund securing the 2018 Bonds. However, the Bond Resolution allows for the creation of a reserve fund with respect to additional Parity Bonds. For more information regarding the Reserve Fund, if created for additional Parity Bonds in the future, see "SECURITY FOR THE CERTIFICATES--Flow of Funds."

General. Upon delivery of the 2018 Bonds, if specified in the Sale Certificate, either proceeds of the Bonds, cash or a Reserve Fund Insurance Policy in the amount of the Reserve Fund Requirement being provided by the Surety Provider shall be deposited in the special and separate account created by the Bond Resolution and to be known as the "Triview Metropolitan District, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018, Reserve Fund" in satisfaction of the Reserve Fund Requirement. Any Reserve Fund Insurance Policy shall be held by the Paying Agent. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy at the time of calculation. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts, of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent.

Defraying Delinquencies. If at any time the District shall for any reason fail to pay into the Bond Fund the full amount stipulated in the Bond Resolution from the Net Pledged Revenues, then an amount shall be paid into the Bond Fund at such time from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The District shall use all cash in the Reserve Fund before drawing on a Reserve Fund Insurance Policy. If, (i) upon notice from the District requesting a draw or (ii) failure of the Paying Agent to receive the Bond Requirements by the third Business Day prior to June 1 or December 1 in each year, the Paying Agent determines that it is necessary to draw on the Reserve Fund Insurance Policy, the Paying Agent shall present a demand for payment, in the form and manner required by the Reserve Fund Insurance Policy, at least two Business Days before funds are needed. If there is more than one Reserve Fund Insurance Policy on deposit in the

Reserve Fund, the Paying Agent shall draw on them on a pro rata basis, based upon the amount available to be drawn on each.

Any money so used or drawn shall be replaced as provided in the Bond Resolution from the first Net Pledged Revenues thereafter received and not required to be otherwise applied by the Bond Resolution. Except as provided in the Bond Resolution, the moneys in the Bond Fund and in the Reserve Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose of paying the Bond Requirements of the 2018 Bonds from time to time. If moneys in the Reserve Fund are in excess of the Reserve Fund Requirement at any time, such excess may be transferred by the District to the Rebate Fund or the Bond Fund.

Reserve Fund Insurance Policies. Any Reserve Fund Insurance Policy shall be held by the Paying Agent. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy at the time of calculation. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts, of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent.

If a Reserve Fund Insurance Policy is on deposit in the Reserve Fund to fund all or a part of the Reserve Fund Requirement, the amounts payable into the Reserve Fund as described under "SECURITY FOR THE BONDS--Flow of Funds" shall be paid by the District first to the Surety Provider to reimburse it for Policy Costs due and owing and second to replenish cash in the Reserve Fund. If there are insufficient Net Pledged Revenues to comply with the requirements set forth with respect to the Reserve Fund described under "SECURITY FOR THE BONDS--Flow of Funds," available Net Pledged Revenues shall be credited or paid to the Reserve Fund and to reserve funds which may be established by any Parity Bond Resolutions (or to the Surety Provider or any other surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds) pro rata, based upon the aggregate principal amount of the 2018 Bonds and any such Parity Bonds then Outstanding; provided, however, that compliance with the provisions of this sentence shall not cure any Event of Default caused by non-compliance with the requirements set forth with respect to the Reserve Fund described under "SECURITY FOR THE BONDS--Flow of Funds." If there are insufficient Net Pledged Revenues to comply with the requirements set forth with respect to the Reserve Fund described under "SECURITY FOR THE BONDS--Flow of Funds" and more than one Reserve Fund Insurance Policy is on deposit in the Reserve Fund, available Net Pledged Revenues credited to or paid to the Reserve Fund shall be applied to reimburse the Surety Provider and any other surety provider providing a Reserve Fund Insurance Policy pro rata, based upon the original amount available to be drawn on each. The Reserve Fund Requirement shall be accumulated and, if necessary, reaccumulated from time to time, in the Reserve Fund from Net Pledged Revenues, except to the extent other moneys are credited to the Reserve Fund, and maintained as a continuing reserve to be used, except as provided in the Bond Resolution, only to prevent deficiencies in the payment of the Bond Requirements of the 2018 Bonds Outstanding from time to time from the failure to deposit into the Bond Fund sufficient moneys to pay such Bond Requirements as the same accrue and become due. No payment need be made into the Reserve Fund at any time so long as the moneys and/or the Reserve Fund Insurance Policy therein equal not less than the Reserve Fund Requirement and there are no Policy Costs due and owing. The Reserve Fund Requirement shall be re-calculated upon (i) any principal payment, whether at stated maturity or upon redemption, or (ii) the defeasance of all or a portion of the 2018 Bonds.

The District may at any time substitute (a) cash or Investment Securities for a Reserve Fund Insurance Policy or (b) a Reserve Fund Insurance Policy for cash or Investment Securities, so long as the amount on deposit in the Reserve Fund after such substitution is at least equal to the Reserve Fund Requirement. Notwithstanding the foregoing, no Reserve Fund Insurance Policy shall be deposited by the District in the Reserve Fund for such substitution unless the District has received an opinion of Bond

Counsel to the effect that such substitution and the intended use by the District of the cash or Investment Securities to be released from the Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2018 Bonds.

Rebate Fund

The District shall cause amounts on deposit in the Rebate Fund for the 2018 Bonds to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the District shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Reserve Fund and the Bond Fund. Upon receipt by the District of an opinion of Bond Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Income Fund.

Investment of Funds

Investment of Moneys. Any moneys in the Income Fund, Bond Fund, Reserve Fund and the Rebate Fund that are not needed for immediate use shall be invested or reinvested by the District Manager in Investment Securities. All such investments shall (a) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (b) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the District Manager at the time of such investment or reinvestment; provided that (1) Investment Securities credited to the Reserve Fund shall not mature later than ten years from the date of such investment or reinvestment and (2) collateral securities of any Investment Securities may have a maturity of more than five years from the date of purchase thereof. For the purpose of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account under the Bond Resolution shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Income Fund, the Bond Fund and the Rebate Fund shall be credited to such account, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Income Fund, the Bond Fund, the Reserve Fund, and the Rebate Fund shall be charged or debited to such Fund.

Any interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Fund (a) shall be credited to the Rebate Fund or the Bond Fund, at the discretion of the District Manager, if the amount credited to the Reserve Fund immediately after such credit to the Rebate Fund or the Bond Fund is not less than the Reserve Fund Requirement and (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be credited to the Reserve Fund (up to the amount of the deficiency).

No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as otherwise expressly provided in the Bond Resolution or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the District until such gain is realized by the presentation of matured coupons for payment or otherwise.

Redemption or Sale of Investment Securities. The District Manager shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the District Manager nor any other officer or employee of the District shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with the Bond Resolution.

Refunding Bonds

The District may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds, Parity Bonds or any subordinate securities hereafter issued, with such details as the Board may by resolution provide so long as there is no impairment of any contractual obligation imposed upon the District by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the 2018 Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded 2018 Bonds only if:

A. Prior Consent. The District first receives the consent of the Owner or Owners of the unrefunded portion of the 2018 Bonds; or

B. Requirements Not Increased. The Combined Maximum Annual Principal and Interest Requirements for the 2018 Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. Earnings Test. The refunding securities are issued in compliance with the earnings test set forth under "SECURITY FOR THE BONDS--Additional Bonds - Parity Bonds."

Certain Protective Covenants

The Bond Resolution contains numerous covenants; these covenants include, but are not limited to, the following:

Performance of Duties. The District, acting by and through the Board or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the System required by the Constitution and laws of the State and the various resolutions of the District, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or the use of the System, as provided in the Bond Resolution, and the proper segregation of the proceeds of the 2018 Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Contractual Obligations. The District shall reasonably perform all contractual obligations undertaken by it under any agreements relating to the 2018 Bonds, the Gross Pledged Revenues, the Project, or the System, or any combination thereof, with any other Persons.

Further Assurances. At any and all times the District shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts pledged or assigned by the Bond Resolution, or intended so to be, or which the District may hereafter become bound

to pledge or to assign, or as may be reasonable and required to carry out the purposes of the Bond Resolution and to comply with any instrument of the District amendatory thereof, or supplemental thereto. The District, acting by and through the Board, or otherwise, shall at all times, to the extent permitted by law, reasonably defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged under the Bond Resolution and all the rights of every Owner of any Bond thereunder against all claims and demands of all Persons whomsoever.

Conditions Precedent. Upon the date of issuance of the Bonds, all conditions, acts and things required by the Federal or State Constitution, the Water Enterprise Act, the Supplemental Public Securities Act, the Bond Resolution, or any other applicable law to exist, to have happened and to have been performed precedent to or in the issuance of the 2018 Bonds shall exist, have happened, and have been performed; and the 2018 Bonds, together with all other obligations of the District, shall not contravene any debt or other limitation prescribed by the State Constitution.

Efficient Operation and Maintenance. The District shall at all times operate the System properly and in a sound and economical manner; and the District shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the District in connection with the maintenance, repair and operation of the System shall be reasonable and proper.

Rules, Regulations and Other Details. The District, acting by and through the Board, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. The District shall observe and perform all of the terms and conditions contained in the Bond Resolution, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the District, except for any period during which the same are being contested in good faith by proper legal proceedings.

Payment of Governmental Charges. The District shall pay or cause to be paid all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any governmental authority relative to the System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The District shall not create or suffer to be created any lien upon the System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by the Bond Resolution for the payment of the Bond Requirements of the 2018 Bonds and except as otherwise permitted in the Bond Resolution. The District shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System, or any part thereof, or the Gross Pledged Revenues; but nothing in the Bond Resolution requires the District to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Protection of Security. The District, the officers, agents and employees of the District, and the Board shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Bond Requirements of the 2018 Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues or any Policy Costs relating thereto according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues or any Policy Costs relating thereto might be prejudicially and materially impaired or diminished.

Corporate Existence. The District shall maintain its corporate identity and existence so long as any of the 2018 Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the District and is obligated by law to operate and maintain the System and to fix and collect the Gross Pledged Revenues as provided the Bond Resolution without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Disposal of System Prohibited. Except for the use of the System and services pertaining thereto in the normal course of business, or as provided in the paragraph below, neither all nor a substantial part of the System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the 2018 Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as authorized in the Bond Resolution; and the District shall not dispose of its title to the System or to any useful part thereof, including any property necessary to the operation and use of the System and the lands and interests in lands comprising the sites of the System.

Disposal of Unnecessary Property. The District at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the System, or which shall have been replaced by other property of at least equal operating value. Any proceeds of any such sale, exchange, lease or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the District in the Income Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the System, or any combination thereof, as the Board may determine, provided that any proceeds of any such lease received shall be deposited by the District as Gross Pledged Revenues in the Income Fund.

Competing System. So long as any of the 2018 Bonds are Outstanding, the District shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant set forth under "SECURITY FOR THE BONDS--Rate Maintenance Covenant."

Loss From Condemnation. If any part of the System is taken by the exercise of the power of eminent domain, the amount of any award received by the District as a result of such taking shall be paid into the Income Fund or into a capital improvement account pertaining to the System for the purposes thereof, or, applied to the redemption of the Outstanding Bonds and any Outstanding Parity Bonds relating thereto, all as the District may determine.

Employment of Management Engineers. If the District defaults in paying the Bond Requirements of the 2018 Bonds, the Parity Bonds, and any other securities or Policy Costs relating thereto payable from the Gross Pledged Revenues promptly as the same fall due, or an Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds, and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, the Bond Resolution) or Policy Costs relating thereto payable from the Net Pledged Revenues in that Fiscal Year, the District shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the System so long as such default continues or so long as the Net Pledged Revenues are less than the amount described in this paragraph.

Reasonable and Adequate Charges. While the 2018 Bonds remain Outstanding and unpaid, the fees, rates and other charges due to the District for the use of or otherwise pertaining to and services rendered by the System to the District, to its inhabitants and to all other users within and without

the boundaries of the District shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor.

Limitations Upon Free Service. No free service or facilities shall be furnished by the System, except as provided in the Bond Resolution. If the District elects to use for District purposes any water and wastewater facilities, or other services and facilities provided by the System or otherwise to use the System or any part thereof, any such use will be paid for from the District's general fund or from other available revenues other than Gross Pledged Revenues at the reasonable value of the use so made; provided that the District need not pay for any such use by the District of any facilities of the System for fire protection purposes. All the income so derived from the District shall be deemed to be income derived from the operation of the System, to be used and to be accounted for in the same manner as any other income derived from the operation of the System.

Levy of Charges. The District shall forthwith and in any event prior to the delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are required by the covenant described under "SECURITY FOR THE BONDS--Rate Maintenance Covenant," if such action is necessary therefor. No reduction in any initial or existing rate schedule for the System may be made:

A. Proper Application. Unless the District has fully complied with the provisions of the Bond Resolution for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and

B. Sufficient Revenues. Unless the audit required by the Independent Accountant by the Bond Resolution for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts required by the covenant described under "SECURITY FOR THE BONDS--Rate Maintenance Covenant."

Collection of Charges; Procedure for Collecting Charges. The District shall use commercially reasonable best efforts to cause all fees, rates and other charges pertaining to the System to be collected as soon as is reasonable, shall reasonably prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the System, and shall provide methods of collection and penalties, to the end that the Gross Pledged Revenues shall be adequate to meet the requirements of the Bond Resolution and any other resolution supplemental thereto.

All bills for water and wastewater services and all other services or facilities furnished or served by or through the System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Insurance and Reconstruction. Except to the extent of any self-insurance, the District shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the District and of each Owner of a Bond. If any useful part of the System shall be damaged or destroyed, the District shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the District and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the

extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Income Fund by the District as revenues derived from the operation of the System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Income Fund shall be used to the extent necessary for such purposes, as described under "SECURITY FOR THE BONDS--Flow of Funds - Use of Remaining Revenues."

Defeasance

If, when the 2018 Bonds shall be paid in accordance with their terms (or payment of the 2018 Bonds has been provided for in the manner set forth in the following paragraph), then the Bond Resolution and all rights granted thereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Bond shall prior to the maturity or Redemption Date thereof be deemed to have been provided for within the meaning and with the effect expressed in the Bond Resolution if (a) in case said Bond is to be redeemed on any date prior to its maturity, the District shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give notice of redemption of such Bond on a Redemption Date pursuant to the provisions set forth under "THE 2018 BONDS--Redemption Provisions - Notice of Redemption," (b) there shall have been deposited with the Paying Agent or a Commercial Bank with trust powers either moneys in an amount which shall be sufficient, and/or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or Commercial Bank with trust powers at the same time, shall be sufficient to pay when due the Bond Requirements due and to become due on said Bond on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms subject to redemption within the next sixty days, the District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the provisions set forth under "THE 2018 BONDS--Redemption Provisions - Notice of Redemption," a notice to the Owner of such Bond that the deposit required by (b) above has been made with the Paying Agent or Commercial Bank with trust powers and that payment of said Bond has been provided for in accordance with the Bond Resolution and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Bond Requirements of said Bond. Neither such securities nor moneys deposited with the Paying Agent or Commercial Bank with trust powers for defeasance or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Requirements of said Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent or other Commercial Bank with trust powers, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the Bond Requirements to become due on said Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other Commercial Bank with trust powers.

Upon compliance with the foregoing provisions with respect to all Bonds then Outstanding, the Bond Resolution may be discharged but the liability of the District in respect of the 2018 Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other Commercial Bank with trust powers as provided above.

Events of Default and Remedies

Events of Default. Each of the following events is an “Event of Default” pursuant to the Bond Resolution, provided however, that in determining whether a payment default has occurred pursuant to paragraphs A or B below, no effect shall be given to payments made under the Insurance Policy:

A. Nonpayment of Principal. Payment of the principal of any of the 2018 Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on any of the 2018 Bonds is not made when the same becomes due and payable;

C. Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Parity Bond Resolution;

D. Failure to Reconstruct. The District unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the System or the collection of Gross Pledged Revenues;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the District appointing a receiver or receivers for the System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the 2018 Bonds, or if an order or decree having been entered without the consent or acquiescence of the District is not vacated or discharged or stayed on appeal within 60 days after entry;

F. Default Under Insurance Agreement. If an event of default shall have occurred and be continuing under the provisions of the Insurance Agreement; and

G. Default of Any Provision. The District defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 2018 Bonds or in the Bond Resolution on its part to be performed (other than with respect to the Continuing Disclosure Certificate), and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District and the Insurer specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and, except as provided under “Provisions Related to the Insurer” below, shall be given by the Paying Agent at the written request of the Owners of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.

Remedies for Defaults. Except as provided under “Provisions Related to the Insurer” below, upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the 2018 Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the District and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under the Bond Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Resolution or in an award of execution of any power therein granted for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the District to act as if it

were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the 2018 Bonds. The District shall not be liable for incidental, punitive, exemplary or consequential damages, or for lost profits, whether direct or indirect. Acceleration shall not be a remedy upon the happening or continuance of any Event of Default.

Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners under the Bond Resolution, the consent to any such appointment being hereby expressly granted by the District, may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the District itself might do.

Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner provided in the Bond Resolution shall not relieve the District, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Duties upon Defaults. Upon the happening of any Event of Default, the District shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and to preserve the security created for the payment of the 2018 Bonds and to insure the payment of the Bond Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount of the 2018 Bonds and Parity Bonds then Outstanding. Except as provided under "Provisions Related to the Insurer" below, if the District fails or refuses to proceed provided above, the Owner or Owners of not less than 25% in aggregate principal amount of the 2018 Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the 2018 Bonds, and to that end any such Owners of the Outstanding Bonds shall be subrogated to all rights of the District under any agreement, lease or other contract involving the System or the Gross Pledged Revenues entered into prior to the effective date of the Bond Resolution or thereafter while any of the 2018 Bonds are Outstanding.

Amendment of the Bond Resolution

Amendments Requiring Consent of Owners. Except as hereafter provided, the Bond Resolution may be amended or supplemented by resolutions adopted by the Board in accordance with law, without receipt by the District of any additional consideration, but with the written consent of the Insurer and, subject to the matters described under "Provisions Related to the Insurer" below, the Owners of not less than a majority of the 2018 Bonds Outstanding at the time of the adoption of such amendatory or supplemental resolution excluding, any Bonds which may then be held or owned for the account of the District. Notwithstanding the foregoing, no such resolution shall permit:

(1) Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

(2) Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the 2018 Bond; or

(3) Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Bond Resolution; or

(4) Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or

(5) Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding; or

(6) Modification of Less Than All the 2018 Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

Amendments Not Requiring Consent of Owners. Notwithstanding the foregoing, the Bond Resolution and the rights and obligations of the District and of the Owners of the 2018 Bonds may also be modified or amended at any time, with the written consent of the Insurer but without the consent of any Owners of the 2018 Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

(1) to add to the covenants and agreements of the District in the Bond Resolution contained other covenants and agreements thereafter to be observed;

(2) to subject to the covenants and agreements of the District in the Bond Resolution additional System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the 2018 Bonds and any Parity Bonds;

(3) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the 2018 Bonds;

(4) to provide for the appointment of a new Paying Agent; or

(5) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in the Bond Resolution, or in regard to questions arising under the Bond Resolution, as the District may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the 2018 Bonds.

Notice of Amendment. Whenever the Board proposes to amend or modify the Bond Resolution, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent and to the Insurer. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file with the District Manager for public inspection. Notice of the proposed amendment, together with a copy of the proposed amendatory resolution, shall be delivered to the Rating Agencies then maintaining a rating on the 2018 Bonds at least 15 days in advance of the adoption of the amendment. A full transcript of all proceedings relating to the execution of such amendatory resolution shall be provided to the Insurer.

Time for Amendment. If the resolution is required to be consented to by the Owners of the 2018 Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed with the District Manager an instrument or instruments executed by the Owners of at least a majority of the 2018 Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in such notice and shall specifically consent to and approve the adoption of such resolution, the Board may adopt such amendatory resolution and such resolution shall become effective. If the resolution is not required to be consented to by the Owners of the 2018 Bonds, the amendatory resolution may be adopted by the Board at any time.

Binding Consent to Amendment. If the Owners of not less than a majority of the 2018 Bonds Outstanding at the time of the adoption of such amendatory resolution requiring consent of the

Owners of the 2018 Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as provided in the Bond Resolution, no Owner of any Bond, whether or not such Owner shall have consented to or shall have revoked any consent, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the District from taking any action pursuant to the provisions thereof.

Time Consent Binding. Any consent given by the Owner of a Bond pursuant to the provisions of the Bond Resolution shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the District Manager, but such revocation shall not be effective if the Owners of not less than a majority of the 2018 Bonds Outstanding, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation as provided in the Bond Resolution.

Unanimous Consent. Notwithstanding anything in the foregoing provisions of this Article, the terms and provisions of the Bond Resolution or of any resolution amendatory thereof or supplemental thereto and the rights and the obligations of the District and of the Owners of the 2018 Bonds thereunder may be modified or amended in any respect upon the adoption by the District and upon the filing with the District Manager of a resolution to that effect and with the consent of the Insurer and the Owners of all the then Outstanding Bonds, such consent to be given as provided in the Bond Resolution; and no notice to Owners of Bonds shall be required, nor shall the time of consent be limited except as may be provided in such consent.

Exclusion of District's Bonds. At the time of any consent or of other action taken as described above, the District shall furnish to the District Manager a certificate of the District Manager, upon which the District may rely, describing all Bonds to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Bonds provided, and the District shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for above.

Provisions Related to the Insurer

The District will enter into an Insurance Agreement with BAM, the Insurer, as authorized by the Bond Resolution. The following provisions describe certain provisions of the Insurance Agreement, including certain Insurer rights with respect to the 2018 Bonds.

Insurer To Be Deemed Owner. Notwithstanding any provision of the Bond Resolution to the contrary, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, the Insurer shall at all times be deemed the sole and exclusive Owner of the Outstanding Bonds for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies pursuant to the Bond Resolution, including but not limited to approval of or consent to any amendment of or supplement to the Bond Resolution which requires the consent or approval of the Owners of a majority in aggregate principal amount of the 2018 Bonds then Outstanding pursuant to the Bond Resolution; provided, however, that the Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding 2018 Bonds with respect to any amendment or supplement to the Bond Resolution which seeks to amend or supplement the Bond Resolution for the purposes set forth in clauses (1) through (6) under "Amendment of the Bond Resolution - Amendments Requiring Consent of Owners" above, and provided, further, that the Insurer shall not have the right to direct or consent to City, Paying Agent or Owner action as provided in the Bond Resolution, if:

- (1) the Insurer shall be in payment default under the Insurance Policy;

(2) any material provision of the Insurance Policy shall be held to be invalid by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability thereof shall be contested by the Insurer; or

(3) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Insurer and such proceeding is not terminated for a period of 90 consecutive days or such court enters an order granting the relief sought in such proceeding.

Rights of the Insurer. To the extent that the Insurer makes payment of any principal of or interest on a 2018 Bond, it shall be fully subrogated to all of the Owner's rights thereunder in accordance with the terms of the Insurance Policy to the extent of such payment, including the Owner's rights to payment thereof.

In the event that the principal of or interest on a 2018 Bond shall be paid by the Insurer pursuant to the terms of the Insurance Policy: (1) such 2018 Bond shall continue to be "Outstanding" under the Bond Resolution, and (2) the Insurer shall be fully subrogated to all of the rights of the Owner thereof in accordance with the terms and conditions described under "Rights of the Insurer" above and the Insurance Policy.

The Bond Resolution shall not be discharged unless and until all amounts due to the Insurer have been paid in full or duly provided for. No modification, amendment or supplement to the Bond Resolution shall become effective except upon obtaining the prior written consent of the Insurer.

The rights granted under the Bond Resolution to the Insurer to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit of or on behalf of the Owners, nor does such action evidence any position of the Insurer, positive or negative, as to whether Owner consent is required in addition to consent of the Insurer.

No contract shall be entered into nor any action taken by the District or the Paying Agent pursuant to which the rights of the Insurer or security for or sources of payment of the 2018 Bonds under the Bond Resolution may be impaired or prejudiced except upon obtaining the prior written consent of the Insurer.

Insurance Agreement Provisions. As authorized by the Bond Resolution, the District and the Insurer will enter into an Insurance Agreement dated as of April 2, 2018, in order to incorporate certain provisions required by the Insurance Commitment. Certain provisions of the Insurance Agreement are described below.

Defeasance. The investments in the defeasance escrow shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or otherwise be approved by BAM.

At least 5 Business Days prior to any defeasance, the District shall deliver to BAM copies of an escrow agreement, opinions regarding the validity and enforceability of the escrow agreement, a verification report (a "Verification Report") of a nationally recognized independent financial analyst or firm of certified public accountants regarding sufficiency of the escrow and a defeasance legal opinion. Such opinions and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

a) Any substitution of securities shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the 2018 Bonds is excludable) from gross income of the holders of the 2018 Bonds of the interest on the 2018 Bonds for federal income tax purposes and the prior written consent of BAM.

b) The District will not exercise any prior optional redemption of 2018 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

c) The District shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

Paying Agent. BAM shall receive prior written notice of any name change of the Paying Agent or the resignation or removal of the Paying Agent. Any Paying Agent must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by BAM in writing. No removal, resignation or termination of the Paying Agent shall take effect until a successor, acceptable to BAM, shall be qualified and appointed.

Amendments, Supplements and Consents. BAM's prior written consent is required for all amendments and supplements to the Security Documents (as defined in the Insurance Commitment), with the exceptions noted below. The District shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the 2018 Bonds.

a) *Consent of BAM.* Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements: (i) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or (ii) To grant or confer upon the holders of the 2018 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the 2018 Bonds, or (iii) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or (iv) To add to the covenants and agreements of the District in the Security Documents other covenants and agreements thereafter to be observed by the District or to surrender any right or power therein reserved to or conferred upon the District.

b) *Consent of BAM in Addition to Bondholder Consent.* Any amendment, supplement, modification to, or waiver of, any of the Security Documents that requires the consent of holders of the 2018 Bonds or adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

c) *Consent of BAM in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the District must be acceptable to BAM. In the event of any reorganization or liquidation of the District, BAM shall have the right to vote on behalf of all holders of the 2018 Bonds absent a continuing failure by BAM to make a payment under the Policy.

d) Consent of BAM Upon Default. Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the 2018 Bonds or the Paying Agent for the benefit of the holders of the 2018 Bonds under any Security Document. No default or event of default may be waived without BAM's written consent.

e) BAM as Owner. Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole owner of the 2018 Bonds for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

f) Consent of BAM for Acceleration. BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

g) Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the 2018 Bonds. No grace period for a covenant default shall exceed 60 days without the prior written consent of BAM.

h) Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs (a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the 2018 Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

BAM as Third Party Beneficiary. BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2018 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2018 Bond documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2018 Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2018 Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2018 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2018 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is between Triview Metropolitan District, El Paso County, Colorado (the “District”), and BOKF, NA, dba Colorado State Bank and Trust, as dissemination agent, and is executed and delivered in connection with the issuance of the District’s Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018 in the aggregate principal amount of \$_____, dated as of November 29, 2018 (the “Bonds”). The Bonds are being issued pursuant to a bond resolution adopted by the Board of Directors of the District on October 9, 2018 (the “Bond Resolution”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Bond Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Agreement.

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

“*Bond Resolution*” means the resolution adopted by the Board on October 9, 2018, authorizing the issuance of the Bonds.

“*Bonds*” means the District’s Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018, issued pursuant to the Bond Resolution.

“*Dissemination Agent*” means, initially, BOKF, NA, dba Colorado State Bank and Trust, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

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

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

“*Official Statement*” means the final Official Statement, together with any supplements thereto, delivered in connection with the original issuance and sale of the Bonds.

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

“*Rule*” means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time (17 C.F.R. Part 240 § 240.15c2-12).

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

Section 2. Purpose of Agreement. This Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) The District shall provide an Annual Report to the Dissemination Agent not later than five (5) business days prior to the end of the ninth (9th) month following the end of the District's fiscal year of each year, commencing with the ninth (9th) month following the end of the District's fiscal year ending December 31, 2018. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in the Official Statement be used in future years. The District shall include with each submission of the Annual Report to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that such Annual Report is the Annual Report required by this Agreement and that it complies with the requirements of Section 4 of this Agreement.

(b) The Dissemination Agent shall provide the Annual Report to the MSRB in electronic format as prescribed by the MSRB within four (4) business days of its receipt from the District.

(c) If the District is unable to provide to the Dissemination Agent an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a notice in substantially the form attached as Exhibit A to the MSRB.

(d) The Dissemination Agent shall:

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

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

(iii) file a report with the District certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the MSRB.

(e) The Dissemination Agent is not responsible for reviewing or determining the District's compliance with the content requirements of, and the Dissemination Agent shall have no duty to review, the Annual Report.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

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

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

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

Section 5. Reporting of Material Events. The District shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Bonds, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the District;*
- m. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

As of the date of this Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and

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

retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

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

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District and the Dissemination Agent may amend this Agreement and may waive any provision of this Agreement, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule, as evidenced by an opinion of nationally recognized bond counsel selected by the District and delivered to the Dissemination Agent. The Dissemination Agent shall provide notice of such amendment or waiver to the MSRB.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District or the Dissemination Agent, as the case may be, to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Agreement shall be an action to compel performance. The Dissemination Agent shall have no power or duty to enforce this Agreement, nor shall the Dissemination Agent have any responsibility for the content of any report, disclosure or notice provided by the District. The Dissemination Agent shall have no liability to any person, including any holder or beneficial owners of the Bonds, with respect to any reports, notices or disclosures provided to it by the District hereunder.

Section 11. Resignation or Removal of Dissemination Agent. The present or any future Dissemination Agent may resign at any time upon 30 days' prior written notice to the District. The District may remove the present or any future Dissemination Agent upon 30 days' prior written notice to the Dissemination Agent. Such resignation or removal shall take effect upon the appointment by the District of a successor Dissemination Agent or upon execution by the District of a written undertaking in which the District agrees to assume all of the obligations of the Dissemination Agent hereunder, but in no event later than 30 days after such written notice of resignation or removal has been given. The new Dissemination Agent or the District, as the case may be, shall forthwith give notice thereof to the MSRB.

Section 12. Compensation. As compensation for its services under this Agreement, the Dissemination Agent shall be compensated or reimbursed by the District for its reasonable fees and expenses (including without limitation, legal fees and expenses) in performing the services specified under this Agreement.

Section 13. Beneficiaries. This Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Governing Law. This Agreement shall be governed by the laws of the State of Colorado.

IN WITNESS WHEREOF, the District and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed in their respective names, all as of the date first above written.

**TRIVIEW METROPOLITAN DISTRICT,
EL PASO COUNTY, COLORADO**

By _____
President, Board of Directors

[SEAL]

Attest:

Secretary, Board of Directors

**BOKE, NA, DBA COLORADO STATE BANK AND
TRUST,**
as Dissemination Agent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Triview Metropolitan District, El Paso County, Colorado (the “District”).

Name of Bond Issue: Triview Metropolitan District, El Paso County, Colorado, Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018 (the “Bonds”).

Date of Issuance: November 29, 2018.

CUSIP No. _____.

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution, adopted on October 9, 2018, and by the Continuing Disclosure Agreement, dated as of November 29, 2018, between the District and BOKF, NA, dba Colorado State Bank and Trust, as Dissemination Agent. The District has represented that the Annual Report will be filed by _____.

Dated: _____, 20____.

**BOKF, NA, DBA COLORADO STATE BANK
AND TRUST,**
as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement

APPENDIX E

FORM OF BOND COUNSEL OPINION

[Closing date]

Triview Metropolitan District
16055 Old Forest Point
Monument, Colorado 80132

\$ _____
Triview Metropolitan District
El Paso County, Colorado
Water and Wastewater Enterprise Revenue
Refunding and Improvement Bonds, Series 2018

Ladies and Gentlemen:

We have acted as bond counsel to the Triview Metropolitan District, El Paso County, Colorado (the “District”), in connection with the issuance of its Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018, in the aggregate principal amount of \$_____ (the “Bonds”) pursuant to an authorizing resolution of the Board of Directors of the District adopted on October 9, 2019 (the “Bond Resolution”). In such capacity, we have examined the District’s certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the District’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are legal, valid and binding, special, limited obligations of the District payable solely from the Net Pledged Revenues and from funds and accounts pledged therefor under the Bond Resolution.
2. The Bond Resolution constitutes a legal, valid and binding obligation of the District.
3. The Bond Resolution creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with the lien thereon of other Parity Bonds, if any. The Bond Resolution also creates a valid lien on the Bond Fund and the Reserve Fund for the security of the Bonds. Except as described in this paragraph, we express no opinion

regarding the priority of the lien on the Net Pledged Revenues or on the funds and accounts created by the Bond Resolution.

4 Interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District’s certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State of Colorado in effect as of the date hereof, the Bonds and the income therefrom are exempt from Colorado income tax.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

We understand that Build America Mutual Insurance Company has issued a Municipal Bond Insurance Policy relating to the Bonds. We express no opinion as to the validity or enforceability of such policy or the security afforded thereby.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP

APPENDIX F
SPECIMEN MUNICIPAL BOND INURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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