

**MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)
REGULAR MEETING AGENDA**

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expiration</u>
Butch Gabrielski	President	May 2023
Wayne Reorda	Secretary/Treasurer	May 2025
Bill Gessner	Asst. Secretary/Treasurer	May 2023
Mike Fenton	Asst. Secretary/Treasurer	May 2023
Tom Sauer	Asst. Secretary/Treasurer	May 2025

DATE: Wednesday, July 13, 2022
TIME: 10:30 a.m.
PLACE: Meridian Ranch Recreation Center
10301 Angeles Road
Peyton, CO 80831

The Public may participate in person or by following this link [Click here to join the meeting](#) or by telephone by calling +1 872-242-8662 and using Phone Conference ID: 856 669 392#

I. ADMINISTRATIVE ITEMS:

- A. Call to Order
- B. Conflicts of Interest
- C. Approve Agenda
- D. Visitor Comments (Limited to 3 minutes per resident or household)
- E. Review and Approve June 8, 2022, Regular Board Meeting Minutes (enclosure) ***Page 3***

II. FINANCIAL ITEMS:

- A. Presentation of the 2021 Audit for MSMD ***Pages 7-47***
- B. Review and Accept MSMD Cash Position Summary and Unaudited Financial Statements (enclosure and/or distributed under separate cover) ***Supplement***
- C. Review Tap Fee Report for Information Only (enclosure and/or distributed under separate cover) ***Page 48-49***
- D. Review, Ratify and Approve Monthly Payment of Claims (enclosure and/or distributed under separate cover) ***Supplement***
- E. Receive Finance Committee Report ***Page 50***

III. OPERATIONS & ENGINEERING ITEMS:

- A. Information Items (No Action)
 1. MSMD Operations Reports – Water, Sewer, Parks and Grounds, Recreation (enclosure and/or handout) ***Pages 51-53***
 2. Manager’s Verbal Report
- B. Action Items
 1. Consider and Approve Purchase of Filtronics Filters for Water Treatment Plant Expansion ***Pages 54-63***
 2. Consider an Approve Purchase Agreement for the Tamlin Water Line ***Pages 64-71***
 3. Ratify Extension of Tap Purchase Agreement with FAWWA

IV. DIRECTOR ITEMS:

V. LEGAL ITEMS:

VI. ADJOURNMENT:

The next regular meeting of the Boards is scheduled for Wednesday, August 3, 2022, at 10:30 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)

Held: June 8, 2022, 10:30 a.m., at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831

Attendance: The following Directors were in attendance:

Butch Gabrielski, President
Wayne Reorda, Secretary/Treasurer
Bill Gessner, Asst. Secretary/Treasurer
Mike Fenton, Asst. Secretary/Treasurer
Tom Sauer, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District
Jennette Coe; Meridian Service Metro District
Beth Aldrich; Meridian Service Metro District
Braden McCrory; Meridian Service Metro District
Ryan Kozlowski; Meridian Service Metro District
Aleks Myszkowski; Meridian Service Metro District
Eileen Krauth; Meridian Service Metro District
Carrie Billingsly; Meridian Service Metro District (via videoconference)
Ron Fano; Spencer Fane
Tom Kerby; Tech Builders
Raul Guzman; Tech Builders
Robert Guevara; Resident
Henry Taylor; Resident
Judy Taylor; Resident
Beth Trynoski; Resident
Jaime Socotch; Resident

Call to Order A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 10:36 a.m.

Disclosure Matter Mr. Fano noted that written disclosures of the interests of all Directors have been filed with the Secretary of State.

Approve Agenda The Board reviewed the Agenda. A motion was made to approve the agenda. The motion was seconded and approved by unanimous vote of directors present.

Conflicts of Interest There were none.

RECORD OF PROCEEDINGS

Visitor Comments Ms. Trynoski informed the Board that she has been a resident of Meridian Ranch for eight years and has notice a decline in the upkeep of the landscaping in the past two years. She requested that the Board consider implementing key card access to the Recreation Center so that residents can make use of the facility outside regular operating hours.

Approve Minutes The Board reviewed the May 4, 2022, Regular Board Meeting Minutes and the May 18, 2022 Special Meeting Minutes, and a motion was made and seconded to approve the minutes as presented. The motion was approved by unanimous vote of directors present.

Financial Items Cash Position Summary and Financial Statements: Ms. Coe reviewed the cash position summary and monthly financial reports for April 2022. A motion was made and seconded to accept the cash position summary and financial statements as presented. The motion was approved by unanimous vote of directors present.

Review 2022 Tap Fee Report: Ms. Coe reviewed the May 2022 Tap Fee Report with the Board for information only.

Approval of Payment of Claims: Ms. Coe reviewed the updated claims presented for approval at this meeting represented by check numbers:

MRMD: 02354-02359 totaling \$7,825.50

Interim: Bill.com payments for ratification totaling \$634,667.16

MSMD: Bill.com Payments totaling \$173,919.90

A motion was made and seconded to approve the MSMD payment of claims. The motion approved by unanimous vote of directors present.

Receive Finance Committee Report: Ms. Coe noted the Finance Committee met on May 24, 2022 and gave a summary of the Finance Committee Report on page 12 of the packet. The May Interim payments were reviewed and signed by Director Gabrielski and Director Sauer. Ms. Coe noted that the auditors plan to present their report at the Board's July meeting, and that staff is looking for a new bank for the District.

**Operations &
Engineering Items**

Information Items:

MSMD Operations Reports:

- Mr. McCrory presented the water, sewer, parks and grounds, and drainage operation reports which included information from pages 13 and 14. Mr. McCrory also noted:
 - Parks & Grounds staff are seeding areas of worn turf.

RECORD OF PROCEEDINGS

- The planks for fence repairs have been delivered and repairs are taking place.
 - Several of the dead trees have been removed but the May storm killed more.
 - A fire hydrant on Eastridge is broken. The repair has been delayed due to supply issues.
- Mr. Kozlowski presented the Recreation Center Report to the Board which included information from pages 15 and 16 of the Board Packet. Mr. Kozlowski also noted:
 - The concrete portion of the garage project is scheduled, and we are looking to purchase a Tuff Shed.

Managers Verbal Report: Mr. Nikkel provided status reports on the following matters:

- Considering ways to deal with graffiti issues under bridges in the neighborhood. After consulting with other Metro Districts, he suggested that the District offer a \$1,000 reward upon conviction to be paid by the District but hopefully included in the offender's restitution by the judge. We can put up notices in the neighborhood as well as the newsletter and website.
- Exploring options for tax-exempt gas cards for the fleet.

Director Items

Discussion of Election Procedures:

The Board discussed setting a meeting with Ms. Blair at Community Resource Services of Colorado, who is the Districts' Designated Election Official (DEO), to discuss election procedures.

Legal Items:

Briefing and Discussion Regarding CEPT Hospital Reimbursement Plan Participation:

A motion was made and seconded to opt out of the CEPT Hospital Reimbursement Plan when it is discontinued for new employees on July 1, 2022. The motion was approved by unanimous vote of directors present.

Adjournment

There being no further business to come before the Board, the President adjourned the meeting at 11:17 a.m.

The next regular meeting of the Boards is scheduled for July 13, 2022 at 10:30 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

Respectfully submitted,

RECORD OF PROCEEDINGS

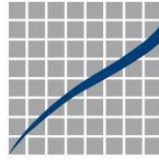
Secretary for the Meeting

DRAFT

MERIDIAN SERVICE METROPOLITAN DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Meridian Service Metropolitan District

El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Meridian Service Metropolitan District ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary 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 supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DRAFT - NOT FOR DISTRIBUTION

Colorado Springs, Colorado

[REPORT DATE]

BASIC FINANCIAL STATEMENTS

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 520,965	\$ 5,156,993	\$ 5,677,958
Cash and investments - restricted	737,063	5,398,218	6,135,281
Accounts receivable	321,585	1,845,120	2,166,705
Prepaid expenses	58,196	77,634	135,830
Security deposits	2,000	9,580	11,580
Capital assets not being depreciated	135,681	408,988	544,669
Capital assets, net	<u>11,982,552</u>	<u>35,909,339</u>	<u>47,891,891</u>
 Total assets	 <u>13,758,042</u>	 <u>48,805,872</u>	 <u>62,563,914</u>
LIABILITIES			
Accounts payable	97,982	373,614	471,596
Accrued liabilities	18,383	13,867	32,250
Arbitration payable	-	10,305,433	10,305,433
Retainage payable	-	153,212	153,212
Due to Meridian Ranch Metropolitan District	-	327,000	327,000
Loan payable, current portion	-	329,000	329,000
Noncurrent liabilities:			
Loan payable, net of current portion	-	4,347,000	4,347,000
Developer advance and accrued interest	-	22,906,953	22,906,953
 Total liabilities	 <u>116,365</u>	 <u>38,756,079</u>	 <u>38,872,444</u>
NET POSITION			
Net investment in capital assets	11,982,552	13,411,374	25,393,926
Restricted:			
Emergency reserve (Note 11)	8,100	-	8,100
Parks and ground	521,391	-	521,391
Recreation	541,431	-	541,431
Capital projects	370,819	-	370,819
Unrestricted	<u>217,384</u>	<u>(3,361,581)</u>	<u>(3,144,197)</u>
 Total net position	 <u>\$ 13,641,677</u>	 <u>\$ 10,049,793</u>	 <u>\$ 23,691,470</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
PRIMARY GOVERNMENT							
General government	\$ 3,316,763	\$ 3,063,376	\$ -	\$ 812,356	\$ 558,969	\$ -	\$ 558,969
Interest and related costs on long-term debt	-	-	-	-	-	-	-
Total primary government	<u>\$ 3,316,763</u>	<u>\$ 3,063,376</u>	<u>\$ -</u>	<u>\$ 812,356</u>	558,969	-	558,969
BUSINESS-TYPE ACTIVITIES							
Water	\$ 5,126,067	\$ 3,159,640	\$ -	\$ 2,406,035	-	439,608	439,608
Sewer	15,904,768	1,794,857	-	3,812,140	-	(10,297,771)	(10,297,771)
Total business-type activities	<u>\$ 21,030,835</u>	<u>\$ 4,954,497</u>	<u>\$ -</u>	<u>\$ 6,218,175</u>	-	(9,858,163)	(9,858,163)
GENERAL REVENUES							
Investment income					4,080	56,615	60,695
Miscellaneous					58,575	22,404	80,979
Intergovernmental revenues					311,017	170,123	481,140
Total general revenues					<u>373,672</u>	<u>249,142</u>	<u>622,814</u>
Change in net position					932,641	(9,609,021)	(8,676,380)
Net position, beginning of year					12,709,036	19,658,814	32,367,850
Net position, end of year					<u>\$ 13,641,677</u>	<u>\$ 10,049,793</u>	<u>\$ 23,691,470</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General Fund</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and investments	\$ 82,577	\$ 233,774	\$ 204,614	\$ -	\$ 520,965
Cash and investments - restricted	3,084	193,322	169,838	370,819	737,063
Accounts receivable	-	114,624	206,961	-	321,585
Prepaid expenditures	8,703	17,793	31,700	-	58,196
Security deposits	2,000	-	-	-	2,000
Total assets	\$ 96,364	\$ 559,513	\$ 613,113	\$ 370,819	1,639,809
<u>LIABILITIES</u>					
Accounts payable	\$ 4,856	\$ 35,713	\$ 57,413	\$ -	97,982
Accrued liabilities	1,705	2,409	14,269	-	18,383
Total liabilities	6,561	38,122	71,682	-	116,365
<u>FUND BALANCE</u>					
Nonspendable:					
Prepaid expenditures	8,703	17,793	31,700	-	58,196
Security deposits	2,000	-	-	-	2,000
Restricted:					
Emergency reserve (Note 11)	8,100	-	-	-	8,100
Capital projects	-	-	-	370,819	370,819
Parks and ground	-	348,594	-	-	348,594
Recreation	-	-	340,153	-	340,153
Assigned:					
Emergency reserve	-	145,004	159,578	-	304,582
Rate stabilization	-	10,000	10,000	-	20,000
Unassigned:					
General government	71,000	-	-	-	71,000
Total fund balances	89,803	521,391	541,431	370,819	1,523,444
Total liabilities and fund balances	\$ 96,364	\$ 559,513	\$ 613,113	\$ 370,819	

Amounts reported in 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 not being depreciated	135,681
Capital assets, net	11,982,552
Net position of governmental activities	\$ 13,641,677

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Parks and Ground</u>	<u>Recreation</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES					
Intergovernmental revenues	\$ 260,000	\$ 51,017	\$ -	\$ -	\$ 311,017
Recreation center fees	-	-	1,924,163	-	1,924,163
Parks and grounds fees	-	925,920	-	-	925,920
Street lighting fees	-	179,544	-	-	179,544
Other revenues	3,599	20,825	31,025	3,126	58,575
Investment income	800	75	47	3,158	4,080
Lease revenues	24,999	-	-	-	24,999
Falcon Freedom Days	-	-	8,750	-	8,750
Total revenues	289,398	1,177,381	1,963,985	6,284	3,437,048
EXPENDITURES					
Accounting	18,383	22,710	38,608	-	79,701
Capital expenditures	-	-	-	1,309,014	1,309,014
Dues and subscriptions	8,913	232	2,005	-	11,150
Engineering	1,668	6,321	12,193	-	20,182
Insurance	4,343	16,737	28,002	-	49,082
Landscaping	-	363,919	-	-	363,919
Legal	86,467	117	-	-	86,584
Miscellaneous	5,075	2,567	53,489	-	61,131
Office supplies	11,360	8,159	49,012	-	68,531
Professional services	51,932	-	-	-	51,932
Repairs and maintenance	407	21,291	165,923	-	187,621
Salaries and payroll	18,062	171,598	1,015,815	-	1,205,475
Supplies	-	435	63,614	-	64,049
Utilities	60,329	180,327	183,460	-	424,116
Total expenditures	266,939	794,413	1,612,121	1,309,014	3,982,487
Excess of revenues over (under) expenditures	22,459	382,968	351,864	(1,302,730)	(545,439)
OTHER FINANCING SOURCES (USES)					
Contributed assets received	-	-	-	812,356	812,356
Transfer from (to) other funds	-	(300,000)	(200,000)	500,000	-
Total other financing sources (uses)	-	(300,000)	(200,000)	1,312,356	812,356
Net change in fund balances	22,459	82,968	151,864	9,626	266,917
Fund balances, beginning of year	67,344	438,423	389,567	361,193	1,256,527
Fund balances, end of year	\$ 89,803	\$ 521,391	\$ 541,431	\$ 370,819	\$ 1,523,444

The accompanying notes and independent auditor's report should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

<u>Net change in fund balances - total governmental funds</u>	\$	266,917
 Amounts reported for governmental activities in the statement of activities are different because:		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
<u>Capital outlay</u>		1,309,014
<u>Loss of disposals of assets</u>		(4,000)
<u>Depreciation expense</u>		<u>(639,290)</u>
 <u>Change in net position of governmental activities</u>	 \$	 <u>932,641</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 260,000	\$ 260,000	\$ 260,000	\$ -
Other revenues	4,800	405	3,599	3,194
Investment income	-	860	800	(60)
Lease revenues	22,110	24,997	24,999	2
Grant reimbursement	-	-	-	-
Total revenues	286,910	286,262	289,398	3,136
EXPENDITURES				
Accounting	15,600	20,100	18,383	1,717
Dues and subscriptions	12,700	8,750	8,913	(163)
Engineering	700	1,700	1,668	32
Insurance	3,500	4,415	4,343	72
Legal	30,000	95,000	86,467	8,533
Miscellaneous	8,200	5,780	5,075	705
Office supplies	19,905	16,200	11,360	4,840
Other	1,000	1,000	-	1,000
Professional services	43,800	49,000	51,932	(2,932)
Repairs and maintenance	-	650	407	243
Salaries and payroll	23,215	18,850	18,062	788
Utilities	90,120	61,350	60,329	1,021
Total expenditures	248,740	282,795	266,939	15,856
Net change in fund balance	\$ 38,170	\$ 3,467	22,459	\$ 18,992
Fund balance, beginning of year			67,344	
Fund balance, end of year			\$ 89,803	

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 3,556,487	\$ 1,600,506	\$ 5,156,993
Cash and investments - restricted	1,967,725	3,430,493	5,398,218
Accounts receivable - user fees	265,326	1,579,794	1,845,120
Prepaid expenses	42,852	34,782	77,634
Deposits	4,790	4,790	9,580
Total current assets	5,837,180	6,650,365	12,487,545
Capital assets:			
Capital assets not being depreciated	408,988	-	408,988
Capital assets, net	23,515,730	12,393,609	35,909,339
Total capital assets	23,924,718	12,393,609	36,318,327
Total assets	\$ 29,761,898	\$ 19,043,974	\$ 48,805,872
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 203,122	\$ 170,492	\$ 373,614
Accrued liabilities	8,027	5,840	13,867
Arbitration payable	-	10,305,433	10,305,433
Retainage payable	153,212	-	153,212
Facility fees payable - Meridian Ranch Metropolitan District	163,500	163,500	327,000
Loan payable, current portion	-	329,000	329,000
Total current liabilities	527,861	10,974,265	11,502,126
Noncurrent liabilities:			
Loan payable, net of current portion	-	4,347,000	4,347,000
Developer advance and accrued interest	20,848,417	2,058,536	22,906,953
Total noncurrent liabilities	20,848,417	6,405,536	27,253,953
Total liabilities	21,376,278	17,379,801	38,756,079
<u>NET POSITION</u>			
Net investment in capital assets	3,076,301	10,335,073	13,411,374
Unrestricted	5,309,319	(8,670,900)	(3,361,581)
Total net position	8,385,620	1,664,173	10,049,793
Total liabilities and net position	\$ 29,761,898	\$ 19,043,974	\$ 48,805,872

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Fund	Sewer Fund	Total
<u>OPERATING REVENUES</u>			
Service charges	\$ 3,000,790	\$ 1,794,857	\$ 4,795,647
Meter services	158,850	-	158,850
Total operating revenues	3,159,640	1,794,857	4,954,497
<u>OPERATING EXPENSES</u>			
Cost of services:			
Operations	285,557	523,988	809,545
Engineering	107,899	95,528	203,427
Payroll	380,276	424,622	804,898
Repairs and maintenance	71,177	89,855	161,032
Administrative and general expenses:			
Accounting and management	52,238	37,848	90,086
Depreciation	1,161,814	618,383	1,780,197
Dues and subscriptions	2,701	2,367	5,068
Insurance	38,629	27,202	65,831
Interest expense	465,774	-	465,774
Legal	27,294	395,532	422,826
Cost of debt issuance	-	115,785	115,785
Miscellaneous	13,671	7,986	21,657
Office	16,815	13,199	30,014
Utilities	519,972	85,761	605,733
Total operating expenses	3,143,817	2,438,056	5,581,873
Operating income (loss)	15,823	(643,199)	(627,376)
<u>NONOPERATING REVENUES AND EXPENSES</u>			
Facilities fees	2,264,250	3,648,890	5,913,140
Miscellaneous income	6,845	15,559	22,404
Investment income	63	56,552	56,615
Fees transferred to Meridian Ranch Metropolitan District	(1,982,250)	(1,982,250)	(3,964,500)
Net nonoperating revenues (expenses)	288,908	1,738,751	2,027,659
Income (loss) before other financing sources (uses)	304,731	1,095,552	1,400,283

OTHER FINANCING SOURCES (USES)

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Contributed assets	\$ 141,785	\$ 163,250	\$ 305,035
Contributions to Cherokee Metropolitan District	-	(11,484,462)	(11,484,462)
Intergovernmental revenues	14,154	155,969	170,123
Net other financing sources (uses)	155,939	(11,165,243)	(11,009,304)
Change in net position	460,670	(10,069,691)	(9,609,021)
Net position, beginning of year	7,924,950	11,733,864	19,658,814
Net position, end of year	<u>\$ 8,385,620</u>	<u>\$ 1,664,173</u>	<u>\$ 10,049,793</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Fund	Sewer Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 3,196,522	\$ 1,706,739	\$ 4,903,261
Payments to vendors	(1,776,146)	4,928,737	3,152,591
Net cash flows from operating activities	1,420,376	6,635,476	8,055,852
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Loan proceeds	-	6,530,439	6,530,439
Repayments on loan	-	(1,854,439)	(1,854,439)
Net cash flows from non-capital financing activities	-	4,676,000	4,676,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of capital assets	(3,930,045)	(527,985)	(4,458,030)
Investment income	63	56,552	56,615
Miscellaneous income	7,054	15,350	22,404
Facilities fees	2,264,250	3,648,890	5,913,140
Fees transferred to Meridian Ranch Metropolitan District	(1,982,250)	(1,982,250)	(3,964,500)
Transfers to other governments	-	(11,484,462)	(11,484,462)
Intergovernmental revenues	14,154	155,969	170,123
Net cash flows from capital and related financing activities	(3,626,774)	(10,117,936)	(13,744,710)
Net change in cash and investments	(2,206,398)	1,193,540	(1,012,858)
Cash and investments, beginning balance	7,730,610	3,837,459	11,568,069
Cash and investments, ending balance	<u>\$ 5,524,212</u>	<u>\$ 5,030,999</u>	<u>\$ 10,555,211</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ 15,823	\$ (643,199)	\$ (627,376)
Depreciation	1,161,814	618,383	1,780,197
Changes in operating assets and liabilities:			
Accounts receivable	195,732	(88,118)	107,614
Prepaid expenses and deposits	4,656	(1,029)	3,627
Accounts payable	(426,410)	(442,560)	(868,970)
Retainage payable	153,212	-	153,212
Accrued liabilities	(150,225)	(127,505)	(277,730)
Arbitration payable	-	7,319,504	7,319,504
Accrued interest on developer advances	465,774	-	465,774
Net cash flows from operating activities	<u>\$ 1,420,376</u>	<u>\$ 6,635,476</u>	<u>\$ 8,055,852</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. DEFINITION OF REPORTING ENTITY

Meridian Service Metropolitan District ("District" or "Meridian Service"), a quasi-municipal corporation and political subdivision of the state of Colorado, was organized on May 5, 1998 concurrently with Meridian Ranch Metropolitan District ("Meridian Ranch", collectively, the "Districts") to provide water and wastewater service, street improvements, safety protection, parks and recreation facilities, drainage, landscape, mosquito control, transportation and television relay for public and private purposes by any available means. The District also has limited fire protection powers in a cooperative manner with Falcon Fire Protection District. The District is intended to be the operating district related to Meridian Ranch Metropolitan District ("Meridian Ranch"), the financing district (Note 9).

The District follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and fund financial statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the assets and liabilities of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect 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. Program revenues include 1) 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. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement position

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current period. The material source of revenue subject to accrual is investment income. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General fund - The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Parks and ground fund and recreation fund - The parks and ground fund and recreation fund account for parks and recreation operations.

Capital projects fund - The capital projects fund accounts for financial resources to be used for the acquisition and construction of major capital equipment and facilities.

The District reports the following major proprietary funds:

Water fund - The water fund accounts for the water operations that are financed and operated with the intent that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewer fund - The sewer fund accounts for the sewer operations that are financed and operated with the intent that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP") requires the District to use estimates and assumptions. Those estimates and assumptions affect the reported balances of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues, expenditures and expenses. Actual results could vary from the estimates.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with state budget law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District incurred expenses in excess of appropriations for the year ended December 31, 2021 in the water and sewer funds, which may be a violation of local government budget law.

Pooled cash and investments

The District follows the practice of pooling cash and investments of funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash. Investments are carried at estimated fair value.

Cash equivalents

For purposes of the statements of cash flows, the District considers cash deposits and highly liquid investments with original maturities of three months or fewer to be cash equivalents.

Capital assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress, and are not included in the calculation of the net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Park and recreation facilities	40 years
Water facilities	30 years
Sewer facilities	30 years
Vehicles and equipment	5-15 years

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water rights

The cost of water rights includes acquisition cost, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

Facilities fees

A water tap fee and a sewer tap fee per single family equivalent unit are charged against properties within the District. Facilities fees are due when a building permit is issued.

Net position and fund balances

Net position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund balances

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed fund balance - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the board of directors. The constraint may be removed or changed only through formal action of the board of directors.

Assigned fund balance - The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the board of directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance - The residual portion of fund balance that does not meet any of the criteria described above.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 5,677,958
Cash and investments - restricted	6,135,281
	\$ 11,813,239
Total cash and investments	\$ 11,813,239

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 2,970,250
Investments	8,842,989
	\$ 11,813,239
	\$ 11,813,239

Deposits with financial institutions

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2021, the District's cash deposits had a bank balance of \$2,907,431 and a book balance of \$2,970,250.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those below which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CASH AND INVESTMENTS (CONTINUED)

Colorado revised statutes limit investment maturities to five years or less unless otherwise formally approved by the boards of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Investments (continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the US and certain US government agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certificates of deposit in Colorado PDPA approved banks or savings banks
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

As of December 31, 2021, the District had the following in investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Liquid Asset Trust	Weighted average under one year	<u>\$ 8,842,989</u>

Colostrust

During 2020, the District invested in the Colorado Local Government Liquid Asset Trust ("Colostrust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The state securities commission administers and enforces all state statutes governing Colostrust. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.

Colostrust offers shares in two portfolios, Colostrust Prime and Colostrust Plus+. Both portfolios may invest in US Treasury securities and repurchase agreements collateralized by US Treasury securities. Colostrust Plus+ may also invest in certain obligations of US government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of US government agencies. A designated custodial bank serves as custodian for the Colostrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colostrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust. Colostrust is rated AAAM by S&P Global Ratings. Colostrust records its investments at fair value and the District records its investments in Colostrust at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. CAPITAL ASSETS

An analysis of the changes in capital assets for governmental activities for the year ended December 31, 2021 follows:

	Balance 1/1/2021	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2021
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	\$ 7,743	\$ 427,938	\$ (300,000)	\$ 135,681
Total capital assets not being depreciated	<u>7,743</u>	<u>427,938</u>	<u>(300,000)</u>	<u>135,681</u>
Capital assets being depreciated:				
Parks and recreation facilities	15,709,050	1,112,355	-	16,821,405
Vehicles and equipment	137,589	68,721	(27,507)	178,803
Total capital assets being depreciated	15,846,639	1,181,076	(27,507)	17,000,208
Less accumulated depreciation	<u>(4,401,873)</u>	<u>(639,290)</u>	<u>23,507</u>	<u>(5,017,656)</u>
Total capital assets being depreciated, net	<u>11,444,766</u>	<u>541,786</u>	<u>(4,000)</u>	<u>11,982,552</u>
Governmental activities capital assets, net	<u>\$ 11,452,509</u>	<u>\$ 969,724</u>	<u>\$ (304,000)</u>	<u>\$ 12,118,233</u>

Depreciation expense for governmental activities for the year ended December 31, 2021 totaled \$639,290.

A reconciliation of cash and non-cash activity is as follows:

<u>Capital Projects Fund</u>	
Total cash outlay	\$ 496,658
CIP reclassifications	300,000
Contributed capital assets	<u>812,356</u>
Total additions	<u>\$ 1,609,014</u>

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. CAPITAL ASSETS (CONTINUED)

An analysis of the changes in capital assets for business-type activities for the year ended December 31, 2021 follows:

	Balance 1/1/2021	Additions/ Reclass- ifications	Dispositions/ Reclass- ifications	Balance 12/31/2021
Business-type activities				
Capital assets not being depreciated:				
Water rights	\$ 257,085	\$ -	\$ -	\$ 257,085
Construction in progress	898,626	4,308,517	(5,055,240)	151,903
Total capital assets not being depreciated	<u>1,155,711</u>	<u>4,308,517</u>	<u>(5,055,240)</u>	<u>408,988</u>
Capital assets being depreciated:				
Water system facilities	33,868,502	4,415,403	-	38,283,905
Sewer system facilities	18,336,908	949,539	-	19,286,447
Vehicles - water	93,049	46,609	-	139,658
Vehicles - sewer	139,673	98,237	-	237,910
Total capital assets being depreciated	52,438,132	5,509,788	-	57,947,920
Less accumulated depreciation	<u>(20,258,384)</u>	<u>(1,780,197)</u>	<u>-</u>	<u>(22,038,581)</u>
Total capital assets being depreciated, net	<u>32,179,748</u>	<u>3,729,591</u>	<u>-</u>	<u>35,909,339</u>
Business-type activities capital assets, net	<u>\$ 33,335,459</u>	<u>\$ 8,038,108</u>	<u>\$ (5,055,240)</u>	<u>\$ 36,318,327</u>

Depreciation expense for business-type activities for the year ended December 31, 2021 totaled \$1,780,197.

A reconciliation of cash and non-cash activity is as follows:

	Water Fund	Sewer Fund	Total
Total cash outlay	\$ 3,930,045	\$ 527,985	\$ 4,458,030
CIP reclassifications	4,265,617	789,623	5,055,240
Contributed capital assets	141,785	163,250	305,035
Total additions	<u>\$ 8,337,447</u>	<u>\$ 1,480,858</u>	<u>\$ 9,818,305</u>

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS

An analysis of changes in the District's long-term obligations for the year ended December 31, 2021 is as follows:

	Balance 1/1/2021	Additions	Repayments	Balance 12/31/2021	Due within one year
<u>Direct placements</u>					
Series 2021 Loan	\$ -	\$ 4,676,000	\$ -	\$ 4,676,000	\$ 329,000
Promissory note	-	1,854,439	(1,854,439)	-	-
Total direct placements	-	6,530,439	(1,854,439)	4,676,000	329,000
<u>Developer advances</u>					
Developer advances	9,315,476	-	-	9,315,476	-
Developer advances - accrued interest	13,125,703	465,774	-	13,591,477	-
Total developer advances	22,441,179	465,774	-	22,906,953	-
	<u>\$ 22,441,179</u>	<u>\$ 6,996,213</u>	<u>\$ (1,854,439)</u>	<u>\$ 27,582,953</u>	<u>\$ 329,000</u>

Promissory note

On August 11, 2021, the District entered into a Promissory note ("Note") with a private lender in the amount of \$1,854,439 to fund payments due to Cherokee Metropolitan District pursuant to the wastewater arbitration judgment (Note 6). This was repaid during the year ended December 31, 2021.

Series 2021 Loan Agreement and Promissory Note

On December 10, 2021, the District entered into the Series 2021 Loan Agreement and Promissory Note ("Loan") with a bank in the amount of \$4,676,000 for the purposes of: (a) paying or reimbursing the costs of acquiring, constructing, and installing a portion of the System, including reimbursing amounts previously paid to Cherokee Metropolitan District pursuant to the wastewater arbitration judgment (Note 6); (b) funding an additional payments due to Cherokee Metropolitan District; (c) funding a debt service reserve fund; and (d) paying costs incurred in connection with the Loan.

The Loan bears interest at 2.15% per annum, payable semi-annually on June 1 and December 1, beginning in 2022. Annual mandatory sinking fund principal payments are due on December 1, beginning in 2022. The Loan matures on December 1, 2033.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Series 2021 Loan Agreement and Promissory Note (continued)

The District's long-term obligations related to the Loan are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 329,000	\$ 98,021	\$ 427,021
2023	344,000	93,461	437,461
2024	352,000	86,064	438,064
2025	359,000	78,496	437,496
2026	367,000	70,778	437,778
2027-2031	1,957,000	232,071	2,189,071
2032-2033	968,000	32,659	1,000,659
	<u>\$ 4,676,000</u>	<u>\$ 691,550</u>	<u>\$ 5,367,550</u>

Events of default

Events of default occur if: (a) the District fails to apply the pledge revenue as required by the loan agreement or custodial agreement; (b) the District fails to observe or perform any of the covenants, agreements, or conditions; (c) any representation or warranty made by the District proves to be untrue or incomplete; (d) the occurrence and continuance of an event of default or an event of nonperformance under the custodial agreement or any of the other financing documents after the expiration of any grace period; (e) default in the payment of principal or interest when due on any financial obligation of the District; (f) the pledge revenue or any other security interest created fails to be fully enforceable with the priority required thereunder; (g) any judgment or court order for the payment of money exceeding any applicable insurance coverage by more than \$50,000 in aggregate is rendered against the District and the District fails to vacate, bond, stay, contest, pay, or satisfy such judgment or court order for 30 days; (h) a change occurs in the financial or operating conditions of the District that, in the lender's reasonable judgment, will have a materially adverse impact on the ability of the District to generate pledge revenue; (i) the District commences bankruptcy, insolvency, or liquidation; (j) the loan agreement ceases to be valid; (k) the District's auditor delivers a qualified opinion with respect to the District's status as a going concern; (l) any funds or investments on deposit in any of the accounts established under the Loan shall become subject to any writ, judgment, warrant, attachment, execution, or similar process.

Remedies on occurrence of events of default for the loan

Upon the occurrence and continuance of an event of default, the lender has the following rights and remedies: (a) exercise any and all remedies available under the custodial agreement; (b) exercise the lender's right of setoff to the extent necessary to satisfy any past-due obligation of the District on the loan; (c) take any other action or remedy available under the other financing documents or any other document, or at law or in equity, including without limitation injunctive relief and/or specific performance if the District has failed to impose sewer surcharge fees sufficient to pay operating expenses and pay the debt service due and owing on the loan and the District's share of the wastewater arbitration judgment (Note 6).

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. LONG-TERM OBLIGATIONS (CONTINUED)

Developer advances

On March 20, 2001, the District entered into a reimbursement agreement with GTL Development, Inc. ("Developer") to reimburse the Developer for advances made on behalf of the District for operations, maintenance and capital infrastructure costs, along with accrued interest from the date of receipt at the rate of 5% per annum. On March 4, 2020, this agreement was revised and the Developer agreed to forego the compounding of interest from March 18, 2018 through January 1, 2026.

Authorized indebtedness

On November 7, 2000, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$170,000,000 at an interest rate not to exceed 16% per annum.

As of December 31, 2021, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

	Authorized	Issued	Remaining
Street improvements	\$ 29,435,000	\$ -	\$ 29,435,000
Water	35,765,000	-	35,765,000
Sanitation	7,320,000	-	7,320,000
Safety protection	1,740,000	-	1,740,000
Park and recreation	7,620,000	-	7,620,000
Mosquito control	1,305,000	-	1,305,000
Television realty and translation	1,055,000	-	1,055,000
Public transportation	260,000	-	260,000
Operations	500,000	-	500,000
Refunding	85,000,000	-	85,000,000
	<u>\$ 170,000,000</u>	<u>\$ -</u>	<u>\$ 170,000,000</u>

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

6. COMMITMENTS

Wastewater arbitration judgment

As of December 31, 2020 the District was in arbitration before Judicial Arbitrator Group, Inc. ("JAG") with Cherokee Metropolitan District ("Cherokee"). The arbitration involved issues over a 2003 intergovernmental agreement known as Chico Basin Wastewater Treatment Facility and Black Squirrel Basin Recharge Facility Intergovernmental Agreement ("IGA"). The District contended that Cherokee breached the IGA by demanding amounts from the District to which it was not entitled under the IGA. The District also contended that Cherokee breached the IGA and made misrepresentations to the District relating to an undisclosed stipulation which had materially affected the District's ability to benefit from a replacement plan. Cherokee's counterclaims asserted that the District failed to pay amounts due under the IGA. The suit was arbitrated in March 2021 and the arbitrator issued a decision, holding that the District must pay 45.8% of all documented costs for Cherokee to complete certain upgrades and repairs to bring the wastewater treatment facility into compliance with its discharge permit. The District's portion of these upgrades are expected to total approximately \$42,500,000. In addition, the arbitrator ordered the District to pay \$2,985,929 plus 8% annual interest expense to Cherokee Metropolitan District. The balance as of December 31, 2021 totaled \$11,008,673, which is included in the sewer fund as arbitration payable on the statement of net position.

Defined contribution money purchase plan - IRC 401(a) and deferred compensation plan

The District adopted an employees' qualified money purchase plan and trust ("Plan") in accordance with Internal Revenue Code Section 401(a). The Plan is administered by ICMA Retirement Corporation. The Plan is a defined contribution plan with the District contributing an amount equal to 6.2% of each participant's compensation for the year. Each full-time employee age 16 or older is eligible to participate. Each participant is required to match the District's contribution. The District adopted an employees' 457(b) deferred compensation plan in which the District contributes on behalf of each participant 100% of the voluntary participant contribution made by the participant for the plan year not to exceed 3% of participant earnings. The District is not liable for further pension benefits in excess of the contributions made to the Plan nor liable for losses from depreciation in the value of any investments acquired under the Plan. The employer and the employees' contributions are fully vested at the date of contribution. Contributions are tax deferred until withdrawn. The District contributed \$53,964 to the Plan during the year ended December 31, 2021.

7. NET POSITION

The District has a net position 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 and reduced by the outstanding balances of long-term obligations that are attributable to the acquisition, construction, or improvement of those assets.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. NET POSITION (CONTINUED)

As of December 31, 2021, the District had net investment in capital assets as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Capital assets, net	\$ 12,118,233	\$ 36,318,327	\$ 48,436,560
Long-term obligations	-	(22,906,953)	(22,906,953)
Net investment in capital assets	<u>\$ 12,118,233</u>	<u>\$ 13,411,374</u>	<u>\$ 25,529,607</u>

Restricted net position includes balances with external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2021, as follows:

Restricted net position:		
Emergency reserve (Note 11)		\$ 8,100
Parks and ground		521,391
Recreation		541,431
Capital projects		370,819
		<u>\$ 1,441,741</u>

Unrestricted net position consists of net assets that do not meet the definition of net investment in capital assets or restricted net assets.

8. INTERGOVERNMENTAL AGREEMENT

The District entered into an intergovernmental agreement with Meridian Ranch on July 17, 2001 to set forth rights and obligations of the Districts pursuant to their respective service plans. The District agreed that the facilities described in the service plans are needed by the District and that such facilities will benefit the residents and property owners in both Districts in terms of cost, quality and level of service.

Each of the Districts agreed that the District will own (subject to potential transfer to other governmental entities or authorities) operate, maintain and construct facilities benefiting both Districts, and that Meridian Ranch will contribute to the costs of construction, operation, and maintenance of such facilities.

Meridian Ranch agreed to issue limited tax general obligation bonds, or if bonds were not issued, Meridian Ranch agreed to pledge its ad valorem tax revenue at the times and in the amounts required to meet its obligations subject to a 50.000 mill cap (2001 equivalency). As bonds were issued, Meridian Ranch transferred the net proceeds of the bonds to the District. Any and all bond proceeds received by the District will be applied to the payment of public infrastructure costs or will be utilized to pay all or a portion of Meridian Ranch's outstanding bonds. To assist in the repayment of Meridian Ranch's subordinate bonds, the District is required to transfer revenue collected from facilities fees and/or user fees to Meridian Ranch. The water taps from Latigo Trails are not included in fees transferred to Meridian Ranch.

During the year ended December 31, 2021, the District transferred a total of \$3,964,500 to Meridian Ranch to assist in the repayment of the subordinate bonds issued by Meridian Ranch.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

8. INTERGOVERNMENTAL AGREEMENT (CONTINUED)

During the year ended December 31, 2021, the District received a total of \$311,017 from Meridian Ranch for the costs of constructing and maintaining certain facilities.

Enter Woodmen Hills IGA

9. RELATED PARTIES

Some of the members of the board of directors are affiliated with or are employees of developers of land within the District. These members may have conflicts of interest with respect to certain transactions which come before the board of directors.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to contractors; or acts of God.

The District is a member of the Colorado Special District Property and Liability Pool ("Pool"). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

11. TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights ("TABOR"), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments within the State of Colorado.

Spending and revenue limits are determined based on the prior fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenues.

On November 7, 2000, a majority of the District's electors authorized the District to collect and spend or retain in a reserve any and all revenue annually from any revenue source other than ad valorem taxes.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

See independent auditor's report.

MERIDIAN SERVICE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

The District's management believes the District is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits, will likely require judicial interpretation.

11. RESTATEMENT

The District restated its net position as of January 1, 2021, for its governmental activities and general fund balance related to an adjustment to account for interfund transfers.

	Governmental Activities	Capital Fund
Net position and fund balance, January 1, 2021m as previously reported	\$ 12,710,458	\$ 362,615
Adjustment for interfund transfers	(1,422)	(1,422)
Net position and fund balance, January 1, 2021, as restated	\$ 12,709,036	\$ 361,193

* * * * *

See independent auditor's report.

SUPPLEMENTARY INFORMATION

**MERIDIAN SERVICE METROPOLITAN DISTRICT
PARKS AND GROUND FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Intergovernmental revenues	\$ 35,000	\$ 51,017	\$ 16,017
Parks and grounds fees	927,150	925,920	(1,230)
Street lighting fees	180,025	179,544	(481)
Other revenues	17,850	20,825	2,975
Investment income	-	75	75
Total revenues	1,160,025	1,177,381	17,356
<u>EXPENDITURES</u>			
Accounting	15,590	22,710	(7,120)
Capital expenditures	58,900	-	58,900
Dues and subscriptions	500	232	268
Engineering	3,500	6,321	(2,821)
Insurance	12,360	16,737	(4,377)
Landscaping	364,500	363,919	581
Legal	2,500	117	2,383
Miscellaneous	500	2,567	(2,067)
Office supplies	6,900	8,159	(1,259)
Repairs and maintenance	78,000	21,291	56,709
Salaries and payroll	246,875	171,598	75,277
Supplies	2,000	435	1,565
Utilities	171,350	180,327	(8,977)
Total expenditures	963,475	794,413	169,062
Excess of revenues over (under) expenditures	196,550	382,968	186,418
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from (to) other funds	(300,000)	(300,000)	-
Total other financing sources (uses)	(300,000)	(300,000)	-
Net change in fund balance	\$ (103,450)	82,968	\$ 186,418
Fund balance, beginning of year		438,423	
Fund balance, end of year		<u>\$ 521,391</u>	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Recreation center fees	\$ 1,864,450	\$ 1,914,450	\$ 1,924,163	\$ 9,713
Other revenues	22,650	21,437	31,025	9,588
Investment income	-	25	47	22
Falcon Freedom Days	20,000	8,750	8,750	-
Total revenues	1,907,100	1,944,662	1,963,985	19,323
EXPENDITURES				
Accounting	25,300	39,500	38,608	892
Capital expenditures	-	10,100	-	10,100
Dues and subscriptions	35,650	7,500	2,005	5,495
Engineering	5,000	14,000	12,193	1,807
Insurance	18,823	28,100	28,002	98
Legal	5,000	5,000	-	5,000
Office supplies	77,700	50,000	49,012	988
Other	49,500	42,382	53,489	(11,107)
Repairs and maintenance	217,500	257,500	165,923	91,577
Salaries and payroll	970,200	1,012,300	1,015,815	(3,515)
Supplies	63,500	59,000	63,614	(4,614)
Utilities	182,100	181,500	183,460	(1,960)
Total expenditures	1,650,273	1,706,882	1,612,121	94,761
Excess of revenues over (under) expenditures	256,827	237,780	351,864	114,084
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	(200,000)	(200,000)	(200,000)	-
Net change in fund balance	\$ 56,827	\$ 37,780	151,864	\$ 114,084
Fund balance, beginning of year			389,567	
Fund balance, end of year			\$ 541,431	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 3,126	\$ 3,126
Investment income	-	2,050	3,158	1,108
Total revenues	-	2,050	6,284	4,234
EXPENDITURES				
Capital expenditures	2,280,000	429,300	496,658	(67,358)
Legal	10,000	-	-	-
Miscellaneous	-	-	-	-
Total expenditures	2,290,000	429,300	496,658	(67,358)
Excess of revenues over (under) expenditures	(2,290,000)	(427,250)	(490,374)	(63,124)
OTHER FINANCING SOURCES (USES)				
Transfer from (to) other funds	4,035,000	8,085,000	500,000	(7,585,000)
Total other financing sources (uses)	4,035,000	8,085,000	500,000	(7,585,000)
Net change in fund balance	\$ 1,745,000	\$ 7,657,750	9,626	\$ (7,648,124)
Fund balance, beginning of year			361,193	
Fund balance, end of year			\$ 370,819	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Service charges	\$ 2,955,350	\$ 2,945,879	\$ 3,000,790	\$ 54,911
Meter services	187,500	100,000	158,850	58,850
Total revenues	3,142,850	3,045,879	3,159,640	113,761
EXPENSES				
Cost of services:				
Operations	401,010	308,000	285,557	22,443
Engineering	50,000	118,000	107,899	10,101
Payroll	576,825	410,541	380,276	30,265
Repairs and maintenance	112,000	51,100	71,177	(20,077)
Administrative and general expenses:				
Accounting and management	54,000	51,000	52,238	(1,238)
Capital outlay	6,151,500	4,004,115	3,930,045	74,070
Dues and subscriptions	2,500	4,000	2,701	1,299
Insurance	65,000	38,650	38,629	21
Legal	30,000	22,000	27,294	(5,294)
Miscellaneous	17,925	15,305	13,671	1,634
Office	15,375	19,450	16,815	2,635
Utilities	499,700	507,700	519,972	(12,272)
Total operating expenses	7,975,835	5,549,861	5,446,274	103,587
Operating income (loss)	(4,832,985)	(2,503,982)	(2,286,634)	217,348
NONOPERATING REVENUES AND (EXPENSES)				
Facilities fees	1,800,000	2,167,250	2,264,250	97,000
Miscellaneous income	-	3,990	6,845	2,855
Investment income	-	-	63	63
Fees transferred to Meridian Ranch Metropolitan District	(1,800,000)	(1,892,500)	(1,982,250)	(89,750)
Net nonoperating revenues (expenses)	-	278,740	288,908	10,168
Income (loss) before other financing sources (uses)	(4,832,985)	(2,225,242)	(1,997,726)	227,516

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
WATER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>OTHER FINANCING SOURCES (USES)</u>				
Intergovernmental revenues	25,000	15,284	14,154	(1,130)
Net other financing sources (uses)	25,000	15,284	14,154	(1,130)
Change in net position	<u>\$ (4,807,985)</u>	<u>\$ (2,209,958)</u>	(1,983,572)	<u>\$ 226,386</u>
Net position, beginning of year			8,626,534	
Net position, end of year			<u>\$ 6,642,962</u>	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
WATER FUND
YEAR ENDED DECEMBER 31, 2021**

The accompanying schedule of revenues, expenses and changes in net position - budget and actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of differences for the year ended December 31, 2020 is presented below.

Revenues - budgetary basis	\$ 5,444,952
Contributed assets	141,785
Revenues per statement of revenues, expenses, and changes in net position	\$ 5,586,737
Expenditures - budgetary basis	\$ 7,428,524
Depreciation	1,161,814
Capital outlay	(3,930,045)
Interest expense	465,774
Change in net assets per statement of revenues, expenses and changes in net position	\$ 5,126,067

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Service charges	\$ 1,771,200	\$ 1,803,663	\$ 1,794,857	\$ (8,806)
Total revenues	1,771,200	1,803,663	1,794,857	(8,806)
EXPENDITURES				
Cost of services:				
Operations	584,100	592,000	523,988	68,012
Engineering	75,000	74,250	95,528	(21,278)
Payroll	536,525	484,175	424,622	59,553
Repairs and maintenance	99,900	119,900	89,855	30,045
Administrative and general expenses:				
Accounting and management	51,000	38,000	37,848	152
Dues and subscriptions	3,000	5,000	2,367	2,633
Insurance	50,000	27,276	27,202	74
Legal	170,000	382,250	395,532	(13,282)
Cost of debt issuance	-	-	115,785	(115,785)
Miscellaneous	7,300	14,325	7,986	6,339
Office	16,750	16,000	13,199	2,801
Utilities	34,700	88,400	85,761	2,639
Capital outlay	2,081,500	1,877,040	527,985	1,349,055
Total operating expenses	3,709,775	3,718,616	2,347,658	1,370,958
Operating income (loss)	(1,938,575)	(1,914,953)	(552,801)	1,362,152
NONOPERATING REVENUES AND (EXPENSES)				
Facilities fees	2,951,175	3,569,890	3,648,890	79,000
Miscellaneous income	-	4,335	15,559	11,224
Investment income	-	56,500	56,552	52
Fees transferred to Meridian Ranch Metropolitan District	(1,700,000)	(1,892,500)	(1,982,250)	(89,750)
Net nonoperating revenues (expenses)	1,251,175	1,738,225	1,738,751	526
Income (loss) before other financing sources (uses)	(687,400)	(176,728)	1,185,950	1,362,678

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
SEWER FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from loan issuance	-	4,775,000	6,530,439	1,755,439
Repayments on loans	-	-	(1,854,439)	(1,854,439)
Contributions to Cherokee Metropol	-	-	(3,887,792)	(3,887,792)
Intergovernmental revenues	103,000	229,000	155,969	(73,031)
Net other financing sources (uses)	103,000	5,004,000	944,177	(4,059,823)
Change in net position	<u>\$ (584,400)</u>	<u>\$ 4,827,272</u>	2,130,127	<u>\$ (2,697,145)</u>
Net position, beginning of year			139,422	
Net position, end of year			<u>\$ 2,269,549</u>	

See independent auditor's report.

**MERIDIAN SERVICE METROPOLITAN DISTRICT
RECONCILIATION OF BUDGETARY BASIS (ACTUAL) TO STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
SEWER FUND
YEAR ENDED DECEMBER 31, 2021**

The accompanying schedule of revenues, expenses and changes in net position - budget and actual presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with US GAAP, a reconciliation of differences for the year ended December 31, 2021 is presented below.

Revenues - budgetary basis	\$ 12,202,266
Loan proceeds	(6,530,439)
Contributed assets	163,250
Revenues per statement of revenues, expenses, and changes in net position	\$ 5,835,077
Expenditures - budgetary basis	\$ 10,072,139
Depreciation	618,383
Repayment of loan proceeds	1,854,439
Contributions to other governments	3,887,792
Capital outlay	(527,985)
Change in net assets per statement of revenues, expenses and changes in net position	\$ 15,904,768

See independent auditor's report

Meridian Service Metropolitan District
2022 Tap Report

Counts	Date	Tap Receipt No.	Service Address	Filing #	Lot #	Builder	Tap Amt Paid	Meter Amt Paid	Check No.	Monthly Totals
184	6/3/2022	3679	10793 Rolling Mesa Dr	Rolling Hills Ranch 1	216	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541689	
185	6/3/2022	3680	10779 Rolling Mesa Dr	Rolling Hills Ranch 1	217	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541690	
186	6/3/2022	3681	10765 Rolling Mesa Dr	Rolling Hills Ranch 1	218	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541691	
187	6/3/2022	3682	10737 Rolling Mesa Dr	Rolling Hills Ranch 1	220	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541692	
188	6/3/2022	3683	10723 Rolling Mesa Dr	Rolling Hills Ranch 1	221	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541693	
189	6/3/2022	3684	10709 Rolling Mesa Dr	Rolling Hills Ranch 1	222	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541694	
190	6/3/2022	3685	10751 Rolling Mesa Dr	Rolling Hills Ranch 1	219	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541695	
191	6/3/2022	3686	9773 Marble Canyon Wy	Stonebridge 4	9	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541680	
192	6/3/2022	3687	9763 Marble Canyon Wy	Stonebridge 4	10	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541681	
193	6/3/2022	3688	9753 Marble Canyon Wy	Stonebridge 4	11	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541682	
194	6/3/2022	3689	9743 Marble Canyon Wy	Stonebridge 4	12	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541683	
195	6/3/2022	3690	9733 Marble Canyon Way	Stonebridge 4	13	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541684	
196	6/3/2022	3691	9772 Marble Canyon Way	Stonebridge 4	21	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541685	
197	6/3/2022	3692	9782 Marble Canyon Way	Stonebridge 4	22	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541686	
198	6/3/2022	3693	12612 Enclave Scenic Dr	Stonebridge 4	50	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541687	
199	6/3/2022	3694	12620 Enclave Scenic Dr	Stonebridge 4	51	Century Communities	\$ 19,000.00	\$ 655.00	Check #00541688	
200	6/8/2022	3695	10815 Evening Creek Dr	Rolling Hills Ranch 1	164	Campbell Homes	\$ 19,000.00	\$ 655.00	Epymnt/P22060702-5885382	
201	6/10/2022	3696	10946 Rolling Mesa Dr	Rolling Hills Ranch 1	191	ZRH Construction	\$ 19,000.00	\$ 655.00	Epymnt/P22060902 - 6275561	
202	6/10/2022	3697	10849 Rolling Mesa Dr	Rolling Hills Ranch 1	212	ZRH Construction	\$ 19,000.00	\$ 655.00	Epymnt/P22060902 - 6275561	
203	6/22/2022	3698	10988 Rolling Mesa Dr	Rolling Hills Ranch 1	194	Campbell Homes	\$ 19,000.00	\$ 655.00	Epymnt/P22062102 - 7514797	
204	6/22/2022	3699	11017 Rolling Mesa Dr	Rolling Hills Ranch 1	201	Campbell Homes	\$ 19,000.00	\$ 655.00	Epymnt/P22062102 - 7514632	
205	6/23/2022	3700	11115 Rolling Mesa Dr	Rolling Hills Ranch 1	151	Covington Homes	\$ 19,000.00	\$ 655.00	Wire/220623113352	
206	6/24/2022	3701	10805 Evening Creek Dr	Rolling Hills Ranch 1	165	Campbell Homes	\$ 19,000.00	\$ 655.00	Epymnt/P22062302-7814165	23

Meridian Service Metropolitan District
2022 Tap and Meter Set Additional Fees Collected

(Initial) Tap Purchase Date	Tap Receipt No.	Service Address	Builder	Meter Set		Additional Tap Fees Due (Per Current Fee Schedule)	Additional Meter Set Fee Due (Per Current Fee Schedule)	Date Paid	Total Additional Amount Collected Prior to Meter Set		
				Tap Fee Paid At Time of Purchase	Fee Paid At Time of Purchase						
8/30/2018	2579	12963 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	1/13/2022	\$ 4,115.00		
6/12/2020	3076	9793 Fairway Glen Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	1/20/2022	\$ 2,055.00		
12/18/2020	3233	12658 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	1/20/2022	\$ 2,055.00		
11/24/2020	3208	12571 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	1/21/2022	\$ 2,055.00	\$ 10,280.00	Jan-22
11/27/2019	2889	13075 Stone Valley Dr	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	2/9/2022	\$ 3,080.00		
2/28/2020	2963	13028 Stone Valley Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/9/2022	\$ 2,055.00		
11/24/2020	3205	12571 Stone Valley Dr	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/17/2022	\$ 2,055.00		
11/24/2020	3209	12565 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/17/2022	\$ 2,055.00		
11/24/2020	3206	12563 Stone Valley Dr	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00		
11/24/2020	3210	12559 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00		
11/24/2020	3211	12553 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00		
11/24/2020	3212	12547 Granite Springs Pls	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00		
11/29/2018	2669	12956 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	2/24/2022	\$ 4,115.00		
11/29/2018	2670	12964 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	2/24/2022	\$ 4,115.00		
5/30/2019	2767	13011 Stone Valley Dr	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	2/24/2022	\$ 3,080.00		
2/18/2021	3273	12818 Windingwalk Dr	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	2/28/2022	\$ 1,030.00		
2/18/2021	3280	12887 Morning Creek Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	2/28/2022	\$ 1,030.00	\$ 30,835.00	Feb-22
12/3/2020	3223	9877 Meridian Hills Tr	Covington Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/8/2022	\$ 2,055.00		
12/3/2020	3224	9885 Meridian Hills Tr	Covington Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/10/2022	\$ 2,055.00		
9/15/2020	3174	12618 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/11/2022	\$ 2,055.00		
2/18/2021	3272	12814 Windingwalk Dr	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/15/2022	\$ 1,030.00		
2/18/2021	3279	12895 Morning Creek Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/22/2022	\$ 1,030.00		
2/18/2021	3276	9741 Winding Bend Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/29/2022	\$ 1,030.00		
2/18/2022	3281	12879 Morning Creek Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/29/2022	\$ 1,030.00		
3/13/2020	2984	12638 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/31/2022	\$ 2,055.00		
12/18/2020	3235	12670 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/31/2022	\$ 2,055.00		
6/26/2020	3084	10151 Boulder Creek Wy	Covington Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/31/2022	\$ 2,055.00	\$ 16,450.00	Mar-22
11/29/2018	2674	10170 Boulder Ridge Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	4/5/2022	\$ 4,115.00		
12/18/2020	3234	12662 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	4/6/2022	\$ 2,055.00		
12/13/2020	3225	9893 Meridian Hills Tr	Covington Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	4/13/2022	\$ 2,055.00		
3/26/2021	3301	9863 Marble Canyon Way	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	4/13/2022	\$ 1,030.00		
4/9/2021	3311	12780 Enclave Scenic Dr	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	4/13/2022	\$ 1,030.00		
4/9/2021	3309	12847 Morning Creek Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	4/21/2022	\$ 1,030.00		
2/10/2021	3268	12863 Morning Creek Ln	Reunion Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	4/25/2022	\$ 2,055.00		
4/1/2021	3306	9522 Fairway Glen Dr	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	4/25/2022	\$ 1,030.00	\$ 14,400.00	thru April 28
4/14/2021	3313	9853 Marble Canyon Way	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	4/29/2022	\$ 1,030.00		
3/13/2020	2983	12634 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	5/3/2022	\$ 2,055.00		
8/30/2018	2581	12947 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	5/5/2022	\$ 4,115.00		
3/10/2021	3295	12682 Windwinwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	5/26/2022	\$ 2,055.00	\$ 9,255.00	May-22
3/13/2020	2981	12626 Windingwalk Dr	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	6/1/2022	\$ 3,080.00		
9/15/2020	3175	12622 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	6/3/2022	\$ 2,055.00		
10/14/2020	3188	9804 Meridian Hills Tr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	6/6/2022	\$ 2,055.00		
4/6/2021	3307	12772 Enclave Scenic Dr	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	6/8/2022	\$ 1,030.00		
6/1/2021	3319	12764 Enclave Scenic Dr	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	6/8/2022	\$ 1,030.00		
5/19/2021	3316	12740 Enclave Scenic Dr	Covington Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	6/8/2022	\$ 1,030.00		
12/18/2020	3232	12654 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	6/16/2022	\$ 2,055.00		
11/29/2018	2671	12972 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	6/23/2022	\$ 4,115.00		
11/29/2018	2672	12980 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	6/23/2022	\$ 4,115.00		
5/30/2019	2769	12987 Stone Valley Dr	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	6/23/2022	\$ 3,080.00		
3/13/2020	2982	12630 Windingwalk Dr	Campbell Homes	\$ 16,000.00	\$ 600.00	\$ 3,000.00	\$ 55.00	6/24/2022	\$ 3,055.00	\$ 23,645.00	Jun-22
2022 Total									\$ 107,920.00		



MERIDIAN SERVICE METROPOLITAN DISTRICT
Water, Wastewater, Parks and Recreation
11886 Stapleton Dr, Falcon, CO 80831
719-495-6567, Fax 719-495-3349

DATE: June 28, 2022
TO: MSMD Board of Directors
RE: Finance Committee Report

On June 22, 2022 the Board's Finance Committee, Directors Gabrielski and Sauer were sent a list of payments for review and approval of submittal.

- The Finance Committee approved interim MSMD payments in the amount of \$109,314.42 and directed staff to add this to the Board's July 2022 agenda for ratification.

On June 28, 2022 the Board's Finance Committee, Directors Gabrielski and Sauer met with Jim Nikkel, General Manager, Jennette Coe, AFS Manager and Carrie Billingsly, Supervising Accounting Technician. The following is a summary of the meeting:

- The Finance Committee and Raul Guzman received a presentation from Todd Cristiano and Bobby Tech with Raftelis on the Water & Wastewater Financial Plan & Fee Study.
- Staff updated FC on the status of the Audit.
- Staff presented bank account details for ColoTrust Edge accounts.

Submitted by:

A handwritten signature in black ink that reads "Milton B. Gabrielski". The signature is written in a cursive style.

Milton B. Gabrielski, Finance Committee Chair

MSMD Operations Report for June 2022

June water operations completed the monthly Bac-T sampling with no issues. Lead and Copper samples were collected along with 2nd quarter sampling. Monthly water meter reading and water usage performed on 6-24-22. LFH-3 removed, televised, and authorized well rehab which includes lowering the well approximately 290 ft. Latigo and well site #8 are currently being ran in hand pending final comms programming. During booster skid improvements the high demand pump was found to have damage to some control wires requiring replacement. The new motor is installed and aligned pending operational testing. Work has started on the new 16-inch treated waterline from the soon to be constructed filter plant expansion up to the tanks.

Parks and drainage continued weekly pond inspections and removed trash collected in the drainage channels as needed. To date, mainline repairs have been minimal. The few repairs have been from recent fiber installation. Vegetation improvements at Meridian Ranch Blvd and Stapleton are approved, work to begin once all vegetation and materials have been received. Staff has completed overseeding to most of the bare turf areas. Rain showers towards the end of the month have helped to provide additional water. Fence repairs were performed at Longview Park. A new porta toilet service has been chosen due to poor customer service and lack of weekly maintenance. Porta toilet conditions had significantly deteriorated requiring staff to use in house equipment to empty prior to overflowing. The new service provider has installed new toilets at the four parks.

Staff performed weekly infiltration gallery inspections and recorded water level logging data. Monthly flow measurement and calculations taken on 6-21-22. New data loggers have been installed in Winding Walk and The Vistas pit. Two additional infiltration pits off Crooked Hill and north of the High School are in service and being monitored by staff.

The irrigation pond was treated with an algaecide and water dye to help prevent algae growth. Water levels have recouped and continue to maintain at or near full capacity.

Wastewater operations staff completed weekly composite sampling and drop off to Cherokee. Weekly Hydrogen Sulfide (H₂S) and Total Dissolved Solids (TDS) samples were collected during weekly sewer flow meter inspections. Part of the bar screening equipment requires a full replacement to the lower drive chain sprockets and bearings. Parts are on order and installation scheduled following the 6-to-8-week delivery lead time and is being closely monitored.

Upcoming or continued water tasks:

- Monthly meter reading (completed ~~1-27-22, 2-28, 3-25, 4-25, 5-25, 6-25~~, 7-25, 8-25, 9-25, 10-25)
Monthly Bac-T sampling (~~Jan, Feb, Mar, Apr, May, Jun~~, Jul, Aug, Sept, Oct, Nov, Dec)
- ~~1st Quarter monitoring and sampling~~
- ~~2nd Quarter monitoring and sampling~~
- 3rd Quarter monitoring and sampling
- 4th Quarter monitoring and sampling
- ~~Well step testing (mid February ~~2-8, 2-10, 2-18, 2-25-22~~)~~
- Lead and Copper Sampling (bi-yearly) **Half completed**
- ~~Flow control valve replacement (completed ~~5-23-22~~)~~
- ~~Reclamation tank pipe expansion (completed ~~5-20-22~~)~~

Upcoming or continued parks and drainage:

- Continue irrigation repairs/testing (in progress)
- ~~2022 annual backflow testing (completed)~~
- ~~Irrigation spring start up~~
- Irrigation winterization
- Continue fence repairs (in progress)
- Mulch/rock replacement in planter beds (in progress)
- Dead tree removal (in progress)

Upcoming or continued wastewater tasks:

- Sewer force main air vac maintenance/vault inspections (**in progress**)
- Sewer force main flow meter replacement/relocate
- Infiltration pit maintenance (**in progress**)
- ~~Infiltration pit logger installs (2) (pending weather, in progress)~~
- Sewer line maintenance (pending)

July 13th, 2022 Recreation Board Report

Usage Numbers June 1-30, 2022

Total Attendance – 16913

Group Ex – 861 participants. Of those we received \$335 from non-members

Childcare attendance – 446

Parties – 6 – All pool parties

Revenue collected - **\$15,292.50**

Pulse Check:

June has been the busiest month of the year for the recreation center. Attendance has grown to almost 17,000 members with group exercise, childcare, and youth sports also seeing increases. We have had no major concerns to report to the board.

Youth sports has moved into outdoor baseball, and we are utilizing Longview Park for all our activities. We have 4 teams in the younger age group, and 2 in the older age group.

Swim lessons have remained busy as predicted for the summer months. The outdoor pool has been running efficiently and we are anxiously awaiting the delivery and install of the shade structures.

Our new childcare coordinator Sydney has settled into her position and has immediately began growing the childcare service and pushing our parent's night out program, as well as hosting a few mini camps for the summer months.

Tobi has stayed on top of all maintenance items, and we are ensuring all needed repairs and inspections are being completed. We met with Thomas General and are waiting to hear back about the locker room bid. Shade structures, new storage garage, amenity pump replacement, and many other items are in process.

Falcon Freedom Days was held on July 2nd and was a great success. We had roughly 35 participants in our 5k at the recreation center. The event at the shops consisted of 18 booths, 5 inflatables for the kids, a petting zoo, DJ, three food trucks, and a visit from the Falcon Fire Department. I estimate between 1500-2000 people attended the event at the shops. The fireworks launched from north of the high school at 9:30pm and Western Fireworks put on an amazing display as always. We were able to manage the crowd and keep all members of the community outside of the fallout zone. We will provide a full financial report at the August board meeting after compiling all the expenses and fund-raising efforts.



16872 Hale Ave., Suite B
Irvine, CA 92606
Phone: 714-630-5040
Fax: 714-630-1160
www.filtronics.com



PROPOSAL

A PROPOSAL BY
FILTRONICS INC.

PROJECT
Meridian
Service
Metropolitan
District
System
Expansion

Meridian Service Metropolitan District
c/o JDS Hydro Consultants, Inc.
5540 Tech Center Dr.
Colorado Springs, CO 80919

Attn: Ryan Mangino

QUOTATION NO.: 20220228-2
OUR REF: PRO 20220228 Meridian
PROJECT:

Hello Ryan,

We are pleased to offer our proposal covering the following filtration system:

APPLICATION: IRON & MANGANESE REMOVAL

The system is designed for a flow range of 300 to 2000 gpm at no more 100 psi pressure, having a maximum arsenic content of 20 ug/l, iron content of 2.0 mg/l, manganese content of 1.0 mg/l, hydrogen sulfide/dissolved sulfide content of 0.1 mg/l and total organic carbon content of <0.1 mg/l, in the raw water supply. The filtered water will be in accordance with applicable State Health Department Standards for these elements/compounds.

One each, **Filtronics Model FV-10-4, Quadruple *Electromedia*[®] I Automatic Filter Station** designed according to the following specifications utilizing ANSI 60/61 materials as applicable:

FILTER VESSELS – FOUR EACH

The filter vessels shall be 78" diameter x 60" straight sideshell, ends fitted with torispherical and flanged heads. Tank shall be fabricated from carbon steel according to ASME code procedures for unfired pressure vessels, stamped and shall have a working pressure of 100 and test pressure of 130. Ports and connections shall be as follows:

Inlet and Outlet:	6" flanged
Access Hatches:	One each, 12" x 16" oval type in top & side
Drain:	4" Victaulic
Air Vent:	1½" flanged
Supports:	Structural steel H-beam or angle legs
Concrete sealant:	Sealant, catalyst, and color cups for concrete ballast for media support. (Concrete and installation by others.)

FILTER INTERNALS

Filter internal equipment shall consist of upper and lower manifold assemblies of Schedule 80 PVC-1 pipe, ABS upper manifold distribution heads, and PVC collector tubes specifically designed for each vessel size and hydraulically tested at the factory to ensure near uniform distribution of water. Couplings, support braces and hardware to be stainless steel and/or epoxy coated.

REACTION VESSEL

One each, **Filtronics Model V-1900-Reaction Vessel** shall be 60" diameter x 156" straight sideshell, ends fitted with semi-elliptical heads. Tanks shall be fabricated from carbon steel according to ASME code procedures for unfired pressure vessels, and shall have a working pressure of psig and test pressure of psig.

Interior and exterior finishes shall be the same as for filter vessels. Each reaction vessel provided with air vent valve, cast iron body and stainless-steel internals.

LINING AND PAINTING

The pressure vessels shall be internally cleaned and finished to remove all weld splatter or surface irregularities and provide a minimum 1/8" radius. All contaminants shall be removed by solvent washing or steam cleaning per SSPC-SP-1.

All wetted surfaces shall be sandblasted to a shadow free white metal surface per SSPC-SP-5 and shall have an angular profile of 2 to 4 mils. The white metal shall be per pictorial standard Vis-1. The coating shall be factory-applied within eight hours of sandblasting under controlled conditions of humidity and temperature.

The coating shall consist of ANSI 60/60, high solids epoxy applied in a cross-spray application of 6 to 8 mils per coat. The second coat shall not be applied until the first coat has achieved a dry tack-free surface. Each coat will be tested for a holiday free surface and proper thickness with a Tinkor and Razor 67-volt holiday detector and Nordson dry film thickness gauge calibrated prior to each test.

Exterior surfaces shall be commercial blasted to SSPC-SP-6 with epoxy primer applied and a finish coat of polyurethane.

PIPE, VALVES, FITTINGS

Face piping and valve assembly will be provided to connect the filter nozzles as highlighted in the attached drawing. Piping shall be 6" Standard Weight steel pipe with

150# forged steel flanged connections. Fittings shall be 125# cast iron flanged. Pipe 2" and smaller shall be standard galvanized iron threaded with galvanized iron 150# fittings.

Twenty each, 6" wafer type butterfly valves shall be of the wafer body design for installation between 125# flat face or 150# raised face flanges. The valve shall be non-directional and of the dry stem journal design, providing bubble-tight shut off at 200 psi differential pressure.

Valve bodies shall be gray iron to ASTM-A-48 class 20. Valve stems shall be 416 stainless steel of the non-wetted two-piece design with the lower stem acting as a trunnion for the valve disc and the upper stem being the driveshaft.

The valve disc shall be of a high flow design of ASTM B148 aluminum bronze alloy.

The valve disc to stem engagement shall have no mechanical fasteners, allowing the valve disc to float to a perfect seal in the valve seat. The valve seat shall have a rigid phenolic backup ring with Buna-N elastomer bonded to it, rendering the valve seat suitable for pressure or vacuum service. The valve seat shall incorporate its own flange seals and they shall mate with full face or raised face flanges.

The valve body shall incorporate O-ring secondary seals to maintain lubricant in the stem journals and eliminate exterior moisture from the stem journals.

The butterfly valve actuators shall be electric quarter-turn Rotork IQT3 intelligent actuator or equal with 1/60/120-240 volt motor. Actuators shall have network connection to Filter Control Panel

Air vent valve to be cast iron body and stainless-steel internals. Pressure gauges to be 0 to 100 psig.

One each, **6"**, hydraulically operated diaphragm **backwash flow control valve**, 125# class, ASTM-A-126-CL-B, stainless steel stem and spring, guided stem assembly top and bottom, stainless steel tubing and accessories, Y-strainer, flow limiter and set at 590 gpm.

Four each, **4"**, solenoid-operated diaphragm effluent **flow control valve**, 125# class, ASTM-A-126-CL-B, stainless steel stem and spring, guided stem assembly top and bottom, stainless steel tubing, and Y-strainer for a flow range of 200 to 500 gpm.

One each, **3"**, **pressure relief valve** for raw water inlet, 125# class ASTM-A-126-CL-B, stainless steel stem and spring, guided stem assembly top and bottom, stainless steel tubing and accessories. The valve shall have a manually adjustable setting with an initial setpoint of 95 psi.

One each, **6" Magnetic Flow Meter**, designed to meet AWWA standard C704, flanged 150#, stainless steel grounding rings, and fusion epoxy coated internally and externally, shall be provided to be installed in the backwash inlet line to accurately measure backwash rate. The meter converter shall be direct mounted to the meter and provide a 4 to 20 mA output.

Four each, **4" Magnetic Flow Meter**, designed to meet AWWA standard C704, flanged 150#, stainless steel grounding rings, and fusion epoxy coated internally and externally, shall be provided to be installed in the backwash inlet line to accurately measure backwash rate. The meter converter shall be direct mounted to the meter and provide a 4 to 20 mA output.

Nuts, bolts and gaskets for mated flanges only.

AUTOMATION

Automatic controls for full, unattended operation shall be provided. Controls shall be housed in a NEMA 4 steel cabinet for mounting inside a climate-controlled environment.

The controls shall include the following features:

- Allen-Bradley CompactLogix programmable controller
- Allen-Bradley graphic display
- Remote access ethernet modem for PLC update
- Ethernet hub for SCADA connection
- Reset timers for each filter cycle
- Time delayed process start signal
- NEMA 13 oil tight pilot lights and switches
- Status lights for each filter mode
- Low air alarm/push to test pilot light
- Power status pilot light
- External line fuse
- Cabinet mounted adjustable differential pressure switch
- Interlocking control relays for chemical treatment equipment/associated pumps
- Plug-in components for easy servicing and troubleshooting
- Cabinet factory wired and completely tested for function prior to shipment
- UL 508 Certified

ANALYZERS

Two each, Hach TU5300 laser turbidity monitor for reclaim return and final, combined filtered water.

One each, amperometric free chlorine residual analyzer with pH probe.

Two each, HACH SC200 controllers with 4-20 mA outputs to connect to Filter Control Panel

RECLAIM

Reclaim equipment and accessories are offered to suit a two-tank system with the capability for each tank to operate independently or to alternate service between the two tanks.

One each, 4" **Magnetic Flow Meter**, designed to meet AWWA standard C704, flanged 150#, stainless steel grounding rings, and fusion epoxy coated internally and externally, shall be provided to be installed in the reclaim return line measure flow rate and to be used for the automatic control of the reclaim pump.. The meter converter shall be direct mounted to the meter and provide a 4 to 20 mA output.

Two each, 6" floating suction strainer with stainless steel basket and enclosed foam float.

Two pieces, 20 feet long six-inch diameter PVC non-floating hose to be cut to fit by the installation contractor.

Two each, ten-inch butterfly valves with electric actuator for reclaim tank inlet.

Two each, three-inch butterfly valves with electric actuator for reclaim pump outlet.

Two each, three-inch diameter check valve for reclaim pump discharge.

One each, four-inch diameter check valve for reclaim return on raw water line.

Two each, submersible pressure sensor with 23-foot long cord and plastic junction box with 2" MNPT connection for 4 – 20 mA connection to Filter Control Panel.

Two each, submersible reclaim pumps to be connected to a variable frequency drive. 3/60/240-480 Volt motor.

MEDIA

Four each **Electromedia**[®] I load for Model FV-10 filter, ANSI 60/61 approved, including support layers, shall be provided. **Installation of concrete ballast for media support, sealant, and media shall be by others.**

CUSTOMER TO FURNISH

Single phase power to terminal strips located on control enclosure.

THIS PROPOSAL DOES NOT INCLUDE

1. Installation
2. Exterior plumbing
3. Exterior wiring, magnetic starters, disconnect switches, or overload protection
4. Concrete or concrete design
5. Any other item not specifically mentioned in this proposal
6. Freight

THIS PROPOSAL DOES INCLUDE

1. Filtration system drawings and submittal data in electronic form
2. Up to five days of assistance to contractor/owner to place system in operation
3. Two days of on-site assistance with Rotork representative for installation verification and actuator configuration.
4. Operation and maintenance manuals in electronic form

TERMS

- To approved credit accounts
 - * 20% with order, Net 15 days
 - * 30% with drawings, Net 15 days
 - * 45% upon shipment, or available on our dock for shipment
- 5% with start-up or net 90 days, whichever comes first
- F.O.B. Irvine, California
- Price does not include any applicable taxes
- This proposal valid for thirty (30) days

SHIPMENT

- 14 - 16 weeks **after approval of all drawings and receipt of deposit(s).**
- Approximate shipping weight: 59,200 lbs.
- Partial shipments accepted

PRICE-----\$1,281,010.00

Very truly yours,

FILTRONICS, INC.

David Palmer

David Palmer

ACCEPTED: Meridian Service Metropolitan District

PROJECT: Water Treatment Capacity Expansion

By: _____

Title: _____

Date: _____

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Filtronics GENERAL TERMS OF SALE

Filtronics, Inc. hereinafter "Seller" is an original equipment manufacturer. The equipment sold contains proprietary, trade secrets of Seller and shall not be disclosed.

1. **Terms of Payment:** All invoices are due and payable fifteen (15) days from the date of the invoice. No discounts are authorized, unless otherwise specified.
2. **Shipping Point:** All prices are F.O.B. Seller's plant in Anaheim, California, unless otherwise expressly provided in this contract.
3. **Delivery:** The shipping dates as specified above are approximate; are subject to the Seller's prompt receipt from the of all necessary information and are subject to the Seller's current production schedules. Seller shall not be liable in any respect for failure to ship or for delay in shipment where such failure or delay shall be due in whole or in part to shortage or curtailment of materials, labor, transportation or utility services, or due to any labor or production difficulty in Seller's plant or those of its suppliers, or to any cause beyond Seller's control.
4. **Failure to Reject:** Before the materials covered hereby are used and within five (5) days of receipt of shipment, the Buyer shall notify the Seller, in writing, of any defects or omissions. Failure to so notify the Seller shall constitute an irrevocable acceptance of the goods.
5. **Taxes:** Sales, use, excise, property or similar taxes arising out of or relating to this order or the goods delivered are not included in the price, except as otherwise specifically stated in the invoice. All such taxes are the responsibility of the Buyer. The Seller shall have the right at any time to separately bill the Buyer for any such tax which the Seller may be called upon to pay, and the Buyer shall be obligated to pay Seller such amount.
6. **Force Majeure:** Neither party shall be liable for any failure or delay in performance under this Agreement (other than for delay in the payment of money due and payable hereunder) to the extent said failures or delays are proximately caused by causes beyond that party's reasonable control and occurring without its fault or negligence, including, without limitation, failure of suppliers, subcontractors, and carriers, or party to substantially meet its performance obligations under this Agreement, provided that, as a condition to the claim of non-liability, the party experiencing the difficulty shall give the other prompt written notice, with full details following the occurrence of the cause relied upon. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused.
7. **Warranty:** Seller guarantees equipment of its own manufacture to be free from defects in material and workmanship for a period of 18 months from the invoice date or 12 months from the date of installation, whichever is sooner, and when the equipment is paid for, properly operated and maintained. No warranty is given for products or components which have been subject to misuse, improper installation, corrosion, or which have been disassembled, modified, or repaired by unauthorized persons. No other express or implied warranty is given and THE SELLER MAKE NO WARRANTY OF MERCHANTABILITY AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF.
8. Seller's liability, if any, shall be limited to the value of the product as supplied to the Buyer. The Seller at its option may repair or replace any equipment found to be defective. All shipping and field warranty inspection costs shall be paid by the Buyer. It is expressly agreed that the remedy provided in this section shall be the exclusive remedy against the Seller for all such claims of any kind. In no event, whether as a result of breach of contract or warranty or alleged negligence, or of any other claim or any other kind shall the Seller be liable for special or consequential damages including, but not limited to loss of profits or revenue, loss of use of the equipment or any associated equipment, cost of capital, cost of substitute equipment, facilities or services, down time costs, or claims of customers of the purchasers for such damages. The Buyer assumes all responsibility for loss or damages resulting from the handling or use of the material or goods covered hereby.
9. **Technical Advice:** Seller, upon Buyer's request, may furnish technical advice with reference to the use of the material sold hereunder, if and to such extent as Seller has such advice conveniently available; but it is expressly agreed that there is no obligation to furnish any such advice, and that if any advice or assistance is furnished, which will be without charge, it shall be given and accepted at Buyer's risk, and Seller shall not be responsible or liable for the advice or assistance given or results thereof.
10. **Entire Contract:** This Agreement constitutes the entire contract of sale and purchase of the goods named herein. No modification hereof shall be of any force or effect unless in writing and signed by the party claimed to be bound thereof.
11. **Waiver:** The failure of the Seller to insist, in any one instance or more, upon the performance of any of the covenants or conditions of this contract, or to exercise any right or privilege herein conferred, shall not be construed as thereafter waiving any such covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect.
12. **Financial Responsibility:** If payment is not made in accordance with the terms of this agreement, or if the Seller shall have any doubt at any time of Buyer's financial responsibility, Seller may withhold delivery of goods or services called for hereunder.
13. **Risk of Loss:** The risk of loss of the goods shall pass to Buyer as soon as the goods are delivered to Buyer at Seller's plant.
14. **Attorney's Fees:** The Buyer shall pay for the Seller's costs of collection of Buyer's debt hereunder, including attorney's fees.
15. **Applicable Law:** This agreement shall be governed by the laws of the State of California and any claim arising hereunder shall, at the Seller's election, be prosecuted in the appropriate court of Orange County, California. The Buyer hereby attorns to the jurisdiction and judgment of the courts of the County of Orange, State of California, and agrees that a judgment of an Orange County, California court shall be enforceable in the jurisdiction in which the Buyer is located.
16. **Late Charges:** Overdue accounts shall bear interest at the rate of one and one half percent (1 ½%) per month until paid.
17. **Acceptance of Shipment:** Acceptance of shipment constitutes acceptance of above terms and conditions.

X:\Sales\Proposals\Meridian Service Metro District Expansion\Red Book\2 Sales Order, P.O., Credit App, Proposal\PRO 20220228-2 Meridian 4FV10.doc

**PURCHASE AND SALE AGREEMENT
TAMLIN ROAD WATER SYSTEM
GTL/MSMD**

THIS PURCHASE AND SALE AGREEMENT (“Agreement”) is made and entered into this ___ day of ____, 2022, by and between GTL Development, Inc. (“Seller” or “GTL”) and Meridian Service Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado (“Purchaser” or “MSMD”).

RECITALS

A. GTL is a party to a Pipeline Agreement, dated July 1, 2000, between GTL and Falcon Properties and Investments, LLP (“Pipeline Agreement”).

B. Pursuant to the Pipeline Agreement, GTL paid for one half the cost of the construction of a certain 12” underground water distribution pipeline and related improvements including a water booster pump station and water line along Tamlin Road in El Paso County, Colorado to deliver water from the Cherokee Metropolitan District water tank located on Marksheffel Road along Tamlin Road to Woodmen Hills Metropolitan District (the “Tamlin Water System”).

C. The Tamlin Water System consists of the existing approximately 22,550 lineal feet of 12” ductile iron water line, 6,630 lineal feet of 16” PVC water line, 375 lineal feet of 12” PVC water line bends, lowerings, gate valves, blow off valves, air release valves, anodes, test stations and all other appurtenances as shown on the Construction Drawings For Woodmen Hills Metro District, 12” Water Transmission Line, sheets 1 – 15 county approved dated 4-24-2000, the Construction Drawings for Banning Lewis Ranch, Woodmen Hills Metropolitan District 12” Water Relocation Plan and Profile, 9 sheets, dated November 2020, and the Construction Drawings for Banning Lewis Ranch Filing No. 37 & 38, Existing 12” Water Main Lowering, 2 sheets, dated January 2022. The Tamlin Water System also consists of the existing water booster pump station located at the Cherokee Metropolitan District water tank and as shown on the Tamlin 12” Transmission Line Pump Station 90% Drawings sheets G1, G2, G3, C1 and P1, dated 9-26-2000.

D. GTL, between June 2000 and March 2002, paid a total of approximately \$906,244.50 as its 50% share of the cost for construction of the Tamlin Water System.

E. As a result of the payments made by GTL under the Pipeline Agreement, GTL became the owner of 50% of the Tamlin Water System, including perpetual use of 50% of the capacity of the system.

F. Under the Pipeline Agreement, the Tamlin Water System is to be operated by Woodmen Hills Metropolitan District (“Woodmen Hills”) and GTL is responsible for a proportionate share of the maintenance, repairs, taxes, insurance, electrical power, pumping costs, overhead, administrative, supervision and replacement costs (collectively, the “Maintenance

Costs”), with such share being based on the direct annual proportion of usage of the Tamlin Water System.

G. GTL has used the Tamlin Water System periodically to deliver water to MSMD for MSMD’s use in providing water service under its Service Plan.

H. MSMD is a party to a Metropolitan Districts Intergovernmental Agreement (Woodmen Hills-Meridian Ranch), dated March 17, 2004, between MSMD and Woodmen Hills (the “Districts IGA”).

I. Pursuant to the Districts IGA, MSMD has the right to deliver and has delivered water through the Tamlin Water System to and through the Woodmen Hills Development to MSMD’s water system at Meridian Ranch. All conditions in the Districts IGA regarding the Tamlin Water System have been met.

J. The Pipeline Agreement allows for GTL to assign its respective ownership rights and responsibilities in the Tamlin Water System to MSMD without the consent of Falcon Properties and Investments, LLP, or its assignees, if any.

K. GTL desires to sell the Tamlin Water System to MSMD, and MSMD desires to purchase the same on the terms and conditions contained herein.

NOW THEREFORE, for good and valuable consideration as set forth below, GTL and MSMD agree as follows:

1. **Agreement to Purchase and Sell:** GTL shall sell and MSMD shall purchase the Tamlin Water System on the following terms and conditions:

a. Closing shall occur within 30 days of the Effective Date (“Closing Date”).

b. On the Closing Date, GTL shall convey to MSMD all of GTL’s right, title and interest in and to the Tamlin Water System, as is, by Assignment and Bill of Sale (the “Assignment”), and shall assign to MSMD the Pipeline Agreement, including, but not limited to, all rights in and to the use of said system as set forth in the Pipeline Agreement, and all obligations from the Closing Date forward to pay for the annual proportionate share of the Maintenance Costs as set forth in the Pipeline Agreement, and any/all other rights and obligations set forth therein.

c. The purchase price shall be \$900,000.00, representing a discounted amount that covers, in part, GTL’s cost of construction, costs of design, electric bring up, carrying costs, overhead, legal and all other costs and fees of the Tamlin Water System. Payments shall be made by MSMD to GTL in installments as follows:

1. \$300,000.00, due prior to Feb. 1, 2023.

2. \$300,000.00, due prior to Feb. 1, 2024.

3. \$300,000.00, due prior to Feb. 1, 2025.

d. GTL will acknowledge in t the Assignment these terms and its understanding that amounts for the installment payments set forth above have not been budgeted for or appropriated by MSMD and that any and all such installment payments are subject to the MSMD's annual budget and appropriation process.

e. The installment payments shall be paid in cash by wire transfer pursuant to wire instructions to be provided by GTL to MSMD.

f. If MSMD fails to make any of the installment payments when due, as set forth in paragraph 1. c. hereof, and, if, after 15 days' written notice and opportunity to cure, MSMD has not cured such default, ownership of the Tamlin Water System shall automatically revert to GTL. This reversionary language shall be contained in the Assignment. MSMD shall execute any documents necessary, in recordable form, to effectuate such reversion immediately upon request of GTL.

2. **Insurance:** At all times from the Closing Date to the date of the last installment payment pursuant to paragraph 1.c. hereof, MSMD shall include the Tamlin Water System as part of its property and liability insurance policies, insuring against any bodily injury, personal injury and property damage with respect to the use, maintenance and operations of the Tamlin Water System and the amount of such insurance policies shall be commercially reasonable. MSMD shall name GTL as an additional insured on such policies. This obligation shall cease if the automatic reversion referenced in paragraph 1. f. above occurs.

3. **Payments Under Pipeline Agreement:** At all times from the Closing Date to the date of the last installment payment pursuant to paragraph 1. c. hereof, MSMD shall pay all of the proportionate share of the Maintenance Costs for the Tamlin Water System under the Pipeline Agreement. In the event that MSMD does not pay all of the proportionate share of the Maintenance Costs for the Tamlin Water System in a timely manner, GTL has the right, but not the obligation, to pay such costs, and MSMD shall reimburse GTL upon receipt of an invoice with interest thereon accruing at eight percent (8%) per annum until paid. This obligation shall cease if the automatic reversion referenced in paragraph 1. f. above occurs.

4. **Miscellaneous:**

a. **Governing Law.** The validity, meaning and effect of this Agreement shall be determined in accordance with the laws of the State of Colorado.

b. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

c. Captions. The captions in this Agreement are inserted for convenience of reference and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.

d. Assignability. Neither party may assign its rights under this Agreement without the prior written consent of the other.

e. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns.

f. Modifications/Waiver. No waiver, modification, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is sought.

g. Entire Agreement. This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations or statements, oral or written, are superseded hereby.

h. Partial Invalidity. Any provision of this Agreement that is unenforceable or invalid or the inclusion of which would impair the validity, legality or enforcement of this Agreement shall be of no effect, but all the remaining provisions of this Agreement shall remain in full force and effect.

i. No Third Party Rights. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successor and assigns, any rights or remedies under or by reason of this Agreement.

j. Attorneys' Fees. In the event of any controversy, claim or dispute between the parties affecting or relating to the subject matter or performance of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all of its reasonable attorneys' fees and costs incurred in such action.

k. Dispute Resolution. The parties agree that should any dispute arise over this Agreement, the same shall be resolved by binding and mandatory arbitration to be held in El Paso County, Colorado, before one mutually-agreed to arbitrator who shall make all decisions concerning procedure and discovery. Should the parties be unable to agree upon said arbitrator, the dispute shall be resolved by binding and mandatory arbitration to be held in El Paso County, Colorado, before a panel of three arbitrators, who shall make all decisions concerning procedure and discovery. Each party shall select one arbitrator, and the two selected arbitrators shall mutually-agree on the third arbitrator to comprise the panel. The cost of the arbitrator(s) shall be paid equally by the parties.

l. No Waiver of Governmental Immunity. MSMD, its directors, officials, officers, agents and employees are relying upon and do not waive or abrogate, or intend to waive or abrogate by any provision of this Agreement the monetary limitations or any other rights, immunities, or protections afforded by the Colorado Governmental Immunity Act, C.R.S Section 24-10-101, *et seq.*, as the same may be amended.

m. Appropriation. All financial obligations of MSMD under and pursuant to this Agreement are subject to prior appropriations of monies expressly made by MSMD for the purposes of this Agreement.

n. No Personal Liability. No elected official, director, officer, agent or employee of MSMD shall be charged personally or held contractually liable by or to the other party under any term or provision of this MSMD or because of any breach thereof or because of its or their execution, approval or attempted execution of this Agreement.

o. Effective Date. The Effective Date is the date first written above.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the Effective Date.

SELLER
GTL DEVELOPMENT, INC.

Raul Guzman, Vice President

PURCHASER
MERIDIAN SERVICE METROPOLITAN
DISTRICT

Milton Gabrielski, Board President

**ASSIGNMENT AND BILL OF SALE
(TAMLIN WATER SYSTEM)**

THIS ASSIGNMENT AND BILL OF SALE (TAMLIN WATER SYSTEM) (“Assignment”) is made and entered into this ___ day of _____, 2022, by and between GTL Development, Inc. (“GTL”), a California corporation, and Meridian Service Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado (the “MSMD”).

RECITALS

A. GTL is a party to a Pipeline Agreement, dated July 1, 2000, between GTL and Falcon Properties and Investments, LLP (“Pipeline Agreement”).

B. GTL is the 50% owner of a certain 12” underground water distribution pipeline and related improvements, including a water booster pump station and water line along Tamlin Road in El Paso County, Colorado, to deliver water from the Cherokee Metropolitan District water tank located on Marksheffel Road along Tamlin Road to Woodmen Hills Metropolitan District (the “Tamlin Water System”), including perpetual use of 50% of the capacity of the Tamlin Water System.

C. The Tamlin Water System consists of the existing approximately 28,500 lineal feet of 12” ductile iron water line, 6,630 lineal feet of 16” PVC water line, 375 lineal feet of 12” PVC water line bends, lowerings, gate valves, blow off valves, air release valves, anodes, test stations and all other appurtenances as shown on the Construction Drawings For Woodmen Hills Metro District, 12” Water Transmission Line, sheets 1 – 15 county approved dated 4-24-2000, the Construction Drawings for Banning Lewis Ranch, Woodmen Hills Metropolitan District 12” Water Relocation Plan and Profile, 9 sheets, dated November 2020, and the Construction Drawings for Banning Lewis Ranch Filing No. 37 & 38, Existing 12” Water Main Lowering, 2 sheets, dated January 2022. The Tamlin Water System also consists of the existing water booster pump station located at the Cherokee Metropolitan District water tank and as shown on the Tamlin 12” Transmission Line Pump Station 90% Drawings sheets G1, G2, G3, C1 and P1, dated 9-26-2000.

D. Under the Pipeline Agreement, the Tamlin Water System is to be operated by Woodmen Hills Metropolitan District (“Woodmen Hills”) and GTL is responsible for a proportionate share of the maintenance, repairs, taxes, insurance, electrical power, pumping costs, overhead, administrative, supervision and replacement costs (collectively, the “Maintenance Costs”), with such share being based on the direct annual proportion of usage of the Tamlin Water System.

E. The Pipeline Agreement allows for GTL to assign its respective ownership rights and responsibilities in the Tamlin Water System to MSMD without the consent of Falcon Properties and Investments, LLP, or its assignees, if any.

F. GTL desires to assign to MSMD all of GTL’s right, title and interest in the Tamlin Water System and the Pipeline Agreement, and MSMD desires to accept assignment of the same.

NOW THEREFORE, for good and valuable consideration as set forth below, GTL and MSMD agree as follows:

1. GTL hereby assigns, sells and transfers to MSMD all of GTL's right, title and interest in and to the Tamlin Water System, including but not limited to all rights in and to use said system as set forth in the Pipeline Agreement, and all obligations from the date of this Agreement forward to pay for the annual proportionate share of the Maintenance Costs as set forth in the Pipeline Agreement, and any and all other rights and obligations of GTL set forth in the Pipeline Agreement, and MSMD hereby assumes the same.

2. In consideration for the conveyance from GTL, MSMD shall pay to GTL the total amount of \$900,000 in installments as follows:

- a. \$300,000, due prior to February 1, 2023.
- b. \$300,000, due prior to February 1, 2024.
- c. \$300,000, due prior to February 1, 2025.

3. If MSMD fails to make any of the installment payments when due, and, if, after 15 days' written notice and opportunity to cure, MSMD has not cured such default, ownership of the Tamlin Water System, including all rights and obligations under the Pipeline Agreement, shall automatically revert to GTL; provided, however, that if there are any unpaid Maintenance Costs or other obligations that arose prior to the date of reversion, such obligations shall remain MSMD's obligations and GTL shall not assume the same. MSMD shall execute any documents necessary, in recordable form, to effectuate such reversion immediately upon request of GTL.

4. GTL acknowledges its understanding that amounts for the installment payments set forth above have not been budgeted for or appropriated by MSMD and that any and all such installment payments are subject to MSMD's annual budget and appropriation process.

5. GTL warrants and represents that it has not made any prior conveyance, transfer or assignment of the Tamlin Water System or of any of its rights or obligations under the Pipeline Agreement.

6. MSMD shall include the Tamlin Water System as part of its property and liability insurance policies, insuring against any bodily injury, personal injury and property damage with respect to the use, maintenance and operations of the Tamlin Water System. MSMD shall name GTL as an additional insured on such policies until the date the final payment is made to GTL pursuant to paragraph 2(c) hereof. This obligation shall cease if the automatic reversion referenced in paragraph 3 above occurs.

7. To the extent allowed by law, MSMD shall indemnify, keep and hold harmless GTL and its respective officers, directors, shareholders, employees and agents from and against all claims, demands, suits, fines, liability, losses, damages, costs and expenses (including reasonable legal expenses) arising out of or in connection with the use, occupancy, maintenance,

repair, operations or any activity conducted or condition created related to the Tamlin Water System and the Pipeline Agreement.

8. This Assignment may be executed in one or more counterparts.

9. This Assignment shall be governed by and construed under the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties have executed this Assignment to be effective on the day and year first written above.

GTL DEVELOPMENT, INC.

Raul Guzman, Vice President

MERIDIAN SERVICE METROPOLITAN
DISTRICT

Milton Gabrielski, Board President