

On December 8, 2022, the District filed a Complaint in Adams County District Court (Case No. 2022 CV 31644) (the “**Litigation**”) against North Range Metropolitan District No. 1 and the Board of Directors of North Range Metropolitan District No. 1 (collectively, “**NR1**”) and North Range Metropolitan District No. 2 and the Board of Directors of North Range Metropolitan District No. 2 (collectively, “**NR2**” and together with NR1, the “**Original Defendants**”). In November 2023, the District Court authorized the District to add North Range Metropolitan District No. 3 and the Board of Directors of North Range Metropolitan District No. 3 (collectively, “**NR3**” and together with the Original Defendants, the “**Defendants**”). The Introduction to the Second Amended Complaint (filed December 5, 2023) summarizes the District’s position as follows:

Through this lawsuit, [the District] seeks a declaration that [NR1, NR2 and NR3] cannot simply refuse to take legally required action to pay their debts incurred to fund tens of millions of dollars of public improvements installed within the boundaries of NR1, NR2 and NR3 (the “**Public Improvements**”). NR1, NR2 and NR3 are in violation of certain agreements [particularly the Mill Levy Equalization and Pledge Agreement (as amended, the “**MLEPA**”) and the District Operating Services Agreement (the “**Operating Services Agreement**” and together with the MLEPA, the “**Agreements**”), both originally dated June 3, 2016] between the parties as well as in violation of the Supplemental Public Securities Act, C.R.S. §11-57-201 et seq. To preserve the Public Improvements and to ensure compliance with the pertinent securities, [the District] asks the Court to declare that the agreements are valid, issue a preliminary and permanent injunction, issue a writ of mandamus, and to impose the equitable remedy of a receiver.

If NR1, NR2 and NR3 are allowed to continue on their unlawful course of conduct and to challenge the validity of the securities more than 5 years after their claims were statutorily barred by Colorado law, the strong public policy in favor of providing certainty to the public financing market will be gravely undermined. Indeed, allowing such a late and time-barred challenge to the securities here would send ripples through the Colorado municipal financing market, potentially jeopardizing billions of dollars’ worth of municipal bonds for all Colorado issuers – the State, municipalities, counties school districts, and literally hundreds of other local governments, and grind real estate development in Colorado to a halt. This Court must not countenance such effects and undermine the express policy determination made by the legislature to preclude such claims by any party more than 30 days after an issuer authorizes an obligation.”

On February 7, 2023, the District Court issued a ruling from the bench granting the preliminary injunction and ordering the appointment of a receiver for NR1 and NR2. As of the date of this Annual Report, The Receiver Group, LLC was appointed by the District Court to serve as receiver by Orders dated May 9, 2023 (the “**May 2023 Orders**”), which were subsequently amended March 18, 2024. The Original Defendants filed a Motion to Modify the May 2023 Orders. That motion is fully briefed but has not been ruled upon by the District Court.

On December 18, 2023, the parties filed a Joint Advisement of Issues for December 21, 2023 Hearing related to NR1's refusal to certify a mill levy for collection in 2024 in accordance with the May 2023 Orders and the Agreements. After a hearing on the issues, the District Court entered a Mandamus Order on December 21, 2023 ordering NR1 to certify its mill levy for collection in 2024 consistent with the May 2023 Orders and the Agreements.

NR3 filed a Motion to Dismiss all of the District's claims on January 8, 2024, which is fully briefed but not yet decided by the District Court.

On March 5, 2024, the Original Defendants filed their First Amended Answer and Counterclaims. The Original Defendants now assert seven counterclaims against the District: (1) declaratory relief that the MLEPA invalid, (2) breach of contract related to the MLEPA, (3) breach of contract related to the Operating Services Agreement (new since last Annual Report), (4) civil theft for transfer of funds subject to the MLEPA, (5) appointment of a receiver over the District (new since last Annual Report), (6) injunctive relief (new since last Annual Report), and (7) mandamus relief under C.R.C.P. 106(a)(2) (new since last Annual Report).

On March 26, 2024, the District filed a Partial Motion to Dismiss NR1 and NR2's First Amended Counterclaims, seeking to dismiss all of NR1 and NR2's First, Third and Fourth Counterclaims, and most of the Second Counterclaim. Also on March 26, 2024, the District filed a Partial Reply to Counterclaims, replying to those Counterclaims of NR1 and NR2 for which the District was not seeking dismissal.