

2025 ANNUAL REPORT TO THE CITY OF COLORADO SPRINGS

Pursuant to the Amended and Restated Service Plan for **The Sands Metropolitan District Nos. 1-3** (collectively, the “District” or “Districts”), the Districts are required to submit an annual report to the Director of the City’s Budget Department, as follows:

Please provide the following additional information:

1. Boundary changes made or proposed to the Districts’ boundaries as of December 31 of the prior year.

There were no boundary changes during the report year.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed, as of December 31 of the prior year.

An Intergovernmental Agreement re District Operations and Outstanding Reimbursement Obligations between The Sands Metropolitan District Nos. 1, 2, 3 and 4 was entered into on December 13, 2016.

An Intergovernmental Agreement between the City of Colorado Springs and The Sands Metropolitan District Nos. 1-3 was entered into on June 6, 2018.

No other IGAs exist at this time.

3. Access Information for the Districts’ Rules and Regulations, if any, as of December 31 of the prior year.

Declaration of Covenants, Conditions and Restrictions for Morningview were recorded with the El Paso County Clerk and Recorder’s office on January 16, 2020. The Covenants are public record and can be found online or by request to the Clerk and Recorder’s office. They are also available via the [Districts' website](#).

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District Legal Counsel: Spencer Fane LLP
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4. A summary of any litigation which involves the Public Improvements as of December 31 of the prior year.

There is no litigation, notices of claim, pending or threatened, against the District of which we are aware.

5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.

The Sands Subdivision 1st Filing public improvements have been completed and certified to the District during the reporting period. The District engineer has certified that those public improvements were installed per approved plans submitted and approved by the City. All public improvements needed for the development have been completed and certified to the City or the District as appropriate. Any final certifications or final acceptance, to the extent not already given will be obtained and verified with the City or District upon final acceptance and expiration of any applicable warranty required per the Development Agreements with the City.

6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.

To the best of our knowledge and belief, water, sewer, street and storm drainage improvements related to the Sands Subdivision 1st Filing were completed in accordance with the approved plans and plat on file with and approved by the City, and completed improvements were dedicated to the City for acceptance during the reporting year. For the 2021 report year, the improvements were substantially completed and the improvements for the 1st Filing as of August 2020; the Developer has constructed public improvements needed for the development in accordance with plans approved by the City. Once completed, public improvements are dedicated to the City or the District as appropriate, in accordance with approved development plans of the City.

7. The assessed valuation of the District for the current year.

District 1: \$4,989,910

District 2: \$8,416,030

District 3: \$4,306,730

8. Current year budget including a description of the Public Improvements to be constructed in such year.

The 2026 budgets are on file with the Division of Local Government and can be obtained via the [DOLA online portal](#).

9. Audit of the Districts, and any entity formed by one or more of the Districts, and financial statements for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

Applications for exemption from audit were filed and accepted for District Nos. 1, 2 and 3, as the revenues and expenditures were less than \$750,000 in 2025. Copies of the exemptions can be obtained from the [State Auditor online portal](#).

10. Notice of any uncured events of default by any of the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

None.

11. Any inability of a District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

None.

12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

The Certificate of External Financial Advisor for District No. 2 was filed with the 2023 Annual Report. Refer to Exhibit B of the 2023 Annual Report as on file in your records.

Dated: June 26, 2026

/s/ David S. O'Leary

David S. O'Leary, Counsel for the Districts