

**VILLAS METROPOLITAN DISTRICT
2023 ANNUAL REPORT**

Pursuant to § 32-1-207(3)(c), C.R.S., and the Service Plan for Villas Metropolitan District (the “**District**”), the District is required to provide an annual report to Douglas County (the “**County**”) with regard to the following matters:

For the year ending December 31, 2023, the District makes the following report:

§ 32-1-207(3), C.R.S., Statutory Requirements

1. Boundary changes made.

There were no boundary changes or proposed boundary changes in 2023.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

The District did not enter into any intergovernmental agreements in 2023.

3. Access information to obtain a copy of rules and regulations adopted by the board.

Copies of the governing documents may be found on the District’s official website:
<https://engage.goenumerate.com/s/villasmetro/>.

4. A summary of litigation involving public improvements owned by the District.

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2023.

5. The status of the construction of public improvements by the District.

The District did not construct in public improvements in 2023. Cardel Parker Limited Corporation (the “**Company**”) is the entity currently in charge of constructing public improvements.

6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.

There were not any facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality in 2023. The Company is the entity responsible for conveying or dedicating dedicate such facilities and/or improvements to the County or municipality.

7. The final assessed valuation of the District as of December 31st of the reporting year.

The District's assessed valuation for 2023 was \$6,424,690 pursuant to the Douglas County Assessor.

8. A copy of the current year's budget.

A copy of the 2024 Budget is attached hereto as **Exhibit A**.

9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

A copy of the 2023 Audit will be provided once available as a supplement to this report.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District

The District is not aware of any uncured defaults which continued beyond a 90-day period under any debt instrument of the District.

11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.

There was no inability of the District to pay its obligations as they came due, in accordance with the terms of any such obligations, which continued beyond a 90-day period.

Service Plan Requirements
VILLAS METROPOLITAN DISTRICT
2023 ANNUAL REPORT

(For Activities Completed in 2023, and With Information About Prospective Years)

Pursuant to the approved Service Plan of Villas Metropolitan District (the “**District**”), the District is responsible for submitting an annual report to the County no later than July 1 of each year in accordance with the procedures set forth in §§ 32-1-207(3)(c) and (d), C.R.S., as amended, and conform to the format as noted in Exhibit K of the Service Plan.

The District hereby submits the following information and attachments:

I. District Description – General Information

a. Board Members:

Director	Office	Term
Kathryn Witt	Treasurer	2027
Cynthia Vinarski	Secretary	2025
Andrea Etchell	Secretary	2025
Fred Blackmon	Secretary	2027
Matthew Gibb	President	2027

b. Changes in board membership in the past year:

The District called an election for May 2, 2023. That election was cancelled since there were not more candidates for directors than offices to be filed. Kathryn Witt, Fred Blackmon and Matt Gibb were declared elected and notice was published in the March 23, 2023 edition of the *Douglas County News Press* regarding same.

c. Name and address for official District contact:

District Manager
Heather Star
MSI, LLC
11002 Benton Street
Westminster, CO 80020
Telephone: (303) 420-4433
Email: hstar@msiho.com

District Legal Counsel
Heather L. Hartung, Esq.

White Bear Ankele Tanaka & Waldron
2154 E. Commons Ave., Suite 2000
Centennial, CO 80122
Telephone: (303) 858-1800
Email: hhartung@wbapc.com

d. Elections held in the past year and their purpose:

The District held a regular election May 2, 2023 for the purpose of electing directors. See additional information above.

II. Boundary changes for the report year and proposed changes for the coming year.

There were no boundary changes for the report year or proposed changes in 2024.

III. List of intergovernmental agreements (existing or proposed) and a brief description of each detailing the financial and service arrangements.

The District has not entered into any intergovernmental agreements as of the 2023 report year.

a. Contracts for operations, debt, and other contractual obligations with subdistricts or operating and taxing districts:

Not applicable. There are no subdistricts.

b. Reimbursement agreements with developers and/or builders for advances to fund capital costs and administrative/operational and maintenance costs of the District:

The District entered into an Advance and Reimbursement Agreement with a partner in the Developer, Cardel Homes US Limited Partnership (“Cardel Homes US LP” or the “Prior Developer”) effective as of March 7, 2017 (the “Original Agreement”), which was amended pursuant to: (i) the First Amended Reimbursement Agreement dated June 1, 2018, which provides that the Cardel Parker, Limited Partnership (“Cardel Parker”) is the successor in interest to the Prior Developer and that Cardel Parker acquired and now holds and owns the rights to the reimbursements set forth in the Original Agreement; and (ii) the First Amendment to Advance Acquisition and Reimbursement Agreement dated August 2018, which provides that the Prior Developer is fully released from all liabilities and obligations under the Original Agreement, and that the District is to look only to Cardel Parker for performance and satisfaction in connection with the Original Agreement (as so amended, the “Advance and Reimbursement Agreement”). Subsequently, an Assignment and Assumption of Advance, Acquisition and Reimbursement Agreement dated June 1, 2018 was entered into between the Prior Developer and Cardel Parker whereby Cardel Parker is to receive all the right, title and interest in, to and under the Advance and Reimbursement Agreement.

IV. Service Plan

a. List and provide description of services authorized in Service Plan.

The District is authorized to perform the following services pursuant to the Service Plan: water, storm sewer, sanitation and wastewater treatment, street improvements, traffic safety protection, parks and recreation, covenant enforcement and design review, and security services.

b. List and provide description of facilities authorized in Service Plan.

The District is authorized to provide facilities to the extent they are necessary for the provision of the services authorized in the Service Plan.

c. List and provide description of any extraterritorial services, facilities and agreements.

Not applicable.

V. Development Progress

a. Indicate the estimated year of build-out, as set forth in the Service Plan.

The estimated year of buildout in the Service Plan was 2021.

b. List the services provided with the date service began compared to the date authorized by the Service Plan.

- a. Trash service and design review began in March 2018*
- b. Landscaping began in March 2018*.

*Dates not specified in Service Plan.

d. List changes made to the Service Plan, including when the change was authorized, when it was implemented or is expected to be implemented.

There have been no changes made to the Service Plan.

e. List facilities to be acquired or constructed or leased back as set forth in the Service Plan and compare the date of completion or operation with the date authorized by the Service Plan.

None.

f. List facilities not completed. Indicate the reason for incompleteness and provide a revised schedule.

The District is not aware of any facilities not completed. Construction of such facilities is handled by the Company.

- g. List facilities currently under construction with the percentage complete and an anticipated date of completion.**

The District does not currently have any construction projects. The Company is responsible for the construction of the Public Improvements.

- h. List of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality.**

Not applicable. The District is not responsible for the construction of facilities or improvements, the Company is responsible for such construction and conveyance.

- i. Indicate the population of the District for the previous five (5) years and provide population projections for the next five (5) years.**

Zero population for the years prior to 2017, in 2021 there were 92 occupied homes. For 2019, the estimated population was 136. For 2020, the estimated population was 185. For 2021, the estimated population was 199. For 2022, the estimated population was 262. For 2023, the estimated population was 318. For 2024, the estimated population is 490.

- j. List the planned number of housing units by type and the number of commercial and industrial properties with respective square footage and anticipated dates of completion/operation. Compare the completed units and completed commercial and industrial properties to the amount planned in the Service Plan.**

180 single family units. The completed units will equal the number planned in the Service Plan. No commercial or industrial planned.

- k. List any enterprises created by and/or operated by or on behalf of the District, and summarize the purpose of each.**

None.

VI. Financial Plan and Financial Activities

- a. Provide a copy of the audit or exemption from the audit for the reporting year.**

A copy of the 2023 Audit will be provided once available, as a supplement to this report.

- b. Provide a copy of the budget, showing the reporting and previous years.**

A copy of the 2024 Adopted Budget is attached hereto as **Exhibit A**.

- c. Show revenues and expenditures of the District for the previous five (5) years and provide projections for the next five (5) years. Include any non-District or non-**

governmental financial support. Include and list individually all fees, rates, tolls, etc., with a summary of the purpose of each. Show other miscellaneous tax revenue, such as specific ownership taxes. For the same period, show actual and projected mill levies by purpose (showing mill levies for each individual general obligation, revenue-based obligation, or contractual obligation).

See prior Audits and Budgets that have been filed with the County.

d. List all debt that has been issued, including all individual issuances with a schedule of service until the debt is retired.

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds Series 2018A, in the amount of \$4,100,000.00 and Subordinate Limited General Obligation Bonds, Series 2018B in the amount of \$690,000.00 (collectively, the “Debt”).

The District is in the process of issuing Limited Tax General Obligation Refunding Bonds, Series 2024 to refund the Debt.

e. List individually all authorized but unissued debt, including the purpose, ballot issue letter designation and election date, and amounts authorized and unissued.

Per the District’s Service Plan, the authorized debt limit for the District is \$6,000,000.

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds Series 2018A, in the amount of \$4,100,000.00 and Subordinate Limited General Obligation Bonds, Series 2018B in the amount of \$690,000.00 (collectively, the “Debt”).

The District is in the process of issuing Limited Tax General Obligation Refunding Bonds, Series 2024 to refund the Debt.

At the November 8, 2016 election, the District’s eligible electors approved the issuance of \$36,000,000 for the purpose of financing public improvements and facilities; \$6,000,000 for operations and maintenance; \$7,000,000 for refunding purposes and \$6,000,000 for reimbursement agreements with private persons. The District is limited in the issuance of debt pursuant to the terms of the Service Plan.

f. List the total amount of debt issued and outstanding as of the date of the annual report and compare to the maximum authorized debt level as set forth in the Service Plan.

Per the District’s Service Plan, the authorized debt limit for the District is \$6,000,000.

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds Series 2018A, in the amount of \$4,100,000.00 and Subordinate Limited General Obligation Bonds, Series 2018B in the amount of \$690,000.00 (collectively, the “Debt”).

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g. Enterprises of the District.

None.

h. Detail contractual obligations.

The District has contractual obligations with consultants, including general counsel, special counsel for collection, covenant enforcement and foreclosure matters, accounting services, auditing services and management services. The District also has contractual obligations with Brightview Landscaping Services.

i. Actual and Assessed Valuation History

i. Report the annual actual and assessed valuation for the current year and for each of seven (7) years prior to current year

<i>Year</i>	<i>Actual Value</i>	<i>Assessed Value</i>
2023	\$87,334,506	\$6,424,690
2022	\$50,864,503	\$4,215,560
2021	\$38,205,531	\$3,721,310
2020	\$28,303,237	\$2,942,800
2019	\$23,040,270	\$2,339,860
2018	\$6,380,369	\$1,492,790
2017	\$1,856,326	\$538,340
2016	N/A	N/A

ii. For each year, compare the certified assessed value with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the certified value.

See chart above and Schedule of Accessed Valuation in the Service Plan.

j. Mill Levy History

i. Report the annual mill levy for the current year and for each of the seven (7) years prior to current year. Break the mill levies out by purpose (e.g., debt issuance and operations and maintenance)

<i>Year</i>	<i>General Operations Levy</i>	<i>General Operations</i>	<i>Debt Levy</i>	<i>Debt Levy Revenue</i>
2024	21.866	\$140,482	54.901	\$352,722
2023	21.866	\$92,177	54.901	\$231,438
2022	21.380	\$79,562	53.679	\$199,756
2021	21.380	\$62,917	53.451	\$157,296
2020	20.380	\$50,026	53.451	\$125,068
2019	20.167	\$30,106	50.418	\$75,263
2018	20.000	\$10,767	50.000	\$26,917
2017	N/A		N/A	

ii. For each year, compare the actual mill levy with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the actual mill levies.

Please see the response to VI.j.i., above and estimates in the Service Plan.

k. Miscellaneous Taxes History

i. Report the annual miscellaneous tax revenue for the current year and for each of the seven (7) years prior to the current year. Break the tax revenue out by purpose (e.g., general operations, revenue-based obligations, debt by issue, contractual obligations, other)

Please see the response to VI.j.i., above.

ii. For each year, compare the actual miscellaneous tax revenue with the Service Plan estimate for that year (if provided in Plan). If the Service Plan estimates are not available, indicate the same and report the actual taxes.

Please see the response to VI.j.i., above and estimates in the Service Plan.

l. Estimated Assessed Valuation of District at 100% Build-Out

i. Provide an updated estimate and compare this with the Service Plan estimate.

\$6,136,356

m. Estimated Amount of Additional General Obligation Debt to be Issued by the District between the End of Current Year and 100% Build-Out.

The District is in the process of issuing its Limited Tax General Obligation Refunding Bonds, Series 2024 and anticipates that such issuance will be completed prior to the end of the current year. The issuance of the Refunding Bonds constitutes a refinancing of District indebtedness at a lower interest rate. No allocation of voted debt authorization from the November 2016 election is required with respect to the Refunding.

i. Provide an updated estimate based on current events. Do not include refunding bonds.

Not applicable.

EXHIBIT A

2024 Budget

VILLAS METROPOLITAN DISTRICT
2024 Budget Message

The Villas Metropolitan District (“District”) was organized on November 15, 2016, as a quasi-municipal corporation and political subdivision of the State of Colorado.. The District operates pursuant to a service plan approved by Douglas County on August 23, 2016 (Service Plan). The District was established for the purpose of providing the public improvements and services for the benefit of all inhabitants and taxpayers of the District. The District’s primary source of revenue is property taxes. The District is governed by an elected board of directors.

The District has no employees and all operations and administrative functions are contracted.

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 District organization nor is the District a component unit of any other primary governmental entity.

The 2023 assessed valuation, as certified by Douglas County, Colorado, is \$6,424,690.

General Fund

The District imposed a General Fund mill levy of 21.886 mills, generating \$140,482 in revenue. Additional revenues include Specific Ownership Tax, operation fees and interest income. General Fund appropriated expenditures in 2024 total \$285,093.

Debt Service Fund

In addition, the District imposed a mill levy of 54.901 mills, generating \$352,722 in revenue. The debt service mill levy is pledged to pay the 2018A \$4,250,000 Limited Tax General Obligation Bonds and the 2018B \$690,000 Subordinate Limited Tax General Obligation Bonds. Debt Service appropriated expenditures total \$309,551.

**VILLAS METROPOLITAN DISTRICT
GENERAL FUND
2024 ADOPTED BUDGET
2022 ACTUAL AND 2023 ESTIMATED AMOUNTS
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	<u>2022 Actual</u>	<u>2023 Estimated</u>	<u>2024 Adopted</u>
REVENUES			
Property taxes	\$ 79,562	\$ 92,177	\$ 140,482
Specific ownership taxes	7,036	7,374	7,024
Operations fees	27,965	128,265	240,000
Miscellaneous	403	-	-
Interest	1,328	1,325	1,200
Total revenues	<u>116,294</u>	<u>229,141</u>	<u>388,706</u>
EXPENDITURES			
Accounting/audit	15,498	25,000	40,000
Bad debt	33,811	-	-
Collection costs	-	-	500
County treasurer fees	1,194	1,383	2,107
Insurance and dues	3,449	3,123	3,106
Election	6,274	-	-
Landscape maintenance	19,441	55,000	66,960
Legal	16,889	30,000	45,000
District management	16,679	21,500	18,120
Miscellaneous	2,228	-	500
Snow removal	16,300	60,000	50,000
Trash removal	26,916	32,750	48,000
Utilities	7,526	2,000	2,500
Emergency reserve (3%)	-	-	8,300
Total expenditures	<u>166,205</u>	<u>230,756</u>	<u>285,093</u>
NET CHANGE IN FUND BALANCE	(49,911)	(1,615)	103,613
BEGINNING FUND BALANCE	<u>-</u>	<u>(49,911)</u>	<u>(51,526)</u>
ENDING FUND BALANCE	<u>\$ (49,911)</u>	<u>\$ (51,526)</u>	<u>\$ 52,087</u>

**VILLAS METROPOLITAN DISTRICT
DEBT SERVICE FUND
2024 ADOPTED BUDGET
2022 ACTUAL AND 2023 ESTIMATED AMOUNTS
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	2022 Actual	2023 Estimated	2024 Adopted
REVENUES			
Property taxes	\$ 199,756	\$ 231,451	\$ 352,722
Specific ownership taxes	17,665	18,515	28,218
Interest	1,836	10,000	7,500
Total revenues	<u>219,257</u>	<u>259,966</u>	<u>388,440</u>
EXPENDITURES			
Bond principal	15,000	50,000	60,000
Bond interest	217,813	217,044	241,260
County treasurer fees	2,997	3,472	5,291
Paying agent fees	3,000	3,000	3,000
Total expenditures	<u>238,810</u>	<u>273,516</u>	<u>309,551</u>
NET CHANGE IN FUND BALANCE	(19,553)	(13,550)	78,889
BEGINNING FUND BALANCE	<u>246,809</u>	<u>227,256</u>	<u>213,706</u>
ENDING FUND BALANCE	<u>\$ 227,256</u>	<u>\$ 213,706</u>	<u>\$ 292,595</u>