

HIGHLANDS METROPOLITAN DISTRICT NO. 3

2022 ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and the Service Plan for Highlands Metropolitan District No. 3 (the “**District**”), the District is required to provide an annual report to the City and County of Broomfield, Colorado (“**Broomfield**”) with regard to the following matters:

For the year ending December 31, 2022, the District makes the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made

An Order for Exclusion was recorded on January 24, 2022 at Reception No. 2022000934 and is attached hereto as **Exhibit A**.

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

The District and Highlands Metropolitan District No. 2 entered into that certain Termination of Intergovernmental Agreement for Construction and Financing of Public Improvements dated October 11, 2022.

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

The District has not adopted any rules and regulations.

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

To our actual knowledge, based on review of the court records in Broomfield 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, 2022.

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

The District did not construct any public improvements in 2022. The public improvements to serve the property within the District are being constructed by Vista Highlands Development Corporation.

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

No facilities or improvements were constructed by the District that were conveyed or dedicated to Broomfield as of December 31, 2022. The facilities and improvements to serve

the property within the District are being constructed by Vista Highlands Development Corporation.

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

The 2022 final assessed valuation of the District is attached hereto as **Exhibit B**.

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

A copy of the 2023 Budget is attached hereto as **Exhibit C**.

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.

The 2022 Audit is in process and will be submitted in a Supplemental Annual Report.

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


To our actual knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period, under any Debt instrument.

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.

To our actual knowledge, the District has been able to pay its obligations as they come due.

EXHIBIT A
Order for Exclusion

CL
 "DO NOT"
 REMOVAL VOID

| | | |
|--|--|---|
| DISTRICT COURT, BROOMFIELD COUNTY, COLORADO | | DATE FILED: January 14, 2022 10:21 AM |
| Court Address: 17 Descombes Drive Broomfield, CO 80020 Telephone: (720) 887-2100 | | <div style="border: 1px solid black; padding: 5px;"> COMBINED COURT Broomfield County, Colorado DATE <u>01/18/2022</u> Certified to be a full, true and correct copy of the original in my custody By <u>[Signature]</u> Seal Deputy Clerk </div>  |
| Petitioner: HIGHLANDS METROPOLITAN DISTRICT NO. 3 | | ▲ COURT USE ONLY ▲ |
| By the Court: | | Case Number: 2016CV30166 Division: B Courtroom: |
| ORDER FOR EXCLUSION | | |


THIS MATTER comes before the Court pursuant to § 32-1-501(1), C.R.S., on Motion for an Order for Exclusion of property from the boundaries of the Highlands Metropolitan District No. 3, City and County of Broomfield, Colorado (the "District"). This Court, being fully advised in the premises, and there being no objection filed by any person, hereby ORDERS:

1. That the real property set forth in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Property"), shall be and is hereby excluded from the boundaries of the District.
2. Pursuant to § 32-1-503(1), C.R.S., the Property shall remain obligated for its proportionate share of the principal and interest on the outstanding bonded indebtedness of the District existing immediately prior to the effective date of this Order. As of the date of this Order, there is no outstanding bonded indebtedness of the District for which the Property will be liable.
3. In accordance with § 32-1-503(1), C.R.S., the Property shall not become obligated for any property tax levied by the District for operating costs of the District nor for any bonded indebtedness issued after the date of this Order.

4. The District shall file this order in accordance with the provisions of § 32-1-105,
C.R.S.

DONE AND EFFECTIVE THIS 14th day of January 2022.

BY THE COURT:



District Court Judge

EXHIBIT A
(Legal Description of Exclusion Property)

Lots 1 and 9, Highlands Filing No. 1 Replat F, Reception No. 2021001893, 01-28-2021, City and County of Broomfield.

EXHIBIT B
2022 Final Assessed Valuation

New Tax Entity? ☐ YES ☒ NOCity & County of **COUNTY ASSESSOR**

Date 11/18/2022

NAME OF TAX ENTITY: **HIGHLANDS METRO DIST 3**

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022:

| | | | |
|-----|---|-----|------------|
| 1. | PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 1. | \$ 103 |
| 2. | CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡ | 2. | \$ 865,220 |
| 3. | LESS TOTAL TIF AREA INCREMENTS, IF ANY: | 3. | \$ 852,944 |
| 4. | CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 4. | \$ 12,276 |
| 5. | NEW CONSTRUCTION: * | 5. | \$ 0 |
| 6. | INCREASED PRODUCTION OF PRODUCING MINE: ≈ | 6. | \$ 0 |
| 7. | ANNEXATIONS/INCLUSIONS: | 7. | \$ 256,050 |
| 8. | PREVIOUSLY EXEMPT FEDERAL PROPERTY: ☐ | 8. | \$ 0 |
| 9. | NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ☐ | 9. | \$ 0 |
| 10. | TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.). Includes all revenue collected on valuation not previously certified: | 10. | \$ 0.00 |
| 11. | TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.): | 11. | \$ 0.00 |

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution

* New Construction is defined as: Taxable real property structures and the personal property connected with the structure.

≈ Jurisdiction must submit to the Division of Local Government respective Certifications of Impact in order for the values to be treated as growth in the limit calculation; use Forms DLG 52 & 52A.

☐ Jurisdiction must apply to the Division of Local Government before the value can be treated as growth in the limit calculation; use Form DLG 52B.

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

IN ACCORDANCE WITH ART. X, SEC. 20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE City & County of Broomfield County ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022:

| | | | |
|----|---|----|--------------|
| 1. | CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶ | 1. | \$ 2,962,310 |
|----|---|----|--------------|

ADDITIONS TO TAXABLE REAL PROPERTY

| | | | |
|----|--|----|------------|
| 2. | CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: * | 2. | \$ 0 |
| 3. | ANNEXATIONS/INCLUSIONS: | 3. | \$ 882,920 |
| 4. | INCREASED MINING PRODUCTION: § | 4. | \$ 0 |
| 5. | PREVIOUSLY EXEMPT PROPERTY: | 5. | \$ 0 |
| 6. | OIL OR GAS PRODUCTION FROM A NEW WELL: | 6. | \$ 0 |
| 7. | TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX | 7. | \$ 0 |

WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY

| | | | |
|-----|--|-----|--------------|
| 8. | DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 8. | \$ 0 |
| 9. | DISCONNECTIONS/EXCLUSIONS: | 9. | \$ 2,020,570 |
| 10. | PREVIOUSLY TAXABLE PROPERTY: | 10. | \$ 0 |

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY **\$2,983,520**

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** **\$ 0**

*** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

New Tax Entity? ☒ YES ☒ NOCity & County of **COUNTY ASSESSOR**

Date 11/18/2022

NAME OF TAX ENTITY: **HIGHLANDS METRO DIST 3 EXCLUSION ORDER**

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION ("5.5%" LIMIT) ONLY

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| | | | |
|-----|---|-----|-----------|
| 1. | PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 1. | \$0 |
| 2. | CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡ | 2. | \$585,970 |
| 3. | LESS TOTAL TIF AREA INCREMENTS, IF ANY: | 3. | \$577,656 |
| 4. | CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: | 4. | \$8,314 |
| 5. | NEW CONSTRUCTION: * | 5. | \$0 |
| 6. | INCREASED PRODUCTION OF PRODUCING MINE: ≈ | 6. | \$0 |
| 7. | ANNEXATIONS/INCLUSIONS: | 7. | \$0 |
| 8. | PREVIOUSLY EXEMPT FEDERAL PROPERTY: ☐ | 8. | \$0 |
| 9. | NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): ☐ | 9. | \$0 |
| 10. | TAXES RECEIVED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.). Includes all revenue collected on valuation not previously certified: | 10. | \$0.00 |
| 11. | TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(I)(B), C.R.S.): | 11. | \$0.00 |

‡ This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec. 20(8)(b), Colo. Constitution

* New Construction is defined as: Taxable real property structures and the personal property connected with the structure.

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| | | | |
|----|---|----|-------------|
| 1. | CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶ | 1. | \$2,020,570 |
|----|---|----|-------------|

ADDITIONS TO TAXABLE REAL PROPERTY

| | | | |
|----|--|----|-----|
| 2. | CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: * | 2. | \$0 |
| 3. | ANNEXATIONS/INCLUSIONS: | 3. | \$0 |
| 4. | INCREASED MINING PRODUCTION: § | 4. | \$0 |
| 5. | PREVIOUSLY EXEMPT PROPERTY: | 5. | \$0 |
| 6. | OIL OR GAS PRODUCTION FROM A NEW WELL: | 6. | \$0 |
| 7. | TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX | 7. | \$0 |

WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY

| | | | |
|-----|--|-----|-----|
| 8. | DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: | 8. | \$0 |
| 9. | DISCONNECTIONS/EXCLUSIONS: | 9. | \$0 |
| 10. | PREVIOUSLY TAXABLE PROPERTY: | 10. | \$0 |

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

* Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY **\$2,020,570**

IN ACCORDANCE WITH 39-5-128(1.5), C.R.S., THE ASSESSOR PROVIDES:

HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): ** **\$0**

*** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119.5(3), C.R.S.

NOTE: ALL LEVIES MUST BE CERTIFIED to the COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

EXHIBIT C
2023 Budget

HIGHLANDS METROPOLITAN DISTRICT NO. 3
2023
BUDGET MESSAGE

Attached please find a copy of the adopted 2023 budget for Highlands Metropolitan District No. 3.

The Highlands Metropolitan District No. 3 has adopted a budget for three funds, a General Fund to provide for the payment of general operating expenditures; a Debt Service Fund to provide for payments on the outstanding general obligation bonds; and a Capital Projects Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the district.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications, and public hearing.

The primary source of revenue for the district in 2023 will be developer advances and tax revenue. The district intends to impose a 65.000 mill levy on the property within the district for 2023, of which 15.000 mills will be dedicated to the General Fund and the balance of 50.000 mills will be dedicated to the Debt Service Fund.

Highlands Metropolitan District No.3
Adopted Budget
General Fund
For the Year ended December 31, 2023

| | Actual <u>2021</u> | Adopted Budget <u>2022</u> | Actual <u>6/30/2022</u> | Amended Estimate <u>2022</u> | Adopted Budget <u>2023</u> |
|--------------------------|-----------------------|----------------------------------|----------------------------|------------------------------------|----------------------------------|
| Beginning fund balance | \$ - | - | \$ 425 | \$ 425 | - |
| Revenues: | | | | | |
| Property taxes | 5 | 8 | 13 | 13 | 184 |
| TIF | 323 | 488 | 263 | 488 | 12,602 |
| Specific ownership taxes | 19 | 4 | 12 | 24 | 4 |
| Developer advances | 53,356 | 74,500 | 25,349 | 38,349 | 37,210 |
| Interest income | - | - | - | 1 | - |
| Total revenues | <u>53,703</u> | <u>75,000</u> | <u>25,637</u> | <u>38,875</u> | <u>50,000</u> |
| Total funds available | <u>53,703</u> | <u>75,000</u> | <u>26,062</u> | <u>39,300</u> | <u>50,000</u> |
| Expenditures: | | | | | |
| Accounting | 6,831 | 10,000 | 6,572 | 10,000 | 10,000 |
| Legal | 42,240 | 20,000 | 15,945 | 25,000 | 20,000 |
| Election | - | - | - | - | 5,000 |
| Insurance & bonds | 3,242 | 3,000 | 2,800 | 2,800 | 3,000 |
| Miscellaneous | 965 | 1,500 | 320 | 1,500 | 1,500 |
| Treasurer's fee | - | - | - | - | 3 |
| Contingency | - | 39,465 | - | - | 9,312 |
| Emergency reserve (3%) | - | 1,035 | - | - | 1,185 |
| Total expenditures | <u>53,278</u> | <u>75,000</u> | <u>25,637</u> | <u>39,300</u> | <u>50,000</u> |
| Ending fund balance | <u>\$ 425</u> | <u>-</u> | <u>\$ 425</u> | <u>\$ -</u> | <u>-</u> |
| Current Year Total | | 6,730 | | | 865,220 |
| Current year TIF | | <u>6,627</u> | | | <u>852,944</u> |
| Assessed valuation | | <u>103</u> | | | <u>12,276</u> |
| Mill Levy | | <u>73.664</u> | | | <u>15.000</u> |

Highlands Metropolitan District No.3
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2023

| | Actual <u>2021</u> | Adopted Budget <u>2022</u> | Actual <u>6/30/2022</u> | Estimate <u>2022</u> | Adopted Budget <u>2023</u> |
|--------------------------|-----------------------|----------------------------------|----------------------------|-------------------------|----------------------------------|
| Beginning fund balance | \$ - | - | \$ - | \$ - | <u>773,967</u> |
| Revenues: | | | | | |
| Developer advances | - | - | 13,528 | 13,528 | - |
| Interest income | - | - | 718 | 718 | - |
| Bond proceeds | <u>-</u> | <u>11,000,000</u> | <u>5,975,000</u> | <u>5,975,000</u> | <u>-</u> |
| Total revenues | <u>-</u> | <u>11,000,000</u> | <u>5,989,246</u> | <u>5,989,246</u> | <u>-</u> |
| Total funds available | <u>-</u> | <u>11,000,000</u> | <u>5,989,246</u> | <u>5,989,246</u> | <u>773,967</u> |
| Expenditures: | | | | | |
| Issuance costs | - | - | 431,715 | 431,715 | - |
| Capital expenditures | - | 11,000,000 | 3,617,743 | 3,617,743 | 773,967 |
| Repay developer advances | <u>-</u> | <u>-</u> | <u>1,165,821</u> | <u>1,165,821</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>11,000,000</u> | <u>5,215,279</u> | <u>5,215,279</u> | <u>773,967</u> |
| Ending fund balance | <u>\$ -</u> | <u>-</u> | <u>\$ 773,967</u> | <u>\$ 773,967</u> | <u>-</u> |

Highlands Metropolitan District No.3
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2023

| | Actual <u>2021</u> | Adopted Budget <u>2022</u> | Actual <u>6/30/2022</u> | Estimate <u>2022</u> | Adopted Budget <u>2023</u> |
|--------------------------|-----------------------|----------------------------------|----------------------------|-------------------------|----------------------------------|
| Beginning fund balance | \$ - | - | \$ - | \$ - | - |
| Revenues: | | | | | |
| Property taxes | - | - | - | - | 614 |
| TIF | - | - | - | - | 42,007 |
| Specific ownership taxes | - | - | - | - | 4 |
| Total revenues | - | - | - | - | 42,625 |
| Total funds available | - | - | - | - | 42,625 |
| Expenditures: | | | | | |
| Trustee fee | - | - | - | - | 3,500 |
| Treasurer's fees | - | - | - | - | 9 |
| Bond interest | - | - | - | - | 39,116 |
| Total expenditures | - | - | - | - | 42,625 |
| Ending fund balance | \$ - | - | \$ - | \$ - | - |
| Current Year Total | | 6,730 | | | 865,220 |
| Current year TIF | | <u>6,627</u> | | | <u>852,944</u> |
| Assessed valuation | | 103 | | | 12,276 |
| Mill Levy | | <u>-</u> | | | <u>50.000</u> |