

THREE HILLS METROPOLITAN DISTRICT
2023 ANNUAL REPORT

Pursuant to §32-1-207(3)(c) and the Amended and Restated Service Plan for Three Hills Metropolitan District (the “**District**”), the District is required to provide an annual report to the Board of County Commissioners of Jefferson County (the “**BOCC**”) with regard to the following matters:

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

§32-1-207(3) Statutory Requirements

1. Boundary changes made or proposed to the District’s boundaries.

There were no boundary changes made or proposed to the District’s boundaries 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.

The District rules and regulation can be found at <https://threehillsmetrodistrict.com/>

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

To our actual knowledge, based on review of the court records in Jefferson 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 any public improvements in 2023. All public improvements are being constructed by the Developer.

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 dedicated to and accepted by the County as of December 31, 2023. All public improvements are being constructed by the Developer.

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

The final assessed valuation of the District for 2023 is attached hereto as **Exhibit A**.

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

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

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 2023 Audit is not yet complete and will be submitted in a supplemental report.

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

To the District's actual knowledge, there were no uncured events of default for the year ending December 31, 2023.

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

EXHIBIT A
2023 Final Assessed Valuation



SCOT KERSGAARD

Assessor

December 14, 2023

OFFICE OF THE ASSESSOR
100 Jefferson County Parkway
Golden, CO 80419-2500
Phone: 303-271-8600
Fax: 303-271-8616
Website: <http://assessor.jeffco.us>
E-mail Address: assessor@jeffco.us

THREE HILLS METRO
WHITE BEAR ANKELE TANAKA & WALDRON
KRISTIN B TOMPKINS ESQ.
2154 E COMMONS AVE 2000
CENTENNIAL CO 80122

Code # 4889

CERTIFICATION OF VALUATION

The Jefferson County Assessor reports a taxable assessed valuation for your taxing entity for 2023 of:

\$4,467,171

The breakdown of the taxable valuation of your property is enclosed. The certification reflects any adjustments enacted by the Legislature, including adjustments resulting from Senate Bill 22-238 and Senate Bill 23B-001.

With the passage of SB23B-001, you are required to officially certify your levy to the Board of County Commissioners no later than January 10, 2024.

Pursuant to SB23B-001, this office must transmit a notification by January 3, 2024 of any changes to valuation made after the original certification.

SCOT KERSGAARD
Jefferson County Assessor

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CERTIFICATION OF VALUATION BY JEFFERSON COUNTY ASSESSOR

New Tax Entity YES NO

Date: December 14, 2023

NAME OF TAX ENTITY: THREE HILLS METRO

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 2023:

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	1.	\$	1,131,793
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡	2.	\$	4,467,171
3. LESS TOTAL TIF AREA INCREMENTS, IF ANY:	3.	\$	0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	4.	\$	4,467,171
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
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.	\$	1

‡ 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 ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2023:

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶	1.	\$	15,887,782
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 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.):	7.	\$	0

DELETIONS FROM TAXABLE REAL PROPERTY

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	8.	\$	0
9. DISCONNECTIONS/EXCLUSIONS:	9.	\$	0
10. PREVIOUSLY TAXABLE PROPERTY:	10.	\$	942

¶ 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:			
1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY	1.	\$	16,011,391

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

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

EXHIBIT B
2024 Budget

THREE HILLS METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

**THREE HILLS METRO DISTRICT
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/20/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 11,692,186	\$ 8,473,118	\$ 2,644,295
REVENUES			
Property taxes	2,275	73,553	301,811
Specific ownership taxes	156	5,280	21,126
Interest income	162,282	335,646	61,891
Developer advance	3,078,824	6,221,432	6,000,000
Total revenues	<u>3,243,537</u>	<u>6,635,911</u>	<u>6,384,828</u>
Total funds available	<u>14,935,723</u>	<u>15,109,029</u>	<u>9,029,123</u>
EXPENDITURES			
General Fund	50,378	64,071	70,000
Debt Service Fund	4,000	56,641	250,000
Capital Projects Fund	6,408,227	12,344,022	8,704,000
Total expenditures	<u>6,462,605</u>	<u>12,464,734</u>	<u>9,024,000</u>
Total expenditures and transfers out requiring appropriation	<u>6,462,605</u>	<u>12,464,734</u>	<u>9,024,000</u>
ENDING FUND BALANCES	<u>\$ 8,473,118</u>	<u>\$ 2,644,295</u>	<u>\$ 5,123</u>
EMERGENCY RESERVE	\$ 100	\$ 600	\$ 2,300
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 600</u>	<u>\$ 2,300</u>

No assurance provided. See summary of significant assumptions.

**THREE HILLS METRO DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/20/23

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

ASSESSED VALUATION

Agricultural	\$ 1,168	\$ -	\$ -
State assessed	2,905	2,883	2,785
Vacant land	-	1,094,258	4,429,899
Personal property	30,580	34,440	34,487
Certified Assessed Value	\$ 34,653	\$ 1,131,581	\$ 4,467,171

MILL LEVY

General	65.664	15.000	15.591
Debt Service	0.000	50.000	51.971
Total mill levy	65.664	65.000	67.562

PROPERTY TAXES

General	\$ 2,275	\$ 16,974	\$ 69,648
Debt Service	-	56,579	232,163
Levied property taxes	2,275	73,553	301,811
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ 2,275	\$ 73,553	\$ 301,811

BUDGETED PROPERTY TAXES

General	\$ 2,275	\$ 16,974	\$ 69,648
Debt Service	-	56,579	232,163
	\$ 2,275	\$ 73,553	\$ 301,811

**THREE HILLS METRO DISTRICT
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/20/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (40,371)	\$ (7,942)	\$ 600
REVENUES			
Property taxes	2,275	16,974	69,648
Specific ownership taxes	156	1,218	4,875
Developer advance	80,376	54,421	-
Total revenues	<u>82,807</u>	<u>72,613</u>	<u>74,523</u>
Total funds available	<u>42,436</u>	<u>64,671</u>	<u>75,123</u>
EXPENDITURES			
General and administrative			
Accounting	18,251	26,000	30,000
Auditing	5,500	5,800	6,000
County Treasurer's fee	34	255	1,045
Dues and membership	825	328	500
Insurance	495	3,021	3,500
District management	344	-	-
Legal	21,598	25,000	25,000
Miscellaneous	300	600	-
Election	3,031	3,067	-
Contingency	-	-	3,955
Total expenditures	<u>50,378</u>	<u>64,071</u>	<u>70,000</u>
Total expenditures and transfers out requiring appropriation	<u>50,378</u>	<u>64,071</u>	<u>70,000</u>
ENDING FUND BALANCES	<u>\$ (7,942)</u>	<u>\$ 600</u>	<u>\$ 5,123</u>
EMERGENCY RESERVE	<u>\$ 100</u>	<u>\$ 600</u>	<u>\$ 2,300</u>
TOTAL RESERVE	<u>\$ 100</u>	<u>\$ 600</u>	<u>\$ 2,300</u>

No assurance provided. See summary of significant assumptions.

**THREE HILLS METRO DISTRICT
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/20/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ (4,000)	\$ -
REVENUES			
Property taxes	-	56,579	232,163
Specific ownership taxes	-	4,062	16,251
Interest income	-	-	1,586
Total revenues	<u>-</u>	<u>60,641</u>	<u>250,000</u>
Total funds available	<u>-</u>	<u>56,641</u>	<u>250,000</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	-	849	3,482
Paying agent fees	4,000	4,000	4,000
Contingency	-	-	10,518
Bond interest	-	51,792	232,000
Total expenditures	<u>4,000</u>	<u>56,641</u>	<u>250,000</u>
Total expenditures and transfers out requiring appropriation	<u>4,000</u>	<u>56,641</u>	<u>250,000</u>
ENDING FUND BALANCES	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ -</u>

**THREE HILLS METRO DISTRICT
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

12/20/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 11,732,557	\$ 8,485,060	\$ 2,643,695
REVENUES			
System Development Fees	-	-	-
Interest income	162,282	335,646	60,305
Developer advance	2,998,448	6,167,011	6,000,000
Total revenues	<u>3,160,730</u>	<u>6,502,657</u>	<u>6,060,305</u>
Total funds available	<u>14,893,287</u>	<u>14,987,717</u>	<u>8,704,000</u>
EXPENDITURES			
Capital Projects			
Accounting	2,671	5,000	5,000
Repay developer advance	3,402,008	6,167,011	2,689,000
Engineering	5,100	5,000	10,000
Capital outlay	2,998,448	6,167,011	6,000,000
Total expenditures	<u>6,408,227</u>	<u>12,344,022</u>	<u>8,704,000</u>
Total expenditures and transfers out requiring appropriation	<u>6,408,227</u>	<u>12,344,022</u>	<u>8,704,000</u>
ENDING FUND BALANCES	<u>\$ 8,485,060</u>	<u>\$ 2,643,695</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**Three Hills Metropolitan District
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Three Hills Metropolitan District (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized (originally as Vineyard Townsquare Metropolitan District) by order of the District Court in Jefferson County and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District's service area is location in Jefferson County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services.

Pursuant to the Amended Service Plan, the District is permitted to issue bond indebtedness of up to \$40,000,000. In the future, the District may issue a portion or all of the authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts' service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

The District has no employees and all administrative functions are contractual.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1- 105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

**Three Hills Metropolitan District
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (Continued)

Property Taxes (Continued)

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

The calculation of the taxes levied is displayed on the property tax summary information page of the budget.

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5.0%.

**Three Hills Metropolitan District
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, membership dues, election and other administrative expenditures.

Debt Service

There is no debt amortization schedule provided for the Series 2021(3) Bonds (Described under Debt and Leases) as the Bonds are cash flow bonds and the timing of the payments are unknown.

Capital Outlay

The District anticipates capital outlay as outlined in the Capital Project Fund.

Debt and Leases

Limited Tax General Obligation Bonds, Series 2021(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on December 22, 2021, in the par amount of \$12,205,000. Proceeds from the sale of the Bonds were used to (a) finance or reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the Development; and (b) pay the costs of issuing the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 5.625% per annum and are payable annually on each December 1, beginning on December 1, 2022, but only from and to the extent of available Pledge Revenue. The Bonds mature on December 1, 2051 and are subject to mandatory redemption to the extent of Pledged Revenue.

The Bonds are structured as "cash flow" bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Bonds compounds annually on each December 1. In the event that any amount of principal or interest on the Bonds remains unpaid on December 2, 2061, such amounts will be deemed discharged and no longer due and outstanding.

**Three Hills Metropolitan District
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

Date of Redemption

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2026, to November 30, 2027	3.00%
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and thereafter	0.00

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the ad valorem property taxes derived from the imposition of the Required Mill Levy, net of any fees and collection costs of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The District is required to impose an ad valorem mill levy, the Required Mill Levy, on all taxable property of the District each year in the amount of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement on or after September 7, 2004) or such lesser mill levy which is sufficient to pay all of the principal of, premium if any, and interest on the Bonds in full.

The District has no debt, nor any capital and operating leases.

Reserves

Emergency Reserve

TABOR requires local governments to establish emergency reserve. This reserve must be at least 3% of fiscal year spending.

This information is an integral part of the accompanying budget.