

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT

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NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Kevin Amolsch	President	2022/May 2022
Jared Seidenberg	Secretary/Treasurer	2022/May 2022
Ronald Meier	Assistant Secretary	2022/May 2022
Justin Cooper	Assistant Secretary	2023/May 2023
Travis Sperr	Assistant Secretary	2023/May 2023

DATE: **June 8, 2021**

TIME: **11:00 A.M.**

PLACE: DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD VIA ZOOM WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. THE DISTRICT'S REGULAR MEETING LOCATION IS 1700 BROADWAY, SUITE 640, DENVER COLORADO. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE see the below referenced Zoom Meeting information below.

Join Zoom Meeting

<https://us02web.zoom.us/j/82555102167?pwd=TkNzeWpwenRvck5DUDVEUXdUcUdVZz09>

Meeting ID: 825 5510 2167

Passcode: 830295

Dial In: 1-253-215-8782

I. ADMINISTRATIVE MATTERS

A. Call to Order/Declaration of Quorum.

B. Present Disclosures of Potential Conflicts of Interest.

C. Approve Agenda, confirm location of the meeting and posting of meeting notices and designate 24 hour posting location.

D. Review and consider approval of Minutes from the November 11, 2020 Special Meeting and the December 17, 2020 Special Meeting (enclosures).

II. FINANCIAL MATTERS

- A. Ratify the payment of claims for the period beginning November 5, 2020 through May 14, 2021, in the amount of \$190,262.41 (enclosure).

- B. Consider approval of the 2020 Audit and authorize execution of the Representations Letter (enclosures).

- C. Consider a resolution pursuant to 32-1-1001(1)(j) to impose maintenance fees on properties within the District (enclosure).

- D. Consider appointment of the District Accountant to prepare the 2022 Budget. Set date for public hearing to adopt the 2022 Budget (October 27, 2021).

III. LEGAL MATTERS

- A. Consider approval of amended 2021 Annual Administrative Resolution (enclosure).

- B. Discuss conveyance of Common Areas from Arcus Capital Investment to the District (enclosure).

- C. Discussion and approval of Barn and Silo Rules and Regulations (enclosure).

IV. STATUS OF DEVELOPMENT

- A. Update on status of Development.

V. OTHER BUSINESS

- A.

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 27, 2021.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT HELD NOVEMBER 11, 2020

The special meeting of the Board of Directors of the Village at Southgate Metropolitan District (referred to hereafter as the “Board”) was convened on Wednesday, the 11th day of November, 2020, at 10:00 A.M. the meeting was held via Zoom video call due to the State of Emergency declared by Governor Polis and Public Health Order 20-23 Implementing Social Distancing Measures, and threat posed by the COVID-19 coronavirus. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Kevin Amolsch
Jared Seidenberg
Ronald Meier
Justin Cooper
Travis Sperr

Also In Attendance Were:

Judy Leyshon; Special District Management Services, Inc.

Dianne Miller, Esq.; Miller & Associates Law Offices, LLC

Neil Schilling; Schilling & Company, Inc.

Reed Carr; Arcus

CALL TO ORDER

It was noted that a quorum for the Board was present, and the meeting was, therefore, called to order.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Attorney Miller advised the Board that pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. The Board reviewed the agenda for the meeting, following which each Board member confirmed the contents of written disclosures previously made, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. Additionally, the Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act. Written disclosures of the interests of all directors were filed with the Secretary of State and the District prior to the meeting.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: Ms. Leyshon distributed for the Board's review and approval a proposed Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Sperr and, upon vote, unanimously carried, the Agenda was approved, as presented.

Minutes: The Board reviewed the Minutes of the July 15 2020 special meeting.

Following discussion, upon motion duly made by Director Amolsch, seconded by Director Cooper and, upon vote, unanimously carried, the Minutes of the July 15, 2020 special meeting were approved, as presented.

FINANCIAL MATTERS

Claims: The Board considered ratifying approval of the payment of claims for the period beginning June 23, 2020 through November 4, 2020, in the amount of \$152,758.23.

Following discussion, upon motion duly made by Director Meier, seconded by Director Sperr and, upon vote, unanimously carried, the Board ratified approval of the payment of claims, as presented.

Unaudited Financial Statements: Mr. Schilling reviewed with the Board the unaudited financial statements for the period ending September 30, 2020.

Following discussion, upon motion duly made by Director Sperr, and seconded by Director Cooper and, upon vote, unanimously carried, the unaudited financial statements for the period ending September 30, 2020, were accepted.

2020 Audit: The Board discussed the engagement of Dazzio & Associates, P.C. to prepare the 2020 Audit, for an amount not to exceed \$4,700.00.

Following discussion, upon motion duly made by Director Seidenberg seconded by Director Amolsch and, upon vote, unanimously carried, the Board approved the engagement of Dazzio & Associates, P.C. to prepare the 2020 Audit, for an amount not to exceed \$4,700.00.

2020 Budget Amendment: The President opened the public hearing to consider the Resolution to Amend the 2020 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2020 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public

RECORD OF PROCEEDINGS

comments were received and the public hearing was closed.

Following review and discussion, upon motion made by Director Seidenberg, seconded by Director Cooper and upon vote, unanimously carried, the Board adopted Resolution 2020-11-01 to Amend the 2020 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

2021 Budget Hearing: The President opened the public hearing to consider the proposed 2021 Budget and discuss related issues. It was noted that publication of Notice stating that the Board would consider adoption of the 2021 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing, no public were present and the public hearing was closed.

Mr. Schilling reviewed the estimated 2020 expenditures and the proposed 2021 expenditures.

Following discussion, the Board considered the adoption of the Resolution No 2020-11-02 to Adopt the 2021 Budget and Appropriate Sums of Money and Resolution 220-11-03 to Set Mill Levies, for the General Fund at 11.133 mills and the Debt Service Fund at 44.531 mills, and Other Funds at 00.000 for a total mill levy of 55.664 mills. Upon motion duly made by Director Amolsch, seconded by Director Cooper and, upon vote, unanimously carried, the Board adopted the Resolutions to Adopt the 2021 Budget and Appropriate Sums of Money to Set Mill Levies, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2020. Ms. Leyshon was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Adams County. Ms. Leyshon was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 31, 2021. Copies of the adopted Resolutions are attached to these minutes and incorporated herein by this reference.

Board Meeting for 2020 Audit Approval: The Board discussed the meeting date to approve the 2020 Audit. The Board determined to meet on July 15, 2021 at 10:00 a.m. to approve the 2020 Audit..

Schilling & Co Engagement Letter: The Board discussed the engagement of Schilling & Co. for 2021 Accounting Services.

Following discussion, upon motion duly made by Director Amolsch seconded by Director Meier and, upon vote, unanimously carried, the Board approved the engagement of Schilling & Co. for 2021 Accounting services.

RECORD OF PROCEEDINGS

LEGAL MATTERS

2021 Annual Administrative Resolution: Attorney Miller presented to the Board a resolution establishing regular meeting dates, notice provisions and other administrative matters.

Following discussion, upon motion duly made by Director Amolsch, seconded by Director Cooper and, upon vote, unanimously carried, the Board adopted the 2021 Annual Administrative Resolution.

STATUS OF DEVELOPMENT

Update on Status of Development: Mr. Carr discussed the sales to date.

OTHER BUSINESS

Discussion on use of the Barn: The Board deferred discussion.

Special Meeting: The Board discussed scheduling a special meeting in December.

Following discussion, upon motion duly made by Director Amolsch, seconded by Director Seidenberg and, upon vote, unanimously carried, the Board determined to schedule a special meeting on December 17, 2020.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Meier, seconded by Director Sperr, and upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT HELD DECEMBER 17, 2020

The special meeting of the Board of Directors of the Village at Southgate Metropolitan District (referred to hereafter as the “Board”) was convened on Thursday, the 17th day of December, 2020, at 1:00 P.M., the meeting was held via Zoom video call due to the State of Emergency declared by Governor Polis and Public Health Order 20-23 Implementing Social Distancing Measures, and threat posed by the COVID-19 coronavirus. The meeting was open to the public.

Directors In Attendance Were:

Kevin Amolsch
Jared Seidenberg
Justin Cooper
Travis Sperr
Ronald Meier

Also In Attendance Were:

Judy Leyshon; Special District Management Services, Inc.

Diane Miller, Esq.; Miller & Associates Law Offices, LLC

Neil Schilling; Schilling & Company, Inc.

CALL TO ORDER

It was noted that a quorum for the Board was present, and the meeting was, therefore, called to order.

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST**

Attorney Miller advised the Board that pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. The Board reviewed the agenda for the meeting, following which each Board member confirmed the contents of written disclosures previously made, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. Additionally, the Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act. Written disclosures of the interests of all directors were filed with the Secretary of State and the District prior to the meeting.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: Ms. Leyshon distributed for the Board's review and approval a proposed Agenda for the District's special meeting.

Following discussion, upon motion duly made by Director Amolsch, seconded by Director Meier and, upon vote, unanimously carried, the Agenda was approved, as presented.

FINANCIAL MATTERS

Resolution Pursuant to 32-1-1001(1)(j) to Impose Maintenance Fees on Properties within the District: The Board considered a resolution pursuant to 32-1-1001(1)(j) to impose maintenance fees on properties within the District. The Board deferred additional discussion.

Following discussion, upon motion duly made by Director Amolsch, seconded by Director Meier and, upon vote, unanimously carried, the Board assigned a Committee, Directors Amolsch and Seidenberg, to finalize a policy to present to the Board and determine an amount for the fee.

LEGAL MATTERS

There were no legal matters at this time.

OTHER BUSINESS

Ms. Leyshon informed the Board of reported vandalism at the Park. The Board discussed deterrents.

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Meier and, upon vote, unanimously carried, the Board requested that Ms. Leyshon contact Meritage Homes and talk to them about security patrols.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Amolsch, seconded by Director Cooper and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: _____
Secretary

Village at SouthGate Metropolitan District
Check Detail

November 5, 2020 through May 14, 2021

Type	Num	Date	Name	Account	Original Amount
Bill Pmt -Check	1098	11/18/2020	Metrowest Newspapers	1-1000 · FirstBank Checking-5457	\$ (28.60)
Bill	Acct. 25-011739	10/31/2020		1-5005 · Legal	\$ 28.60
					\$ 28.60
Bill Pmt -Check	1099	11/18/2020	Miller & Associates Law Offices	1-1000 · FirstBank Checking-5457	\$ (2,560.00)
Bill	Inv 10/31/2020	10/31/2020		1-5005 · Legal	\$ 2,560.00
					\$ 2,560.00
Bill Pmt -Check	1100	11/18/2020	Schilling & Company, Inc.	1-1000 · FirstBank Checking-5457	\$ (751.89)
Bill	Inv 12827	10/31/2020		1-5010 · Accounting	\$ 739.74
				1-5030 · Postage	\$ 12.15
					\$ 751.89
Bill Pmt -Check	1101	11/18/2020	Special District Management Services, Inc	1-1000 · FirstBank Checking-5457	\$ (399.46)
Bill	Inv 10/31/2020	10/31/2020		1-5017 · Management services	\$ 399.46
					\$ 399.46
Bill Pmt -Check	1102	11/18/2020	UMB Bank	1-1000 · FirstBank Checking-5457	\$ (19,168.52)
Bill	MF Facility Fees	11/18/2020		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 18,000.00
Bill	October Taxes	11/18/2020		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 1,168.52
					\$ 19,168.52
Bill Pmt -Check	1103	11/18/2020	United Power	1-1000 · FirstBank Checking-5457	\$ (90.70)
Bill	Acct 20903501	11/03/2020		1-5078 · Electricity- Barn	\$ 23.59
Bill	Acct 20903601	11/02/2020		1-5077 · Electricity- Silo	\$ 67.11
					\$ 90.70
Bill Pmt -Check	1104	12/17/2020	Miller & Associates Law Offices	1-1000 · FirstBank Checking-5457	\$ (2,747.00)
Bill	Inv 11/30/20	11/30/2020		1-5005 · Legal	\$ 2,747.00
					\$ 2,747.00
Bill Pmt -Check	1105	12/17/2020	Schilling & Company, Inc.	1-1000 · FirstBank Checking-5457	\$ (512.72)
Bill	Inv 12839	11/30/2020		1-5010 · Accounting	\$ 501.67
				1-5030 · Postage	\$ 11.05
					\$ 512.72

Village at SouthGate Metropolitan District
Check Detail

November 5, 2020 through May 14, 2021

Type	Num	Date	Name	Account	Original Amount
Bill Pmt -Check	1106	12/17/2020	UMB Bank	1-1000 · FirstBank Checking-5457	\$ (10,223.03)
Bill	MF Facility Fees	12/17/2020		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 9,000.00
Bill	November Taxes	12/17/2020		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 1,223.03
					\$ 10,223.03
Bill Pmt -Check	1107	12/17/2020	United Power	1-1000 · FirstBank Checking-5457	\$ (111.31)
Bill	Acct 20903501	11/30/2020		1-5078 · Electricity - Barn	\$ 23.81
Bill	Acct 20903601	11/30/2020		1-5077 · Electricity - Silo	\$ 87.50
					\$ 111.31
Bill Pmt -Check	1108	01/21/2021	UMB Bank	1-1000 · FirstBank Checking-5457	\$ (12,978.68)
Bill	December taxes	01/21/2021		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 978.68
Bill	Jan Fac Fees	01/21/2021		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 12,000.00
					\$ 12,978.68
Bill Pmt -Check	1109	01/21/2021	United Power	1-1000 · FirstBank Checking-5457	\$ (181.71)
Bill	Acct 20903501	12/31/2020		1-5078 · Electricity - Barn	\$ 24.56
Bill	Acct 20903601	12/31/2020		1-5077 · Electricity - Silo	\$ 157.15
					\$ 181.71
Bill Pmt -Check	1110	02/22/2021	Schilling & Company, Inc.	1-1000 · FirstBank Checking-5457	\$ (600.90)
Bill	Inv 12898	01/31/2021		1-5010 · Accounting	\$ 588.00
				1-5030 · Postage	\$ 9.40
				1-5025 · Office supplies	\$ 3.50
					\$ 600.90
Bill Pmt -Check	1111	02/22/2021	Special District Association of Colorado	1-1000 · FirstBank Checking-5457	\$ (436.06)
Bill	2021 Dues	02/09/2021		1-5055 · Dues and subscriptions	\$ 436.06
					\$ 436.06
Bill Pmt -Check	1112	02/22/2021	Special District Management Services, Inc	1-1000 · FirstBank Checking-5457	\$ (917.04)
Bill	Inv 1/31/2021	01/31/2021		1-5017 · Management services	\$ 917.04
					\$ 917.04
Bill Pmt -Check	1113	02/22/2021	UMB Bank	1-1000 · FirstBank Checking-5457	\$ (15,331.24)

Village at SouthGate Metropolitan District
Check Detail

November 5, 2020 through May 14, 2021

Type	Num	Date	Name	Account	Original Amount
Bill	January taxes	02/22/2021		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 3,331.24
Bill	February Fac Fees	02/22/2021		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 12,000.00
					\$ 15,331.24
Bill Pmt -Check	1114	02/22/2021	United Power	1-1000 · FirstBank Checking-5457	\$ (160.83)
Bill	Acct 20903501	01/31/2021		1-5078 · Electricity- Barn	\$ 23.91
Bill	Acct 20903601	01/31/2021		1-5077 · Electricity- Silo	\$ 136.92
					\$ 160.83
Bill Pmt -Check	1115	03/19/2021	Miller & Associates Law Offices	1-1000 · FirstBank Checking-5457	\$ (1,982.00)
Bill	Inv 2/28/21	02/28/2021		1-5005 · Legal	\$ 1,982.00
					\$ 1,982.00
Bill Pmt -Check	1116	03/19/2021	Schilling & Company, Inc.	1-1000 · FirstBank Checking-5457	\$ (570.70)
Bill	Inv 12922	02/28/2021		1-5010 · Accounting	\$ 560.00
				1-5030 · Postage	\$ 10.70
					\$ 570.70
Bill Pmt -Check	1117	03/19/2021	Special District Management Services, Inc	1-1000 · FirstBank Checking-5457	\$ (2,028.52)
Bill	Inv 2/28/21	02/28/2021		1-5017 · Management services	\$ 2,028.52
					\$ 2,028.52
Bill Pmt -Check	1118	03/19/2021	UMB Bank	1-1000 · FirstBank Checking-5457	\$ (87,640.30)
Bill	March Facility Fees	03/19/2021		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 24,000.00
Bill	February Taxes	03/19/2021		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 63,640.30
					\$ 87,640.30
Bill Pmt -Check	1119	03/19/2021	United Power	1-1000 · FirstBank Checking-5457	\$ (181.91)
Bill	Acct 20903501	02/28/2021		1-5078 · Electricity- Barn	\$ 23.82
Bill	Acct 20903601	02/28/2021		1-5077 · Electricity- Silo	\$ 158.09
					\$ 181.91
Bill Pmt -Check	1120	04/18/2021	Independent Dist Engineering Services LLC	1-1000 · FirstBank Checking-5457	\$ (5,040.00)
Bill	Inv 10717	03/31/2021		1-5060 · Engineering/Consulting	\$ 5,040.00
					\$ 5,040.00
Bill Pmt -Check	1121	04/18/2021	Miller & Associates Law Offices	1-1000 · FirstBank Checking-5457	\$ (5,043.50)

Village at SouthGate Metropolitan District
Check Detail

November 5, 2020 through May 14, 2021

Type	Num	Date	Name	Account	Original Amount
Bill	Inv 3/31/2021	03/31/2021		1-5005 · Legal	\$ 5,043.50
					\$ 5,043.50
Bill Pmt -Check	1122	04/18/2021	Schilling & Company, Inc.	1-1000 · FirstBank Checking-5457	\$ (337.36)
Bill	Inv 12945	03/31/2021		1-5010 · Accounting	\$ 326.66
				1-5030 · Postage	\$ 10.70
					\$ 337.36
Bill Pmt -Check	1123	04/18/2021	Special District Management Services, Inc	1-1000 · FirstBank Checking-5457	\$ (2,142.14)
Bill	Inv 3/31/2021	03/31/2021		1-5017 · Management services	\$ 2,142.14
					\$ 2,142.14
Bill Pmt -Check	1124	04/18/2021	UMB Bank	1-1000 · FirstBank Checking-5457	\$ (17,953.68)
Bill	March taxes	04/18/2021		2-1000 · UMB-2018 Sr Bond Fund-147846.1	\$ 17,953.68
					\$ 17,953.68
Bill Pmt -Check	1125	04/18/2021	United Power	1-1000 · FirstBank Checking-5457	\$ (142.61)
Bill	Acct 20903501	03/31/2021		1-5078 · Electricity- Barn	\$ 23.71
Bill	Acct 20903601	03/31/2021		1-5077 · Electricity- Silo	\$ 118.90
					\$ 142.61
					\$ 190,262.41
				Administration	\$ 26,966.96
				Transfers to UMB for Debt Service	\$ 163,295.45
					\$ 190,262.41



Dazzio & Associates, PC

Certified Public Accountants

May 6, 2021

To the Board of Directors
Village at SouthGate Metropolitan District
Adams County, Colorado

We have audited the financial statements of the governmental activities and each major fund of Village at SouthGate Metropolitan District (the District) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 1, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 6, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the budget and actual schedule for the Debt Service Fund, which accompanies the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Summary of Assessed Valuation, Mill Levy and Property Taxes Collected which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

We would like to thank Mr. Neil Schilling, District Accountant, for making the audit process efficient and enjoyable. They were very helpful and cooperative.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Village at SouthGate Metropolitan District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Dazio & Associates, P.C.

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT

Adams County, Colorado

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Preliminary Draft
Subject to Revision

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Dazzio & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Village at SouthGate Metropolitan District
Adams County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village at SouthGate Metropolitan District as of and for the year December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village at SouthGate Metropolitan District, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village at SouthGate Metropolitan District's basic financial statements. The supplemental information and the other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

May 6, 2021

BASIC FINANCIAL STATEMENTS

Preliminary Draft
Subject to Revision

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	\$ 1,348
Cash and investments - restricted	769,243
Due from County Treasurer	1,224
Prepaid expenses	4,015
Property taxes receivable	237,733
Total assets	<u>1,013,563</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Accounts payable	6,383
Accrued bond interest payable	19,453
Bonds and unpaid interest payable:	
Due in more than one year	4,980,229
Developer advances and accrued interest payable:	
Due in more than one year	234,493
Total liabilities	<u>5,240,558</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred property taxes revenues	237,733
Total deferred inflows of resources	<u>237,733</u>
NET POSITION	
Restricted:	
Emergency reserves	1,435
Debt service	406,863
Unrestricted	(4,873,026)
Total net position	<u>\$ (4,464,728)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 61,544	\$ -	\$ -	\$ (61,544)
Interest and fiscal charges	319,107	-	-	(65,107)
Total governmental activities	<u>\$ 380,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(126,651)</u>
General revenues:				
Taxes:				
Property taxes				222,820
Specific ownership taxes				16,352
Net investment income				5,316
Total general revenues				<u>244,488</u>
Change in net position				117,837
Net position - Beginning of year				(4,582,565)
Net position - End of year				<u>\$ (4,464,728)</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 1,348	\$ -	\$ 1,348
Cash and investments - restricted	-	769,243	769,243
Due from County Treasurer	245	979	1,224
Prepaid expenditures	4,015	-	4,015
Property taxes receivable	47,547	190,186	237,733
TOTAL ASSETS	<u>\$ 53,155</u>	<u>\$ 960,408</u>	<u>\$ 1,013,563</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,383	\$ -	\$ 6,383
Total liabilities	<u>6,383</u>	<u>-</u>	<u>6,383</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenues	47,547	190,186	237,733
Total deferred inflows of resources	<u>47,547</u>	<u>190,186</u>	<u>237,733</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	4,015	-	4,015
Spendable:			
Restricted for emergencies	1,435	-	1,435
Restricted for debt service	-	770,222	770,222
Unassigned	(6,225)	-	(6,225)
Total fund balances	<u>(775)</u>	<u>770,222</u>	<u>769,447</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 53,155</u>	<u>\$ 960,408</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Accrued bond interest payable	(19,453)
Bonds and unpaid bond interest payable	(4,980,229)
Developer advances and interest payable	(234,493)
	<u>(5,234,175)</u>

Net position of governmental activities	<u>\$ (4,464,728)</u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	General	Debt Service	Total Governmental Funds
REVENUES			
Property tax	\$ 44,565	\$ 178,255	\$ 222,820
Specific ownership tax	3,270	13,082	16,352
Facility fees	-	254,000	254,000
Net investment income	8	5,308	5,316
Total revenues	<u>47,843</u>	<u>450,645</u>	<u>498,488</u>
EXPENDITURES			
Current:			
Legal	21,971	-	21,971
Accounting	8,157	-	8,157
Management services	13,870	-	13,870
Audit	4,700	-	4,700
Engineering and consulting	3,465	-	3,465
Insurance and bonds	2,760	-	2,760
Election	1,508	-	1,508
County Treasurer's fees	669	2,674	3,343
Office supplies	115	-	115
Bank service charges	120	521	641
Dues and subscriptions	323	-	323
Utilities - electricity	691	-	691
Debt service:			
Paying agent fees	-	6,000	6,000
Interest and fiscal charges	-	333,868	333,868
Total expenditures	<u>58,349</u>	<u>343,063</u>	<u>401,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,506)</u>	<u>107,582</u>	<u>97,076</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	4,665	-	4,665
Total other financing sources (uses)	<u>4,665</u>	<u>-</u>	<u>4,665</u>
NET CHANGE IN FUND BALANCES	(5,841)	107,582	101,741
FUND BALANCES - BEGINNING OF YEAR	<u>5,066</u>	<u>662,640</u>	<u>667,706</u>
FUND BALANCES - END OF YEAR	<u><u>\$ (775)</u></u>	<u><u>\$ 770,222</u></u>	<u><u>\$ 769,447</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	<u>\$ 101,741</u>
Long-term debt (e.g. bonds, developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Developer advances	(4,665)
	<u>(4,665)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	
Change in unpaid bond interest payable	34,030
Change in developer advances interest payable	(13,269)
	<u>20,761</u>
Change in net position - Governmental activities	<u><u>\$ 117,837</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 44,564	\$ 44,565	\$ 1
Specific ownership tax	3,091	3,270	179
Net investment income	-	8	8
Total revenues	<u>47,655</u>	<u>47,843</u>	<u>188</u>
EXPENDITURES			
Legal	20,000	21,971	(1,971)
Accounting	6,500	8,157	(1,657)
Management services	8,000	13,870	(5,870)
Audit	4,700	4,700	-
Engineering and consulting	10,000	3,465	6,535
Insurance and bonds	3,000	2,760	240
Election	2,500	1,508	992
County Treasurer's fees	668	669	(1)
Office supplies	60	115	(55)
Bank service charges	120	120	-
Dues and subscriptions	300	323	(23)
Utilities - electricity	-	691	(691)
Contingency	5,000	-	5,000
Total expenditures	<u>60,848</u>	<u>58,349</u>	<u>2,499</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,193)</u>	<u>(10,506)</u>	<u>2,687</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	13,864	4,665	(9,199)
Total other financing sources (uses)	<u>13,864</u>	<u>4,665</u>	<u>(9,199)</u>
NET CHANGE IN FUND BALANCE	671	(5,841)	(6,512)
FUND BALANCE - BEGINNING OF YEAR	759	5,066	4,307
FUND BALANCE - END OF YEAR	<u>\$ 1,430</u>	<u>\$ (775)</u>	<u>\$ (2,205)</u>

These financial statements should be read only in connection with the
accompanying notes to financial statements.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Village at SouthGate Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on November 25, 2014 and is governed pursuant to provisions of the Colorado Special District Act. The District's boundaries are located in Adams County, Colorado. The District was established to provide financing for the construction, operation and maintenance of public infrastructure improvements within the District's boundaries.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the assets and deferred outflows, and liabilities and deferred inflows of the District being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the Local Government Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall each year to adopt the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

For the year ended December 31, 2020, supplementary appropriations approved by the District modified the appropriation from \$247,640 to \$343,342 in the Debt Service Fund.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in total cash. Investments are carried at fair value.

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 certified by December 15 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 30 or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

Fund balance for governmental funds are reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and investments - unrestricted	\$ 1,348
Cash and investments - restricted	<u>769,243</u>
Total cash and investments	<u><u>\$ 770,591</u></u>

Cash and investments as of December 31, 2020 consist of the following:

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District's cash deposits with financial institutions that had a bank balance of \$4,591 and carrying balance of \$1,348.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Investments

The District has not adopted a formal investment policy, however, the District follows state statutes regarding investments. Colorado State Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2020 the District had the following investments:

COLOTRUST

The District has invested \$769,243 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. Both the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAM by Standard and Poor's. The District's investments were in the COLOTRUST PLUS+ portfolio.

Investment Valuation

The District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Restricted Cash and Investments

At December 31, 2020, the District reports cash and investments in the amount of \$769,243 which are restricted for debt service on the District's outstanding.

NOTE 4 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020.

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020	Current Portion
Governmental Activities:					
Limited Tax G.O. Bonds:					
Series 2018A	\$ 4,150,000	\$ -	\$ -	\$ 4,150,000	\$ -
Subordinate Series 2018B	764,000	-	-	764,000	-
Accrued and unpaid interest:					
Subordinate Series 2018B	100,259	66,400	(100,430)	66,229	-
Developer Advances:					
PFG - Principal	127,671	3,427	-	131,098	-
PFG - Interest	24,231	9,022	-	33,253	-
ARCUS - Principal	59,622	1,238	-	60,860	-
ARCUS - Interest	5,035	4,247	-	9,282	-
	<u>\$ 5,230,818</u>	<u>\$ 84,334</u>	<u>\$ (100,430)</u>	<u>\$ 5,214,722</u>	<u>\$ -</u>

Limited Tax General Obligation Bonds Series 2018A

On May 7, 2018, the District issued \$4,150,000 Limited Tax General Obligation Bonds, Series 2018A to (i) finance public improvements related to a primarily residential development in the City of Brighton (City); (ii) pay capitalized interest on the 2018A Senior Bonds; (iii) fund the Senior Reserve Fund; and (iv) pay other costs in connection with the issuance of 2018A Senior Bonds. The bonds are term bonds maturing on December 1, 2048 and bear interest at 5.625%. Interest is due to be paid semiannually on June 1 and December 1, beginning in 2018 through 2048. The bonds are subject to mandatory annual sinking fund redemption on December 1 beginning in 2023 through 2047, with final non-sinking fund redemption in 2048. The bonds are subject to redemption prior to maturity on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest and redemption premium as follows: 3.00% for dates of redemption December 1, 2023 to November 30, 2024; 2.00% for dates of redemption December 1, 2024 to November 30, 2025; 1.00% for dates of redemption December 1, 2025 to November 30, 2026; and no redemption premium on December 1, 2026 and thereafter.

The Series 2018A Senior Bonds are limited tax general obligations of the District secured by and payable from the Senior Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection: (i) the Senior Property Tax Revenues derived from the imposition of the Senior Required Mill Levy; (ii) the Senior Specific Ownership Tax Revenues which is collected as a result of the imposition of the Senior Required Mill Levy; (iii) all Capital Fees consisting of all fees, rates, tolls, penalties, and charges of a capital nature for services, programs, or facilities furnished by the District, including particularly and without limitation, the Facility Fees (which are currently \$1,500 per multifamily lot and \$2,500 per single-

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

family attached ore detached lot; (iv) all Senior PILOT Revenues (payment in lieu of taxes) related to the Senior Required Mill Levy; and (v) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Senior Required Mill Levy is defined as follows:

- (a) subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues and Senior PILOT Revenues (if any) sufficient to pay the principal of, premium if any, and interest on the 2018A Senior Bonds as the same become due and payable (less any amount thereof for which amounts are then on deposit in the Senior Bond Fund and, solely to the extent provided in the 2018A Senior Indenture, the Senior Surplus Fund and the Senior Reserve Fund, respectively) and to replenish the Senior Reserve Fund to the Reserve Requirement, but not in excess of 40 mills; provided, however, that:
 - (i) for so long as the amount on deposit in the Senior Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 40 mills (subject to adjustment as described in clause (ii) below), or such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues and Senior PILOT Revenues (if any): (A) sufficient to pay the principal of, premium if any, and interest on the 2018A Senior Bonds as the same become due and payable, to replenish the Senior Reserve Fund to the Reserve Requirement and to fully fund the Senior Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Senior Bond Fund, the Senior Surplus Fund and the Senior Reserve Fund, will pay the 2018A Senior Bonds in full in the year in which such levy is collected; and
 - (ii) in the event that the method of calculating assessed valuation is changed after October 7, 2014, the minimum mill levy of 40 mills and the maximum mill levy of 40 mills provided in the 2018A Senior Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and
- (b) notwithstanding anything in the 2018A Senior Indenture to the contrary, in no event may the Senior Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Senior Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Senior Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Discharge of 2018A Senior Bonds on December 1, 2048:

Notwithstanding any other provision in the 2018A Senior Indenture, in the event that any amount of principal of or interest on the 2018A Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on December 1, 2048, the 2018A Senior Bonds and the lien of the 2018A Senior Indenture securing payment thereof shall be deemed discharged, the estate and rights thereby granted shall cease, terminate, and be void, and thereupon the 2018A Trustee shall cancel and discharge the lien of the 2018A Senior Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the 2018A Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the 2018A Senior Bonds remaining unpaid.

Subordinate Limited Tax General Obligation Bonds Series 2018B

On May 7, 2018, the District issued \$764,000 Subordinate Limited Tax General Obligation Bonds, Series 2018A to (i) finance public improvements related to a primarily residential development in the City of Brighton (City); and (ii) pay a portion of the underwriter's discount in connection with issuance of the 2018B Subordinate Bonds. The bonds are term bonds maturing on December 15, 2040 and bear interest at 7.75%. There are no regularly scheduled principal and interest payments on the 2018B Subordinate Bonds. Instead, (a) principal on the 2018B Subordinate Bonds is payable on the mandatory redemption dates (each December 15) from, and only to the extent of, Subordinate Pledged Revenue available therefore, if any, in accordance with the terms of the 2018B Subordinate Indenture and (b) interest on the 2018B Subordinate Bonds is payable on each December 15, but only from and to the extent of, Subordinate Pledged Revenue available therefor. The bonds are subject to redemption prior to maturity on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest and redemption premium as follows: 3.00% for dates of redemption December 15, 2023 to December 14, 2024; 2.00% for dates of redemption December 15, 2024 to December 14, 2025; 1.00% for dates of redemption December 15, 2025 to December 14, 2026; and no redemption premium on December 15, 2026 and thereafter.

The Series 2018B Subordinate Bonds are limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue consisting of moneys derived by the District from the following sources, net of any costs of collection: (i) the Subordinate Property Tax Revenues derived from the imposition of the Subordinate Required Mill Levy; (ii) the Subordinate Specific Ownership Tax Revenues which is collected as a result of the imposition of the Subordinate Required Mill Levy; (iii) all Subordinate Capital Fee Revenue consisting Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations; (iv) all Subordinate PILOT Revenues (payment in lieu of taxes) related to the Subordinate Required Mill Levy; and (v) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Required Mill Levy is defined as follows:

An ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount equal to (i) 40 mills less the Senior Obligation Mill Levy, or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues and Subordinate PILOT Revenues (if any) which, when combined with moneys

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

then on deposit in the Subordinate Bond Fund, will pay the 2018B Subordinate Bonds in full in the year such levy is collected; provided however, that:

- (a) in the event that the method of calculating assessed valuation is changed after October 7, 2014, the mill levy of 40 mills (less the Senior Required Mill Levy) provided in the 2018B Subordinate Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and
- (b) notwithstanding anything in the 2018B Subordinate Indenture to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate

Discharge of 2018B Subordinate Bonds on December 15, 2048:

Notwithstanding any other provision in the 2018B Subordinate Indenture, in the event that any amount of principal of or interest on the 2018B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on December 15, 2048, the 2018B Subordinate Bonds and the lien of the 2018B Subordinate Indenture securing payment thereof shall be deemed discharged, the estate and rights thereby granted shall cease, terminate, and be void, and thereupon the 2018B Trustee shall cancel and discharge the lien of the 2018B Subordinate Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the 2018B Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the 2018B Subordinate Bonds remaining unpaid.

Events of Default

The Indentures of the Limited Tax General Obligation Bonds Series 2018A and Subordinate Limited Tax General Obligation Bonds Series 2018B include defaults and remedies upon the occurrence of an Event of Default. The Events of Default include: a) the District fails or refuses to impose the Senior Required Mill Levy or Subordinate Required Mill Levy, as applicable, b) the District defaults in the performance or observance of any of the covenants, agreements or conditions in the Indenture or the Bond Resolution and fails to remedy the same after notice thereof, or c) the District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the bonds. However it is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest of the bonds when due shall not, of itself, constitute an Event of Default.

The remedies available upon the occurrence of an event of default, the Trustee for the bonds may pursue receivership of the cash, securities, instruments held and revenues of the District, pursue a suit for judgment, and pursue mandamus or other suit.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Use of Proceeds

The District used a portion of the proceeds of the 2018A and 2018B bonds to: 1) reimburse the City of Brighton \$195,470.57 in accordance with an Intergovernmental Agreement Regarding the Reimbursement of Costs for the South Brighton Infrastructure Improvements between the District, City of Brighton, and PFG Acquisitions, LLC dated April 19, 2016, as subsequently assigned by PFG Acquisitions, LLC to ARCUS Southgate LLC on April 10, 2017, and 2) reimburse ARCUS Southgate LLC \$3,700,785 in accordance with an Infrastructure Acquisition Agreement between the District and PFG Acquisitions, LLC dated January 22, 2015 as subsequently partially assigned to ARCUS Southgate LLC on April 10, 2017.

The District's Limited Tax General Obligation Bonds Series 2018A are estimated to mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 233,437	\$ 233,437
2022	-	233,437	233,437
2023	35,000	233,437	268,437
2024	45,000	231,469	276,469
2025	50,000	228,938	278,938
2026-2030	345,000	1,096,031	1,441,031
2031-2035	535,000	978,188	1,513,188
2036-2040	790,000	801,000	1,591,000
2041-2045	1,125,000	542,813	1,667,813
2046-2048	1,225,000	159,469	1,384,469
	<u>\$ 4,150,000</u>	<u>\$ 4,738,219</u>	<u>\$ 8,888,219</u>

Due to the Subordinate Limited Tax General Obligation Bonds Series 2018B being subordinate to the 2018A bonds and are only payable to the extent there are available pledged revenues, a maturity schedule for the 2018B bonds has not been presented.

The District's service plan limits the amount of debt that the District can issue to \$8,925,000. The service plan provides for an additional \$1,785,000 of debt upon approval by the City of Brighton City Manager, for a total of \$10,710,000. The District does not anticipate issuing any of the authorized but unissued debt during 2021.

The District's voter authorized but unissued debt as of December 31, 2020 is as follows:

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Purpose	Series 2018A		Series 2018B	
	Amount	Bonds	Bonds	Authorized
	Authorized	Issued	Issued	But Unissued
	11/4/2014	5/7/2018	5/7/2018	
Street	\$ 18,774,000	\$ (1,358,947)	\$ (266,739)	\$ 17,148,314
Parks and Recreation	18,774,000	(87,682)	(17,211)	18,669,107
Water	18,774,000	(663,058)	(101,143)	18,009,799
Storm Drainage and Sanitation	18,774,000	(2,040,313)	(378,907)	16,354,780
Transportation	18,774,000	-	-	18,774,000
Mosquito Control	18,774,000	-	-	18,774,000
Safety Protection	18,774,000	-	-	18,774,000
Fire Protection	18,774,000	-	-	18,774,000
TV Relay and Translation	18,774,000	-	-	18,774,000
Operations and Maintenance	18,774,000	-	-	18,774,000
Refunding Debt	18,774,000	-	-	18,774,000
District IGAs as Debt	18,774,000	-	-	18,774,000
	\$ 225,288,000	\$ (4,150,000)	\$ (764,000)	\$ 220,374,000

NOTE 5 – DEVELOPER ADVANCE AGREEMENTS

Advance and Reimbursement Agreement for Operation and Maintenance Costs

On January 22, 2015, the District and PFG Acquisitions, LLC ("PFG") entered into an "Advance and Reimbursement Agreement for Operation and Maintenance Costs" by and between Village at SouthGate Metropolitan District and PFG (the "Initial O&M Funding Agreement") under which PFG agreed to make certain advances to the District to fund operation and maintenance costs of the District ("O&M Costs"), and under which the District agreed to reimburse PFG for O&M Costs advanced by PFG, together with interest at 7% per annum. On April 10, 2017, PFG assigned certain of its rights under the Initial O&M Funding Agreement to ARCUS Southgate LLC ("ARCUS") under the "Partial Assignment of Advance and Reimbursement Agreement for Operation and Maintenance Costs and Consent" (the "O&M Assignment"; the Initial O&M Funding Agreement, as amended by the O&M Assignment, is referred to herein as the "O&M Funding and Reimbursement Agreement") between PFG and ARCUS, such that the 50% of the reimbursement obligations of the District for O&M Costs would be payable to the ARCUS, and ARCUS would have the obligation to fund 50% of the advances for O&M Costs under the Initial O&M Funding Agreement. Reimbursement of O&M Costs are anticipated to be made by the District, subject to annual appropriation and budget approval, from funds available within any fiscal year and otherwise required for operations, capital improvements and debt service costs and expenses of the District; notwithstanding the foregoing, a portion or all of the Bond proceeds may be used by the District to repay PFG and ARCUS for advanced O&M Costs. As of December 31, 2020, the outstanding principal and interest payable to PFG were \$131,098 and \$33,253, respectively. As of December 31, 2020, the outstanding principal and interest payable to ARCUS were \$60,860 and \$9,282, respectively.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 - FUND EQUITY

As of December 31, 2020, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$4,015 is comprised of prepaid amounts which are not in spendable form.

Restricted Fund Balance

The restricted fund balance in the amount of \$1,435 in the General Fund is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

The restricted fund balance in the Debt Service Fund in the amount of \$770,222 is to be used exclusively for debt service requirements (see Note 4).

Deficit Fund Balance

As of December 31, 2020 the General Fund had a deficit fund balance of (\$6,225). This deficit has been eliminated by Developer advances in January 2021.

NOTE 7 - NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted assets include net position that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had restricted net position as of December 31, 2020 as follows:

Restricted:

Emergencies	\$ 1,435
Debt service	406,863
	<u>\$ 408,298</u>

In the government-wide financial statements, the District's had an unrestricted net position deficit of (\$4,873,026) as a result of capital improvements that were funded with long-term debt that have been dedicated to other entities, while the long-term debt remains an obligation of the District.

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 – RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, as amended from time to time, the District may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, and public officials' liability. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 4, 2014 the voters of the District approved the following ballot measures:

Shall the Village at SouthGate Metropolitan District taxes be increased \$500,000 annually (such tax increase to be collected in such amount notwithstanding any property tax cut specified by Article X, Section 20 of the Colorado Constitution, as it currently exists or as amended) or such lesser amount as necessary to pay the District's administration and operations and maintenance expenses, by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition, to pay such expenses and shall the revenue from such taxes and any investment income thereon be collected, retained and spent by the District in fiscal year 2015 and in each fiscal year thereafter as a voter-approved revenue changes without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in taxation by Section 29-1-301, C.R.S, in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Shall the Village at SouthGate Metropolitan District taxes be increased \$500,000 annually (such tax increase to be collected in such amount notwithstanding any property tax cut specified by Article X, Section 20 of the Colorado Constitution, as it currently exists or as amended) or such lesser amount as necessary to pay the District's administration and operations and maintenance expenses, by the imposition of a fee or fees imposed, without limitation as to rate or amount or any other condition, to pay such expenses and shall the revenue from such fees and any investment income thereon be collected, retained and spent by the District in fiscal year 2014 and in each fiscal year thereafter as a voter-approved revenue changes without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in taxation by Section 29-1-301, C.R.S, in any year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

Shall Village at SouthGate Metropolitan District be authorized to collect, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, gifts, grants or any other fee, rate, toll, penalty, or charge authorized by law or contract to be imposed, collected or received by the District during fiscal year 2014 and each fiscal year thereafter, such amounts to constitute a voter-approved revenue change and be collected, retained and spent by the District without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-1-301, C.R.S. in any subsequent year, or any other law which purports to limit the District's revenues or expenditures as it currently exists or as it may be amended in the future, and without limiting in any year the amount of other revenues that may be collected, retained and spent by the District?

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 10 – RELATED PARTIES

Two of the members of the Board of Directors of the District are employees, owners or associated with PFG Acquisitions, LLC and may have conflicts of interest in dealing with the District. Specific details of transactions with PFG Acquisitions, LLC regarding advances are described elsewhere in these notes to financial statements (see Note 5).

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

Preliminary Draft
Subject to Revision

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND
Year Ended December 31, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property tax	\$ 178,251	\$ 178,251	\$ 178,255	\$ 4
Specific ownership tax	12,362	12,362	13,082	720
Facility fees	90,000	254,000	254,000	-
Net investment income	14,000	14,000	5,308	(8,692)
Total revenues	<u>294,613</u>	<u>458,613</u>	<u>450,645</u>	<u>(7,968)</u>
EXPENDITURES				
County Treasurer's fees	2,674	2,674	2,674	-
Bank service charges	800	800	521	279
Paying agent fees	6,000	6,000	6,000	-
Bond interest	233,438	333,868	333,868	-
Contingency	4,728	-	-	-
Total expenditures	<u>247,640</u>	<u>343,342</u>	<u>343,063</u>	<u>279</u>
NET CHANGE IN FUND BALANCE	46,973	115,271	107,582	(7,689)
FUND BALANCE - BEGINNING OF YEAR	<u>649,474</u>	<u>662,640</u>	<u>662,640</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 696,447</u>	<u>\$ 777,911</u>	<u>\$ 770,222</u>	<u>\$ (7,689)</u>

OTHER INFORMATION

Preliminary Draft
Subject to Revision

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2020**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Property Taxes		Percentage Collected to Levied
		General	Debt Service	Total	Levied	Collected	
2016	\$ 252,570	10.000	0.000	10.000	\$ 2,526	\$ 2,527	100.0%
2017	\$ 252,680	10.000	0.000	10.000	\$ 2,527	\$ 2,527	100.0%
2018	\$ 932,640	11.056 *	0.000	11.056 *	\$ 10,311	\$ 10,311	100.0%
2019	\$ 2,138,960	11.056 *	40.000	51.056 *	\$ 109,206	\$ 109,201	100.0%
2020	\$ 4,002,850	11.133 *	44.531 *	55.664 *	\$ 222,815	\$ 222,820	100.0%
Estimated for year ending December 31, 2021	\$ 4,270,860	11.133 *	44.531 *	55.664 *	\$ 237,733		

* - Mill levy adjusted for the effect of the Gallagher Amendment on the assessed value ratio.

NOTE: Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
IMPOSING AN OPERATIONS AND MAINTENANCE FEE UPON PROPERTY
WITHIN THE BOUNDARIES OF THE DISTRICT**

WHEREAS, Village at Southgate Metropolitan District (the “District”) is a quasi-municipal corporations and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district pursuant to §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, the purposes for which the District was formed include the provision of water, sewer, storm drainage, street, traffic and safety, and park and recreation facilities, programs and services; and

WHEREAS, the District’s service plan anticipates the maintenance of public open space, trails and landscaping tracts, parks, barn and silo, including electricity and irrigation water for those amenities, as well as snow removal operations for the streets, within the District; and

WHEREAS, pursuant to § 32-1-1001(1)(j) and (k), C.R.S., the District is authorized to impose and, from time to time, to increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by the District; and

WHEREAS, the District has determined to impose an operations and maintenance fee (“Maintenance Fee”) to provide funding for maintenance operations of the District; and

WHEREAS, § 32-1-1001(1)(j), C.R.S., also provides that until paid, all such fees, rates, tolls penalties or charges shall constitute a perpetual lien on and against the property served, which lien may be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanics’ liens; and

WHEREAS, the District retains the authority under statute to impose and amend the same or similar fees in the future if the District determines it is necessary;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT THAT:

Section 1. ***Maintenance Fee.*** The schedule setting forth the Maintenance Fee is attached hereto as **Exhibit A**. The Maintenance Fee is not a capital fee and shall not be pledged to any debt or bonds of the District.

Section 2. ***Noncompliance.*** The District may impose such penalties for non-compliance herewith as may be permitted by law. Without limiting the foregoing, a late charge of Fifteen Dollars (\$15.00) per month will be assessed for any late payment, plus cost of collection, if necessary.

Section 3. ***Modification/Future Events.*** The policy and Maintenance Fee being adopted herein have been established based on projected budgetary requirements of the District using various assumptions regarding cost of improvements, bond issues and interest rates therefor, together with expenses for operation and maintenance. Actual costs may differ from projections and the District may modify the Maintenance Fee imposed hereunder based upon actual circumstances.

Section 4. ***Notification/Collection.*** The appropriate officers, agents and/or employees of the District are hereby authorized to establish a system for notification of adoption of this Resolution, and collection of amounts due hereunder. Such notification shall provide for the recording of an appropriate Notice of Fees upon the property to be charged.

Section 5. ***Status as Lien/Foreclosure.*** Pursuant to § 32-1-1001(1)(j), C.R.S., the Maintenance Fee shall, until paid, be deemed a perpetual lien against the property subjected to the Maintenance Fee hereunder, from and after the date of adoption of this Resolution by the Board of Directors of the District, which lien may, in the event of non-payment of the Maintenance Fee as required in this Resolution, be foreclosed in the same manner as provided by the laws of the State of Colorado for the foreclosure of mechanics' liens, which lien amount may include interest and any costs of collection of the Maintenance Fee, including engineering and attorney's fees.

PASSED AND ADOPTED at a meeting this _____ day of June, 2021.

VILLAGE AT SOUTHGATE METROPOLITAN
DISTRICT

ATTEST:

Kevin Amolsch, President

Jared Seidenberg, Secretary

EXHIBIT A

<p style="text-align: center;">VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT MAINTENANCE FEE SCHEDULE EFFECTIVE JUNE 1, 2021</p>
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Resolution Adopted May 25, 2021

I. Maintenance Fee and Time of Assessment. The Maintenance Fee is a monthly fee (billed quarterly) imposed on and to be paid by each lot within the District. The Maintenance Fee shall be in quarterly amounts of \$180.00 per calendar quarter invoiced on each January 1st, April 1st, July 1st and October 1st and due on each January 23rd, April 23rd, July 23rd and October 23rd. Dates can change with 30-day notice to the property owners. An invoice for the Operations Fee payable for each calendar quarter will be mailed to each property owner ("Owner") thirty (30) days prior to the final due date (the "Bill Date"). If payment in full is not received by the 30th day following the Bill Date (the "Past Due Date"), the fee is deemed past due and otherwise outstanding. The first billing shall be for a four-month period, however, from June through September, 2021.

II. Place of Payment: The Maintenance Fee shall be due and payable to the District at the offices of Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood CO 80228-1898. The District may, but is not required, to provide internet payment alternatives.

III. CPI Adjustment. Commencing in 2022, and for every year thereafter, the Maintenance Fee is subject to annual adjustments on January 1 (the "CPI adjustment"). The rate of adjustment shall be computed by the percentage change for the period from the second half of the year two years prior, to the second half of the prior year for the All Urban Consumers (CPI-U) for the Denver-Boulder-Greeley, Colorado, metropolitan area, all items less food and energy, as published by the U.S. Bureau of Labor Statistics. The CPI-U for the Denver-Boulder-Greeley, Colorado metropolitan area can be accessed at:

http://www.bls.gov/regions/mountain-plains/news-release/consumerpriceindex_denver.htm

IV. The District hereby imposes the following Maintenance Fee for the purpose of defraying the costs of maintaining public improvements that are used by or benefit the property owners, residents and taxpayers of the District, including, but not limited to, open space, trails and landscaping, and park and recreation improvements. The Maintenance Fee shall become effective as of June 1, 2021. Nothing herein shall prevent any party from prepaying the Maintenance Fee through the end of any calendar year.

MAINTENANCE FEE \$60, per single family home per month.

MAINTENANCE FEE \$30 per builder lot per month whether a home has been constructed or not, and until such lot/home has been conveyed from the builder to a third-party purchaser.

WHEREAS, the Village at SouthGate Metropolitan District (the “District”) was organized as a special District pursuant to an Order of the District Court for the County of Adams, Colorado (the “County”) and is located entirely within the boundaries of the City of Brighton (the "City"); and

WHEREAS, the Board of Directors of the District (the “Board”) has a duty to perform certain obligations in order to assure the efficient operation of the District; and

WHEREAS, § 32-1-306, C.R.S., requires the District to file a current, accurate map of its boundaries with the Division of Local Government (the “Division”), the County Assessor and County Clerk and Recorder on or before January 1 of each year; and

WHEREAS, § 32-1-104(2), C.R.S., requires that the District, on or before January 15, file a copy of the notice required pursuant to § 32-1-809(1), C.R.S., with the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division; and

WHEREAS, the Local Government Budget Law of Colorado, §§ 32-1-101, *et seq.*, C.R.S., requires each Board to hold a public hearing on proposed budgets and amendments thereto, to adopt budgets and to file copies of the budgets and amendments thereto with the Division; and

WHEREAS, § 39-5-128, C.R.S., requires the District to certify its mill levy with the Board of County Commissioners on or before December 15; and

WHEREAS, § 29-1-205, C.R.S., requires the District to prepare an informational listing of all contracts in effect with other political subdivisions and submit said list to the Division within thirty (30) days after receiving a written request; and within ten (10) days after execution of a contract establishing a separate governmental entity pursuant to Section 29-1-204, C.R.S., or an amendment or modification thereof, the District must file a copy of such contract, amendment or modification with the Division, pursuant to Section 29-1-204, C.R.S.; and

WHEREAS, in accordance with the Public Securities Information Reporting Act, §§ 11-58-101, *et seq.*, C.R.S., issuers of non-rated public securities must file an annual report with the Department of Local Affairs within sixty (60) days of the close of the fiscal year; and

WHEREAS, pursuant to § 29-1-604(1), C.R.S., any local government where neither revenues nor expenditures exceed One Hundred Thousand Dollars (\$100,000) in any fiscal year commencing on or after January 1, 1998, may, with the approval of the State Auditor, be exempt from the provisions of the Colorado Local Government Audit Law, §§ 29-1-601, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 29-1-604(2)(a), C.R.S., any local government where revenues or expenditures for any fiscal year commencing on or after January 1, 2004, but prior to January 1, 2015, are least One Hundred Thousand Dollars (\$100,000) but not more than Five Hundred Thousand Dollars (\$500,000), may, with the approval of the State Auditor, be exempt from the provisions of the Colorado Local Government Audit Law, §§ 29-1-601, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 29-1-604(2)(b), C.R.S., any local government where revenues or expenditures for any fiscal year commencing on or after January 1, 2015, are least One Hundred Thousand Dollars (\$100,000) but not more than Seven Hundred and Fifty Thousand

Dollars (\$750,000), may, with the approval of the State Auditor, be exempt from the provisions of the Colorado Local Government Audit Law, §§ 29-1-601, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 29-1-606(7), C.R.S., if a District has authorized but unissued general obligation debt as of the end of the fiscal year, such District shall submit its audit report or a copy of its application for exemption from audit to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District; and

WHEREAS, pursuant to § 32-1-202(2)(b), C.R.S., the Board shall notify the Board of County Commissioners or the governing body of the municipality of any alteration or revision of the proposed schedule of debt issuance set forth in the financial plan included in the District's service plan; and

WHEREAS, the Unclaimed Property Act, §§ 38-13-101, *et seq.*, C.R.S., requires that political subdivisions, if applicable, file an annual report listing unclaimed property with the State Treasurer; and

WHEREAS, §§ 32-1-101, *et seq.*, C.R.S., requires the District to publish certain legal notices in a newspaper of general circulation in the District; and

WHEREAS, the Directors may receive compensation for their services subject to the limitations imposed by §§ 32-1-902(3)(a)(I) & (II), C.R.S.; and

WHEREAS, pursuant to § 32-1-902(1), C.R.S., each respective Board shall elect officers of each respective District; and

WHEREAS, the Directors are governed by § 32-1-902(3)(b), C.R.S., which requires a Director to disqualify himself or herself from voting on an issue in which s/he has a conflict of interest, unless the Director has properly disclosed such conflict in compliance with law and files said conflict disclosure statements at least seventy-two (72) hours prior to any regular or special meeting of the District; and

WHEREAS, § 24-6-402(2)(c), C.R.S., specifies the duty of the Board to designate a posting place for notices of meetings (which posting place may be website, social media account, or other official online presence of the District), and requires that notice of such meetings be posted at least twenty-four (24) hours prior to said meeting; and

WHEREAS, § 32-1-903, C.R.S., requires that the Board shall meet regularly at a time and in a place to be designated by the Board and requires that notice of such meetings be posted in accordance with § 24-6-402(2); and

WHEREAS, elections may be held pursuant to the Colorado Local Government Election Code, §§ 1-13.5-101, *et seq.*, C.R.S., Special District Act, §§ 32-1-101, *et seq.*, C.R.S., and the Uniform Election Code of 1992, §§ 1-1-101, *et seq.*, C.R.S., for the purpose of: (1) electing members of each Board; (2) presenting certain ballot issues to the eligible electors of the District

as required by Article X Section 20 of the Colorado Constitution; and (3) presenting certain ballot issues and questions to the eligible electors of the District; and

WHEREAS, § 1-5-102, C.R.S., specifies that the Board shall designate polling places for nonpartisan elections, other than coordinated elections, no later than twenty-five (25) days prior to an election; and

WHEREAS, § 1-11-103(3) and § 32-1-1101.5, C.R.S., require the District to notify the Division of the results of any elections held by the District within thirty (30) days after the election and to certify results of any election to incur general obligation indebtedness via certified mail to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District within forty-five (45) days after the election; and

WHEREAS, §§ 32-1-1604, C.R.S., requires the Board to record a notice of authorization of or notice to incur general obligation debt with the County Clerk and Recorder within thirty (30) days of authorizing or incurring said indebtedness; and

WHEREAS, in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S., the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District may require the District to file an application for quinquennial finding of reasonable diligence; and

WHEREAS, pursuant to § 32-1-207(3)(c), C.R.S., the District, if requested, may be required to file an annual report with the Board of County Commissioners or the governing body of any municipalities in which the District is wholly or partially located, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S.; and

WHEREAS, in accordance with the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S., each Board is given authority to obtain insurance; and

WHEREAS, in accordance with C.R.S. § 32-1-809(1), not more than sixty (60) days prior to and not later than January 15 of each year, the District shall provide notice to the District's eligible electors in the manner set forth in C.R.S. § 32-1-809(2); and

WHEREAS, pursuant to C.R.S. § 32-1-104.8(1), the District is required to record a public disclosure document and map of the boundaries of the District with the County Clerk and Recorder, such public disclosure document shall contain certain information pertaining to the District as further described in C.R.S. § 32-1-104.8(1), and, pursuant to C.R.S. § 32-1-104.8(2), such public disclosure document and map shall be recorded with the County Clerk and Recorder and such public disclosure document(s) and map(s) shall be recorded with the County Clerk and Recorder at the same time of any decree or order confirming the inclusion of any real property into the boundaries of the District is recorded pursuant to C.R.S. § 32-1-105; and

WHEREAS, in accordance with C.R.S. § 24-71.3-117, the District has the power, in relation to the administration of the affairs of the District, or any of its instrumentalities, to determine the extent to which it will create and retain electronic records and electronic signatures.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT AS FOLLOWS:

1. The Board directs the District's engineer to keep accurate maps and the District's legal counsel to file such maps with the Division, County Assessor and County Clerk and Recorder and submit any changes to the maps on or before January 1.
2. The Board directs legal counsel or the District's manager to file a copy of the notice otherwise required by § 32-1-809(1), C.R.S., with the , the County Assessor, the County Treasurer, the County Clerk and Recorder, and the Division on or before January 15.
3. The Board directs the District's accountant to submit proposed budgets to the Board by October 15, to prepare final budgets, including any amendments thereto, if necessary, and directs legal counsel to schedule a public hearing on the proposed budgets, to prepare all budget resolutions and for the District's accountant to file the budget resolutions with the Division on or before January 30.
4. The Board directs the District's accountant, manger or legal counsel to certify the mill levies with the Board of County Commissioners on or before December 15.
5. The Board directs the District's manager or legal counsel to provide the Division a current list of all contracts in effect with other political subdivisions within thirty (30) days after receiving a written request, pursuant to Section 29-1-205, C.R.S. Within ten (10) days after execution of a contract establishing a separate governmental entity pursuant to Section 29-1-204, C.R.S., or an amendment or modification thereof, the Board directs legal counsel to file a copy of such contract, amendment or modification with the Division, pursuant to Section 29-1-204, C.R.S.
6. The Board directs the District's manager or legal counsel to prepare and file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year.
7. The Board directs the District's auditor to prepare audits of the financial statements and submit such draft audits to the Board before June 30; further, the Board directs that the auditor file the final audits with the State Auditor by July 31. If the District is eligible for an audit exemption under applicable law, then the

Board directs that the District's accountant apply for and obtain such audit exemption from the State Auditor on or before March 31.

8. The Board directs the District's accountant and auditor, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, as follows: (1) if the District is eligible for an audit exemption pursuant to §§ 29-1-604(1) or (2), C.R.S., then, pursuant to § 29-1-606(7), C.R.S., the District's accountant shall submit a copy of the District's application for exemption to the ; and (2) if the District is required to submit an annual audit pursuant to §§ 29-1-601, *et seq.*, C.R.S., then, pursuant to § 29-1-606(7), C.R.S., the District's auditor shall submit its audit report to the .
9. The Board directs the District's manager or legal counsel to include in any annual report to be submitted to the , any alteration of or revisions to the proposed schedule of debt issuance set forth in the District's service plan, pursuant to § 32-1-202(2)(b), C.R.S. In the event that an annual report is not required to be filed, then the District's manager shall provide any such notice of debt issuance alteration or revision at the time the District's certified budget is filed with the Division.
10. The Board directs the District's manager or legal counsel to prepare the Unclaimed Property Act reports, as needed, and submit the same to the State Treasurer.
11. The Board designates the Brighton Standard Blade as a newspaper of general circulation within the boundaries of the District, or in the vicinity of the District if none is circulated within the District, and directs that all legal notices shall be published in accordance with applicable statutes in the Brighton Standard Blade.
12. The Board determines that each Director shall not receive compensation for services as Directors, in accordance with §§ 32-1-902(3)(a)(I) & (II), C.R.S.
13. The Board hereby elects the following officers for the District:

President:	Kevin Amolsch
Secretary/Treasurer:	Jared Seidenberg
Assistant Secretary:	Justin Cooper
Assistant Secretary:	Ronald Meier
Assistant Secretary:	Travis Sperr
14. The District hereby determines that each present and future member of the Board shall complete conflict disclosure forms and directs legal counsel to file the conflict disclosure forms with the Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board.

15. The Board designates the following location as the District's physical posting place for notices of meetings, in addition to any website, social media account, or other official online presence of the District approved by the Board, pursuant to § 24-6-402(2)(c), C.R.S.:
The northwest corner of the District
16. The Board determines to hold regular meeting on the fourth Wednesday of October at 11:00 A.M., at 1700 Broadway, Suite 640, Denver, Colorado 80202.
17. Dianne Miller, of the law firm of Miller & Associates Law Offices, LLC, is hereby appointed as the "Designated Election Official" of the Board for any election(s) to be held during 2021 and any subsequent year. The Board hereby grants all powers and authority for the proper conduct of the election(s) to the Designated Election Official, including, but not limited to, appointing election judges, appointing a canvass board(s) and cancellation, if applicable, of the election(s).
18. The Board deems it expedient for the convenience of the electors that it shall establish a polling place for all regular and special elections of the District. There shall be one (1) polling place for the elections. This polling place shall be used for any regular or special elections to be held in 2021, and in each fiscal year thereafter until such polling place is changed by duly adopted resolution of the Board. Such polling place shall be located at the offices of Miller & Associates Law Offices, LLC, 1641 California Street, Suite 300, Denver, CO 80202. All voters for the District shall vote at the designated polling place. Handicapped and nonresident voters shall vote at the same polling place. A map showing the District's boundaries is on file at the offices of the District's general counsel, Miller & Associates Law Offices, LLC, 1641 California Street, Suite 300, Denver, CO 80202, and is available for examination by all interested persons.
19. In accordance with § 1-11-103(3) and § 32-1-1101.5, C.R.S., the District directs legal counsel and the Designated Election Official to notify the Division of the results of any elections held by the District within thirty (30) days after the election and to certify results of any election to incur general obligation indebtedness to the within forty-five (45) days after the election.
20. In accordance with § 32-1-1604, C.R.S., the Board directs legal counsel to record a notice of authorization of or notice to incur general obligation debt with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness.
21. The Board directs the District's manager or legal counsel to prepare and file with the , if requested, the quinquennial finding of reasonable diligence in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S.

22. The Board directs the District's manager or legal counsel to prepare and file, if requested, the special district annual report.
23. The Board directs the District's manager or legal counsel to obtain proposals for insurance to insure the District against all or any part of the District's liability for injury; to insure the Directors acting within the scope of employment by the Board against all or any part of such liability for an injury; to insure against the expense of defending a claim for injury against the District or its Board. The Board will annually review all insurance policies in effect.
24. In accordance with C.R.S. § 32-1-809(1), the Board hereby directs the District's manager or legal counsel, not more than sixty (60) days prior to and not later than January 15 of each year, to provide notice to the District's eligible electors in the manner set forth in C.R.S. § 32-1-809(2).
25. Pursuant to C.R.S. § 32-1-104.8(1), the Board hereby directs the District's manager or legal counsel to prepare and record any amended public disclosure document(s) and map(s) with the County Clerk and Recorder pursuant to C.R.S. § 32-1-105 should any property be included into the boundaries of any District.
26. In accordance with C.R.S. § 24-71.3-117, the Board hereby determines, in relation to the administration of the affairs of the District, or any of its instrumentalities, that the transactions of the District may be conducted, and related documents may be stored, by electronic means, and that copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed authentic and valid counterparts of such original documents for all purposes, including without limitation the filing of any claim, action, or suit in the appropriate court of law.

Whereupon, the motion was seconded by Director _____, and upon vote, unanimously carried.

AMENDED ON MAY 25, 2021, 2021.

VILLAGE AT SOUTHGATE
METROPOLITAN DISTRICT

Kevin Amolsch, President

ATTEST:

Jared Seidenberg, Secretary/Treasurer

CERTIFICATION

I, Jared Seidenberg, Secretary/Treasurer of the Board of Village at SouthGate Metropolitan District, do hereby certify that the annexed and foregoing resolution is a true copy from the records of the proceedings of the Board of said District on file with Miller & Associates Law Offices, LLC, general counsel to the District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the District on May 25, 2021.

Jared Seidenberg, Secretary/Treasurer

**RESOLUTION OF THE BOARD OF DIRECTORS OF
VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
REGARDING THE CONVEYANCE OF CERTAIN TRACTS AND LOTS
(2021)**

WHEREAS, Village at Southgate Metropolitan District (the “District”) is a quasi-municipal corporations and political subdivision of the State of Colorado, duly organized and existing as a metropolitan district pursuant to §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, the purposes for which the District was formed include the provision of water, sewer, storm drainage, street, traffic and safety, and park and recreation facilities, programs and services; and

WHEREAS, the District’s service plan anticipates public open space, trails and landscaping property within the District; and

WHEREAS, pursuant to § 32-1-1001(1)(f), C.R.S., the District is authorized to acquire real and personal property, without limitation, for the functions and operations of the District; and

WHEREAS, the Arcus Southgate, LLC, an Arizona limited liability company (“Arcus”) that has developed property within the District is prepared to convey to the District certain lots and tracts for landscaping and park and recreation purposes; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT THAT:

Section 1. ***Property to be Conveyed.*** The real property to be conveyed by Arcus to the District (the “Property”) is described as follows:

Tract A, Block 5,
Tract B, Block 1,
Tract C, Block 2,
Lot 15, Block 7 (also known as 5150 Periwinkle Way),
Tract E, Block 8,
Tract F, Block 10,

Tract G, Block 11,
Tract I and
Tract J,

FINAL PLAT, VILLAGE AT SOUTHGATE BRIGHTON, LOCATED IN SECTION 1, T2S, R67W OF THE 6TH P.M., CITY OF BRIGHTON, COUNTY OF ADAMS, STATE OF COLORADO, recorded June 18, 2015 in the records of the Adams County Clerk and Recorder's Office at Reception No. 2015000047350.

A copy of the Special Warranty Deed that will convey the Property is attached hereto and incorporated herein as **Exhibit A**.

Section 2. *Conditions Precedent to Acceptance of the Conveyance*. The District agrees to accept ownership of the Property and thereafter to assume the obligation of maintenance of the Property from Arcus subject to the following conditions precedent, all of which must be satisfied before the conveyance shall be effective:

A. Arcus and the District have entered into that certain Reimbursement Agreement, dated March 1, 2021, providing for the payment by Arcus of certain maintenance on the Property until the conveyance of the Property is effective. Arcus shall make full and final payment of amounts due to the District under the Reimbursement Agreement before the conveyance shall be accepted or recorded.

B. Arcus is required to provide certain cost certifications for approval by the District. Final cost certifications must be approved by the District before the conveyance shall be accepted or recorded.

C. Arcus shall provide proof of payment of all utility billings for the Property, including water and electricity, to and including the month prior to the effective month of the conveyance.

D. The District shall have received a title commitment indicating that there is no debt or other financial encumbrance on the Property.

PASSED AND ADOPTED at a meeting this _____ day of May, 2021.

VILLAGE AT SOUTHGATE METROPOLITAN
DISTRICT

Kevin Amolsch, President

Jared Seidenberg, Treasurer and Secretary

Justin Cooper, Assistant Secretary

Ronald Meier, Assistant Secretary

Travis Sperr, Assistant Secretary

EXHIBIT A

SPECIAL WARRANTY DEED

THIS DEED, made as of _____, 2021, is between Arcus Southgate, LLC, an Arizona limited liability company whose legal address is 4915 E. Baseline Road, Suite 105, Gilbert, Arizona 85234-2966 (“Grantor”) and Village at Southgate Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado (“Grantee”) whose address is c/o Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228-1898.

WITNESSETH that Grantor for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey, and confirm, unto Grantee, its successors and assigns forever, the real property, together with improvements, if any, situate, lying and being in the City of Brighton, County of Adams, State of Colorado, described as follows:

Tract A, Block 5,
Tract B, Block 1,
Tract C, Block 2,
Lot 15, Block 7 (also known as 5150 Periwinkle Way),
Tract E, Block 8,
Tract F, Block 10,
Tract G, Block 11,
Tract I and
Tract J,

FINAL PLAT, VILLAGE AT SOUTHGATE BRIGHTON, LOCATED IN SECTION 1, T2S, R67W OF THE 6TH P.M., CITY OF BRIGHTON, COUNTY OF ADAMS, STATE OF COLORADO, recorded June 18, 2015 in the records of the Adams County Clerk and Recorder’s Office at Reception No. 2015000047350.

TOGETHER with all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of Granter, either in law or equity, of, in and to the above described premises, with the hereditaments and appurtenances;

TO HAVE AND TO HOLD the said premises above bargained and described with the appurtenances, unto Grantee, its successors and assigns forever. Granter, for itself, its successors and assigns, does covenant and agree that it shall and will WARRANT AND FOREVER DEFEND the above-bargained premises in the quiet and peaceful possession of Grantee, its successors and assigns, against all and every person or persons claiming the whole or any part thereof, by, through,

or under the Grantor, except as to such person or persons whose claims, liens, or encumbrances are of record as of the date set forth above.

IN WITNESS WHEREOF, Grantor has executed this Deed as of the date set forth above.

GRANTOR:

Arcus Southgate, LLC
an Arizona limited liability company

By: _____

Printed name & title: _____

STATE OF _____)
)
COUNTY OF _____) SS.

Acknowledged before me on the ____ day of _____, 2021, by _____, as _____ of Arcus Southgate, LLC, an Arizona limited liability company.

Witness my hand and official seal.

My Commission Expires: _____

Notary Public

**VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
BARN/SILO RULES AND REGULATIONS**

The Board of Directors of the Village at Southgate Metropolitan District hereby declares that the following District Facilities Rules and Regulations ("**Rules and Regulations**") have been prepared and adopted to provide for the administration and operation of the facilities of the District including the BARN/SILO. (the "**District Facilities**"). Rates and fees contained in the Rules and Regulations shall be effective as of the date of adoption.

The Board of Directors hereby expressly reserve the right to make any lawful addition and/or revisions in these Rules and Regulations when and as they may become advisable to properly manage the District and to promote the peace, health, safety and welfare of the people residing in the District. These Rules and Regulations are supplementary to, and are not to be construed as, any abridgement of any lawful rights of the Board as outlined in the Colorado Revised Statutes governing Special Districts.

day

**VILLAGE AT SOUTHGATE
METROPOLITAN DISTRICT**

By:

Attest:

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT
DISTRICT BARN AND SILO RULES AND REGULATIONS

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VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT RULES AND REGULATION

These Rules and Regulations have been adopted by the Board of Directors ("**Board**") of Village at Southgate Metropolitan District (the "**District**") in order to set forth standards for the use and operation of the District Facilities. The District shall retain the power to amend these Rules and Regulations as it deems appropriate. Any such amendments shall be by Resolution adopted at a regular or special meeting of the Board and periodically incorporated in printed copies of these Rules and Regulations. Prior notice of these amendments shall not be required to be provided by the District exercising its amendment powers.

ARTICLE I. BARN/SILO RULES AND REGULATIONS

The BARN/SILO is available to all owners of real property, and residents, within the District boundaries and non-property owners/non-residents of the District for private social functions as provided for in these Rules and Regulations. The Applicant (Host) for the reservation will be responsible for any damage to the premises occurring during their use of the BARN/SILO, including, but not limited to, damage to the interior or exterior of the facility, furniture and/or fixtures. Non-District residents may reserve the BARN/SILO. Membership fee payment, damage and cleaning deposit and facility inspection fee must be made prior to reserving the BARN/SILO.

The BARN/SILO and its daily operations, such as rentals and keys, are managed
by: Village at Southgate Metropolitan District

A. RESERVING THE BARN/SILO

1. An application for a reservation can be requested by contacting Matthew Cohrs at 303-987-0835 or mcohrs@sdmsi.com. Applications for a reservation, in the form of a "**Barn/Silo Reservation Agreement**", are accepted for no more than three (3) months in advance of a request. A Damage and Cleaning deposit in the amount of \$200.00 is required for every event as well as a rental fee of \$75.00. See Fee Schedule for additional fees that may apply. The deposit and rental fee must be paid prior to the event. *If alcohol is served, the host will need to provide special event insurance coverage with a limit \$1,000,000. Proof of insurance will need to be provided prior to the event.*
2. A Reservation Agreement must be completed, signed and returned to confirm the time of the reservation.

3. A key to access to the Barn/Silo will be provided once the reservation is confirmed. A \$50 fee will be charged in the event the key is not returned.
4. The Damage and Cleaning deposit will be refunded after the BARN/SILO has been inspected by an authorized representative of the District (a "**District Representative**") and the facility is deemed acceptable. The BARN/SILO facility is expected to be returned in the same condition as it was prior to the event held.

B. RESERVING THE BARN/SILO BY NON-DISTRICT MEMBERS

1. A BARN/SILO Reservation Agreement must be completed, signed and returned at the time of the reservation. Damage and cleaning deposit and rental fee must also be paid at this time.
2. Payments must be prepared for the reservation of the BARN/SILO, one for the damage and cleaning deposit in the amount of \$400, and \$150 for the rental fee. The deposit and rental fee must be paid prior to the event. *If alcohol is served, the host will need to provide special event insurance coverage with a limit \$1,000,000. Proof is insurance will need to be provided prior to the event.*
3. The key will be available for pick-up the day before the event. The Key must be returned on the next business day after the event. A \$50 fee will be charged in the event the key is not returned.
4. The BARN/SILO facility is expected to be returned in the same condition as it was prior to when the event is held. The damage and cleaning deposit will be returned by mail after the inspection and the key has been returned.

C. PROCEDURES DURING THE EVENT

1. Events shall not begin before 8:00 a.m. and shall terminate no later than 9:00 p.m.
2. The person (Host) reserving the BARN/SILO must be in attendance at all times during the event. This person is responsible for the conduct of all guests.
3. *If alcohol will be provided at an event, the host is required to provide a Special Event Insurance with a \$1,00,00 limit per occurrence. If unable to obtain, the host shall contact Matthew Cohrs at 303-736-2482 or mcohrs@sdmsi.com.*
4. All vehicles must be properly parked surrounding the BARN/SILO. Improperly parked vehicles may be towed at the owner's expense.

5. Under no circumstances shall alcoholic beverages be sold at events.
6. Bring Trash bags and remove all trash from the BARN/SILO.
7. No pets, with the exception of Service Animals, are permitted in the BARN/SILO.
8. No smoking, vaping, chewing tobacco, drugs (legal or illegal), or cannabis is permitted within the BARN/SILO.
9. Doors and windows are to be kept closed when the heat or air conditioning is in use.
10. No helium balloons are permitted in the BARN/SILO.
11. No confetti is permitted in The BARN/SILO.
12. No writing or decorations are permitted on the windows. Only removable tape (i.e. masking, painters or "Scotch" tape) may be used to attach decorations to the walls. "Duct" tape or other type of sticky tape that might damage the finish of the walls, etc. is prohibited.

D. PROCEDURES FOLLOWING THE EVENT

1. Cleaning the BARN/SILO is the responsibility of the Host and shall be completed no later than the date and time indicated in the BARN/SILO Reservation Agreement. The District Representative will inspect the premises after the event. The damage and cleaning deposit, less any costs for cleaning and/or repairs will be returned within seven (7) business days after the inspection is completed and the key returned.
2. The Host reserving the BARN/SILO is responsible for payment or replacement cost for all items damaged or lost as a result of, or occasioned by use of the property.
3. It is the responsibility of the Board of Directors to ensure the repair or replacement of all property damaged during a private or community event as soon as possible.

E. GENERAL RULES

1. The District may sponsor community events and /or programing. In the event damage occurs at a community sponsored event, the person or persons causing the damage will be held responsible for the repairs.
2. An individual may be denied use of one or more District Facilities for the following reasons:
 - (a) History of negligence concerning District Facilities rules, regulations, policies, or procedures.
 - (b) Delinquent in monthly Maintenance Fees.
 - (c) Other reasons deemed substantial by the Board of Directors.
3. BARN/SILO programming will take priority over requested reservations.
4. Only one reservation per day will be considered.
5. Maximum occupancy inside the BARN/SILO is 50 persons.
6. No one under the age of 21 is allowed to use the BARN/SILO unless supervised by a resident, property owner or host over the age of 21.
7. Waivers of liability are required for using the BARN/SILO facility.
8. The BARN/SILO will not be available for reservations on the following holidays:

New Year's Day	January 1
Martin L. King Jr.'s Birthday	3rd Monday in January
Presidents Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Columbus Day	2nd Monday in October
Veterans Day	November 11
Thanksgiving Day	4th Thursday in November
Christmas Eve	December 24 th
Christmas Day	December 25th

9. Sales, solicitations, distribution and posting of materials are prohibited within District property. Users may not use the District Facilities (including the BARN/SILO) for commercial or business purposes including, but not limited to, sales of goods or services, personal training sessions, athletic lessons, advertising, or promotions.

ARTICLE IV. CODE OF CONDUCT

Disorderly conduct as determined by the Board of Directors will result in immediate disciplinary action. Such discipline may include a minimum of one (1) month's suspension of use of the District Facilities at the Board's discretion. If a District Representative deems it necessary to involve law enforcement authorities, a minimum suspension of thirty (30) days from the BARN/SILO may be issued after consideration of the circumstances surrounding the incident in question by the District Board. Disorderly conduct may include, but is not limited to the following:

1. Threatening, profane, indecent, coercive or disrespectful actions, gestures, words or language to District representatives, fellow Members or guests;
2. Fighting (verbal or physical), scuffling or horseplay within any Facility or on District property;
3. Possession or use of Legal or Illegal drugs and use of cannabis within any District Facility or on District property;
4. Smoking or vaping within the BARN/SILO;
5. Unacceptable loitering within the BARN/SILO or on District property or deemed to be destructive or offensive;

6. Failing to obey any directive given by a Board Member/District Manager or District Representative in accordance with these Rules and Regulations;
7. Theft or attempt to remove equipment or items belonging to the District, its members or guests;
8. Damage or vandalism to BARN/SILO or Pool equipment or facilities;
9. Failure to obey posted safety rules;
10. Committing illegal or criminal acts in violation of state, local, or federal laws or regulations;
11. Actions or activities that in the discretion of the District Board of Directors are not respectful of the well-being of other persons and/or property.

EXHIBIT A

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT SCHEDULE OF FEES

Fees shall be assessed as follows:

District Resident:

\$200 per event: Damage and Cleaning Deposit BARN/SILO

\$75 per event: Non-refundable Rental Fee

\$50 per key for replacement of lost/stolen or damaged key

Non-District Resident:

\$400 per event: Damage and Cleaning Deposit BARN/SILO

\$150 per event: Non-refundable Rental Fee

\$50 per key for replacement of lost/stolen or damaged key

Exhibit B

VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT BARN/SILO USE OR RENTAL AGREEMENT

This Barn/Silo Use or Rental Agreement (the "Agreement") is made and entered into by and between the Village at Southgate Metropolitan District (the "District") and the Member named below for use of the Barn/Silo Facility. The use or rental of the Barn/Silo Facility shall be for the type of function indicated below and shall be in accordance with the provisions of this Agreement and the "Barn/Silo Rules and Regulations" adopted by the Board of Directors of the District and attached hereto and incorporated herein by this reference:

Host's Name: _____ (_____ the "Host")

Address: _____

City: _____ State: _____ Zip: _____

Phone :(H) _____ (W) _____

Date of Function: _____

Hours of Function _____ (include set up and cleanup)

Must be vacated by 9:00 PM.

Number of Guests _____

Will food be served? _____ Will alcohol be served? _____

Alcoholic Beverages are not to be sold on the premises at any time.

Will there be music? _____

For District Residents, The \$200 Damage and Cleaning Deposit may be refunded after an inspection is completed and return of keys following the function and the Barn/Silo is found to have been left in an acceptable condition. The fee for the facility rental is \$50 per event. The Member is responsible for the payment of actual repair or replacement costs for all Barn/Silo property damaged or lost as a result of or occasioned by the Member's use of the Barn/Silo property. *If alcohol is served, the host will need to provide special event insurance coverage with a limit \$1,000,000. Proof is insurance will need to be provided prior to the event.*

For Non-District Residents, a \$400 damage and cleaning Deposit, a \$100 facility rental fee and a The damage and cleaning Deposit may be refunded after an inspection is completed (and return of keys) following the function and the Barn/Silo is found to have been left in an acceptable condition. The Non-District Member is responsible for the payment of actual repair or replacement costs. *If alcohol is served, the host will need to provide special event insurance coverage with a limit \$1,000,000. Proof is insurance will need to be provided prior to the event.*

The Host making the reservation must be in attendance for the ENTIRE duration of the function.

Vehicles of event participants must be properly parked in parking spaces surrounding the Barn/Silo. Those vehicles not properly parked may be subject to tow.

Solicitation Policy. Sales, solicitations, distribution and posting of materials are prohibited. Activities may be further restricted to specific times and dates as determined by the District.

Non-Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed to be a waiver of any subsequent default hereunder. Notwithstanding any provision to the contrary in this Agreement, no term or condition of this Agreement shall be construed or interpreted as a waiver, either expressed or implied, of any of the immunities, rights, benefits or protection provided to the District under the Colorado Governmental Immunity Act.

I understand and agree to abide by the terms of this Agreement and the "Barn/Silo Rules and Regulations." I understand that I am responsible for any loss or damage of the facility or surrounding areas which may occur as a result of this function and agree to hold the Village at Southgate Metropolitan District harmless from any and all liability or damage resulting from the actions of myself, my family, or any attendees at the function. I acknowledge that I have read this Agreement and the "Barn/Silo Rules and Regulations," which are incorporated herein by this reference.

This AGREEMENT entered into on (date) _____

Signature of Host _____ Date _____

Accepted by: _____

Amount collected: _____

* If paying by check, please make checks out to 'Village at Southgate Metropolitan District'

Exhibit C

Village at Southgate Metropolitan District Barn/Silo Cleaning Checklist

- _____ Sweep and mop all floors
- _____ Clean restrooms
- _____ Remove trash from the building
- _____ After exiting make sure all exterior doors are locked
- _____ Return keys to lockbox location

Please make sure that you are completely done with the Barn/Silos prior to doing this as you will no longer have access after your reservation time has expired.

There may be a security check of the facility at or after the time your reservation expires.

Please call Matt Cohrs at _____ if you have an emergency or need assistance entering or exiting the building.