#### VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150 Lakewood, Colorado 80228-1898 Tel: 303-987-0835 • 800-741-3254 Fax: 303-987-2032

#### NOTICE OF A SPECIAL MEETING AND AGENDA

Board of Directors:	Office:	Term/Expiration:
Kevin Amolsch	President	2025/May 2025
Jared Seidenberg	Secretary/Treasurer	2025/May 2025
Ronald Meier	Assistant Secretary	2025/May 2025
Justin Cooper	Assistant Secretary	2027/May 2027
Vacant	•	2027/May 2027

DATE: September 28, 2023

TIME: 1:00 P.M.

PLACE: Via Zoom Meeting

https://us02web.zoom.us/j/86267550643?pwd=V3RnRGRtWkRyUlZZc1VMWTJFZjFHdz09

Meeting ID: 862 6755 0643 Passcode: 987572 Dial in: 1-719-359-4580

#### 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, posting of meeting notices.
- D. Review and consider approval of Minutes from the November 2, 2022 Regular Meeting and the August 29, 2023 Special Meeting (enclosures).

#### II. FINANCIAL MATTERS

- A. Conduct Public Hearing to consider amendment of the 2022 Budget, and consider adoption of Resolution No. 2023-09-01, Resolution to Amend 2022 Budget (enclosures Resolution).
- B. Discuss Summary of Refinancing Scenario Report prepared by DA Davidson & Co. (enclosure).

Village at Southgate Metropolitan District
September 15, 2023 Agenda
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III.	LEGAL MATTERS
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IV.	STATUS OF DEVELOPMENT
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V.	OPERATIONS MATTERS
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VI.	ADJOURNMENT <u>THE NEXT REGULAR MEETING IS SCHEDULED FOR OCTOBER 25, 2023.</u>

#### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT HELD NOVEMBER 2, 2022

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 30th day November 2, 2022, at 11:00 A.M. This District Board meeting was held via Zoom. The meeting was open to the public.

#### **ATTENDANCE**

#### **Directors In Attendance Were:**

Kevin Amolsch Jared Seidenberg Ronald Meier Justin Cooper

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Meier and, upon vote, unanimously carried, the absence of Director Sperr was excused.

#### Also In Attendance Were:

Peggy Ripko and Larry Loften; Special District Management Services, Inc.

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

Neil Schilling; Schilling & Company, Inc.

Chelsey Green; Meritage Homes Corporation

Reed Carr; ARCUS Private Capital Solutions

**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

Ms. Ripko 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

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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.

#### <u>ADMINISTRATIVE</u> MATTERS

**Agenda**: Ms. Ripko 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 Cooper, seconded by Director Meier and, upon vote, unanimously carried, the Agenda was approved, as presented.

Meeting Location/Manner and Posting of Meeting Notice: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board noted that the District Board meeting was held by Zoom video/telephone conference. Ms. Finn reported that notice was duly posted and that no objections to the video/telephonic manner of the meeting or any requests that the video/telephonic manner of the meeting be changed by taxpaying electors within the District boundaries have been received

<u>Minutes</u>: The Board reviewed the Minutes of the October 27, 2021 Special Meeting and the September 30, 2022 Special Meeting.

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Meier and, upon vote, unanimously carried, the Minutes of the October 27, 2021 Special Meeting and the September 30, 2022 Special Meeting.

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## PUBLIC COMMENTS

There were no public comments.

### FINANCIAL MATTERS

<u>Claims</u>: The Board reviewed the payment of claims for the period beginning November 1, 2021 through October 31, 2022, in the amount of \$658,495.38.

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Cooper and, upon vote, unanimously carried, the Board ratified approval of the payment of claims for the period beginning November 1, 2021 through October 31, 2022, in the amount of \$658,495.38.

<u>Unaudited Financial Statements</u>: Mr. Schilling reviewed with the Board the unaudited financial statements for the period ending September 30, 2022.

Following discussion, upon motion duly made by Director Meier, seconded by Director Amolsch and, upon vote, unanimously carried, the Board accepted the

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unaudited financial statements for the period ending September 30, 2022, as presented.

**<u>2022 Audit</u>**: The Board discussed the engagement of Dazzio & Associates, P.C. to prepare the 2022 Audit.

Following review and discussion, upon motion duly made by Director Amolsch, seconded by Director Seidenberg and, upon vote, unanimously carried, the Board approved the engagement of Dazzio & Associates, P.C. to prepare the 2022 Audit, for an amount not to exceed \$4,900.00.

**<u>2022 Budget Amendment Hearing</u>**: The President opened the public hearing to consider an amendment to the 2022 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider an amendment to the 2022 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 comments were received and the public hearing was closed.

Following review and discussion, Director Meier moved to adopt the Resolution to Amend 2022 Budget, Director Amolsch seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-11-01 to Amend the 2022 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

**2023 Budget Hearing**: The President opened the public hearing to consider the proposed 2023 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2023 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 or at this public hearing. No public comments were received, and the President closed the public hearing.

Mr. Schilling reviewed the estimated year-end 2022 revenues and expenditures and the proposed 2023 estimated revenues and expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2022-11-02 to Adopt the 2023 Budget and Appropriate Sums of Money and Resolution No. 2022-11-03 to Set Mill Levies (for the General Fund at 11.309 mills and the Debt Service Fund at 45.236.000 mills, for a total of 56.545 mills) Upon motion duly made by Director Seidenberg, seconded by Director Meier and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of

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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, 2022. Ms. Ripko was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Adams County and the Division of Local Government not later than December 15, 2022. Ms. Ripko was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2023. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference

<u>July 2023 Board Meeting</u>: The Board discussed setting a date in July 2023 to approve the 2022 Audit. The Board determine to set a date at a later time.

<u>Schilling & Company, Inc. Engagement Letter</u>: The Board discussed the engagement of Schilling & Company, Inc. for accounting services.

Following review and discussion, upon motion duly made by Director Seidenberg, seconded by Director Amolsch and, upon vote, unanimously carried, the Board approved the engagement of Schilling & Company, Inc.

#### **LEGAL MATTERS**

**2023 Annual Administrative Resolution:** The Board reviewed Resolution No. 2022-12-04: 2023 Annual Administrative Resolution.

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Meier and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-12-04: Annual Administrative Resolution. A copy of the Resolution is attached hereto and incorporated herein by this reference.

**2022** Resolution Waiving Workers' Compensation Insurance for 2023: The Board reviewed Resolution No 2022-12-05: 2022 Resolution Waiving Workers' Compensation Insurance for 2023.

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Meier and, upon vote, unanimously carried, the Board adopted Resolution No 2022-12-05: 2022 Resolution Waiving Workers' Compensation Insurance for 2023.

May 2, 2023 Election Resolution: The Board discussed Resolution No. 2022-12-06; Resolution Calling a Regular Election for Directors on May 2, 2023, appointing the Designated Election Official ("DEO") and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. Self-Nomination Forms are due by February 24, 2023.

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Following discussion, upon motion duly made by Director Amolsch, seconded by Director Cooper and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-12-07; Resolution Calling a Regular Election for Directors on May 2, 2023, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

## STATUS OF DEVELOPMENT

**Status of Development**: Ms. Green discussed with the Board the status of the tracts and transfer of ownership to the District. Attorney Miller presented an Access and Maintenance Easement Agreement to allow transfer of the tracts and confirm status of the landscaping in the spring.

Following review and discussion, upon motion duly made by Director Meier, seconded by Director Seidenberg and, upon vote, unanimously carried, the Board approved the Access and Maintenance Easement Agreement.

Following further discussion, the Board appointed Directors Amolsch and Seidenberg were appointed to a committee to finalize the agreement.

#### **OTHER BUSINESS**

<u>Proposal from Neighborhood Lawn Care</u>: The Board reviewed a proposal from Neighborhood Lawn Care for landscape services.

Following review and discussion, upon motion duly made by Director Meier, seconded by Director Seidenberg and, upon vote, unanimously carried, the Board approved the proposal from Neighborhood Lawn Care for landscape services.

#### ADJOURNMENT

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

Respectfully submitted,	
By:	
Secretary	

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#### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT HELD AUGUST 29, 2023

The special meeting of the Board of Directors of the Village at Southgate Metropolitan District (referred to hereafter as the "Board") was convened on Tuesday, the 29th day August 2023, at 1:00 P.M. This District Board meeting was held via Zoom. The meeting was open to the public.

#### **ATTENDANCE**

#### **Directors In Attendance Were:**

Kevin Amolsch Jared Seidenberg Ronald Meier Justin Cooper

#### **Also In Attendance Were:**

Peggy Ripko; Special District Management Services, Inc.

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

Neil Schilling; Schilling & Company, Inc.

Brandon Collins and Tanna Boisvert; Independent District Engineering Services

#### 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

Ms. Ripko 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.

## ADMINISTRATIVE MATTERS

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

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

Meeting Location/Manner and Posting of Meeting Notice: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board noted that the District Board meeting was held by Zoom video/telephone conference. Ms. Ripko reported that notice was duly posted and that no objections to the video/telephonic manner of the meeting or any requests that the video/telephonic manner of the meeting be changed by taxpaying electors within the District boundaries have been received

<u>Designation of 24-Hour Posting Location</u>: Following discussion, upon motion duly made by Director Meier, seconded by Director Cooper, and upon vote unanimously carried, the Board determined that notices of meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted at least 24 hours prior to each meeting on the District's website at: https://villageatsouthgatemd.colorado.gov/ or if posting on the website is unavailable, notice will be posted at a physical location within the District's boundaries on a post within the Boundaries of the District.

<u>Minutes</u>: The Board reviewed the Minutes from the November 2, 2022 Regular Meeting. The Board deferred this matter.

**Resignation of Director**: The Board acknowledged the resignation of Director Travis Sperr, effective May 2, 2023.

**Appointment of Officers**: The Board entered into discussion regarding the appointment of officers.

Following discussion, upon motion duly made by Director Seidenberg, seconded by Director Cooper and, upon vote, unanimously carried, the following slate of officers was appointed:

President	Kevin Amolsch
Treasurer/ Secretary	Jared Seidenberg
Assistant Secretary	Ronald Meier
Assistant Secretary	Justin Cooper

PUBLIC COMMENTS

There were no public comments.

FINANCIAL MATTERS

<u>Claims</u>: The Board reviewed the payment of claims for the period beginning November 1, 2022 through July 31, 2023, in the amount of \$806,539.23.

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Following discussion, upon motion duly made by Director Meier, seconded by Director Cooper and, upon vote, unanimously carried, the Board ratified approval of the payment of claims for the period beginning November 1, 2022 through July 31, 2023, in the amount of \$806,539.23.

<u>Unaudited Financial Statements</u>: Mr. Schilling reviewed with the Board the unaudited financial statements for the period ending June 30, 2023. No action was taken.

**2022** Audit: Mr. Schilling reviewed the 2022 Audited Financial Statements with the Board.

Following review and discussion, upon motion duly made by Director Amolsch, seconded by Director Seidenberg and, upon vote, unanimously carried, the Board ratified approval of the 2022 Audited Financial Statements and authorized execution of the Representations Letter, subject to final review by the Board and by legal counsel.

<u>Summary of Refinancing Scenario Report</u>: The Board requested that a proposal from DA Davidson be obtained as well as an updated proposal from Piper Sandler for review at the next board meeting.

**<u>2024 Budget Public Hearing</u>**: The Board entered into discussion regarding setting the date for a Public Hearing to adopt the 2024 Budget.

Following discussion, upon motion duly made by Director Amlosch, seconded by Director Meier and, upon vote, unanimously carried, the Board determined to hold the public hearing to consider adoption of the 2024 Budget on October 25, 2023, at 5:00 p.m. via Zoom Meeting.

#### **LEGAL MATTERS**

**Proposition HH:** Legal counsel provided information regarding Proposition HH.

#### STATUS OF DEVELOPMENT

**<u>Update on Status of Development</u>**: There was no update at this time.

#### OPERATIONS MATTERS

<u>Proposal for Water Extraction Team, LLC (d/b/a Property Solutions Team)</u> The board discussed a proposal from Water Extraction Team, LLC for installation of solar powered light for mailbox bank.

Following review, upon motion duly made by Director Seidenberg, seconded by Director Meier and, upon vote, unanimously carried, the Board ratified approval of the proposal from Water Extraction Team, LLC for installation of solar powered light for mailbox bank.

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**Property ownership with Opendoor:** The Board discussed Property ownership with Opendoor. No action was taken.

**Drainage Survey:** The Board discussed the drainage survey.

Following review, upon motion duly made by Director Seidenberg, seconded by Director Cooper and, upon vote, unanimously carried, the Board approved the engagement of Independent District Engineering Services LLC. for future work as needed.

<u>Landscape Improvement Proposals:</u> The Board reviewed a landscape improvement proposals.

Following review, upon motion duly made by Director Amlosch, seconded by Director Seidenberg and, upon vote, unanimously carried, the Board approved the landscape improvement proposals for the installation of 6 dog stations for a total of \$2,134 and cleaning of the drains for a total of \$2,350.

Second Addendum to Service Agreement with Neighborhood Lawn Care, Inc: The board discussed the Second Addendum to Service Agreement with Neighborhood Lawn Care, Inc. for landscape maintenance services.

Following review, upon motion duly made by Director Amolsch, seconded by Director Seidenberg and, upon vote, unanimously carried, the Board ratified the approval of the Second Addendum to Service Agreement with Neighborhood Lawn Care, Inc for landscape maintenance services.

<u>Punch Lists from the Tract Inspection:</u> The Board approved a portion of the proposal and requested information on the dead trees and removed trees

<u>Tree Replacement Proposal:</u> The Board reviewed a tree replacement proposal.

Following review, upon motion duly made by Director Amolsch, seconded by Director Meier and, upon vote, unanimously carried, the Board approved the tree replacement proposal.

**Rotary Head Replacement Proposals:** The Board reviewed a rotary head replacement proposal.

Following review, upon motion duly made by Director Amolsch, seconded by Director Meier and, upon vote, unanimously carried, the Board approved the rotary head replacement proposal for a total of \$4,195.00.

**2024 ADA Requirements:** The Board discussed updating the website to conform with the 2024 ADA requirements.

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

Respec	ctfully submitted,	
D		
By: _	Secretary	

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## RESOLUTION TO AMEND 2022 BUDGET VILLAGES AT SOUTHGATE METROPOLITAN DISTRICT

WHEREAS, the Board of Directors of Villages at Southgate Metropolitan District (the "District") certifies that at a special meeting of the Board of Directors of the District held on September 28, 2023 regarding an amendment to the 2022 budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for the fiscal year 2022 as follows:

General Fund	\$ 14,870
Debt Service Fund	\$ 776,551
Operations and Maintenance Fee Special Revenue Fund	\$ 48,550

WHEREAS, the Board of Directors of the District previously amended the Budget for fiscal year 2022 on October 27, 2021 as follows:

General Fund	\$ 19,663
Debt Service Fund	\$ 784,783
Operations and Maintenance Fee Special Revenue Fund	\$ 58,541

WHEREAS, the necessity has arisen for appropriation and expenditure of funds from the \_\_\_\_\_ in excess of those appropriated for fiscal year 2022, as reflected by satisfactory evidence presented to the Board of Directors at this meeting.

WHEREAS, the expenditure of such funds is a contingency which could not have been reasonably foreseen at the time of the adoption of the budget.

WHEREAS, funds are available for the additional expenditures.

WHEREAS, upon due and proper notice, published and/or posted in accordance with law, the proposed budget amendment was available for inspection by the public at a designated public office, a hearing was held on September 28, 2023, and interested electors were given the opportunity to file or register any objections to said proposed budget amendment.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District shall and hereby does amend the adopted budget for fiscal year 2022, as follows:

\$

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the Debt Service Fund for the purposed stated.

#### ADOPTED AND APPROVED ON September 28, 2023.

VILLAGES AT DISTRICT	SOUTHGATE	METROPO	OLITAN
<del> </del>			
Kevin Amolsch	, President		

#### STATE OF COLORADO

#### COUNTY OF ADAMS

#### VILLAGES AT SOUTHGATE METROPOLITAN DISTRICT

I, Jared Seidenberg, hereby certify that I am a director and the duly elected and qualified Treasurer/Secretary of the Villages at Southgate Metropolitan District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 2:00 P.M. on Thursday, September 28, 2023, via conference call as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for the amended budget for fiscal year 2022, that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name this  $28^{\text{th}}$  day of September, 2023.

By:		
	Jared Seidenberg, Treasurer/Secretary	

#### **VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT**

**Adams County, Colorado** 

FINANCIAL STATEMENTS DECEMBER 31, 2022



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#### Certified Public Accountants

#### INDEPENDENT AUDITOR'S REPORT

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

#### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village at SouthGate Metropolitan District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District, as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Operations and Maintenance Fee Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### Required Supplementary Information

Management has omitted 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.

#### Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplemental Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information

Management is responsible for the other information included in the annual report. The Other Information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

July 17, 2023

BASIC FINANCIAL STATEMENTS

SUBJECT!

#### VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT STATEMENT OF NET POSITION December 31, 2022

	Governmental Activities
ASSETS	
Cash and investments - unrestricted	\$ 50,261
Cash and investments - restricted	780,420
Due from County Treasurer	2,582
Operations and maintenance fees receivable	46,976
Prepaid expenses	4,071
Property taxes receivable	495,591
Total assets	1,379,901
Total accord	1,070,001
LIABILITIES, DEFERRED INFLOWS OF	
RESOURCES, AND NET POSITION	
LIABILITIES	
Accounts payable	8,810
Accrued bond interest payable	21,957
Bonds and unpaid interest payable:	
Due within one year	35,000
Due in more than one year	4,852,000
Developer advances and accrued interest payable:	
Due in more than one year	270,057
Total liabilities	5,187,824
DEFENDED INFLOWS OF DESCRIPTION	
DEFERRED INFLOWS OF RESOURCES	405 504
Deferred property taxes revenues  Total deferred inflows of resources	495,591
rotal deferred inflows of resources	495,591
NET POSITION	
Restricted:	
Emergency reserves	8,878
Debt service	416,622
Unrestricted	(4,729,014)
Total net position	\$ (4,303,514)

# VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT STATEMENT OF ACTIVITIES Year Ended December 31, 2022

Net (Expense)

				٥	Sound Wenner	Q	Reve Cha	Revenue and Changes in
					Operating	Capital		
			S	Charges for	<b>Grants and</b>	<b>Grants and</b>	Gove	Governmental
Functions/Programs	ш	Expenses	S	Services	Contributions	Contributions	Ac	Activities
Governmental Activities:								
General government	↔	212,658	↔	203,025	9	ı ↔	↔	(9,633)
Interest and fiscal charges		315,386			S	•		(315,386)
Total governmental activities \$	ઝ	528,044	<del>S</del>	203,025	\$	- \$		(325,019)
					7			
Genera	al rev	General revenues:						

l axes:	Property taxes	Specific ownership taxes	Net investment income	Total general revenues	Change in net position	Net position - Beginning of year	Net position - End of year	
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160,168 (4,463,682) (4,303,514)

438,296 30,963 15,928 485,187

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, 2022

		General	Mai	erations & ntenance Fee Special evenue		Debt Service	Go	Total vernmental Funds
ASSETS					_			
Cash and investments - unrestricted	\$	23,885	\$	26,376	\$	<del>_</del>	\$	50,261
Cash and investments - restricted				-		780,420		780,420
Due from County Treasurer		517		<del>-</del>		2,065		2,582
Operations and maintenance fees receivable		-		46,976		-		46,976
Prepaid expenditures		4,071		-		_		4,071
Property taxes receivable		99,118				396,473		495,591
TOTAL ASSETS	\$	127,591	\$	73,352	\$	1,178,958	\$	1,379,901
LIABILITIES , DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES LIABILITIES								
Accounts payable	\$	8,810	\$	_	\$	_	\$	8,810
Total liabilities		8,810		05-				8,810
DEFERRED INFLOWS OF RESOURCES		-,			7			-,
Deferred property tax revenues		99,118		·		396,473		495,591
Total deferred inflows of resources		99,118				396,473		495,591
FUND BALANCES		55,7.5	1	<del>) (</del>		333,		,
Nonspendable:		/,						
Prepaid expenditures		4,071		~ \ ->		_		4,071
Spendable:		.,	`					.,
Restricted for emergencies		2,816		6,062		_		8,878
Restricted for debt service		2,010		0,002		782,485		782,485
Committed for operations and maintenance		<b>5</b> 1		11,470				11,470
Unassigned		12,776		55,820		_		68,596
Total fund balances		19,663		73,352		782,485		875,500
TOTAL LIABILITIES, DEFERRED INFLOWS OF		10,000		70,002		702,100		070,000
RESOURCES AND FUND BALANCES	\$	127,591	\$	73,352	\$	1,178,958		
Amounts reported for governmental activities in the S are different because:  Some liabilities, including bonds payable and are not due and payable in the current perio not reported in the Balance Sheet - Governmental Accrued bond interest payable	ccrue d and	d interest pay , therefore, a	able,					(21,957)
Bonds payable Developer advances and interest payable	9							(4,887,000) (270,057) (5,179,014)
Net position of governmental activities	;						\$	(4,303,514)

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, 2022

	(	General	Mai	erations & intenance Fee Special Revenue		Debt Service		Total ernmental Funds
REVENUES	Φ.	07.004	Φ.		Φ.	050 005	Φ.	400.000
Property tax	\$	87,661	\$	-	\$	350,635	\$	438,296
Specific ownership tax		6,193		-		24,770		30,963
Net investment income		24		-		15,904		15,928
Operations and maintenance fees		-		202,050		-		202,050
Barn and Silo rental fees		-		975		-		975
Total revenues		93,878		203,025		391,309		688,212
EXPENDITURES								
Current:								
Legal		17,383		1,425		_		18,808
Accounting		12,201		-, :		_		12,201
Management services		14,147		22,168				36,315
Audit		4,900				-		4,900
Engineering and consulting		9,090			. (	_		9,090
Insurance and bonds		2,515		\	-	_		2,515
Election		716	$\bigcirc$	J(		_		716
County Treasurer's fees		1,315				5,261		6,576
Office supplies and postage		26	\	\-		, <u>-</u>		26
Bank service charges		120				729		849
Dues and subscriptions		320		· / / -		_		320
Landscape maintenance		$\sim V_{-}$		45,309		_		45,309
Snow removal		<b>-</b> (C		16,305		_		16,305
Utilities:				,				,
Water		_		57,777		_		57,777
Electricity - Silo				667		_		667
Electricity - Barn		_		284		-		284
Debt service:								
Paying agent fees		-		-		6,000		6,000
Principal		-		-		27,000		27,000
Interest and fiscal charges		_		-		332,357		332,357
Total expenditures		62,733		143,935		371,347		578,015
NET CHANGE IN FUND BALANCES		31,145		59,090		19,962		110,197
FUND BALANCES - BEGINNING OF YEAR		(11,482)		14,262		762,523		765,303
FUND BALANCES - END OF YEAR	\$	19,663	\$	73,352	\$	782,485	\$	875,500

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, 2022

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	\$ 110,197
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 accrued bond interest payable	(2,504)
Change in unpaid bond interest payable	39,449
Change in developer advances interest payable	(13,974)
	22,971
0,5	_
Change in net position - Governmental activities	\$ 133,168

## VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL - GENERAL FUND Year Ended December 31, 2022

	an Bu	riginal d Final idgeted nounts		Actual	Final Po	ance with Budget - ositive egative)
REVENUES						
Property tax	\$	87,661	\$	87,661	\$	-
Specific ownership tax		6,785		6,193		(592)
Net investment income				24		24
Total revenues		94,446		93,878		(568)
EXPENDITURES						
Legal		30,000		17,383		12,617
Accounting		7,500		12,201		(4,701)
Management services		14,000		14,147		(147)
Audit		4,700	っ	4,900		(200)
Engineering and consulting		5,000		9,090		(4,090)
Insurance and bonds		2,800		2,515		285
Election		5,000		716		4,284
County Treasurer's fees		1,315		1,315		-
Office supplies and postage		100	1	26		74
Bank service charges	(1)	200		120		80
Dues and subscriptions		500		320		180
Contingency	<u>),                                     </u>	10,000				10,000
Total expenditures	(	81,115		62,733		18,382
NET CHANGE IN FUND BALANCE		13,331		31,145		17,814
FUND BALANCE - BEGINNING OF YEAR		1,539		(11,482)		(13,021)
FUND BALANCE - END OF YEAR	\$	14,870	\$	19,663	\$	4,793
SUBJE						

#### **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.

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 Operations and Maintenance Fee Special Revenue Fund accounts for the resources accumulated from the imposition of the District's operations and maintenance fee upon the properties within the District's boundaries and the related expenditures.

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.

The District amended the budget for the year ended December 31, 2022 for the Operations and Maintenance Fee Special Revenue Fund and 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 assets that applies to future periods 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:

<u>Nonspendable fund balance</u>—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.

<u>Committed fund balance</u>—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.

<u>Assigned fund balance</u>—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.

<u>Unassigned fund balance</u>—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.

#### **Operations and Maintenance Fee**

The District imposes an operations and maintenance fee on the properties within the District's boundaries. The fee is billed quarterly in the amount of \$180 per quarter. Beginning on January 1, 2022, and each year after, the operations and maintenance fee is subject to a CPI adjustment. The operations and maintenance fee purpose is to defray 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.

#### **NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and investments - unrestricted \$ 50,261

Cash and investments - restricted 780,420

Total cash and investments \$ 830,681

Cash and investments as of December 31, 2022, 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.

As of December 31, 2022, the District's cash deposits with financial institutions that had a bank balance of \$50,051 and carrying balance of \$50,261.

#### 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

As of December 31, 2022, the District had the following investments:

#### **COLOTRUST**

The District has invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST and/or 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 three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All 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+ and COLOTRUST Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longerdated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAm by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at www.colotrust.com. The District had \$780,420 invested 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 records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

#### **Restricted Cash and Investments**

As December 31, 2022, the District reports cash and investments in the amount of \$780,420 which are restricted for debt service on the District's outstanding bonds.

#### **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, 2022.

	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022	Current Portion
Governmental Activities:	21				
Limited Tax G.O. Bonds:		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \			
Series 2018A	\$ 4,150,000	\$ -	\$ -	\$ 4,150,000	\$ 35,000
Subordinate Series 2018B	764,000	-	(27,000)	737,000	-
Accrued and unpaid interest:					
Subordinate Series 2018B	39,449	59,470	(98,919)	-	-
Developer Advances:					
PFG - Principal	133,835	-	-	133,835	-
PFG - Interest	42,615	9,369	-	51,984	-
ARCUS - Principal	65,785	-	-	65,785	-
ARCUS - Interest	13,848	4,605		18,453	
	\$ 5,209,532	\$ 73,444	\$ (125,919)	\$ 5,157,057	\$ 35,000

#### **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-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.

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 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 seeing 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.

#### **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:

		Principal	 Interest		Total
2023	\$	35,000	\$ 233,438	\$	268,438
2024		45,000	231,469		276,469
2025		50,000	228,937		278,937
2026		55,000	226,125		281,125
2027		60,000	223,031		283,031
2027-2031	(V)	420,000	1,055,250		1,475,250
2032-2036		625,000	915,469		1,540,469
2037-2041		915,000	708,750		1,623,750
2042-2046		1,285,000	411,750		1,696,750
2047-2048		660,000	 37,125		697,125
	\$	4,150,000	\$ 4,271,344	\$	8,421,344

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. As of the date of this report, the District does not anticipate issuing any of the authorized but unissued debt during 2023.

The District's voter authorized but unissued debt as of December 31, 2022 is as follows:

	Amount Authorized	S	eries 2018A Bonds Issued	S	eries 2018B Bonds Issued		Authorized
<u>Purpose</u>	<u>11/4/2014</u>		<u>5/7/2018</u>		<u>5/7/2018</u>	<u>B</u>	<u>ut Unissued</u>
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		- 0				18,774,000
Refunding Debt	18,774,000						18,774,000
District IGAs as Debt	18,774,000		- GV	·			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, 2022, the outstanding principal and interest payable to PFG were \$133,835 and \$51,984, respectively. As of December 31, 2022, the outstanding principal and interest payable to ARCUS were \$65,785 and \$18,453, respectively.

#### **NOTE 6 - FUND EQUITY**

As of December 31, 2022, the District reported the following classifications of fund equity.

#### Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$4,071 is comprised of prepaid amounts which are not in spendable form.

#### Restricted Fund Balance

The restricted fund balance in the amount of \$2,816 and \$6,062 in the General Fund and Operations and Maintenance Fee Special Revenue Fund, respectively, are 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 \$782,485 is to be used exclusively for debt service requirements (see Note 4).

#### **Committed Fund Balance**

The committed fund balance in the Operations and Maintenance Fee Special Revenue Fund is to be used to defray the costs of maintaining public improvements that are used by or benefit the property owners, residents and taxpayers of the District.

#### **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, 2022 as follows:

#### Restricted:

Emergencies	\$ 8	3,878
Debt service	416	6,622
	\$ 425	,500

In the government-wide financial statements, the District's had an unrestricted net position deficit of (\$4,729,014) 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.

#### **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 lessor 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?

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 lessor 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?

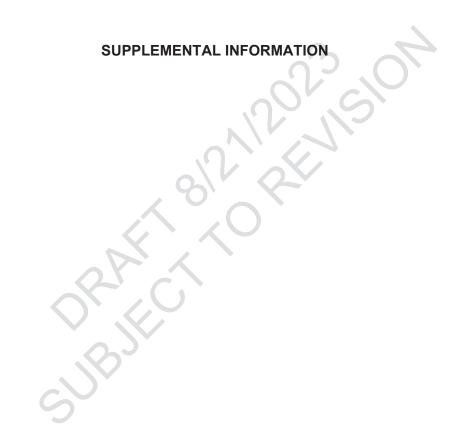
Shall Village at SouthGate Metropolitan District be authorized to collect, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, gifts, grants or any other fee, rate, toll, penalty, or charge 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.

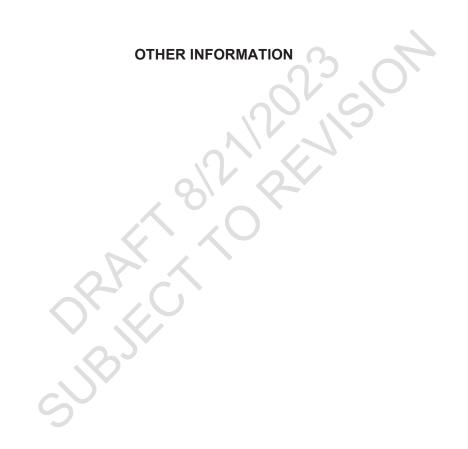


## VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL - OPERATIONS AND MAINTENANCE FEE SPECIAL REVENUE FUND Year Ended December 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES	Φ 400.000	<b>4</b> 000 050	Φ 000.050	•
Operations and maintenance fees Silo and barn rental fees	\$ 180,000	\$ 202,050	\$ 202,050	\$ -
Total revenues	1,000 181,000	1,000 203,050	975 203,025	(25) (25)
Total Tevenides	101,000	203,030	203,023	(23)
EXPENDITURES				
Legal	1,500	1,500	1,425	75
Accounting	2,000		-,	-
Management services	15,000	22,168	22,168	-
Landscape maintenance	32,500	45,309	45,309	-
Snow removal	15,000	16,305	16,305	-
Utilities:				
Water	55,000	57,777	57,777	-
Electricity - Silo	1,100	1,100	667	433
Electricity - Barn	350	350	284	66
Contingency	10,000	-	-	
Total expenditures	132,450	144,509	143,935	574
NET CHANGE IN FUND BALANCE	48,550	58,541	59,090	549
FUND BALANCE - BEGINNING OF YEAR	- 40.550	14,262	14,262	-
FUND BALANCE - END OF YEAR	\$ 48,550	\$ 72,803	\$ 73,352	\$ 549
SUBJE				

# VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL - DEBT SERVICE FUND Year Ended December 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Property tax	\$ 350,635	\$ 350,635	\$ 350,635	\$ -
Specific ownership tax	27,138	27,138	24,770	(2,368)
Net investment income	800	15,904	15,904	-
Total revenues	378,573	393,677	391,309	(2,368)
EXPENDITURES  County Treasurer's fees  Bank service charges  Paying agent fees	5,260 800 6,000	5,260 800 6,000	5,261 729 6,000	(1) 71 -
Bond principal	-	27,000	27,000	-
Bond interest	338,438	332,357	332,357	-
Contingency	5,000	-	-	
Total expenditures	355,498	371,417	371,347	70
NET CHANGE IN FUND BALANCE	23,075	22,260	19,962	(2,298)
FUND BALANCE - BEGINNING OF YEAR	753,476	762,523	762,523	
FUND BALANCE - END OF YEAR	\$ 776,551	\$ 784,783	\$ 782,485	\$ (2,298)



#### VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED Year Ended December 31, 2022

Year Ended December 31,	fo Ye	Prior Year Assessed Valuation or Current ar Property Tax Levy	General	Mills Levied  Debt  Service		Propert Levied	y Taxes Collected	Percentage Collected to Levied
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%
2021	\$	4,270,860	11.133 *	44.531 *	55.664 *	\$237,733	\$237,575	99.9%
2022	\$	7,873,950	11.133 *	44.531 *	55.664 *	\$438,296	\$438,296	100.0%
Estimated for year ending December 31, 2023	\$	8,764,550	11.309 *	45.236 *	56.545 *	\$495,591	4	

<sup>\* -</sup> 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.

LEADERS IN INFRASTRUCTURE

**FINANCE** 

D.A. DAVIDSON & CO. SPECIAL DISTRICT GROUP



## VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT

2018 BONDS SUMMARY & 2023 REFUNDING OPPORTUNITY







#### CONTENTS

SECTION 1: OUTSTANDING BONDS AND REFUNDING OPPORTUNITY

SECTION 2: MUNICIPAL MARKET UPDATE

SECTION 3: INTRODUCTION TO D.A. DAVIDSON'S SPECIAL DISTRICT GROUP





#### VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT

#### Overview of Outstanding Limited Tax General Obligation Bonds, Series 2018

	2018A	2018B
Par at Issuance	\$4,150,000	\$764,000
Principal Outstanding	\$4,150,000	\$737,000
Coupon	5.625%	7.750%
Maturity Date	12/1/2048	12/15/2040
Call Feature	12/1/2023 @ 103%	12/15/2023 @ 103%
Required Mill Levy		O mills adjustment)
2023 Debt Service Mill Levy	45.236 mills	(as adjusted)

NEW ISSUE BOOK-ENTRY ONLY NOT RATED BANK QUALIFIED

In the opinion of Ballind Syde-LLP, Denner, Colorado, Band Counted, Literator to the Bands in credibility from gross income for suprious of Syde-LDP, Denner, Colorado, Band Counted, Literator to the Bands in credibility from gross income for suprious of Syde-LDP, Denner, Colorado, Bands and an and Bands a

#### VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT (IN THE CITY OF BRIGHTON), ADAMS COUNTY, COLORADO

\$4,150,000 LIMITED TAX GENERAL OBLIGATION BONDS SERIES 2018A \$764,000 SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS SERIES 2018R

Dated: Date of Delivery

Due: December 1, as shown below (2018A Senior Bonds)
December 15, as shown below (2018B Subordinate Bonds)

The Village at South Gate Metropolitan District Limited Tax General Obligation Blonds, Series 2018A (the "2018A Senior Blonds") are pursuant to an Indenture of Trust (Senior) (the "2018A Senior Blonds") reviewed Village at SouthGate Metropolitan District (in the City of Highbort), Adams County, Colorado (the "2018A Senior Blonds,") are used to the Colorado, to a truste (the "2018A Senior Blonds,") are used to the Colorado, as trusted (the Colorado, to the Color

The 2018A Sesion floods but intends as the rate of forth lower, payable that only to the centar revenue are available for such purpose) seminantally on June 1 and December 1 of each year, commercing December 1, 2018 (such such data, a "2018A Interest Payment Data"), and the 2018B Substriate Bonds here interest at the rate set forth below, payable (but only be centar revenue are available for such purpose) seminations of the payable (but only be available for such purpose) annually no Execute Data, the "all-payment Data") by check or early resident of the payable (but only be applied of the payable (

#### 2018A SENIOR BONDS MATURITY SCHEDULE

\$4,150,000 5.625% Term Bonds Due December 1, 2048 - Price: 100.00% (CUSIP Number: 92710P AA0)

#### 2018B SUBORDINATE BONDS MATURITY SCHEDULE

\$764,000 7.75% Term Bonds Due December 15, 2040 - Price: 100.0% (CUSIP Number: 92710P AB8)

INVISTMENT IN THE BONDS INVOLVES A HIGH DEGREE OF RISK. INVESTMENT IN THE 2000 SURGEDINATE BOSIS INVOLVES A HIGHER BEGREE OF RISK. THAN INVESTMENT IN THE 2000 SEAR SENIOR BONDS. THE BONDS ARE NOT APPROPRIATE FOR ALL INVESTORS AND ARE BEING OFFREED AND SOLD TO CRETAIN "ACCREDITED INVESTORS," AS DEFINED IN RELE-50(A) PROMULGATED UNDER THE SECURITIES ACT OF 1931, THAT QUALIFY AS "FINANCIAL INSTITUTIONS OF INSTITUTIONAL INVESTORS" AS DEFINED IN SECURO 32.1-104(6.5.) COLORADO REVISEDS TATUTIES. SEE "REACTORS."

The 2018 Notice Hood annihilate limited tax general religiations of the District psychie solely from and to the season of the Senior Pledged Revenue, defined generally to the 2018 Notice Hood of the Senior Pledged Revenue, defined generally to the 2018 Notice Hood of the Senior Pledged Revenue, defined generally to the Senior Pledged Revenue, defined generally to the Senior Received (Senior Required Mill Levy (defined herein); (ii) all Senior Speciality Revenues (defined herein); (iii) all Caginal Fens (defined herein); (iv) all Senior Speciality Revenues (defined herein); (iv) all

The 20181 Sobordinate Decade contributes an Annabel Team of the Contribute of the Co

For further description of the security for the Bonds, see "SECURITY FOR THE 2018A SENIOR BONDS" and "SECURITY FOR THE 2018B SUBORDINATE BONDS." The Bonds are not obligations of any of the City of Birahion, Colondo (the "Cuty"), Adams County, Colondo (the "County") or the State of Colondo (the "State").

tonguants is any on the U-ty on any game, included used. On the U-ty on any game is a constant or the U-ty on a region of the U-ty on any game is a constant or the U-ty on a second to the U-ty of the U-ty on a constant or the U-ty on a constant or the U-ty of the U-ty on a constant or the U-ty on a constant or the U-ty of U-ty o

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Limited Offering Memorandum to obtain information essential to making an informed investment decision, giving particular attention to the section entitled "RISK FACTORS."



This Limited Offering Memorandum is dated May 3, 2018.



#### VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT

#### Summary of 2023 Refunding Opportunity

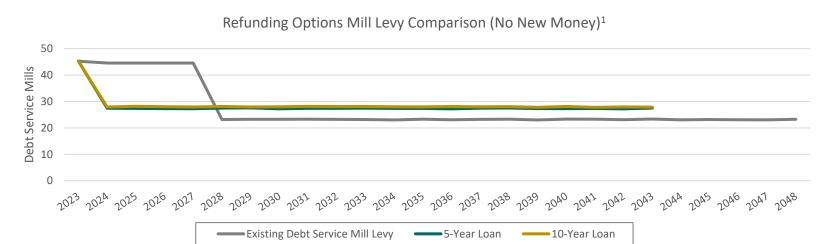
	Village at Southgate MD Refund	ing Summary - September 2023
	Option 1: 5-Year Loan	Option 2: 10-Year Loan
Overview	5-year loan (20-year amortization schedule)	10-year loan (20-year amortization schedule)
Closing Date	October 2023	October 2023
Estimated Principal (Refunding Only)	\$4,410,000	\$4,410,000
Estimated Rate <sup>1</sup>	Tax-Exempt Rate: 5.61%	Tax-Exempt Rate: 5.49%
Estimated Debt Service Mill Levy	27.500	28.100
Estimated PV Savings	NPV Savings (\$): \$8,900 NPV Savings (%): 0.18%	NPV Savings (\$): -\$108,900 NPV Savings (%): -2.22%
Potential New Money Capacity	\$1,286,000 (assuming mills at cap of ~45)	\$1,162,000 (assuming mills at cap of ~45)
Call Protection / Prepayment Penalty	<ul> <li>Yield maintenance until maturity (5-year prepayment penalty)</li> <li>Some banks may offer prepayment beginning as soon as year 2</li> </ul>	<ul> <li>Yield maintenance until year 5 (5-year prepayment penalty)</li> <li>Some banks may offer prepayment beginning as soon as year 3</li> </ul>
Comments	<ul> <li>Sized to a 2043 maturity, which lenders will request, to mitigate timing of final mill levy imposition in 2048</li> <li>Interest rate risk until rate is locked (typically 14 days prior to closing); markets could improve or worsen</li> <li>Refinancing required prior to maturity of loan in 2028 (future interest rate risk); assumes balloon maturity is selected/only option</li> <li>Some banks may offer a re-price option at end of 5-year term</li> <li>Refunding only reduces the annual debt service mill levy from 45.236 mills to 23.900 mills beginning in 2024</li> <li>Potential annual property tax savings of \$740 for a home with a market value of \$600,000</li> <li>If the District wanted to maintain its maximum mill levy, it could generate approximately \$1.286mm in proceeds for additional projects or reimbursements</li> </ul>	<ul> <li>Sized to a 2043 maturity, which lenders will request, to mitigate timing of final mill levy imposition in 2048</li> <li>Interest rate risk until rate is locked (typically 14 days prior to closing); markets could improve or worsen</li> <li>Refinancing required prior to maturity of loan in 2033 (future interest rate risk); assumes balloon maturity is selected/only option</li> <li>Some banks may offer a re-price option at end of 10-year term</li> <li>Refunding only reduces the annual debt service mill levy from 45.236 mills to 24.350 mills beginning in 2024</li> <li>Potential annual property tax savings of \$714 for a home with a market value of \$600,000</li> <li>If the District wanted to maintain its maximum mill levy, it could generate approximately \$1.162mm in proceeds for additional projects or reimbursements</li> </ul>

<sup>&</sup>lt;sup>1</sup>Based on current market conditions; final pricing determined after completion of a competitive RFP process and term sheet selection for Option 1 or Option 2

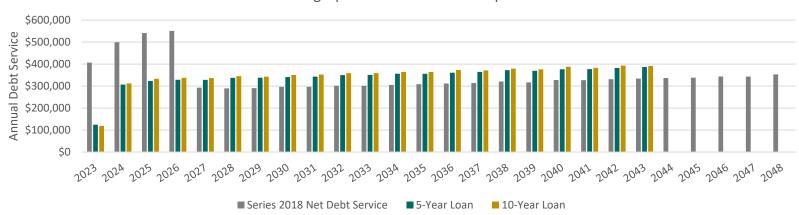
#### VILLAGE AT SOUTHGATE METROPOLITAN DISTRICT



#### **Debt Service and Mill Levy Comparison**



#### **Refunding Options Debt Service Comparison**



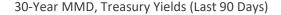


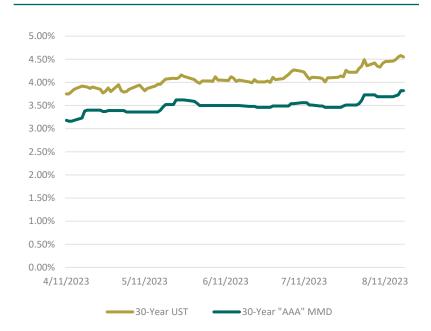


As of August 29, 2023

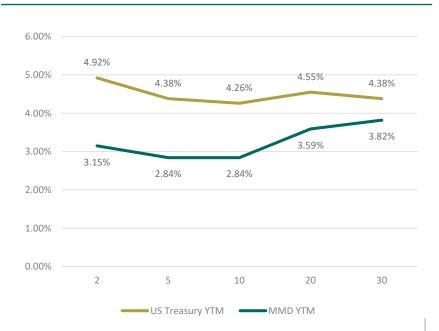
#### **Key Market Insights**

- During his annual Jackson Hole, Wyoming speech, Federal Reserve Chair Jerome Powell's outlined tests that incoming economic data will have to meet to avert additional rate hikes. The Job Openings and Labor Turnover survey, which was released Tuesday, showed a drop in job openings for a third consecutive month to the lowest level since March 2021, a positive indicator for averting additional rate hikes. The PCE price index is expected to be released Thursday, followed by the August jobs report on Friday morning.
- The weekly MBA Mortgage Index fell 4.1% to follow last week's 0.8%% decrease, reaching the lowest level since April of 1995. The Purchase Index was down 5% while the Refinance Index fell 2.8%.
- Municipal bond mutual funds saw \$553 million of outflows the week ending 8/23, a second consecutive week of outflows. Muni and Treasury yields continue to climb.





#### "AAA" MMD vs. US Treasury Yield Curves 8/18/2023







As of August 29, 2023

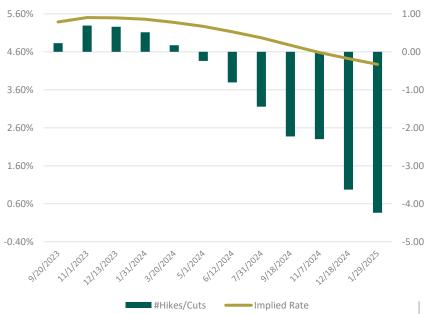
#### Federal Reserve Action

- At the July Federal Open Market Committee (FOMC) meeting, Federal Reserve officials raised the target federal funds rate by 25 basis points from 5.00% 5.25% to 5.25% 5.50%, it's highest since 2001.
- As of Monday, August 28<sup>th</sup>, market futures have reduced the probability of rate hikes throughout 2023 and increased the probability of rate cuts in 2024.
- Market futures are pricing in a 23% probability of a rake hike in September with implied rate hikes through the end of 2023; rate cuts are implied starting in January of 2024.

#### Federal Funds Rate (Jan. 2017 - Present)



#### Implied Overnight Rate & Number of Rate Hikes (as of 8/28/2023)





#### **Rate History**

 $30\mbox{-Year}$  UST &  $30\mbox{-Year}$  "AAA" MMD Yields (2013-2023) As of Aug 29, 2023



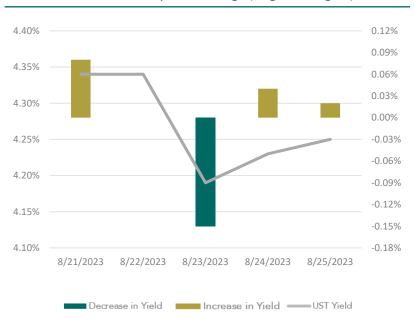


As of August 29, 2023

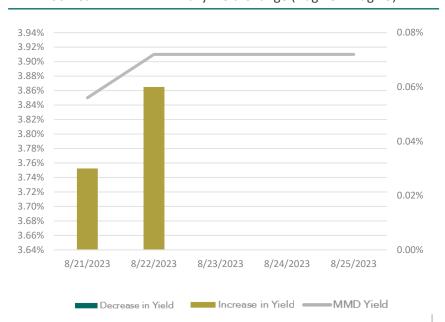
#### Muni and Treasury Yields End the Week with Losses

- The 10-Year UST closed the week at 4.25%, down one basis points on the week ending 8/25.
- The 30-Year UST closed the week at 4.30%, down eight basis points over last Friday's close.
- The benchmark 30-Year "AAA" MMD closed the week at 3.91%, up nine basis points on the week ending 8/25.
- The 2s10s spread widened 12 basis points over the week to -78 bps.
- Friday's Muni-to-UST ratios: 66.89% at the 5-Year, 70.24% at the 10-Year, 82.14% at the 20-Year, and 91.14% at the 30-Year.

#### 10-Year UST Daily Yield Change (Aug 18 – Aug 25)



#### 30-Year "AAA" MMD Daily Yield Change (Aug 18 – Aug 25)





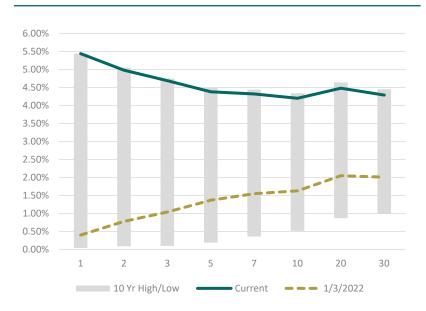
As of August 29, 2023

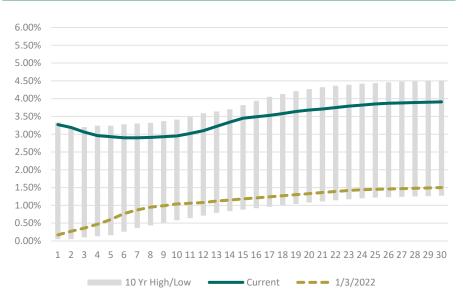
#### Key Market Insights in Context

- The 10-Year US Treasury yield is up 257 basis points since January 3, 2022. Similarly, the 30-Year UST is up 228 basis points since the beginning of 2022.
- The 30-Year "AAA" MMD yield is up 241 basis points since January 3, 2022.
- Treasury yields remain near 10-year highs across the curve, while the "AAA" MMD curve remains flat in the middle to long end of the curve near 10-year highs.

#### 10-Year Historical Range of UST Yields (Aug 2013 – Aug 2023)

#### 10-Year Historical Range of "AAA" MMD Yields (Aug 2013 – Aug 2023)





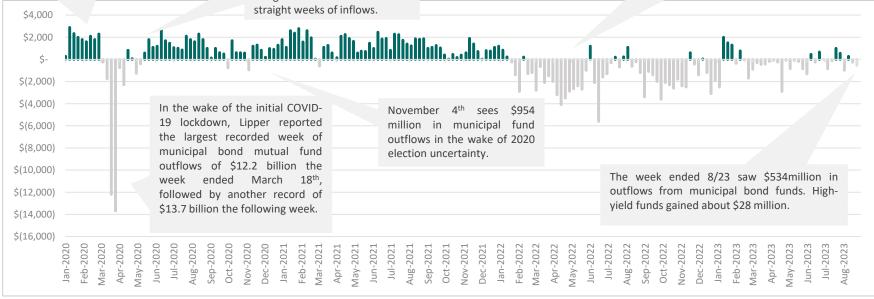


Municipal Fund Flow: January 2020 - August 2023

Pre-pandemic, the market experienced 60 straight weeks of municipal bond fund inflows.

Six weeks of continued outflows was stopped by the first \$2.2 trillion economic stimulus measure enacted in Congress which led to two straight weeks of inflows

Fed begins rate hikes to combat highest inflation in four decades.



#### Aggregate Fund Flow Data

Fund Flows by Year	2021	2022	2023
Municipal Fund Flows	\$65,882	(\$80,783)	(\$8,072)
High-Yield Fund Flows	\$9,926	(\$19,007)	\$1,978

Amounts in \$USD millions, approximation

#### Recent Weekly Fund Flow Data (8 Weeks Running)

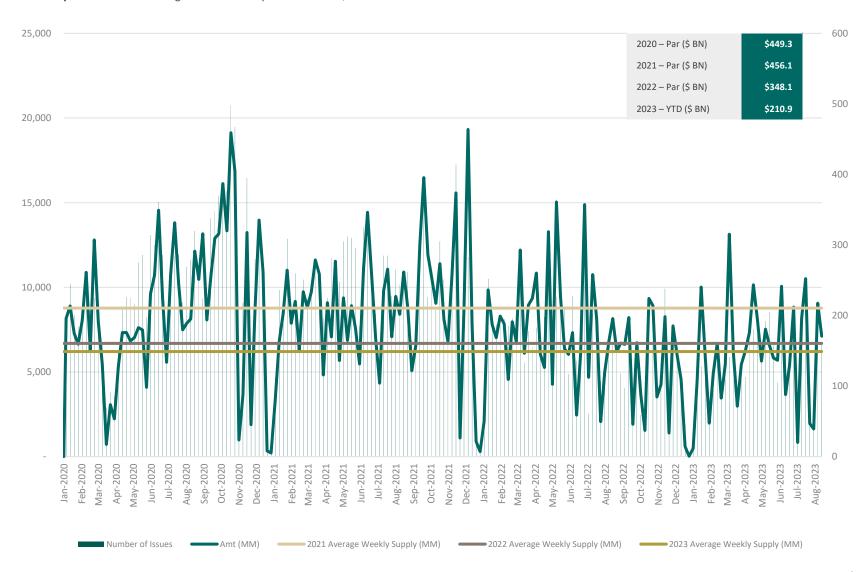
Week Ending	7/5	7/12	7/19	7/26	8/2	8/9	8/16	8/23
Municipal Fund Flows	(\$856)	(\$136)	\$1,000	\$552	(\$990)	\$278	(\$264)	(\$534)
High-Yield Fund Flows	(\$307)	\$84	\$408	\$223	(\$48)	\$94	(\$82)	\$28

Amounts in \$USD millions, approximation





Primary Market Calendar: Negotiated and Competitive Sales in \$ Millions



#### **Recent Special District Market Transactions**



District	State	City/ County	Sale Date	Senior Principal Amount	Senior Yield	Subordinate Principal Amount	Subordinate Yield	Property Owned by Developer	Property Constructed or Permitted
Non-rated Early-Stage Development Transactions									
The Aurora Highlands CAB	CO	Aurora	8/29/23	\$35,575,000	7.75%	N/A	N/A	100%	0%
Vista Meadows MD	CO	Fort Lupton	7/20/23	\$9,025,000	7.25%	\$1,418,000	9.25%	0%	0%
Wohali PID No. 1	UT	Coalville	6/28/23	\$34,533,000	7.000%	N/A	N/A	98%	0%
Overlook Park MD	CO	Steamboat Springs	5/2/23	\$9,890,000	7.250%	N/A	N/A	100%	0%
West Meadow MD	CO	Fraser	4/20/23	\$18,985,000	6.560%	N/A	N/A	24%	76%
Auto Mall & Retail PID	UT	Herriman	4/18/23	\$14,001,947	8.250% <sup>7</sup>	\$2,100,000	9.750%	67%	0%
Sterling Ranch CAB	CO	<b>Douglas County</b>	4/3/23	N/A	N/A	\$12,472,0006	8.375%	26%	47%
Sienna Hills PID No. 1	UT	Washington	3/16/23	\$9,345,000	6.750%	N/A	N/A	0%	0%
Verve MD No. 1	CO	Jefferson County	1/30/23	\$40,010,000	7.250%	N/A	N/A	0%	11%
Grand Ave MD	CO	Aurora	1/26/23	\$1,277,000	$8.125\%^{1}$	N/A	N/A	100%	0%
Meridian Ranch MD	CO	El Paso County	12/15/22	\$20,875,000	6.850%	N/A	N/A	24%	27%
Peak MD No. 3	СО	Colorado Springs	12/7/22	A-1: \$18,250,000 A-2: \$45,530,552	A-1: 7.500% A-2: 8.000%	N/A	N/A	0%	0%
Canyon Pines MD	CO	Arvada	11/29/22	\$8,770,000	8.000%	N/A	N/A	100%	0%
Ledge Rock Center Commercial MD	CO	Johnstown	11/21/22	\$66,815,000	7.000%	\$9,189,000	9.250%	100%	0%
Sterling Ranch Community Authority Board	CO	Douglas County	11/18/22	\$99,745,000	6.750%	N/A	N/A	26%	37%
Powers & Woodmen Commercial BID	СО	Colorado Springs	11/17/22	\$2,519,000	6.500%	N/A	N/A	N/A	N/A
First and Main BID No. 2 (2022 Revenue Bonds)	СО	Colorado Springs	11/17/22	\$3,841,000	6.500%	N/A	N/A	N/A	N/A
First and Main BID No. 2 (2022 LTGO Bonds)	СО	Colorado Springs	11/17/22	\$6,750,000	6.500%	N/A	N/A	N/A	N/A
Centerra MD No. 1	СО	Loveland	11/16/22	\$25,610,000	6.580%	N/A	N/A	100%	15%
Johnstown North MD No. 2	CO	Johnstown	10/19/22	\$6,025,000	7.125%	\$2,000,000	9.125%	63%	25%
Sagebrush Farm MD No. 1	CO	Aurora	10/6/22	\$43,390,000	7.000%	N/A	N/A	100%	0%
Non-rated Taxable Early-Stage Development / Proje	ct Finance Tr			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,	,		
Gallatin County, MT (Bridger Aerospace)	MT	Gallatin County	8/5/22	\$135,000,000	11.500%	\$25,000,000	11.500%	N/A	N/A
Reagan Ranch LLC	СО	Colorado Springs	4/14/22	\$22,000,000	8.500% <sup>2</sup>	N/A	N/A	0%	0%
Benloch Ranch IA No. 2	UT	Wasatch County	3/21/22	\$86,100,000	10.250%	N/A	N/A	100%	0%
Rated Transactions		,				,	,		
Meridian MD	CO	Douglas County	7/13/23	\$20,870,000	4.500%	N/A	N/A	100%	73%
Whispering Pines MD No. 1 (Rated, Insured)	CO	Aurora	3/15/23	\$20,825,000	4.610%	N/A	N/A	0%	95%
Sand Creek MD	CO	Aurora	1/11/23	\$9,605,000	4.120%	N/A	N/A	8%	89%
Park Creek MD	СО	Denver, Aurora	12/15/22	\$44,000,000	4.610%	N/A	N/A	72%	80%
North Pine Vistas MD No. 2	CO	Castle Pines	12/5/22	\$11,680,000	5.030%	N/A	N/A	5%	48%
RDA of American Fork City	UT	American Fork	8/25/22	\$30,000,000	4.350%	N/A	N/A	100%	0%
Sweetgrass MD No. 2	CO	Dacono	6/8/22	\$8,150,000	4.310%	\$1,175,000	TBD	TBD	TBD
Gold Hill Mesa MD No. 2	СО	El Paso County	6/2/22	\$12,525,000	3.870%	\$4,847,000	7.000%	TBD	TBD
Fiddler's BID	СО	Greenwood Village	5/9/22	\$49,905,000	5.550%	N/A	N/A	79%	100%
MidCities MD No. 2	СО	Broomfield	4/20/22	\$50,185,000	4.400%	N/A	N/A	0%	98%
Transaction in the Market						•	-		

<sup>&</sup>lt;sup>1</sup>Senior cash-flow bond

<sup>&</sup>lt;sup>2</sup> Acquisition and Development Bond (Taxable)

<sup>&</sup>lt;sup>3</sup> Day/Day Status

<sup>&</sup>lt;sup>4</sup>Sewer Revenue Bond; 20-Year Maturity

D|A| **DAVIDSON** 



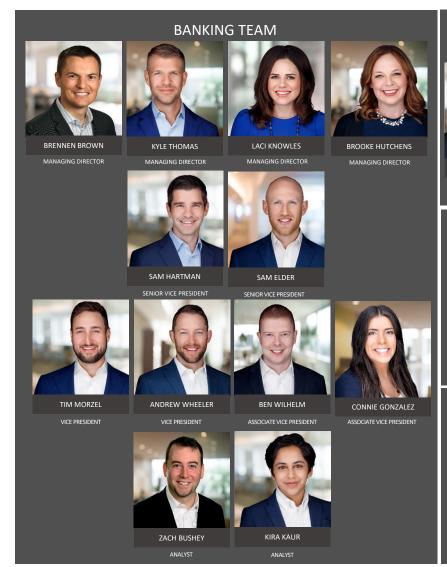
#### Most Recent Transactions Supported by D.A. Davidson's Special District Group

THE AURORA HIGHLANDS COMMUNITY AUTHORITY BOARD	VISTA MEADOWS METROPOLITAN DISTRICT	WOHALI PUBLIC INFRASTRUCTURE DISTRICT NO. 1	SUMMIT VISTA LIFE PLAN COMMUNITY (C-PACE)	OVERLOOK PARK METROPOLITAN DISTRICT	AUTO MALL & RETAIL PUBLIC INFRASTRUCTURE DISTRICT	WILLOW SPRINGS RANCH METROPOLITAN DISTRICT	WHISPERING PINES METROPOLITAN DISTRICT NO. 1	SIENNA HILLS PUBLIC INFRSTRUCTURE DISTRICT NO. 1	GRAND AVE METROPOLITAN DISTRICT
\$35,575,000	\$10,443,000	\$34,533,000	\$160,000,000	\$9,890,000	\$16,101,947	\$10,165,000	\$20,825,000	\$9,345,000	\$1,277,000
August 29, 2023	August 3, 2023	July 7, 2023	May 17, 2023	May 9, 2023	May 2, 2023	March 31, 2023	March 29, 2023	March 23, 2023	February 2, 2022
BLACK ROCK MOUNTAIN RESORT	PEAK METROPOLITAN DISTRICT NO. 3	SAGEBRUSH FARM METROPOLITAN DISTRICT NO. 1	BLACK DESERT PUBLIC INFRASTRUCTURE DISTRICT	HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT	DOWNTOWN EAST STREETCAR SEWER PUBLIC INFRASTRUCTURE	RITORO METROPOLITAN DISTRICT	SKY RANCH COMMUNITY AUTHORITY BOARD	GALLATIN COUNTY, MT (BRIDGER AEROSPACE GROUP PROJECT)	GRANDVIEW RESERVE METROPOLITAN DISTRICT NO. 3
\$47,970,000	\$63,780,552	\$43,390,000	\$152,790,000	\$6,149,000	\$31,648,000	\$3,160,000	\$29,712,000	\$160,000,000	\$17,770,000
December 22, 2022	December 21, 2022	October 6, 2022	September 29, 2022	September 20, 2022	September 8, 2022	August 24, 2022	August 16, 2022	August 10, 2022	August 10, 2022
BUCKLEY YARD METROPOLITAN	MURPHY CREEK	FUTURE LEGENDS	CLOVERLEAF						
DISTRICT NO. 2	METROPOLITAN DISTRICT NO. 5	SPORTS PARK BUSINESS IMPROVEMENT DISTRICT	METROPOLITAN DISTRICT	CENTRAL PLATTE VALLEY METROPOLITAN DISTRICT	HARVEST CROSSING METROPOLITAN DISTRICT NO. 4	CORAL JUNCTION PUBLIC INFRASTRUCTURE DISTRIST NO. 1	NORTHRIDGE ESTATES METROPOLITAN DISTRICT NO. 3	FOURTH NORTH BUSINESS IMPROVEMENT DISTRICT	4-WAY RANCH METROPOLITAN DISTRICT NO. 2
		SPORTS PARK BUSINESS IMPROVEMENT	METROPOLITAN	VALLEY METROPOLITAN	METROPOLITAN	PUBLIC INFRASTRUCTURE	METROPOLITAN	BUSINESS IMPROVEMENT	METROPOLITAN
DISTRICT NO. 2	DISTRICT NO. 5	SPORTS PARK BUSINESS IMPROVEMENT DISTRICT	METROPOLITAN DISTRICT	VALLEY METROPOLITAN DISTRICT	METROPOLITAN DISTRICT NO. 4	PUBLIC INFRASTRUCTURE DISTRIST NO. 1	METROPOLITAN DISTRICT NO. 3	BUSINESS IMPROVEMENT DISTRICT	METROPOLITAN DISTRICT NO. 2
\$8,369,000	\$16,462,000	SPORTS PARK BUSINESS IMPROVEMENT DISTRICT \$26,511,000	меткороцтан DISTRICT \$5,689,000	VALLEY METROPOLITAN DISTRICT \$52,805,000	METROPOLITAN DISTRICT NO. 4 \$12,913,000	PUBLIC INFRASTRUCTURE DISTRIST NO. 1 \$9,440,000	METROPOLITAN DISTRICT NO. 3 \$10,945,000	BUSINESS IMPROVEMENT DISTRICT \$52,066,000	METROPOLITAN DISTRICT NO. 2
\$8,369,000  July 29, 2022  STERLING RANCH METROPOLITAN	\$16,462,000  July 19,2022  DUBLIN NORTH METROPOLITAN	SPORTS PARK BUSINESS IMPROVEMENT DISTRICT \$26,511,000  July 15, 2022  SETTLER'S CROSSING METROPOLITAN	METROPOLITAN DISTRICT \$5,689,000  June 30, 2022	\$52,805,000  June 15, 2022  GREENSPIRE METROPOLITAN	\$12,913,000  June 3, 2022  SHERIDAN STATION WEST METROPOLITAN	PUBLIC INFRASTRUCTURE DISTRIST NO. 1 \$9,440,000  June 2, 2022  THE RETREAT METROPOLITAN	METROPOLITAN DISTRICT NO. 3 \$10,945,000  May 24, 2022  DENVER CONNECTION WEST METROPOLITAN	BUSINESS IMPROVEMENT DISTRICT  \$52,066,000  May 17, 2022  BENLOCH RANCH IMPROVEMENT	METROPOLITAN DISTRICT NO. 2  \$545,000  May 16, 2022  COPPERLEAF METROPOLITAN



### THE SPECIAL DISTRICT GROUP IS POWERED BY A TEAM OF HIGHLY SKILLED & DEDICATED INDIVIDUALS













# D.A. DAVIDSON'S SPECIAL DISTRICT GROUP IS THE CAPITAL MARKETS EXPERT ON FINANCING INFRASTRUCTURE IN THE INTERMOUNTAIN WEST.

#### EXPERTISE ROOTED IN EXPERIENCE.

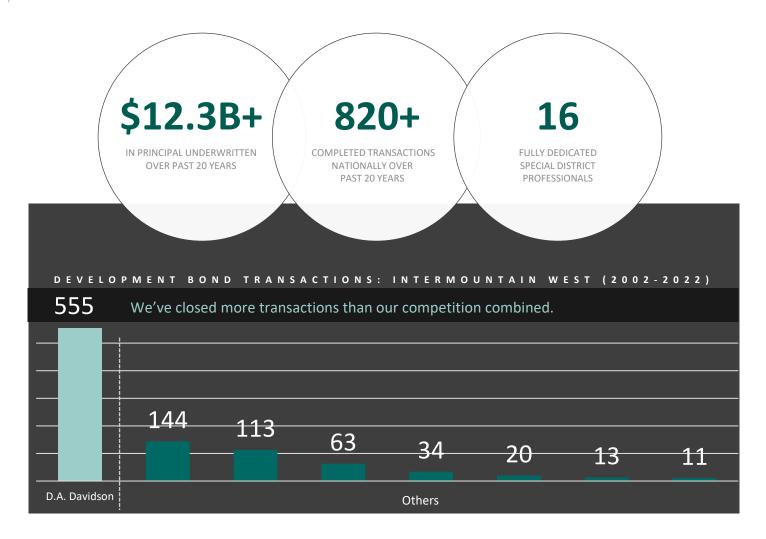
Over the last two years alone, the Special District Group has successfully closed over 143 transactions, equating to nearly \$2.9 billion to fund our clients' development projects.

9th Ave Metropolitan District No. 2's financing will be prioritized and managed from beginning to end by one of our senior bankers.

### UNDISPUTED LEADERSHIP IN STRUCTURING, PRICING, AND SELLING BONDS.

Our current underwriting and sales team has successfully priced and closed more bonds in the Intermountain West than any other bond underwriter.

#### SPECIAL DISTRICT GROUP SNAPSHOT







### Disclosures by D.A. Davidson & Co. as Underwriter or Placement Agent pursuant to MSRB Rules G-17 and G-23

D.A. Davidson & Co. ("Davidson") is providing certain disclosures to Village at Southgate Metropolitan District (the "Issuer"), as required by the Municipal Securities Rulemaking Board (MSRB) Rules G-17 & G-23, regarding our potential role, duties and interests as the underwriter or placement agent for the upcoming General Obligation Refunding Bonds (the "Bonds").

Davidson intends to serve as underwriter or placement agent (in either case, the "underwriter"), and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds. Once engaged as underwriter, as part of our services to the Issuer, Davidson may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds. However, Davidson is not acting as an advisor to the Issuer and does not owe the Issuer a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 with respect to the information accompanying this disclosure letter. Furthermore, at this time Davidson is not recommending any action to the Issuer in connection with the proposed issuance of the Bonds.

As underwriter, Davidson's primary role will be to purchase as principal, or arrange for the placement of, the Bonds in a commercial arm's-length transaction with the Issuer. Davidson has financial and other interests that differ from those of the Issuer. MSRB Rule G-17 requires Davidson to deal fairly at all times with both municipal issuers and investors. Unlike a municipal advisor, Davidson does not have a fiduciary duty to the Issuer under federal securities laws and therefore is not required by federal law to act in the best interests of the Issuer without regard to our own financial or other interests. The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction. Davidson has a duty to purchase Bonds from the Issuer at a fair and reasonable price, but must balance that duty with the duty to sell the Bonds to investors at prices that are fair and reasonable. Davidson will review any official statement for the Bonds in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.

We suggest you discuss this letter and any accompanying materials with any and all internal or external advisors or experts such as your financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.