

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
ANNUAL REPORT
TO
THE CITY OF COMMERCE CITY**

FISCAL YEAR ENDING DECEMBER 31, 2022

Pursuant to the North Range Metropolitan District No. 3 Service Plan, the District is required to provide an annual report to the City of Commerce City within one hundred twenty (120) days after conclusion of the District's fiscal year beginning December 31, 2001. Such annual report shall include information concerning the following matters:

- A. Boundary changes made or proposed.
- B. Intergovernmental Agreement entered into or proposed.
- C. Changes or proposed changes in the District's policies.
- D. Changes or proposed changes in the District's operations.
- E. Any significant changes in the financial status of the District, including revenue projection, or operating costs.
- F. A summary of any litigation which involves the District.
- G. Proposed plans for the year immediately following the year summarized in the annual report.
- H. Status of construction of public improvements.
- I. Submission of current assessed valuation in the District.

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

A. Boundary changes made or proposed.

No boundary changes were made during 2022.

B. Intergovernmental Agreements entered into or proposed.

The District did not enter into any intergovernmental agreements during 2022.

C. Changes or proposed changes in the District's policies.

There have been no changes in the District's policies.

D. Changes or proposed changes in the District's operations.

There have been no changes in the District's operations.

E. Any changes in the financial status of the District including revenue projections or operating costs.

The current financial status of the District is reflected in the 2023 budget attached as Exhibit A.

F. Summary of any litigation which involves the District.

There is no litigation of which we are aware currently pending involving the District.

G. Proposed plans for the year 2023.

The District does not have plans to construct or acquire any public improvements in 2023.

H. Status of District's public improvement construction schedule.

The District did not construct or acquire any new public improvements in 2022.

I. Summary of the current assessed valuation in the District.

The District has received a certification of valuation from the Adams County Assessor that reports a taxable assessed valuation for the District for 2022 of \$19,845,700, for collection in 2023. The District has certified a mill levy of 88.306 mills to be assessed against the properties within the District.

EXHIBIT A
2023 Budget Attached

NORTH RANGE METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 17,999,487	\$ 9,532,251	\$ 8,409,726
REVENUES			
Property taxes	38,600	745,959	1,752,494
Specific ownership taxes	151	22	122,674
Interest income	4,988	42,040	117,200
Bond issuance	-	4,451,000	-
System development fees	1,721,400	957,600	427,500
Other Income	-	-	4,801
Total revenues	<u>1,765,139</u>	<u>6,196,621</u>	<u>2,424,669</u>
TRANSFERS IN	<u>2,011</u>	-	-
Total funds available	<u>19,766,637</u>	<u>15,728,872</u>	<u>10,834,395</u>
EXPENDITURES			
General Fund	11,011	200,688	735,984
Debt Service Fund	2,659,770	2,667,458	2,688,000
Capital Projects Fund	7,561,594	4,451,000	-
Total expenditures	<u>10,232,375</u>	<u>7,319,146</u>	<u>3,423,984</u>
TRANSFERS OUT	<u>2,011</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>10,234,386</u>	<u>7,319,146</u>	<u>3,423,984</u>
ENDING FUND BALANCES	<u>\$ 9,532,251</u>	<u>\$ 8,409,726</u>	<u>\$ 7,410,411</u>
EMERGENCY RESERVE	\$ 400	\$ 6,200	\$ 22,600
DEBT SERVICE RESERVE	4,800,756	4,800,756	4,800,756
SURPLUS FUND	1,565,229	2,240,972	2,587,055
TOTAL RESERVE	<u>\$ 6,366,385</u>	<u>\$ 7,047,928</u>	<u>\$ 7,410,411</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

Residential	\$ -	\$ -	\$ 3,899,500
Agricultural	20	2,960	1,790
State assessed	8,330	22,490	1,230
Vacant land	-	7,732,530	15,733,330
Personal property	428,860	689,450	209,850
Certified Assessed Value	\$ 437,210	\$ 8,447,430	\$ 19,845,700

MILL LEVY

General	24.320	24.320	35.196
Debt Service	63.986	63.986	53.110
Total mill levy	88.306	88.306	88.306

PROPERTY TAXES

General	\$ 10,633	\$ 205,442	\$ 698,489
Debt Service	27,975	540,517	1,054,005
Levied property taxes	38,608	745,959	1,752,494
Adjustments to actual/rounding	(8)	-	-
Budgeted property taxes	\$ 38,600	\$ 745,959	\$ 1,752,494

BUDGETED PROPERTY TAXES

General	\$ 10,631	\$ 205,442	\$ 698,489
Debt Service	27,969	540,517	1,054,005
	\$ 38,600	\$ 745,959	\$ 1,752,494

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 738	\$ 400	\$ 6,200
REVENUES			
Property taxes	10,631	205,442	698,489
Specific ownership taxes	41	6	48,894
Interest income	1	1,040	200
Other Income	-	-	4,801
Total revenues	10,673	206,488	752,384
Total funds available	11,411	206,888	758,584
EXPENDITURES			
General and administrative			
Audit	4,000	4,800	5,200
County Treasurer's fees	159	3,082	10,477
Directors Fees	-	-	900
Dues and membership	281	455	1,000
Elections	-	1,579	15,000
FICA Expense	-	-	72
Insurance and bonds	3,020	2,572	3,500
Legal Services	-	-	3,000
Intergov Expenditure - RMD Operations	3,551	188,167	696,735
Miscellaneous	-	33	-
Contingency	-	-	100
Total expenditures	11,011	200,688	735,984
Total expenditures and transfers out requiring appropriation	11,011	200,688	735,984
ENDING FUND BALANCE	\$ 400	\$ 6,200	\$ 22,600
EMERGENCY RESERVE	\$ 400	\$ 6,200	\$ 22,600

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 10,436,366	\$ 9,531,851	\$ 8,403,526
REVENUES			
Property taxes	27,969	540,517	1,054,005
Specific ownership taxes	110	16	73,780
Interest income	3,765	41,000	117,000
System development fees	1,721,400	957,600	427,500
Total revenues	<u>1,753,244</u>	<u>1,539,133</u>	<u>1,672,285</u>
TRANSFERS IN			
Transfers from other fund	<u>2,011</u>	-	-
Total funds available	<u>12,191,621</u>	<u>11,070,984</u>	<u>10,075,811</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	420	8,108	15,810
Paying Agent Fees	7,000	7,000	7,000
Bond Interest - Series 2020A	2,652,350	2,652,350	2,652,350
Contingency	-	-	12,840
Total expenditures	<u>2,659,770</u>	<u>2,667,458</u>	<u>2,688,000</u>
Total expenditures and transfers out requiring appropriation	<u>2,659,770</u>	<u>2,667,458</u>	<u>2,688,000</u>
ENDING FUND BALANCE	<u>\$ 9,531,851</u>	<u>\$ 8,403,526</u>	<u>\$ 7,387,811</u>
DEBT SERVICE RESERVE	\$ 4,800,756	\$ 4,800,756	\$ 4,800,756
SURPLUS FUND	1,565,229	2,240,972	2,587,055
TOTAL RESERVE	<u>\$ 6,365,985</u>	<u>\$ 7,041,728</u>	<u>\$ 7,387,811</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/19/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 7,562,383	\$ -	\$ -
REVENUES			
Bond issuance	-	4,451,000	-
Interest income	1,222	-	-
Total revenues	<u>1,222</u>	<u>4,451,000</u>	<u>-</u>
Total funds available	<u>7,563,605</u>	<u>4,451,000</u>	<u>-</u>
EXPENDITURES			
Bond issue cost	300	-	-
Transfer to Reunion MD	7,561,294	4,451,000	-
Total expenditures	<u>7,561,594</u>	<u>4,451,000</u>	<u>-</u>
TRANSFERS OUT			
Transfer to other fund	<u>2,011</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>7,563,605</u>	<u>4,451,000</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

North Range Metropolitan District No.3 (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by Court Order and Decree of the District Court on December 27, 2000, and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District was organized in conjunction with North Range Metropolitan Districts Nos. 1, 2, 4, and 5 (collectively "NRMD's"), and the Reunion Metropolitan District ("Reunion"). Reunion and the NRMD's have entered into intergovernmental agreements whereby Reunion provides the construction for street improvements, storm drainage improvements, safety protection facilities, parks and recreation facilities and water and wastewater improvements. The service plan anticipates that Reunion will be responsible for managing the construction, operation, and maintenance of such improvements and facilities and that the NRMD's will provide the necessary funding to Reunion.

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

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

Revenues

Property Taxes

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

The calculation of the taxes levied is displayed on Property Tax Summary page of the Budget at the adopted total mill levy.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Specific Ownership Taxes

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

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.50%.

Intergovernmental revenue – System Development Fees

The District has entered into an intergovernmental agreement with Reunion in order to collect a portion of system development fees which are pledged for the repayment of debt. The agreement provides that for each Residential System Development Fee collected by Reunion, \$2,850 is to be transferred to the District's Bond Fund.

Expenditures

General Government

General government expenditures included the estimated services necessary to maintain the District's administrative viability, such as legal, audit, management, election, accounting, insurance, and meeting expenses.

Intergovernmental expenditure - Operations

Pursuant to intergovernmental agreements, the District will remit revenues to Reunion in order to pay the Districts operational cost which may include legal, management, accounting, insurance, and meeting expenses.

MLEPA payment to Reunion

On June 3, 2016, and as amended on May 1, 2017, the District entered into a Mill Levy Equalization and Pledge Agreement (MLEPA) with Reunion, District No. 1, District No. 2, and District No. 4 (collectively, the "MLEPA Districts" and individually, a "MLEPA District") in order to promote the integrated plan of development set forth in the Service Plans for the MLEPA Districts. The MLEPA is intended to ensure an equitable allocation among the MLEPA Districts of the costs of acquiring, installing, constructing, designing, administering, financing, operating, and maintaining streets, water, sanitation and various other public improvements (collectively, the "Public Improvements") and services, as well as covenant enforcement services within Reunion.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures - (continued)

Pursuant to the MLEPA, each applicable North Range District agrees to impose an Equalization Mill Levy consisting of the Debt Service Mill Levy plus the Operations and Maintenance Mill Levy in order to pay the Developer Debt, the Senior Bonds, the Reunion Debt, and the operations and maintenance costs of the Districts. The MLEPA generally defines the term "Developer Debt" as (i) amounts owed to the Developer by any applicable North Range District for advancing of guaranty payments on the Senior Bonds, for the provision of Public Improvements or for advancing of amounts to fund operations shortfalls and (ii) any other repayment obligations incurred by the MLEPA Districts in connection with advances made by the Developer to the MLEPA Districts for the purpose of paying the costs of designing, acquiring, installing, and constructing the Public Improvements or paying the operations and maintenance costs of the MLEPA Districts.

The MLEPA generally defines the term "Senior Bonds" as all bonds issued by the North Range Districts, now or in the future, which bonds shall be senior to any obligations of the North Range Districts under the MLEPA. The Term "Reunion Debt" generally means all bonds, agreements, or other financial obligations issued or incurred by Reunion or assumed by Reunion from any North Range District, specifically including the 2017 Reunion Bonds.

The District has levied the required operations and debt services mill levies under the MLEPA.

Debt Service

The District will make debt service payments on the Bonds as required.

Debt and Leases

Series 2020A(3) and 2020B(3)

The District issued the Series 2020A(3) Bonds on November 6, 2020, in the par amount of \$51,115,000.

The Subordinate Bonds were not issued upon closing of the Senior Bonds; rather, the District authorized the issuance of the Subordinate Bonds on a drawdown basis in the future of up to the maximum principal amount of \$4,451,000. The Subordinate Bonds will be issued in 2021 in satisfaction of the obligations of the Reunion Metropolitan District incurred under a Funding and Reimbursement Agreement (Capital), which the District is obligated to repay in accordance with the Mill Levy Equalization and Pledge Agreement (MLEPA) as discussed below.

Proceeds from the sale of the Senior Bonds were used to reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure to serve the development. A portion of the proceeds of the Senior Bonds were also used to fund: (a) the Reserve Fund, (b) capitalized interest on the Senior Bonds, and (c) the costs of issuing the Bonds.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (continued)

The Senior Bonds were issued as two term bonds that bear interest at 5.000% and 5.250%, respectively, payable semiannually on June 1 and December 1 (each an "Interest Payment Date"), beginning on December 1, 2020, to the extent of available Senior Pledged Revenue. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2026. The term bonds mature on December 1, 2040 and on December 1, 2050, respectively. To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Senior Bond.

The Senior Bonds are secured by Senior Pledged Revenue which means: (a) all Senior Property Tax Revenues; (b) all Senior Specific Ownership Tax Revenues; (c) all Pledged Fees; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Senior Bonds are additionally secured by capitalized interest which was funded from the proceeds of the Senior Bonds in the amount of \$5,488,891, by amounts in the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Reserve Requirement of \$4,800,756 and by amounts, if any, in the Surplus Fund. Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year is to be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$5,111,500.

The Subordinate Bonds will bear interest at the initial rate of 6.000% per annum, which rate will increase to 8.000% beginning December 16, 2025, and are payable annually on December 15, beginning December 15, 2020 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

No additional draws may occur after November 6, 2023. If any amount of principal or interest on the Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available on the Subordinate Bonds discharge date of December 15, 2060, such unpaid amount will be deemed discharged.

The Subordinate Bonds are secured by Subordinate Pledged Revenue which means: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; (c) all Subordinate Pledged Fee Revenue; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of fiscal year spending, as defined under TABOR.

Debt Service Reserve

The District maintains a debt service reserve as required with the issuance of the Series 2020 Bonds.

This information is an integral part of the accompanying budget.

**NORTH RANGE METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

\$51,115,000 General Obligation Bonds

Series 2020A(3)

November 6, 2020

Principal due December 1

Interest Rates 5.000 - 5.250% Payable

June 1 and December 1

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 2,652,350	\$ 2,652,350
2024	-	2,652,350	2,652,350
2025	-	2,652,350	2,652,350
2026	30,000	2,652,350	2,682,350
2027	75,000	2,650,850	2,725,850
2028	240,000	2,647,100	2,887,100
2029	255,000	2,635,100	2,890,100
2030	440,000	2,622,350	3,062,350
2031	460,000	2,600,350	3,060,350
2032	665,000	2,577,350	3,242,350
2033	700,000	2,544,100	3,244,100
2034	930,000	2,509,100	3,439,100
2035	975,000	2,462,600	3,437,600
2036	1,230,000	2,413,850	3,643,850
2037	1,290,000	2,352,350	3,642,350
2038	1,570,000	2,287,850	3,857,850
2039	1,650,000	2,209,350	3,859,350
2040	1,965,000	2,126,850	4,091,850
2041	2,060,000	2,028,600	4,088,600
2042	2,415,000	1,920,450	4,335,450
2043	2,540,000	1,793,663	4,333,663
2044	2,935,000	1,660,313	4,595,313
2045	3,090,000	1,506,225	4,596,225
2046	3,525,000	1,344,000	4,869,000
2047	3,710,000	1,158,938	4,868,938
2048	4,195,000	964,163	5,159,163
2049	4,415,000	743,925	5,158,925
2050	9,755,000	512,138	10,267,138
	<u>\$ 51,115,000</u>	<u>\$ 58,880,963</u>	<u>\$ 109,995,963</u>

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|--|
| 1. | Purpose of Issue: | Public infrastructure |
| | Series: | Limited Tax General Obligation Bonds Series 2020A(3) |
| | Date of Issue: | November 6, 2020 |
| | Coupon Rate: | 5.00% - 5.25% |
| | Maturity Date: | December 1, 2050 |
| | Levy: | 53.110 |
| | Revenue: | \$1,054,005 |
| | | |
| 2. | Purpose of Issue: | Public infrastructure |
| | Series: | Subordinate Limited Tax General Obligation Bonds Series 2020B(3) |
| | Date of Issue: | November 6, 2020 |
| | Coupon Rate: | 6.00% - 8.00% |
| | Maturity Date: | December 15, 2050 |
| | Levy: | 0.000 |
| | Revenue: | \$0 |

CONTRACTS^K:

- | | | |
|----|----------------------|---|
| 3. | Purpose of Contract: | Debt Repayment |
| | Title: | Mill Levy Equalization and Pledge Agreement |
| | Date: | June 3, 2016 |
| | Principal Amount: | n/a |
| | Maturity Date: | n/a |
| | Levy: | 0.000 |
| | Revenue: | \$0 |
| | | |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.