

NORTH VISTA HIGHLANDS METROPOLITAN DISTRICT NO. 3

2021 ANNUAL REPORT TO THE CITY OF PUEBLO

Pursuant to the Service Plan for North Vista Highlands Metropolitan Districts No. 3 (the "Service Plan"), North Vista Highlands Metropolitan District No. 3 (the "District") is required to provide an annual report to the City Manager's Office or the Mayor's Office regarding the following matters no later than August 1st of each year following the year in which the Order and Decree creating the District has been recorded. Capitalized terms not defined herein shall have the meanings given to them in the Service Plan.

For the year ending December 31, 2021, the District makes the following report:

1. Boundary changes made or proposed to the District Boundaries as of December 31st of the prior year.

The Board approved the inclusion of approximately 2 acres consisting of outlots into the District in December 2021, however, as of December 31, the district court had not entered an order for inclusion. The inclusion was finalized 2022.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year.

On September 9, 2021, the District entered into that certain First Amendment to Amended and Restated Intergovernmental Agreement Concerning District Operations among the District, North Vista Highlands Metropolitan District No. 1, North Vista Highlands Metropolitan District No. 2, North Vista Highlands Metropolitan District No. 4, and North Vista Highlands Metropolitan District No. 5.

A copy of the foregoing intergovernmental agreement is attached hereto as **Exhibit A**.

No other intergovernmental agreements were proposed for the year ending December 31, 2021.

3. Copies of the District's rules and regulations, if any as of December 31st of the prior year.

The District did not adopt any rules and regulations in 2021.

4. A summary of any litigation which involves the District's Improvements as of December 31st of the prior year.

To our actual knowledge, based on a review of the court records in Pueblo County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation

involving the District as of December 31, 2021.

5. Status of the District's construction of the Improvements as of December 31st of the prior year.

The District did not construct any Improvements in 2021. North Vista Highlands Metropolitan District No. 1 and developers within the North Vista Highlands Metropolitan District Nos. 1-5 are undertaking construction of all public improvements.

6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31st of the prior year.

No facilities or improvements constructed by the District were dedicated to and accepted by the City in 2021.

7. The assessed valuation of the District for the current year.

\$193,330.

8. Current year budget including a description of the Improvements to be constructed in such year.

The District's budget for the current year is attached hereto as **Exhibit B**.

9. Audit of the District's financial statements, for the year ending December 31st of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The 2021 Audit is in process and will be provided once completed.

10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument.

The District was not in default under any debt instrument in 2021.

11. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

The District had no inability to pay its obligations in 2021.

EXHIBIT A

Intergovernmental Agreement

**FIRST AMENDMENT TO
AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT
CONCERNING DISTRICT OPERATIONS**

THIS FIRST AMENDMENT TO AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT CONCERNING DISTRICT OPERATIONS (the “**First Amendment**”) is made and entered into this 9th day of September, 2021, by and among NORTH VISTA HIGHLANDS METROPOLITAN DISTRICT NO. 1 (“**District No. 1**” or “**Service District**”), NORTH VISTA HIGHLANDS METROPOLITAN DISTRICT NO. 2 (“**District No. 2**”), NORTH VISTA HIGHLANDS METROPOLITAN DISTRICT NO. 3 (“**District No. 3**”), NORTH VISTA HIGHLANDS METROPOLITAN DISTRICT NO. 4 (“**District No. 4**”), and NORTH VISTA HIGHLANDS METROPOLITAN DISTRICT NO. 5 (“**District No. 5**”), quasi-municipal corporations and political subdivisions of the State of Colorado (collectively, the “**Districts**”).

RECITALS

WHEREAS, the Districts are each parties to that certain Amended and Restated Intergovernmental Agreement Concerning District Operations dated January 31, 2020 (the “**Operations Agreement**”), for the purpose of setting forth the obligations and rights of the Districts with respect to the (1) financing, ownership, operation and maintenance of the Public Improvements and (2) provisions of administrative services for the Districts, and reiterating and clarifying the roles of District Nos. 2-5 as “Financing Districts” and District No. 1 as a “Service District”; and

WHEREAS, the Operations Agreement was entered into in connection with the issuance by District No. 3 of its District No. 3 Bonds, in order to clarify terms related to the repayment of obligations due pursuant to the an original district operations intergovernmental agreement in light of the issuance of the District No. 3 Bonds; and

WHEREAS, Operations Agreement provides that the Financing Districts will refund certain costs associated with the acquisition, construction and installation of Public Improvements, including Developer Capital Obligations, from the proceeds of bonds (including the District No. 3 Bonds) and any other revenues which the Financing Districts determine, in their sole discretion, are available for such purpose; provided, however, that the obligation of the District to repay such obligations shall be subordinate to the District’s obligation to repay the District No. 3 Bonds; and

WHEREAS, for the purpose of financing additional Public Improvements (including the repayment of any current and future Developer Capital Obligations), such Public Improvements to include Regional Improvements benefitting the Financing Districts and Non-Regional Improvements, District No. 3 is in the process of issuing its Subordinate Limited Tax General Obligation Bonds, Series 2021B(3) (the “District No. 3 Subordinate Bonds”); and

WHEREAS, for the purpose of financing additional Public Improvements (including the repayment of any current and future Developer Capital Obligations), such Public Improvements

to include Regional Improvements benefitting the Financing Districts and Non-Regional Improvements, others of the Financing Districts are anticipated to issue bonds; and

WHEREAS, the Districts desire to clarify the priority of repayment of Developer Capital Obligations with respect to the District No. 3 Subordinate Bonds.

NOW, THEREFORE, in consideration of the foregoing recitals, the Districts hereby agree as follows:

1. **Amendment to Section 1:** Section 1 is hereby amended and restated in its entirety as follows (the added language is underlined):

1. Funding of Capital Costs. The Districts acknowledge that the Service Plan anticipates that the Districts will cooperate to provide for Public Improvements necessary to serve development within their common service area. Public Improvements constructed to serve, and for the benefit of, all Financing Districts shall be known as "Regional Improvements." In furtherance of the Districts' Service Plan and as of the date of this Agreement, the Financing Districts further acknowledge that the Service District has incurred and has presently outstanding, and may incur in the future, certain Developer Capital Obligations associated with the acquisition, construction and installation of Public Improvements for the benefit of the Financing Districts, and that Developer Capital Obligations will be refunded from the proceeds of bonds issued by one or more of the Districts, including proceeds from the District No. 3 Bonds and the District No. 3 Subordinate Bonds. The Financing Districts agree to repay any Developer Capital Obligations as provided in paragraph 5 hereof; provided, however, that any future repayment of Developer Capital Obligations by District No. 3 (after the application of proceeds from District No. 3 Bonds and the District No. 3 Subordinate Bonds to pay for Public Improvements including any Developer Capital Obligations) shall be subordinate to District No. 3's repayment obligation of the District No. 3 Bonds and District No. 3 Subordinate Bonds. Notwithstanding any other provision contained herein, each Financing District may, in its sole discretion, determine to provide such funding as is necessary to provide for the financing, acquisition, construction, and installation of the Public Improvements within the boundaries of its own District ("Non-Regional Improvements"), including the repayment of any Developer Capital Obligations, in such manner as may be deemed most efficient and effective to implement the objectives of the Service Plan, subject to the limitations of the Service Plan. For purposes of this Agreement, and unless otherwise stated herein, references herein to "Public Improvements" shall mean and include Regional Improvements and Non-Regional Improvements.

2. **Definitions.** Unless otherwise defined herein, all capitalized agreements shall have the meaning set forth in the Operating Agreement.

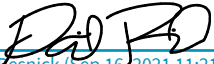
3. **Counterpart Execution.** This First Amendment may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4. **Prior Provisions Effective.** Except as amended herein, the terms of the Agreement shall remain in full force and effect without limitation.

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IN WITNESS WHEREOF, the Parties have entered into this First Amendment as of the day and year first above written.

**NORTH VISTA HIGHLANDS METROPOLITAN
DISTRICT NO. 1**

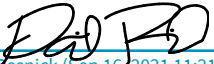

David Resnick (Sep 16, 2021 11:21 MDT)

Officer of the District

ATTEST:

Kevin Resnick
Kevin Resnick (Sep 16, 2021 12:26 MDT)

**NORTH VISTA HIGHLANDS METROPOLITAN
DISTRICT NO. 2**

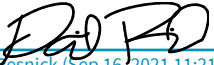

David Resnick (Sep 16, 2021 11:21 MDT)

Officer of the District

ATTEST:

Kevin Resnick
Kevin Resnick (Sep 16, 2021 12:26 MDT)

**NORTH VISTA HIGHLANDS METROPOLITAN
DISTRICT NO. 3**

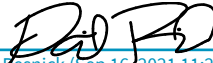

David Resnick (Sep 16, 2021 11:21 MDT)

Officer of the District

ATTEST:

Kevin Resnick
Kevin Resnick (Sep 16, 2021 12:26 MDT)

**NORTH VISTA HIGHLANDS METROPOLITAN
DISTRICT NO. 4**



David Resnick (Sep 16, 2021 11:21 MDT)

Officer of the District

ATTEST:


Kevin Resnick (Sep 16, 2021 12:26 MDT)

**NORTH VISTA HIGHLANDS METROPOLITAN
DISTRICT NO. 5**


David Resnick (Sep 16, 2021 11:21 MDT)

Officer of the District

ATTEST:


Kevin Resnick (Sep 16, 2021 12:26 MDT)

EXHIBIT B

District Budget

NORTH VISTA HIGHLANDS METROPOLITAN DISTRICTS NOS 1-5

2022 BUDGET MESSAGE

North Vista Highlands Metropolitan Districts Nos. 1-5 are quasi-municipal corporations organized and operated pursuant to provisions set forth in the Colorado Special District Act and were formed in 2018. The Districts are located in the City of Pueblo, Colorado and have a service area of approximately 1,054.49 acres. The Districts were organized to plan for, design, acquire, construct, install, relocate, redevelop, provide and finance public improvements and related operation and maintenance services within the boundaries of the Districts.

The Districts have no employees at this time and all operations and administrative functions are contracted.

The budgets are prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the Districts' financial statements.

District 1

General Fund

Revenue

Budgeted income in the amount of \$172,795 primarily consists of operating advances and intergovernmental revenue.

Expenses

The District No. 1 2022 general and administrative expenses budgeted amount is \$168,500. Refer to the General Fund summary included with the budget.

Capital Projects Fund

Revenue

Budgeted Revenue of \$5,242,978 consists of intergovernmental revenue provided by debt issued in District No. 3.

Expenses

Expenses are budgeted for certain Capital Improvement projects including but not limited to the construction of streets, water, sanitation, landscape and safety protection.

Fund Balance/Reserves

As required by the TABOR amendment to the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year expenditures in the General Fund.

District 3

General Fund

Transfers from North Vista Highlands Metropolitan District No. 3 pursuant to an intergovernmental agreement. The tax revenues to be transferred from District Nos. 3 are derived from the 20.000 mill Operation and Maintenance mill levy imposed on properties within the District. The Operation and

Maintenance tax revenues received by District No. 1 from District No. 3 will be used to pay administrative expenditures incurred by all Districts.

Debt Service Fund

Revenue

Budgeted income in the amount of \$3,708 consists of property taxes derived from the 60.000 mill levy and Specific Ownership Taxes estimated to be 5% of property taxes.

Expenses

Budgeted expenses in the amount of \$5,604,771 consists of intergovernmental expenses to District No. 1 to fund certain Capital Improvement projects, administrative expenses and interest on debt.

Fund Balance/Reserves

District No. 3. has provided a capitalized interest fund to pay interest payments through 2022.

Debt Summary

North Vista Highland Metropolitan District No. 3 General Obligation Bonds, Series 2020 \$11,760,000 Maturing 2049		
Year(s)	Principal	Interest
2022	-	602,700
2023	-	602,700
2024	-	602,700
2025	-	602,700
2026-2049	11,760,000	10,472,562
Total	11,760,000	12,883,362
North Vista Highland Metropolitan District No. 3 General Obligation Bonds, Series 2021B(3) \$5,003,000 Maturing 2051		
Payments are subject to prior pledge Series 2020		

District 2

Transfers from North Vista Highlands Metropolitan District No. 2 are pursuant to an intergovernmental agreement. The tax revenues to be transferred from District Nos. are derived from the 80.000 mill Operation and Maintenance mill levy imposed on properties within the District. The Operation and Maintenance tax revenues received by District No. 1 from District No. 2 will be used to pay administrative expenditures incurred by all Districts.

Districts 4 & 5

Districts 4 & 5 anticipate no income or expenses for 2021.

North Vista Highlands District 3 Budget

General Fund

	2019 Actual	2020 Actual	2021 Budget	2021 Amended Budget	2022 Budget
Beginning Fund Balance	-	-	-	-	-
Income					
Property Taxes	-	-	1,177	-	3,867
Specific Ownership Taxes	-	-	59	-	232
Total Budgeted Operating Income	-	-	1,236	-	4,099
Expense					
Treasurers Fees	-	-	24	-	58
Intergovernmental Fees	-	-	1,213	-	3,984
Total Budgeted Operating Expense	-	-	1,236	-	4,042
Excess Income (Expenses)	-	-	-	-	57
Ending Fund Balance	-	-	-	-	57

Debt Service Fund

	2019 Actual	2020 Actual	2021 Budget	2021 Amended Budget	2022 Budget
Beginning Fund Balance	-	-	7,627,699	7,143,640	7,420,422
Income					
Other Financing Sources	-	11,760,000	-	5,500,000	-
Interest Revenue	-	55,955	-	-	-
Property Tax	-	-	3,532	3,547	11,600
Specific Ownership Taxes	-	-	177	338	696
	-	11,815,955	3,708	5,503,885	12,296
Expense					
Costs of Issuance	-	474,184	-	406,884	-
Treasurers Fees	-	-	71	53	174
Bank Fees	-	4,065	-	501	-
Paying Agent Fees	-	6,000	5,000	9,000	9,000
Interest - Bonds	-	503,924	602,700	602,700	602,700
Transfer Out	-	3,684,142	5,000,000	4,207,964	5,242,978
Total Budgeted Operating Expense	-	4,672,315	5,607,771	5,227,103	5,854,852
Excess Income (Expenses)	-	7,143,640	(5,604,062)	276,782	(5,842,556)
Ending Fund Balance	-	7,143,640	2,023,636	7,420,422	1,577,867