

# THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6

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**

<u>Board of Directors</u>	<u>Office</u>	<u>Term/Expiration</u>
Robert Martin	President	2022/May 2022
Stanley DePue	Treasurer	2023/May 2023
William Paris	Assistant Secretary	2023/May 2023
Nancy Boehler	Assistant Secretary	2023/May 2023
Eric Kubly	Assistant Secretary	2022/May 2022
Ann E. Finn	Secretary	

**DATE:**        **March 11, 2021**

**TIME:**        **9:00 A.M.**

**PLACE:**        DUE TO CONCERNS REGARDING THE SPREAD OF THE CORONAVIRUS (COVID-19) AND THE BENEFITS TO THE CONTROL OF THE SPREAD OF THE VIRUS BY LIMITING IN-PERSON CONTACT, THIS DISTRICT BOARD MEETING WILL BE HELD VIA ZOOM WITHOUT ANY INDIVIDUALS (NEITHER DISTRICT REPRESENTATIVES NOR THE GENERAL PUBLIC) ATTENDING IN PERSON. IF YOU WOULD LIKE TO ATTEND THIS MEETING, PLEASE SEE THE BELOW REFERENCED ZOOM MEETING INFORMATION.

<https://zoom.us/j/96873795970?pwd=SWc2WVBNQUt1TkVpczBVeHdJUHN2Zz09>

**Phone:** 1 (669) 900-9128 or 1 (253) 215-8782

**Meeting ID:** 968 7379 5970

**Password:** 000088

### **I.        ADMINISTRATIVE MATTERS**

A.        Present Disclosures of Potential Conflicts of Interest.

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

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C.        Review and approve the Minutes of the October 12, 2020 Special Meeting (enclosure).

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- D. Discuss and consider approval of update to the McGeady Becher P.C. Document Retention Policy (enclosure).
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## II. PUBLIC COMMENTS

- A. Members of the public may express their views to the Board on matters that affect the District that are otherwise not on the agenda. Comments will be limited to three (3) minutes per person.
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## III. FINANCIAL MATTERS

- A. Review and ratify approval of payment of claims as follows (enclosures):

Fund	Period ending Oct. 15, 2020	Period ending Nov. 16, 2020	Period ending Dec. 14, 2020	Period ending January 13, 2021
General	\$ 3,207.32	\$ 5,692.39	\$ 16,331.73	\$ 2,453.14
Debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Total</b>	<b>\$ 3,207.32</b>	<b>\$ 5,692.39</b>	<b>\$ 16,331.73</b>	<b>\$ 2,453.14</b>

Fund	Period ending Feb. 10, 2021
General	\$ 1,853.41
Debt	\$ -0-
Capital	\$ 340,530.37
<b>Total</b>	<b>\$ 342,383.78</b>

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- B. Review and accept unaudited quarterly financial statements through the period ending December 31, 2020 and the schedule of cash position statement dated December 31, 2020 (enclosure).
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## IV. FINANCE COMMITTEE

- A. Finance Committee Report concerning the District's Limited Tax General Obligation Capital Appreciation Bonds, Series 2007 and Subordinate Limited Tax General Obligation Bonds, Series 2007 (the "Outstanding Bonds"), a Financing Plan, and a potential tender and refunding of the Outstanding Bonds.
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1. Acknowledge the Notice of Potential Refunding of the District's Outstanding Bonds (the "Notice"), and the posting of the Notice on EMMA (Electronic Municipal Market Access).
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B. Presentation by The Jefferies Group LLC regarding the potential tender and refunding of the Outstanding Bonds (enclosure):

1. Terms and Conditions.
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2. Options/Alternatives.
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3. Financial Projections.
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4. Economic Benefits.
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5. Schedule of Events.
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C. Public Comments and Questions regarding the potential tender and refunding of the Outstanding Bonds.

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D. Board Comments and Questions regarding the potential tender and refunding of the Outstanding Bonds.

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E. Board action regarding the potential tender and refunding of the Outstanding Bonds.

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1. Discuss and consider approval of Engagement Letter with The Jefferies Group LLC for Investment Banking services.
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2. Discuss and consider approval of Engagement Letter with Kutak Rock LLP to serve as Bond Counsel.
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3. Discuss and consider approval of proposals for Municipal Advisor services (to be distributed).

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4. Discuss and consider approval of proposal for preparation of a Financial Forecast Consultant Report.

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5. Discuss and consider approval of additional parameters for the Finance Committee and Staff to proceed to work with retained consultants to proceed with the potential tender and refunding of the Outstanding Bonds.

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6. Other.

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**V. LEGAL MATTERS**

A. \_\_\_\_\_

**VI. OTHER BUSINESS**

A. \_\_\_\_\_

**VII. ADJOURNMENT**

**THE NEXT REGULAR MEETING IS SCHEDULED FOR JUNE 14, 2021**

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6 HELD OCTOBER 12, 2020

A Special Meeting of the Board of Directors of The Villages at Castle Rock Metropolitan District No. 6 (referred to hereafter as "Board") was convened on Monday, the 12<sup>th</sup> day of October, 2020, at 1:30 p.m. The meeting was open to the public.

Due to Executive Orders issued by Governor Polis and Public Health Orders implementing the Executive Orders issued by the Colorado Department of Health and Environment, and the threat posed by the COVID-19 coronavirus, this meeting was held via teleconference.

#### ATTENDANCE

#### Directors In Attendance Were:

Robert Martin  
Stanley DePue  
William Paris  
Nancy Boehler

Following discussion, upon motion duly made by Director Paris, seconded by Director DePue and, upon vote, unanimously carried, the absence of Director Kubly was excused.

#### Also In Attendance Were:

Ann E. Finn; Special District Management Services, Inc.

MaryAnn M. McGeady, Esq. and Christopher Brummitt, Esq.; McGeady Becher P.C.

Ben Houghton; CliftonLarsonAllen, LLP

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Ms. Finn noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those disclosures made by the Board members prior to

## RECORD OF PROCEEDINGS

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this meeting in accordance with the statute. Attorney McGeady noted that all Directors' Disclosure Statements have been filed, and no additional disclosures were made at the meeting.

### **ADMINISTRATIVE MATTERS**

**Agenda:** Ms. Finn 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 Paris, seconded by Director DePue and, upon vote, unanimously carried, the Agenda was approved, as amended.

**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 due to Executive Orders issued by Governor Polis and Public Health Orders implementing the Executive Orders issued by the Colorado Department of Health and Environment, and the threat posed by the COVID-19 coronavirus, the meeting was held via teleconference.

Ms. Finn reported that notice was duly posted and that no objections to the telephonic manner of the meeting or any requests that the telephonic manner of the meeting be changed by taxpaying electors within the District boundaries have been received.

**Resolution No. 2020-10-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 24-Hour Notices:** Ms. Finn discussed with the Board Resolution No. 2020-10-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 24-Hour Notices.

The Board determined to meet at 1:30 p.m. on June 14, 2021 and October 11, 2021 at the Phillip S. Miller Library, 100 South Wilcox Street, Castle Rock, Colorado.

Following discussion, upon motion duly made by Director DePue, seconded by Director Paris and, upon vote, unanimously carried, the Board adopted Resolution No. 2020-10-01; Establishing Regular Meeting Dates, Time and Location, and Designating Location for 24-Hour Notices.

**Minutes:** The Board reviewed the Minutes of the May 22, 2020 Special Meeting.

## RECORD OF PROCEEDINGS

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Following discussion, upon motion duly made by Director DePue, seconded by Director Paris and, upon vote, unanimously carried, the Minutes of the May 22, 2020 Special Meeting were approved, as presented.

**§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2021:** The Board discussed §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2021.

Following discussion, upon motion duly made by Director DePue, seconded by Director Paris and, upon vote, unanimously carried, the Board determined to post the required transparency notice information on the Special District Association's website and the District website.

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**PUBLIC COMMENT** There were no public comments.

### **FINANCIAL MATTERS**

**Claims:** The Board considered ratifying the approval of payment of claims as follows:

Fund	Period ending June 17, 2020	Period ending July 13, 2020	Period ending August 17, 2020	Period ending Sept. 16, 2020
General	\$ 21,082.17	\$ 4,319.20	\$ 5,206.66	\$ 3,354.60
Debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Total</b>	<b>\$ 21,082.17</b>	<b>\$ 4,319.20</b>	<b>\$ 5,206.66</b>	<b>\$ 3,354.60</b>

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

**Unaudited Financial Statements:** Mr. Houghton reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending June 30, 2020 and the schedule of cash position for the period ending June 30, 2020, updated as of July 16, 2020.

Following review and discussion, upon motion duly made by Director Martin, seconded by Director Paris and, upon vote, unanimously carried, the Board accepted the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending June 30, 2020 and the schedule of cash position for the period ending June 30, 2020, updated as of July 16, 2020, as presented.

## RECORD OF PROCEEDINGS

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**2020 Audit:** The Board reviewed the proposal from Dazzio & Associates P.C. to perform the 2020 Audit.

Following discussion, upon motion duly made by Director DePue, seconded by Director Paris and, upon vote, unanimously carried, the Board approved the engagement of Dazzio & Associates P.C. to perform the 2020 Audit, for an amount not to exceed \$4,900.

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

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

The Board determined that an amendment to the 2020 Budget was not necessary.

**2021 Budget Hearing:** The President opened the public hearing to consider the proposed 2021 Budget and discuss related issues.

It was noted that publication of a Notice stating that the Board would consider adoption of the 2021 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to or during this public hearing. No public comments were received and the President closed the public hearing.

Mr. Houghton reviewed the estimated year-end 2020 revenues and expenditures and the proposed 2021 estimated revenues and expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2020-10-02 to Adopt the 2020 Budget and Appropriate Sums of Money and Resolution No. 2020-10-03 to Set Mill Levies (for the General Fund at 11.132 mills, the Debt Service Fund at 55.664 mills and Other Fund(s) at 10.000 mills, for a total of 76.796 mills). Upon motion duly made by Director Martin, seconded by Director DePue and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2020. Ms. Finn was authorized to transmit the Certification of Mill Levies to the Division of Local Government not later than December 15, 2020. Ms. Finn was also authorized to



## RECORD OF PROCEEDINGS

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transmit the Certification of Budget to the Division of Local Government not later than January 30, 2021. Copies of the adopted Resolutions are attached hereto and incorporated herein by this reference.

**DLG-70 Mill Levy Certification Form:** The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Paris, seconded by Director Boehler and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

**Preparation of the 2022 Budget:** The Board discussed preparation of the 2022 Budget.

Following discussion, upon motion duly made by Director Paris, seconded by Director Boehler, and upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2022 Budget, and direct that the form of the 2022 budget be the same as the 2021 budget.

**Finance Committee Report on Outstanding Bonds, Current Financing Plan and Possible Refinancing:** Directors Martin and Paris reviewed with the Board the Finance Committee Report concerning the District's Limited Tax General Obligation Capital Appreciation Bonds, Series 2007 (the "Outstanding Bonds"), a current Financing Plan and a possible tender and refinancing of the District's Outstanding Bonds.

Following discussion, upon motion duly made by Director DePue, seconded by Director Boehler, and upon vote, unanimously carried, the Board authorized The Jefferies Group LLC to contact the Bondholders regarding a possible tender of the Outstanding Bonds. In addition, if the Bondholders are receptive to a possible tender, the Board authorized President Martin to direct the Trustee to post a Notice of Potential Refunding regarding the Outstanding Bonds (the "Notice") on EMMA (Electronic Municipal Market Access), following the Finance Committee's approval of the Notice.

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### **LEGAL MATTERS**

There were no legal matters to discuss at this time.

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## RECORD OF PROCEEDINGS

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**OPERATIONS  
AND  
MAINTENANCE**

**Service Agreement for Landscape Maintenance Services with All Phase Landscape Construction, Inc:** The Board reviewed Change Order No. 1 to the Service Agreement for landscape maintenance services with All Phase Landscape Construction, Inc.

Following discussion, upon motion duly made by Director Paris, seconded by Director Martin and, upon vote, unanimously carried, the Board approved Change Order No. 1 to the Service Agreement for landscape maintenance services with All Phase Landscape Construction, Inc, in the amount of \$8,487.33.

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**CAPITAL  
IMPROVEMENTS**

**Construction Status Report:** The Board deferred discussion.

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**OTHER BUSINESS**

There were no other matters to discuss at this time.

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**ADJOURNMENT**

Following discussion, upon motion duly made by Director Paris, seconded by Director Boehler and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By: \_\_\_\_\_  
Secretary for the Meeting

**RESOLUTION NO. 2020 - 10 - 01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND  
DESIGNATING LOCATION FOR POSTING OF 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c)(I), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the public place at which notice of the date, time and location of regular and special meetings ("**Notice of Meeting**") will be physically posted at least 24 hours prior to each meeting ("**Designated Public Place**"). A special district is deemed to have given full and timely notice of a regular or special meeting if it posts its Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

C. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., special districts are relieved of the requirement to post the Notice of Meeting at the Designated Public Place, and are deemed to have given full and timely notice of a public meeting, if a special district posts the Notice of Meeting online at a public website of the special district ("**District Website**") at least 24 hours prior to each regular and special meeting.

D. Pursuant to Section 24-6-402(2)(c)(III), C.R.S., if a special district is unable to post a Notice of Meeting on the District Website at least 24 hours prior to the meeting due to exigent or emergency circumstances, then it must physically post the Notice of Meeting at the Designated Public Place at least 24 hours prior to the meeting.

E. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

F. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Villages at Castle Rock Metropolitan District No. 6 (the "**District**"), Douglas County, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the “**District Board**”) has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the directors and consultants of the District in that they live and/or work outside of the twenty (20) mile radius requirement.

3. That regular meetings of the District Board for the year 2021 shall be held on June 7, 2021 and October 11, 2021 at 1:30 p.m., at the Philip S. Miller Library, 100 S. Wilcox Street in Douglas County, Colorado.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each director.

5. That, until circumstances change, and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s) location(s), and any such objections shall be considered by the District Board in setting future meetings.

7. That, if the District has established a District Website, the Notice of Meeting of the District Board shall be posted on the District Website at least 24 hours prior to each regular and special meeting pursuant to Section 24-6-402(2)(c)(III), C.R.S. and Section 32-1-903(2), C.R.S.

8. That, if the District has not yet established a District Website or is unable to post the Notice of Meeting on the District Website at least 24 hours prior to each meeting due to exigent or emergency circumstances, the Notice of Meeting shall be posted within the boundaries of the District at least 24 hours prior to each meeting, pursuant to Section 24-6-402(2)(c)(I) and (III), C.R.S., at the following Designated Public Place:

- (a) Recreation Center, 7846 Oasis Drive, Castle Rock, CO 80108

9. Eric Kubly, or his/her designee, is hereby appointed to post the above-referenced notices.

**[SIGNATURE PAGE FOLLOWS]**

**[SIGNATURE PAGE TO RESOLUTION ESTABLISHING REGULAR MEETING DATES, TIME, AND LOCATION, AND DESIGNATING LOCATION FOR 24-HOUR NOTICES]**

RESOLUTION APPROVED AND ADOPTED on October 12, 2020.

**VILLAGES AT CASTLE ROCK  
METROPOLITAN DISTRICT NO. 6**

By:  \_\_\_\_\_  
President

Attest:

 \_\_\_\_\_  
Secretary

**RESOLUTION NO. 2020 - 10 – 02**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
TO ADOPT THE 2021 BUDGET AND APPROPRIATE SUMS OF MONEY**

WHEREAS, the Board of Directors of the Villages at Castle Rock Metropolitan District No. 6 (“District”) has appointed the District Accountant to prepare and submit a proposed 2021 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2020, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 12, 2020, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

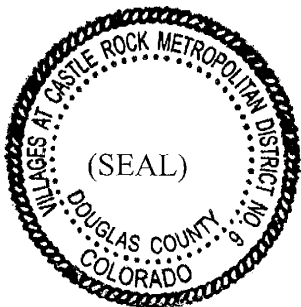
WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Villages at Castle Rock Metropolitan District No. 6:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Villages at Castle Rock Metropolitan District No. 6 for the 2021 fiscal year.
2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 12th day of October, 2020.



*Ann Finn*

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Secretary

EXHIBIT A  
(Budget)



**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDING DECEMBER 31, 2021**

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
SUMMARY  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 94,462	\$ 298,604	\$ 367,680
REVENUES			
Property Taxes	1,801,591	2,309,688	2,570,157
Specific Ownership Taxes	207,941	238,992	236,395
Interest Income	13,904	800	100
Revenue - Fire Protection IGA	271,602	345,782	384,777
Other income	-	-	6,500
Total revenues	<u>2,295,038</u>	<u>2,895,262</u>	<u>3,197,929</u>
TRANSFERS IN	<u>229,735</u>	-	<u>605,000</u>
Total funds available	<u>2,619,235</u>	<u>3,193,866</u>	<u>4,170,609</u>
EXPENDITURES			
General Fund	352,819	457,500	485,000
Debt Service Fund	1,723,342	2,368,686	3,045,000
Capital Projects Fund	14,735	-	-
Total expenditures	<u>2,090,896</u>	<u>2,826,186</u>	<u>3,530,000</u>
TRANSFERS OUT	<u>229,735</u>	-	<u>605,000</u>
Total expenditures and transfers out requiring appropriation	<u>2,320,631</u>	<u>2,826,186</u>	<u>4,135,000</u>
ENDING FUND BALANCES	<u>\$ 298,604</u>	<u>\$ 367,680</u>	<u>\$ 35,609</u>
EMERGENCY RESERVE	\$ 17,200	\$ 22,000	\$ 24,400
AVAILABLE FOR OPERATIONS	4,279	272,786	97
TOTAL RESERVE	<u>\$ 21,479</u>	<u>\$ 294,786</u>	<u>\$ 24,497</u>

No assurance provided. See summary of significant assumptions.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/7/21

ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
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**ASSESSED VALUATION**

Residential	\$ 24,211,290	\$ 30,767,740	\$ 35,574,120
Commercial	91,090	140,460	101,700
Agricultural	2,140	1,540	1,540
State assessed	144,600	156,900	165,700
Vacant land	2,711,060	3,511,590	2,634,640
Exempt	518,360	521,290	521,290
	27,678,540	35,099,520	38,998,990
Adjustments	(518,360)	(521,290)	(521,290)
Certified Assessed Value	\$ 27,160,180	\$ 34,578,230	\$ 38,477,700

**MILL LEVY**

General	11.055	11.132	11.132
Debt Service	55.277	55.664	55.664
Fire Protection IGA	10.000	10.000	10.000
Total mill levy	76.332	76.796	76.796

**PROPERTY TAXES**

General	\$ 300,256	\$ 384,925	\$ 428,334
Debt Service	1,501,333	1,924,763	2,141,823
Fire Protection IGA	271,602	345,782	384,777
Levied property taxes	2,073,191	2,655,470	2,954,934
Adjustments to actual/rounding	2	-	-
Budgeted property taxes	\$ 2,073,193	\$ 2,655,470	\$ 2,954,934

**BUDGETED PROPERTY TAXES**

General	\$ 300,256	\$ 384,925	\$ 428,334
Debt Service	1,501,335	1,924,763	2,141,823
Fire Protection IGA	271,602	345,782	384,777
	\$ 2,073,193	\$ 2,655,470	\$ 2,954,934

No assurance provided. See summary of significant assumptions.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**GENERAL FUND**  
**2021 BUDGET**  
**WITH 2019 ACTUAL AND 2020 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 32,008	\$ 21,479	\$ 294,786
<b>REVENUES</b>			
Property taxes	300,256	384,925	428,334
Specific ownership tax	-	-	-
Interest income	167	100	100
Other income	-	-	6,500
Revenue - Fire Protection IGA	271,602	345,782	384,777
Total revenues	<u>572,025</u>	<u>730,807</u>	<u>819,711</u>
Total funds available	<u>604,033</u>	<u>752,286</u>	<u>1,114,497</u>
<b>EXPENDITURES</b>			
General and administrative			
Accounting	28,204	27,500	27,500
Auditing	4,700	4,700	4,800
County Treasurer's Fee	8,580	10,961	12,197
Insurance	8,390	9,338	9,500
District Management	13,550	22,000	20,000
Legal	13,575	30,000	17,500
Miscellaneous	20	-	100
Election	-	1,123	-
Contingency	-	3,623	5,898
Operations and maintenance			
Expense - Pond Maintenance	8,273	7,660	8,500
Expense - Fire Protection IGA	267,527	340,595	379,005
Total expenditures	<u>352,819</u>	<u>457,500</u>	<u>485,000</u>
<b>TRANSFERS OUT</b>			
Transfers to other fund	<u>229,735</u>	<u>-</u>	<u>605,000</u>
Total expenditures and transfers out requiring appropriation	<u>582,554</u>	<u>457,500</u>	<u>1,090,000</u>
ENDING FUND BALANCE	<u>\$ 21,479</u>	<u>\$ 294,786</u>	<u>\$ 24,497</u>
EMERGENCY RESERVE	\$ 17,200	\$ 22,000	\$ 24,400
AVAILABLE FOR OPERATIONS	4,279	272,786	97
TOTAL RESERVE	<u>\$ 21,479</u>	<u>\$ 294,786</u>	<u>\$ 24,497</u>

No assurance provided. See summary of significant assumptions.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
DEBT SERVICE FUND  
2021 BUDGET  
WITH 2019 ACTUAL AND 2020 ESTIMATED  
For the Years Ended and Ending December 31,**

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ 62,454	\$ 277,125	\$ 72,894
REVENUES			
Property Taxes	1,501,335	1,924,763	2,141,823
Specific Ownership Taxes	207,941	238,992	236,395
Interest Income	13,737	700	-
Total revenues	<u>1,723,013</u>	<u>2,164,455</u>	<u>2,378,218</u>
TRANSFERS IN			
Transfers from other funds	<u>215,000</u>	<u>-</u>	<u>605,000</u>
Total funds available	<u>2,000,467</u>	<u>2,441,580</u>	<u>3,056,112</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	22,527	28,871	32,127
Miscellaneous	-	-	100
Contingency	-	-	2,958
Paying agent fees	1,815	1,815	1,815
Debt Service			
Bond Interest Series 2007 CAB Bond Interest - #1	1,050,512	-	-
2007 Bonds	648,488	2,338,000	3,008,000
Total expenditures	<u>1,723,342</u>	<u>2,368,686</u>	<u>3,045,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,723,342</u>	<u>2,368,686</u>	<u>3,045,000</u>
ENDING FUND BALANCE	<u>\$ 277,125</u>	<u>\$ 72,894</u>	<u>\$ 11,112</u>

No assurance provided. See summary of significant assumptions.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
 CAPITAL PROJECTS FUND  
 2021 BUDGET  
 WITH 2019 ACTUAL AND 2020 ESTIMATED  
 For the Years Ended and Ending December 31,**

1/7/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
TRANSFERS IN			
Transfers from other funds	14,735	-	-
Total funds available	14,735	-	-
EXPENDITURES			
General and Administrative			
Engineering	14,735	-	-
Total expenditures	14,735	-	-
Total expenditures and transfers out requiring appropriation	14,735	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The Villages at Castle Rock Metropolitan District No. 6, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by Ordinance of the Town of Castle Rock on August 15, 1984. The District was established to provide construction, installation, financing and operation of public improvements, including water, sanitary, storm sewer, streets, park and recreation facilities, safety, transportation, television relay, fire protection, and mosquito control primarily for single family residential development within the District. The District's service area is located entirely within the Town of Castle Rock, Douglas County, Colorado.

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$60,000,000 for general obligation bonds at an interest rate not to exceed 18% per annum. In addition, the electors authorized the refunding of up to \$60,000,000 in general obligation bonds at a higher interest rate.

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

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

**Revenues**

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally 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 District's maximum Required Mill Levy is 50.000 mills for the Debt Service Fund, adjusted for changes in the ratio of actual value to assessed value of property within the District. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable. As of December 31, 2019, the adjusted maximum mill levy for debt service is 55.664 mills.

The Second Amended and Restated Service Plan states that in addition to the mill levy for payment of debt service and for operations and maintenance, which is 10.000 mills, the District has a mill levy of 10.000 mills, which is pledged to the Town pursuant to the Fire Protection and Emergency Response IGA.

The total mills levied are as displayed on page 3.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

**Property Taxes (Continued)**

The method of calculating assessed valuation of residential assessment rates in the State of Colorado changed to 7.15% from 7.96% for property tax years 2019-2020 on June 23, 2019 with a report submitted to the State Board of Equalization. Accordingly, the mill levy has been adjusted upward to reflect the change assessed value calculation. The debt service mill levy increased to 55.664 from 50.000 mills and the general fund mill levy increased to 11.132 from 10.000 mills.

**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 forecast assumes that the District's share will be equal to approximately 8% of the property taxes collected by the District. The budget assumes that all of the specific ownership taxes will be pledged to debt service on the bonds during the term the bonds are outstanding.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on historical data.

**Expenditures**

**Administrative and Operating Expenditures**

Administrative and operating expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, management, insurance, meeting expense, and other administrative expenses. Estimated expenditures related to detention pond maintenance are also included in the General Fund budget.

**County Treasurer's Fees**

County Treasurer's fees have been computed at 1.5% of property tax collections.



**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**2021 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt Service**

Bond payments 2021 are provided based on the estimated available funds for the Series 2007 Capital Appreciate Bonds (CABs) (discussed under Debt and Leases). As the exact timing and amount of payments is unknown, a debt service schedule isn't presented.

**Debt and Leases**

On December 21, 2007, the District issued \$22,647,882 in Tax Limited Capital Appreciation Bonds (CABs). The CABs are convertible to current interest bonds on December 1, 2010, and were to accrete, compound and bear interest at a rate of 8.25%. The proceeds were used to pay for bond issuance costs and to reimburse the Developer for advances made on behalf of the District for capital infrastructure costs.

On February 1, 2017, the District amended the Indenture of Trust related to the \$22,647,882 in Tax Limited Capital Appreciation Bonds (CABs) and the Subordinate Bonds in the aggregate principal amount not to exceed \$37,352,118. The interest rate was reduced to 8.20% and the fully accreted value was reduced to \$4,951 from \$5,000 for both the CABs and the Subordinate Bonds. Optional redemption is available on December 1, 2027, and any date thereafter, upon payment of the full accreted value of the bonds, with no redemption premium.

On December 21, 2007, the District issued Subordinate Bonds in the aggregate principal amount not to exceed \$37,352,118. The District issued \$1,592,000 against the aggregate principal amount on December 21, 2007. The Subordinate Bonds were issued pursuant to a Capital Funding and Acquisition Agreement, dated December 27, 2007, and shall be payable on a subordinate basis to the Series 2007 Bonds. The Subordinate Bonds bear interest at 12% per year and interest compounds semi-annually. The Subordinate Bonds are to be paid with the proceeds of any future bond issuance, or from any available Pledged Revenue pursuant to terms of the Trust Indenture. Issuance of any additional debt against the aggregate principal amount will require prior approval from the Town.

The CABs and the Subordinate Bonds are secured by and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) the Required Mill Levy; (2) all Specific Ownership Tax collected by the District; (3) the Capital Fees; and (4) any other legally available monies which the District determines, in its sole discretion, to credit to the Bond Fund. Required Mill Levy means an ad valorem mill levy of 50.000 mills imposed upon all taxable property of the District each year. The Required Mill Levy has been and will be adjusted for changes in the ratio of actual value to assessed value of property within the District.

Currently, pledged revenue of the District is not sufficient to pay when due the debt service requirements with respect to the Bonds. The annual debt service schedule of the Senior Bonds is not known, therefore, no debt service schedule for the Senior Bonds is presented. For so long as the District levies the Maximum Required Mill Levy, the inability of the District to pay the debt service requirements with respect to the Bonds when they come due does not constitute an event of default. To the extent principal of any Bond is not paid when due, such principal will remain outstanding until paid. The annual debt service requirements on the 2007 Subordinate Bonds are not currently determinable since they are payable from excess pledged revenue available after payment of the Senior Bonds, therefore no debt service schedule has been presented.

The District has no operating or capital leases.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
2021 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – (continued)**

**Developer Advances**

The District has outstanding developer advances. The anticipated developer advances and other long term debt outstanding are as follows:

	Balance at December 31, 2019	*	Additions	Reductions	Balance at December 31, 2020
Long Term Debt - Direct Borrowings					
2007 Bonds - Accreted Value	\$44,227,164		\$3,589,548	\$2,338,000	\$45,478,712
2007 Subordinate Obligations	1,592,000		-	-	1,592,000
Accrued Interest - 2007 Subordinate Obligations	4,865,502		799,890	-	5,665,392
Developer Advance - Facilities Funding	15,286,423		-	-	15,286,423
Developer Advance - Operations Funding	167,352		-	-	167,352
Interest on Developer Advance - Facilities	6,077,213		955,401	-	7,032,614
Interest on Developer Advance - Operations	136,197		11,715	-	147,912
Total Developer Advances	<u>\$72,351,851</u>		<u>\$5,356,554</u>	<u>\$2,338,000</u>	<u>\$75,370,405</u>

	Balance at December 31, 2020	*	Additions	Reductions	Balance at December 31, 2021
Long Term Debt - Direct Borrowings					
2007 Bonds - Accreted Value	\$45,478,712		\$3,659,812	\$3,008,000	\$46,130,524
2007 Subordinate Obligations	1,592,000		-	-	1,592,000
Accreted Interest - 2007 Bonds	-		-	-	-
Accrued Interest - 2007 Subordinate Obligations	5,665,392		897,059	-	6,562,451
Developer Advance - Facilities Funding	15,286,423		-	-	15,286,423
Developer Advance - Operations Funding	167,352		-	-	167,352
Interest on Developer Advance - Facilities	7,032,614		955,401	-	7,988,015
Interest on Developer Advance - Operations	147,912		11,715	-	159,627
Total Developer Advances	<u>\$75,370,405</u>		<u>\$5,523,987</u>	<u>\$3,008,000</u>	<u>\$77,886,392</u>

**Reserves**

**Emergency Reserve**

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

**This information is an integral part of the accompanying budget.**

I, Ann Finn, hereby certify that I am the duly appointed Secretary of the Villages at Castle Rock Metropolitan District No. 6, and that the foregoing is a true and correct copy of the budget for the budget year 2021, duly adopted at a meeting of the Board of Directors of the Villages at Castle Rock Metropolitan District No. 6 held on October 12, 2020.

By: Ann Finn  
Secretary

**RESOLUTION NO. 2020 - 10 - 03**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6  
TO SET MILL LEVIES**

WHEREAS, the Board of Directors of the Villages at Castle Rock Metropolitan District No. 6 (“District”) has adopted the 2021 annual budget in accordance with the Local Government Budget Law on October 12, 2020; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2021 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

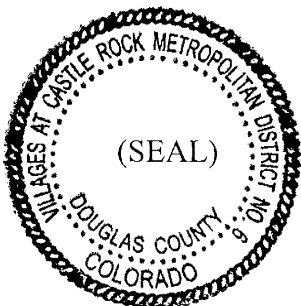
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Villages at Castle Rock Metropolitan District No. 6:

1. That for the purposes of meeting all general fund expenses of the District during the 2021 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2021 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Douglas County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 12th day of October, 2020.



*Ann Finn*

Secretary

**EXHIBIT A**  
(Certification of Tax Levies)

# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of Douglas County, Colorado.

On behalf of the Villages at Castle Rock Metropolitan District 6,  
(taxing entity)<sup>A</sup>

the Board of Directors  
(governing body)<sup>B</sup>

of the Villages at Castle Rock Metropolitan District 6  
(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 38,477,700 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 38,477,700 (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/01/2020 for budget/fiscal year 2021.  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	11.132 mills	\$ 428,334
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	11.132 mills	<b>\$ 428,334</b>
3. General Obligation Bonds and Interest <sup>J</sup>	55.664 mills	\$ 2,141,823
4. Contractual Obligations <sup>K</sup>	10.000 mills	\$ 384,777
5. Capital Expenditures <sup>L</sup>	mills	\$
6. Refunds/Abatements <sup>M</sup>	mills	\$
7. Other <sup>N</sup> (specify): _____	mills	\$
_____	mills	\$
<b>TOTAL:</b> <small>[ Sum of General Operating Subtotal and Lines 3 to 7 ]</small>	76.796 mills	<b>\$2,954,934</b>

Contact person: Jason Carroll Daytime phone: (303) 779-5710

Signed:  Title: Accountant for the District

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.  
<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**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<sup>J</sup>:**

- 1. Purpose of Issue: Public Infrastructure  
Series: 2007  
Date of Issue: December 21, 2007  
Coupon Rate: 8.25%  
Maturity Date: December 1, 2037  
Levy: 55.664  
Revenue: \$2,141,823
  
- 2. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

**CONTRACTS<sup>K</sup>:**

- 3. Purpose of Contract: Provision of fire protection and emergency response services  
Title: Intergovernmental agreement  
Date: June 14, 2004  
Principal Amount: N/A  
Maturity Date: N/A  
Levy: 10.000  
Revenue: \$384,777
  
- 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.

**McGeady Becher P.C.**  
**Document Retention Policy**

**Types of Documents**

In representing you we will or may take possession of, create, and/or keep various types of documents. These consist of documents you provide to us, documents which constitute the District's official public record, and internal documents we create to assist us in providing services to you.

**Documents You Provide to Us**

It is our policy to copy and return original documents you provide to us as soon as practicable. Exceptions to this policy are original documents which should be kept as part of the District's official public record, instances where we must have an original document to represent you, or cases where we have affirmatively agreed retain a document for safekeeping.

**The District's Record**

As a part our engagement, we will maintain the District's official public Record (the "**Record**"). The Record is a highly useful and detailed compilation of documents reflecting the official actions of the District and serves multiple functions. First, it collects those documents which the public is entitled to inspect and copy under various state and federal public records and freedom of information statutes. Second, it organizes the records of the District – such as its contracts, land and title records, and easements - in a manner which is useful in conducting the ongoing business of the District. Third, the Record helps expedite the District's annual audit process. Fourth, in the event you should change legal counsel or employ in-house counsel, the Record will enable that counsel to understand the status and assume representation of the District with maximum efficiency.

The Record includes the District's organizational documents, fully-executed agreements which are still in effect, rules, regulations, resolutions adopted by the District, official minutes books, meeting notices, agendas, insurance policies, District maps, election records, bond documents, audit documents, and many more. A comprehensive list of documents comprising the Record is available from us at any time upon request.

Creating and maintaining the Record is an important and complex task, and you agree to pay our actual costs and hourly fees associated with doing this.

**Supplemental Documents**

All other documents created in course of representing you are referred to as Supplemental Documents. These include our notes, drafts, memoranda, worksheets, electronic communications, and other electronic documents stored in various media or file servers.



### **Documents We Retain**

Except as provided in this Document Retention Policy or an amendment thereto, we will keep the Record and any original documents accepted by us for safekeeping so long as we represent you.

### **Delivery of the Record**

Once a matter is concluded or our representation terminated, we deliver the original, printed Record, together with any original documents we have accepted for safekeeping, to you or the District's designee, provided our fees and costs have been paid in full. If you do not designate someone to receive these records, we will deliver them to a then-current officer or director of the District. If we are unable to deliver these documents because of your failure to designate a recipient, we may retain, destroy, or otherwise dispose of them in manner which assures their continued confidentiality within thirty (30) days following the conclusion of a matter or the termination of our representation.

We will also confidentially destroy the Record of any District in our possession if a final order of dissolution of the District is entered.

All other documents, including all Supplemental Documents, are routinely, periodically, confidentially, and permanently purged by us once they are no longer useful to us in providing services to you.

Villages at Castle Rock Metropolitan District No. 6  
October-20

Vendor	Invoice #	Date	Due Date	Amount	Expense Account	Account Number
All Phase Landscape	MO99918	10/1/2020	10/15/2020	\$ 1,212.48	Expense - Pond Maintenance	107800
Colorado Community Media	7741	10/2/2020	10/15/2020	\$ 22.24	Miscellaneous	107480
Colorado Special District P&L Pool	POL-0004118	9/9/2020	10/15/2020	\$ 450.00	Insurance	107360
MCGEADY BECHER P.C.	39M 8/20	8/31/2020	10/15/2020	\$ 100.00	Legal	107460
Special District Mgmt. Services, Inc	9/30/2020	9/30/2020	10/15/2020	\$ 1,422.60	District Management	107440
				\$ 3,207.32		

Villages at Castle Rock Metropolitan District No. 6  
October-20

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 3,207.32	\$ -	\$ -	\$ 3,207.32
	-			
<b>Total Disbursements from Checking Accounts</b>	<b>\$ 3,207.32</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,207.32</b>

Villages at Castle Rock No.6  
November-20

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
CliftonLarsonAllen LLP	2640018	9/30/2020	11/16/2020	\$ 590.68	Accounting	107000
CliftonLarsonAllen LLP	2670390	10/31/2020	11/16/2020	\$ 2,445.02	Accounting	107000
Colorado Community Media	9384	10/30/2020	11/16/2020	\$ 21.80	Miscellaneous	107480
MCGEADY BECHER P.C.	39M 9/20	9/30/2020	11/16/2020	\$ 390.00	Legal	107460
Special District Mgmt. Services, Inc	Oct-20	10/31/2020	11/16/2020	\$ 2,244.89	District Management	107440
				\$ 5,692.39		

Villages at Castle Rock Metropolitan District No. 6  
November-20

	General	Debt	Capital	Totals
Disbursements	\$ 5,692.39	\$ -	\$ -	\$ 5,692.39
	-			
<u>Total Disbursements from Checking Acc</u>	<u>\$ 5,692.39</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,692.39</u>

Villages at Castle Rock No.6  
December-20

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
CliftonLarsonAllen LLP	2692033	11/30/2020	12/14/2020	\$ 795.90	Accounting	107000
Colorado Special District P&L Pool	POL-0006093	11/24/2020	12/14/2020	\$ 9,234.00	Insurance	107360
MCGEADY BECHER P.C.	39M 11/20	11/30/2020	12/14/2020	\$ 207.50	Legal	107460
MCGEADY BECHER P.C.	39M 10/20	10/31/2020	12/14/2020	\$ 5,332.00	Legal	107460
Special District Mgmt. Services, Inc	Nov-20	11/30/2020	12/14/2020	\$ 762.33	District Management	107440
				\$16,331.73		

Villages at Castle Rock Metropolitan District No. 6  
December-20

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 16,331.73	\$ -	\$ -	\$ 16,331.73
	-			
<u>Total Disbursements from Checking Ac</u>	<u>\$ 16,331.73</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,331.73</u>

Villages at Castle Rock Metropolitan District No. 6  
January-21

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
CliftonLarsonAllen LLP	2718747	12/31/2020	1/13/2021	\$1,175.74	Accounting	107000
Special District Mgmt. Services, Inc	Dec-20	12/31/2020	1/13/2021	\$1,277.40	District Management	107440

\$2,453.14



Villages at Castle Rock Metropolitan District No. 6  
January-21

	General	Debt	Capital	Totals
Disbursements	\$ 2,453.14	\$ -	\$ -	\$ 2,453.14
	-			
<u>Total Disbursements from Checking Ac</u>	<u>\$ 2,453.14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,453.14</u>

Villages at Castle Rock Metropolitan District No. 6  
February-21

<b>Vendor</b>	<b>Invoice #</b>	<b>Date</b>	<b>Due Date</b>	<b>Amount</b>	<b>Expense Account</b>	<b>Account Number</b>
MCGEADY BECHER P.C.	39M 12/20	12/31/2020	2/10/2021	\$ 743.83	Legal	107460
Special District Mgmt. Services, Inc	Jan-21	1/31/2021	2/10/2021	\$ 1,109.58	District Management	107440
Town of Castle Rock	1089	2/2/2021	2/10/2021	\$340,530.37	Fire protection	307602
				\$342,383.78		

Villages at Castle Rock Metropolitan District No. 6  
February-21

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 1,853.41	\$ -	\$ 340,530.37	\$ 342,383.78
	-			
<u>Total Disbursements from Checking Ac</u>	<u>\$ 1,853.41</u>	<u>\$ -</u>	<u>\$ 340,530.37</u>	<u>\$ 342,383.78</u>

**VILLAGES AT CASTLE ROCK METRO NO. 6**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**VILLAGES AT CASTLE ROCK METRO NO. 6**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	General	Debt Service	Total
<b>ASSETS</b>			
Cash - Checking	\$ 662,806	\$ 21,351	\$ 684,157
US Bank 2007 Bond Fund	-	20,711	20,711
Receivable from County Treasurer	-	20,535	20,535
Property Tax receivable	813,111	2,141,823	2,954,934
<b>TOTAL ASSETS</b>	<b>\$ 1,475,917</b>	<b>\$ 2,204,420</b>	<b>\$ 3,680,337</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 19,529	\$ -	\$ 19,529
Liability - Fire Protection IGA Payable	340,530	-	340,530
Total Liabilities	360,059	-	360,059
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax	813,111	2,141,823	2,954,934
Total Deferred Inflows of Resources	813,111	2,141,823	2,954,934
 <b>FUND BALANCES</b>			
Unassigned	302,747	62,597	365,344
Total Fund Balances	302,747	62,597	365,344
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b>\$ 1,475,917</b>	 <b>\$ 2,204,420</b>	 <b>\$ 3,680,337</b>

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances - governmental funds have been omitted.

**VILLAGES AT CASTLE ROCK METRO NO. 6  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020**

**GENERAL FUND**

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest income	\$ 100	\$ 220	\$ 120
Property taxes	384,925	384,853	(72)
Revenue - Fire Protection IGA	345,782	345,718	(64)
<b>TOTAL REVENUES</b>	<u>730,807</u>	<u>730,791</u>	<u>(16)</u>
<b>EXPENDITURES</b>			
Accounting	27,500	21,808	5,692
Auditing	4,800	4,700	100
Contingency	3,384	-	3,384
County Treasurer's fee	10,961	10,962	(1)
District management	17,500	19,346	(1,846)
Election	1,000	1,123	(123)
Expense - Fire Protection IGA	340,595	340,530	65
Expense - Pond Maintenance	7,660	8,487	(827)
Insurance	9,000	19,022	(10,022)
Legal	15,000	23,201	(8,201)
Miscellaneous	100	344	(244)
<b>TOTAL EXPENDITURES</b>	<u>437,500</u>	<u>449,523</u>	<u>(12,023)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	293,307	281,268	(12,039)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other fund	(295,000)	-	295,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(295,000)</u>	<u>-</u>	<u>295,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,693)	281,268	282,961
<b>FUND BALANCES - BEGINNING</b>	<u>34,350</u>	<u>21,479</u>	<u>(12,871)</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 32,657</u>	<u>\$ 302,747</u>	<u>\$ 270,090</u>

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**SUPPLEMENTARY INFORMATION**

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**VILLAGES AT CASTLE ROCK METRO NO. 6  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020**

**DEBT SERVICE FUND**

	<u>Annual Budget</u>	<u>Year to Date Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest income	\$ 8,000	\$ 704	\$ (7,296)
Property taxes	1,924,763	1,924,403	(360)
Specific ownership tax	238,992	229,055	(9,937)
<b>TOTAL REVENUES</b>	<u>2,171,755</u>	<u>2,154,162</u>	<u>(17,593)</u>
<b>EXPENDITURES</b>			
Bond interest Series 2007 CAB Bond Interest - #1	1,425,148	823,456	601,692
Bond interest Series 2007 CAB Bond Interest - #2	435,000	-	435,000
Bond principal Series 2007 CAP Bonds - #1	774,852	1,514,544	(739,692)
Contingency	2,214	-	2,214
County Treasurer's fee	28,871	28,875	(4)
Miscellaneous	100	-	100
Paying agent fees	1,815	1,815	-
<b>TOTAL EXPENDITURES</b>	<u>2,668,000</u>	<u>2,368,690</u>	<u>299,310</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(496,245)	(214,528)	281,717
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	295,000	-	(295,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>295,000</u>	<u>-</u>	<u>(295,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(201,245)	(214,528)	(13,283)
<b>FUND BALANCES - BEGINNING</b>	<u>253,452</u>	<u>277,125</u>	<u>23,673</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 52,207</u>	<u>\$ 62,597</u>	<u>\$ 10,390</u>

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**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**  
**Schedule of Cash Position**  
**December 31, 2020**  
**Updated as February 10, 2021**

	General Fund	IGA Funds	Total General Fund	Debt Service Fund	Total
<b><u>Wells Fargo Bank - Checking</u></b>					
Balance as of 12/31/20	322,275.27	340,530.37	662,805.64	21,351.16	684,156.80
Subsequent activities:					
1/5/2021 Bill.com Payments	(16,331.73)	-	(16,331.73)	-	(16,331.73)
1/10/2021 Property Tax	-	-	-	20,534.50	20,534.50
Anticipated Activities:					
<i>Anticipated voucher payables</i>	<i>(1,853.41)</i>	<i>(340,530.37)</i>	<i>(342,383.78)</i>	<i>-</i>	<i>(342,383.78)</i>
<i>Anticipated Balance</i>	<u>304,090.13</u>	<u>-</u>	<u>304,090.13</u>	<u>41,885.66</u>	<u>345,975.79</u>
 <b><u>CSAFE</u></b>					
Balance as of 12/31/20	-	-	-	-	-
Subsequent activities:					
<i>Anticipated Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b><u>US Bank Bond Fund</u></b>					
Balance as of 12/31/20	-	-	-	20,710.61	20,710.61
Subsequent activities:					
<i>Anticipated Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,710.61</u>	<u>20,710.61</u>
<i>Total Anticipated Balance</i>	<u>\$ 304,090.13</u>	<u>\$ -</u>	<u>\$ 304,090.13</u>	<u>\$ 62,596.27</u>	<u>\$ 366,686.40</u>

Yield Information as of 12/31/20:  
CSAFE - .08%

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**VILLAGES at CASTLE ROCK #6**  
**Property Taxes Reconciliation**  
**2020**

	Current Year									Prior Year		
	Property Taxes		Specific Ownership Taxes	Interest	Treasurer's Fees	Due to County	Net Amount Received	% of Total Current Property Taxes Received to Taxes Levied		Total Cash Received	% of Total Property Taxes Received to Taxes Levied	
	Current	Delinquent/ Abated						Monthly	Y-T-D		Monthly	Y-T-D
January	\$ 47,988.11	\$ -	\$ 22,089.07	\$ -	\$ (719.83)	\$ -	\$ 69,357.35	1.81%	1.81%	\$ 46,068.80	1.46%	1.46%
February	1,139,514.47	-	15,704.66	-	(17,092.72)	-	1,138,126.41	42.91%	44.72%	\$ 933,262.50	44.93%	46.39%
March	113,678.82	-	15,286.13	54.05	(1,705.99)	-	127,313.01	4.28%	49.00%	\$ 55,937.26	2.08%	48.47%
April	94,532.12	7,138.25	14,380.32	-	(1,525.04)	-	114,525.65	3.56%	52.56%	\$ 204,341.66	9.13%	57.60%
May	278,263.85	-	15,886.30	115.18	(4,175.69)	-	290,089.64	10.48%	63.04%	\$ 191,994.99	8.58%	66.18%
June	961,068.08	-	20,044.22	202.45	(14,419.08)	-	966,895.67	36.19%	99.23%	\$ 694,098.81	33.23%	99.41%
July	8,495.55	-	22,847.35	259.87	(131.33)	-	31,471.44	0.32%	99.55%	\$ 30,059.75	0.43%	99.84%
August	3,618.25	-	19,842.13	131.55	(56.25)	-	23,535.68	0.14%	99.69%	\$ 20,116.48	0.11%	99.95%
September	-	-	21,464.52	-	-	-	21,464.52	0.00%	99.69%	\$ 18,037.01	0.00%	99.95%
October	-	-	20,136.00	-	-	-	20,136.00	0.00%	99.69%	\$ 21,431.80	0.05%	100.00%
November	676.19	-	20,839.42	40.57	(10.75)	-	21,545.43	0.03%	99.71%	\$ 16,434.28	0.00%	100.00%
December	-	-	20,534.50	-	-	-	20,534.50	0.00%	99.71%	\$ 18,848.72	0.00%	100.00%
Payment to County	-	-	-	-	-	-	-	0.00%	-	\$ -	-	-
	<b>\$ 2,647,835.44</b>	<b>\$ 7,138.25</b>	<b>\$ 229,054.62</b>	<b>\$ 803.67</b>	<b>\$ (39,836.68)</b>	<b>\$ -</b>	<b>\$ 2,844,995.30</b>	<b>99.71%</b>	<b>99.71%</b>	<b>\$ 2,250,632.06</b>	<b>100.00%</b>	<b>100.00%</b>

Taxes Levied	MILL LEVY Allocation	Property Taxes Collected	% Collected to Amount Levied
General Fund	\$ 384,925.00	11.132	\$ 384,852.95 99.98%
Debt Service Fund	1,924,763.00	55.664	1,924,403.04 99.98%
Fire Protection IGA	345,782.00	10.000	345,717.71 99.98%
<b>\$ 2,655,470.00</b>	<b>76.796</b>	<b>\$ 2,647,835.44</b>	

Taxes/Fees Budgeted	% of Budgeted/ Mill Levy Allocation	Taxes/Fees Collected	% Collected to Amount Budgeted
Debt Service Fund	\$ 238,992.00 100.00%	\$ 229,054.62	95.84%
<b>\$ 238,992.00</b>	<b>100.00%</b>	<b>\$ 229,054.62</b>	
General Fund	\$ 5,773.88 11.132	\$ 5,774.54	100.01%
Debt Service Fund	28,871.45 55.664	28,874.80	100.01%
Fire Protection IGA	5,186.73 10.000	5,187.34	100.01%
<b>\$ 39,832.06</b>	<b>76.796</b>	<b>\$ 39,836.68</b>	

**Property Taxes**

General Fund  
Debt Service Fund  
Fire Protection IGA

**Specific Ownership Taxes**

Debt Service Fund

**Treasurer's Fees**

General Fund  
Debt Service Fund  
Fire Protection IGA

No assurance is provided on these financial statements. Substantially all required disclosures, the government-wide financial statements, and the statement of revenues, expenditures and changes in fund balances – governmental funds have been omitted.



## **The Villages at Castle Rock Metropolitan District No. 6 (Douglas County, Colorado)**

Board Meeting Materials to Discuss the Refinancing of the District's Series 2007 Senior Lien Bonds and Series 2007 Subordinate Lien Bonds

March 11, 2021

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Preliminary Financing Schedule	9

# Executive Summary of Proposed Refinancing

- The District has two series of bonds outstanding:
  - \$47.1 million of senior lien Series 2007 Bonds (“Senior Lien Bonds”) are zero coupon bonds accreting at 8.20% and callable on December 1, 2027 at 100%
  - \$1.592 million of Series 2007 Subordinate Lien Bonds (“Sub Bonds”) accruing interest at 12%
  - Combined weighted average cost of capital: ~8.53%
- **Tax-exempt interest rates are near historical low levels, making it an ideal time for issuers to refinance their debt**
- The Tax Cuts and Jobs Act of 2017 eliminated tax-exempt advance refunding bonds
  - The 2007 Senior Lien Bonds cannot be refunded until 90 days prior to the call date (e.g. September 3, 2027)
  - Taxable advance refunding bonds can be issued now, but they are not as economic given the higher taxable interest rates and negative carry in the refunding escrow
- **However, the District could refinance its Senior Lien Bonds with a tax-exempt tender/exchange, providing the opportunity to replace its higher costing Senior Lien Bonds (e.g. 8.20%) with lower cost Current Interest Bonds (CIBs) (i.e. 4.0 – 4.5%)**
- The tender is funded by a current refunding (the District issues tax-exempt refunding bonds)
  - The Senior Lien Bonds that are tendered and purchased at a premium from bondholders would be extinguished, and the Senior Lien Bonds that are not tendered/purchased would remain outstanding
- The economics of the tender are uncertain and are driven by the ability to "buy in" the Senior Lien Bonds from existing bondholders at a premium to their current value and finance the tender/exchange with lower-cost tax-exempt CIBs
  - The Senior Lien Bonds are held by four identifiable institutional bondholders, with two of those accounting for ~92% of the total Senior Lien Bonds outstanding
- Depending on the success of the tender/exchange of the Senior Lien Bonds, the hope is for the District to also be able to refinance the Sub Bonds for additional interest cost savings
- **With the Board’s direction the District staff and consultants will proceed with processing the proposed tender and refinancing and will bring back to the Board for consideration for approval the final terms and documentation as a necessary condition to closing**

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## **Overview of District's Series 2007 Senior Lien Bonds and Subordinate Lien Bonds**

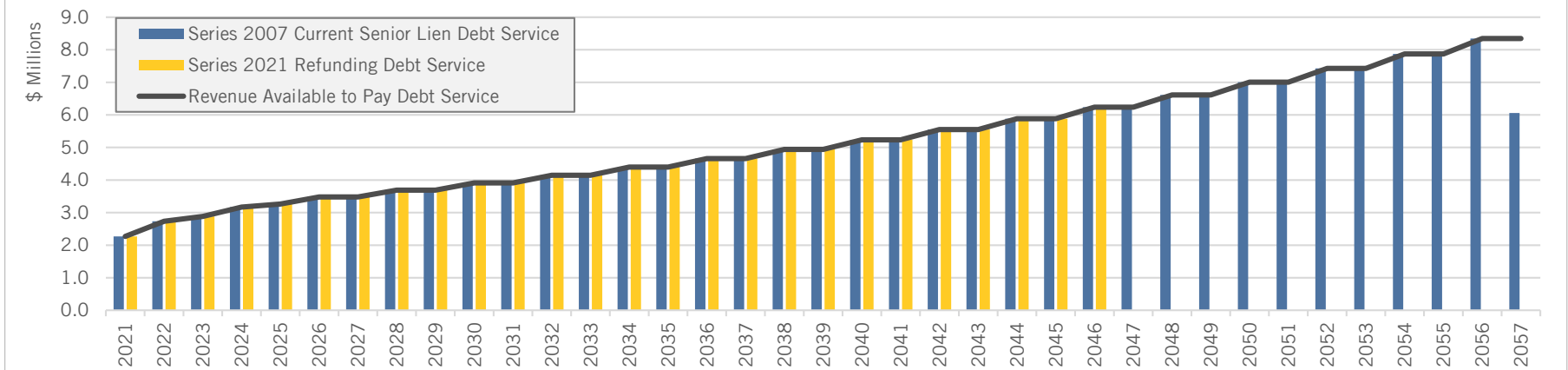
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# District's Series 2007 Senior Lien Bonds – Bond Details

- The District's Senior Lien Bonds were originally issued in December 2007 in the aggregate initial accreted amount of \$22.6 million
  - The price of the Senior Lien Bonds accrete to a higher price based upon an 8.20% accretion rate
  - Bonds convert to CIBs on 12/1/2037 at 8.20%
- Since the issuance of the Senior Lien Bonds, the District has been making debt service payments each December 1<sup>st</sup> and has reduced the total # of bonds outstanding
- Senior Lien Bonds at current 8.20% rate are not projected to be paid off until 2057<sup>(1)</sup>
- The District's last bond redemption from property taxes available occurred on 12/1/2020 at a redemption price of **\$25.510**
- The last reported trade for the bonds was \$4.0 million total amount that occurred on 9/25/2020 at a price of **\$30.437** or 5.45% yield
- **The price at which the existing bondholders are willing to tender their bonds is subject to negotiation and still to be determined**

Escalation of Accreted Price to the Call Date	
December 1	Accreted Price
2019	\$23.538
2020	\$25.510
2021	\$27.642
2022	\$29.955
2023	\$32.462
2024	\$35.178
2025	\$38.122
2026	\$41.313
2027	\$44.769

## Status Quo vs. Projected Refunding Debt Service Payoff Schedule <sup>(1)(2)</sup>



(1) Assumes a 6% biennial reassessment growth rate of assessed valuation

(2) Assumes a \$33 tender price to refund the Series 2007 Senior Lien Bonds; Series 2021 Senior and Sub Bonds issued at 4.0% and 7.25% interest rates, respectively



# Proposed Tender/Exchange Refinancing of the Senior Lien Series 2007 Bonds

- The tender/buyback is funded by a current refunding (the District issues tax-exempt refunding bonds) that can be structured to match the District’s projected Debt Service Mill Levy revenues
  - Bonds that are tendered and purchased by the District would be extinguished
  - The District is not obligated to purchase any bonds
- Tender economics are uncertain due to several factors:
  - The exact amount of bonds tendered by bondholders and purchased by the District
  - Tender price (the higher the price, the more new bonds that need to be issued to fund the cost of the tender)
  - Interest rate on the new tax-exempt Series 2021 Bonds
  - Call date and call premium on the new Series 2021 Bonds (i.e. 12/1/2027 at 103% or 102%)
- The current bondholders are largely identifiable, simplifying the tender process and dynamics
  - Four identified institutional holders and 2-3 individual retail holders (yet to be identified)
  - Initial conversations with the two largest holders were positive
  - Both have stated they are willing to tender their bonds at a premium and in exchange for the newly issued bonds
  - Bondholder #3 has stated they may not be willing to tender their bonds, but are willing to discuss further
  - Tender price and interest rate on the new bonds are still to be determined and subject to negotiation
- Given the current development status of Cobblestone Ranch (~90% built out), the new Senior Lien bonds to be issued to fund the cost of the tender are expected to be sold in the 4.0% – 4.5% range
- **The Board will be able to review and approve the agreed upon tender price and interest rate on the new bonds at a future meeting date**

Senior Lien Series 2007 Limited Tax GO Identified Bondholders					
Investor	Bondholder #1	Bondholder #2	Bondholder #3	Bondholder #4	Total
Position (\$ millions)	\$84.47	\$79.50	\$7.28	\$6.21	\$177.45
% of Total	47.6%	44.8%	4.1%	3.5%	100.0%

*Bondholder source: Bloomberg and reported on 12/31/2020; Position amounts revised to reflect current future value of the Bonds.*

## District's Series 2007 Subordinate Lien Bonds – Bond Details

- The District's Subordinate Bonds were originally issued in December 2007
  - Par amount issued: \$1.592 million
  - 12% interest rate
  - Bonds callable at anytime
- Since the issuance of the Sub Bonds, the District has not made any debt service payments
- The total amount of unpaid accrued interest as of March 1, 2021 is \$5.821 million
- The ability to refinance the Sub Bonds is dependent upon the success and terms and factors impacting the tender/exchange of the Senior Lien Bonds, which is subject to negotiation and still to be determined
- **The Board will be able to review and approve the proposed terms and documentation of the new bonds to refinance the Sub Bonds at a future meeting date**

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**Proposed Refinancing Summary of Series 2007 Senior Lien Bonds and Subordinate Lien Bonds**

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## Proposed Refinancing Structure of the Series 2021 Bonds

- The District's ability to refinance its Series 2007 Senior and Subordinate Lien Bonds is not only dependent on existing bondholder's willingness to tender its bonds at a certain tender price and interest rate on the new bonds, but the amount of bonds that can be issued are also limited on:
  - Projected pledged revenues (i.e. Debt Service Mill levy revenues and Specific Ownership taxes), which are based upon the future assessed value of the property within Cobblestone Ranch
  - Assumed Debt Service Mill Levy does not change
  - Assumed biennial reassessment growth rate of assessed valuation (i.e. 2%, 3%, 4%)
  - Expected absorption and assessed valuation of remaining homes to be sold (~128)
  - Term of the Bonds (i.e. 30-35 years)
- A refinancing structure consisting of issuing both Senior and Subordinate Lien Bonds will enable the District to maximize its ability to fund the cost of the tendered Series 2007 Senior Lien Bonds and the 2007 Sub Bonds
  - Series 2021 Senior Lien Bonds issued with a 1.20x coverage
  - Series 2021 Subordinate Lien Bonds issued as “cash flow” bonds with a 1.0x coverage
  - Both Series 2021 Senior and Sub Bonds issued with short 6-year call options in 2027 allowing for future refinancing flexibility
  - 4% Biennial reassessment growth rate of assessed valuation
  - Surplus Reserve Fund funded from bond proceeds (i.e. ~\$3 million)
- **Although the refinancing structure is subject to change, the Board will be able to review and approve the proposed terms and documentation of the new Series 2021 Bonds at a future meeting date**

## Estimate of Costs of Issuance and Underwriter's Discount

- In order to move forward with the financing, a number of professionals will need to be engaged by the District. Many of the professionals' fees are contingent upon successful completion of the financing
- The final par amount of new bonds to be issued will be dependent on tender premium, interest rate on the new bonds, and optional redemption provisions
- Provided below is an estimate of the costs of issuance and underwriter's discount assuming approximately \$60 million in combined par amount for the upcoming Series 2021A&B Senior and Subordinate bonds
- We note that all costs of issuance (except for the bondholder identification fee) are assumed to be paid at closing and from bond proceeds
- Based on the District's 2021 Budget, revenues may be available from the District's General Fund to pay all or a portion of the costs of issuance

Estimated Costs of Issuance	
Item	\$ Total
District Counsel Fee (McGeady Becher) <sup>(1)</sup>	\$60,000
Bond Counsel Fee (Kutak Rock)	110,000
Underwriter's Counsel Fee (Sherman Howard)	90,000
Financial Advisor/Pricing Consultant	30,000
Financial Forecast Consultant Report	15,000
Trustee Fees (US Bank)	8,803
Bondholder Identification (Globic Advisors) <sup>(2)</sup>	2,000
Printer (ImageMaster)	3,000
Miscellaneous/Contingency	5,000
<b>Total Expenses</b>	<b>\$323,803</b>

*(1) District Counsel fee estimate is a not-to-exceed amount and is based on billable hourly rate and actual costs incurred.*

*(2) To be paid by District prior to bond pricing.*

Proposed Underwriter's Discount		
Gross Spread	% / bond	\$ Total
Average Takedown	1.2500%	\$750,000
Dealer Manager Fee <sup>(1)</sup>	0.2500%	117,796
Expenses (see below)	0.0209%	12,550
<b>Gross Spread</b>	<b>1.5209%</b>	<b>\$880,346</b>
Expense Components	% / bond	\$ Total
iPreo	0.0101%	\$6,030
Day Loan	0.0014%	820
CUSIP	0.0007%	455
Online Roadshow <sup>(2)</sup>	0.0033%	2,000
DAC Fee	0.0007%	445
DTC Fee	0.0013%	800
Out-of-Pocket Expenses	0.0033%	2,000
<b>Total Expenses</b>	<b>0.0209%</b>	<b>\$12,550</b>

*(1) Dealer Manager fee is based upon the accreted value amount of bonds tendered and assumes 100% of the Bonds are tendered on June 1, 2021.*

*(2) An online Investor Roadshow presentation may not be necessary.*

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## **Preliminary Financing Schedule**

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# Preliminary Financing Schedule

March 2021						
Su	M	Tu	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

April 2021						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 2021						
Su	M	Tu	W	Th	F	Sa
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Date*	Event
March 11, 2021	Board meeting to discuss proposed tender/refunding, authorize Finance Committee to work with staff and consultants to proceed with preparation of necessary documents for tender and refunding
April 28, 2021	Board meeting to approve bond documents and authorize parameters for final negotiations of terms of tender and refunding bond offering
April 29 – May 12, 2021	Underwriter completes negotiations on terms of tender and refunding bond offering with input from Finance Committee and Municipal Advisor
May 26, 2021	Closing and Delivery after confirmation of final terms of tender and refunding bond offering by Finance Committee and Municipal Advisor