



ICENOGLE SEAVER POGUE

March 1, 2023

Moses Garcia, Esq.
City of Loveland
500 East 3rd Street, Suite 330
Loveland, Colorado 80537
(Via Email:
Stephanie.Cardew@cityofloveland.org)

Office of the State Auditor
1525 Sherman Street, 7th Floor
Denver, Colorado 80203
(Via E-Portal)

Division of Local Government
1313 Sherman Street
Room 521
Denver, Colorado 80203
(Via E-Portal)

Larimer County Clerk and Recorder
Larimer County Colorado
P.O. Box 1280
Fort Collins, Colorado 80522
(Via Email: *recording@larimer.org*)

Re: Annual Report for South Village Metropolitan Districts Nos. 1 & 2

To Whom It May Concern:

Pursuant to Section 32-1-207(3) C.R.S., enclosed please find the 2022 Annual Report for South Village Metropolitan Districts Nos. 1 & 2.

Please contact our office with any questions regarding the Annual Report.

Sincerely,

ICENOGLE SEAVER POGUE
A Professional Corporation

Stacie L. Pacheco
Paralegal

Stacie L. Pacheco | *SPacheco@isp-law.com* | Direct 303.867.3000

4725 S. Monaco St., Suite 360 | Denver, CO 80237 | 303.292.9100 | fax 303.292.9101 | www.isp-law.com

SOUTH VILLAGE METROPOLITAN DISTRICT NOS. 1 AND 2

2022 ANNUAL REPORT TO THE CITY OF LOVELAND

Pursuant to the Consolidated Service Plan (“Service Plan”) for South Village Metropolitan District Nos. 1 and 2 (individually, “District No. 1” and “District No. 2;” collectively, the “Districts”), the Districts are required to provide an annual report to the City of Loveland (the “City”) with regard to the following matters that occurred during calendar year 2022:

- A. Boundary changes made or proposed.
- B. Copies of all intergovernmental agreements with other governmental bodies entered into or proposed to be entered into, including amendments.
- C. Changes or proposed changes in the Districts’ policies.
- D. Changes or proposed changes in the Districts’ operations.
- E. Any changes in the financial status of the Districts, including revenue projections or operating costs.
- F. A summary of any litigation involving the Districts.
- G. Proposed plans for the year immediately following the year summarized in the annual report.
- H. Construction contracts entered into.
- I. Status of the Districts’ public improvement construction schedule.
- J. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City.
- K. If requested by the City, copies of minutes of all meetings of the Districts’ boards of directors.

In addition, pursuant to Section 32-1-207(3)(c), C.R.S., the Districts are required to submit an annual report for the preceding calendar year commencing in 2023 for the 2022 calendar year to the City, the Division of Local Government, the state auditor, and the Larimer County Clerk and Recorder.

For the year ending December 31, 2022, the Districts make the following report:

- A. Boundary changes made or proposed.

There were no boundary changes made or proposed for the Districts in 2022.

- B. Copies of all intergovernmental agreements with other governmental bodies entered into or proposed to be entered into, including amendments.

The Districts entered into an Intergovernmental Agreement Concerning District Operations on January 31, 2022, attached hereto as **Exhibit B**.

C. Changes or proposed changes in the Districts' policies.

At a joint organizational meeting held by the Districts on January 31, 2022, the boards of directors of the Districts adopted the following policy resolutions. There were no other changes or proposed changes to the Districts' policies in 2022:

1. Resolution Providing for the Defense and Indemnification of Directors and Employees of the Districts.
2. Resolution Adopting a Public Records Policy regarding the Inspection, Retention, and Disposal of Public Records.
3. Resolution Adopting Procedures for Protecting and Destroying Customer Information Maintained by the Districts.
4. Resolution Establishing a District Investment Policy.

D. Changes or proposed changes in the Districts' operations.

The change in the Districts' operations in 2022 is as described in the Operations IGA attached hereto as **Exhibit B**. There were no other changes or proposed changes to the Districts' operations in 2022.

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

The financial status of the Districts, including revenue and operating costs for the fiscal year ending 2022 and projected for fiscal year 2023, are reflected in the Districts' 2023 adopted budgets attached hereto as **Exhibit A**.

F. A summary of any litigation which involves the Districts.

There was no litigation involving the Districts in 2022.

G. Proposed plans for the year immediately following the year summarized in the annual report.

Public improvement construction is scheduled to commence in 2023 pending acquisition of right of way and slope easements.

H. Construction contracts entered into.

The Districts did not enter into any construction contracts in 2022.

I. Status of the Districts' public improvement construction schedule.

No public improvements were constructed in 2022.

J. List of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City.

No facilities or improvements were dedicated to or accepted by the City in 2022.

K. Summary of Financial Information.

1. Assessed value of taxable property within the Districts' Boundaries.

Pursuant to the certifications of valuation received from the Larimer County Assessor, the Districts' net total taxable assessed valuations for taxable year 2022 are as follows:

District No. 1: \$ 7,379

District No. 2: \$ 7,382

2. Total acreage of property within the Districts' Boundaries.

District No. 1: 22.035 acres

District No. 2: 48.351 acres

3. Audited financial statements of the Districts, to the extent audit financial statements are required by state law

As of the date of filing this annual report, the 2022 audit and/or applications for exemption from audit for the Districts are not yet available. Copies of said audit-related documents for the Districts will be submitted upon completion. As of the date of filing this annual report, the Districts' unaudited financial statements for the year ending December 31, 2022 are also not yet available. These unaudited financial statements will be provided once available.

4. Annual budget of the Districts.

The Districts' annual budgets for fiscal year 2023 are attached hereto as **Exhibit A**.

5. Resolutions Regarding issuance of Debt or other financial obligations, including relevant financing documents, credit agreements, and official statements.

The Districts have not issued any Debt, as that term is defined by the Service Plan.

However, District No. 1 has entered into reimbursement agreements with the developer, which are summarized as follows:

2022 Funding and Reimbursement Agreement. On January 31, 2022, District No. 1 and South Village, LLC ("SV") entered into a 2022 Funding and Reimbursement

Agreement relating to the funding and repayment of the operating and maintenance costs and general operating expenses of the Districts (the “O&M Agreement”) and, in connection therewith, the District issued a subordinate promissory note to the District dated January 31, 2022 (the “Original O&M Note”) to evidence the District’s repayment obligation to SV.

On October 24, 2022, District No. 1 and SV entered into a First Amendment to the O&M Agreement to increase the maximum advances to be made by SV to District No. 1 and extend the funding obligation term through December 31, 2023. In connection with the First Amendment, District No. 1 refunded the Original O&M Note and issued a new subordinate note to SV dated October 24, 2022 with a maturity date of January 30, 2062 (the “2022 O&M Note”). District No. 1’s obligation to repay the 2022 O&M Note is subject to annual appropriation by the District.

Improvement Acquisition, Advance and Reimbursement Agreement. On January 31, 2022, the District and SV entered into an Improvement Acquisition, Advance and Reimbursement Agreement relating to the funding and repayment of the organization costs and the costs associated with the acquisition and construction of Improvements (the “Capital Agreement”), and, in connection therewith, the District issued a subordinate promissory note to SV dated January 31, 2022 (the “Original Capital Note”) to evidence the District’s repayment obligation to SV.

On October 24, 2022, District No. 1 and SV entered into a First Amendment to the Capital Agreement to increase the maximum advances to be made by SV to District No. 1 and extend the funding obligation term through December 31, 2023. In connection with the First Amendment, District No. 1 refunded the Original Capital Note and issued a new subordinate note to SV dated October 24, 2022 with a maturity date of January 30, 2062 (the “2022 Capital Note”). District No. 1’s obligation to repay the 2022 Capital Note is subject to annual appropriation by the District.

6. The Districts’ Debt (stated separately for each class of Debt).

The Districts have not issued any Debt, as that term is defined by the Service Plan.

7. The Districts’ Debt Service for fiscal year 2023.

District No. 1: None
District No. 2: None

8. The Districts’ tax revenue (includes property tax and specific ownership taxes) for fiscal year 2022.

As of the date of filing this annual report, the information required by this section is not yet available and will be provided once available.

9. Other revenues of the Districts for fiscal year 2022.

As of the date of filing this annual report, the information required by this section is not yet available and will be provided once available.

10. The Districts' public improvement expenditures for fiscal year 2022.

As of the date of filing this annual report, the information required by this section is not yet available and will be provided once available.

11. Other Districts' expenditures for fiscal year 2022.

As of the date of filing this annual report, the information required by this section is not yet available and will be provided once available.

For the year ending December 31, 2022, the Districts make the following report pursuant to Section 32-1-207(3)(c), C.R.S.:

(a) Boundary changes made.

The Districts had no boundary changes in 2022.

(b) Intergovernmental agreements entered into or terminated with other governmental entities.

The Districts entered into an Intergovernmental Agreement Concerning District Operations on January 31, 2022, attached hereto as **Exhibit B**.

(c) Access information to obtain a copy of rules and regulations adopted by the board.

For information concerning rules and regulations adopted by the Districts please contact the Districts' manager:

Pinnacle Consulting Group, Inc.
550 W Eisenhower Blvd
Loveland, CO 80537
Phone: (970) 669-3611

(d) A summary of litigation involving public improvements owned by the special district.

In 2022, the Districts were not involved in any litigation involving public improvements owned by the Districts.

(e) The status of the construction of public improvements by the special district.

No public improvements were constructed in 2022.

(f) A list of facilities or improvements constructed by the special district that were conveyed or dedicated to the county or municipality.

No facilities or improvements were dedicated to or accepted by the City in 2022.

(g) The final assessed valuation of the special district as of December 31 of the reporting year.

District No. 1:	\$7,379
District No. 2:	\$7,382

(h) A copy of the current year's budget.

Copies of the Districts' 2023 Budgets are attached hereto as **Exhibit A**.

(i) A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law", part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

As of the date of filing this annual report, the 2022 audit and/or applications for exemption from audit for the Districts are not yet available. Copies of said audit-related documents for the Districts will be submitted upon completion. As of the date of filing this annual report, the Districts' unaudited financial statements for the year ending December 31, 2022 are also not yet available. These unaudited financial statements will be provided once available.

(j) Notice of any uncured defaults existing for more than ninety days under any debt instrument of the special district.

As of December 31, 2022, the Districts did not receive any notices of uncured defaults existing for more than ninety (90) days under any debt instrument.

(k) Any inability of the special district to pay its obligations as they come due under any obligation which continues beyond a ninety-day period.

As of December 31, 2022, the Districts have paid all of their financial obligations as they became due in 2022.

EXHIBIT A

**2023 ADOPTED BUDGETS
FOR SOUTH VILLAGE METROPOLITAN DISTRICTS NOS. 1 AND 2**

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2023

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
SOUTH VILLAGE)
METROPOLITAN)
DISTRICT NO. 1)

The Board of Directors of the South Village Metropolitan District No. 1, Larimer County, Colorado, held a meeting via Zoom Monday, October 24, 2022, at 3:00 P.M.

The following members of the Board of Directors were present: (Via Teleconference)

Robert Quinette, President
Michael Blumenthal, Treasurer

Also in Attendance: Alan Pogue; Icenogle Seaver Pogue, P.C. (Via Teleconference)
Elaina Cobb, Shannon Randazzo, Nicole Wing, Amanda Castle, Kirsten Starman and
Wendy McFarland; Pinnacle Consulting Group, Inc. (Via Teleconference)

Ms. Cobb stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2023 budget. Director Quinette opened the public hearing on the District's proposed 2023 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Quinette moved to adopt the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2023, AND ENDING ON THE LAST DAY OF DECEMBER 2023,

WHEREAS, the Board of Directors of the South Village Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on October 20, 2022, in The Coloradan, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on October 24, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; 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,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1 OF LARIMER COUNTY, COLORADO:

Section 1. 2023 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2023 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2023. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the South Village Metropolitan District No. 1 for calendar year 2023.

Section 4. 2023 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2023 Budget year is \$0.00. That the 2022 valuation for assessment, as certified by the Larimer County Assessor, is \$7,379.

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the 2022 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the 0.000 mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer County, Colorado.

On behalf of the South Village Metropolitan District 1
(taxing entity)^A

the Board of Directors
(governing body)^B

of the South Village Metropolitan District 1
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 7,379 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F 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: \$ 7,379 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/14/2022 for budget/fiscal year 2023.
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>0.000</u> mills	\$ <u>0.00</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0.00
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000 mills	\$ 0.00

Contact person: (print) Amanda Castle Daytime phone: (970) 669-3611
Signed: Amanda Castle Title: District Accountant

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) 866-2156.

¹ 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.
² 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^J:

1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

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.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Quinette, President of the District, and made a part of the public records of South Village Metropolitan District No. 1.

The foregoing Resolution was seconded by Director Blumenthal.

[Remainder of Page Left Blank Intentionally.]

ADOPTED AND APPROVED this 24th day of October, 2022.

DocuSigned by:

Bob Guinette

867D749C199C488...
President

ATTEST:

DocuSigned by:


MICHAEL BLUMENJHAG

5C188ECB242E445...
Treasurer

STATE OF COLORADO)
)
 COUNTY OF LARIMER)ss.
)
 SOUTH VILLAGE)
 METROPOLITAN)
 DISTRICT NO. 1)

I, Robert Quinette, President to the Board of Directors of the South Village Metropolitan District No. 1, Larimer County, Colorado, do hereby certify that the foregoing pages constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held via Zoom on Monday, October 24, 2022, at 3:00 p.m., as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2023; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2023 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 24th day of October, 2022.

DocuSigned by:

 867D749C199C488...



Management Budget Report

BOARD OF DIRECTORS
SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2023, including the comparative information of the forecasted estimate for the year ending December 31, 2022 and the actual historic information for the year 2021.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

A handwritten signature in black ink that reads "Amanda Kae Carter". The signature is written in a cursive, flowing style.

Pinnacle Consulting Group, Inc.
January 28, 2023

SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
GENERAL FUND					
		(a)	(b)	(c)	(f)
		2021	2022	2022	2023
		Unaudited	Adopted	Projected	Adopted
		Actual	Budget	Budget	Budget
Revenues					
	Property Taxes	\$ -	\$ -	\$ -	\$ -
	Specific Ownership Taxes	-	-	-	-
	Operating Advances	-	40,000	40,000	70,000
	Interest and Other Income	-	-	-	-
	Total Revenues	\$ -	\$ 40,000	\$ 40,000	\$ 70,000
Expenditures					
	Accounting and Finance	\$ -	\$ 10,500	\$ 10,500	\$ 18,500
	District Management	-	12,500	12,500	32,500
	Election	-	4,000	4,000	1,500
	District Engineer	-	500	500	500
	Insurance	-	500	500	560
	Legal	-	10,000	10,000	10,000
	Office, Dues, Newsletters & Other	-	500	500	1,500
	Treasurer's Fees	-	-	-	-
	Contingency	-	-	-	1,000
	Total Expenditures	\$ -	\$ 38,500	\$ 38,500	\$ 66,060
	Revenues Over/(Under) Expenditures	\$ -	\$ 1,500	\$ 1,500	\$ 3,940
	Beginning Fund Balance	\$ -	\$ -	\$ -	\$ 1,500
	Ending Fund Balance	\$ -	\$ 1,500	\$ 1,500	\$ 5,440
Components of Ending Fund Balance					
	TABOR Reserve	\$ -	\$ 1,200	\$ 1,200	\$ 2,100
	Operating Reserve	-	-	-	16,515
	Unreserved	-	300	300	(13,175)
	TOTAL ENDING FUND BALANCE	\$ -	\$ 1,500	\$ 1,500	\$ 5,440

Modified Accrual Budgetary Basis

SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1

2023 BUDGET MESSAGE

South Village Metropolitan District No. 1 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2021. The District was established in the City of Loveland, Colorado consisting of approximately 22 acres. The District was organized to provide financing for the acquisition, construction and installation of public improvements including, but not limited to, potable and non-potable water, wastewater systems, storm drainage, streets and roadway landscaping, signage and signals; park and recreation improvements, mosquito and pest control, security services, covenant enforcement and design review, fire protection and emergency services, and to provide the operation and maintenance of these improvements.

The District has no employees at this time and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2023 budget, the following goals are foremost for the District:

- To provide the level of services as desired by the property owners and residents of the District in the most economic manner possible.

Overview

Highlights of the 2023 budget include the following:

- The District was formed in 2021.
- The District will be funded through operating and capital advances in 2023.

General Fund

Revenue

The District's primary source of general fund revenue 2023 are operating advances of \$70,000.

Expenses

The District's General Fund expenditures consist of administrative and operations costs of \$66,060. Major expenses consist of Accounting and District Management at \$18,500 and \$32,500, respectively, and Legal costs of \$10,000.

Fund Balance/Reserves

The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2023, as defined under TABOR. It is anticipated the District will end the 2023 fiscal year with \$5,440 in General fund balance.

Capital Projects Fund

Revenues

The budgeted sources of revenues in 2023 in the District's Capital Projects Fund are note proceeds of \$10,000,000, developer advances of \$2,000,000 and interest and other income of \$5,000.

Expenditures

The District's expenditures in 2023 are attributable to planned capital outlay in the amount of \$12,000,000 and contingency of \$5,000.

Fund Balance/Reserves

The anticipated ending fund balance for the Capital Projects Fund is \$0.

CERTIFICATION OF VALUATION BY LARIMER COUNTY ASSESSOR

Name of Jurisdiction: 402 - SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1

IN LARIMER COUNTY ON 11/17/2022

New Entity: Yes

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN LARIMER COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$0
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$7,379
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$7,379
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN LARIMER COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$27,950
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0

(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY:

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5) C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	
** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.	

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2023

STATE OF COLORADO)
)
 COUNTY OF LARIMER)ss.
)
 SOUTH VILLAGE)
 METROPOLITAN)
 DISTRICT NO. 2)

The Board of Directors of the South Village Metropolitan District No. 2, Larimer County, Colorado, held a meeting via Zoom Monday, October 24, 2022, at 3:00 P.M.

The following members of the Board of Directors were present: (Via Teleconference)

Robert Quinette, President
 Michael Blumenthal, Treasurer

Also in Attendance: Alan Pogue; Icenogle Seaver Pogue, P.C. (Via Teleconference)
 Elaina Cobb, Shannon Randazzo, Nicole Wing, Amanda Castle, Kirsten Starman and
 Wendy McFarland; Pinnacle Consulting Group, Inc. (Via Teleconference)

Ms. Cobb stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2023 budget. Director Quinette opened the public hearing on the District's proposed 2023 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Quinette moved to adopt the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2023, AND ENDING ON THE LAST DAY OF DECEMBER 2023,

WHEREAS, the Board of Directors of the South Village Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published on October 20, 2022, in The Coloradoan, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on October 24, 2022, and interested electors were given the opportunity to file or register any objections to said proposed budget; 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,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2 OF LARIMER COUNTY, COLORADO:

Section 1. 2023 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2023 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2023. That the budget as submitted and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the South Village Metropolitan District No. 2 for calendar year 2023.

Section 4. 2023 Levy of Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget from property taxes for the 2023 Budget year is \$0.00. That the 2022 valuation for assessment, as certified by the Larimer County Assessor, is \$7,382.

A. Levy for General Operating Fund. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the 2022 total valuation of assessment of all taxable property within the District.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the 0.000 mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of Page Left Blank Intentionally.]

CERTIFICATION OF TAX LEVIES, continued

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

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

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- 1. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: _____
Title: _____
Date: _____
Principal Amount: _____
Maturity Date: _____
Levy: _____
Revenue: _____

- 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.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 8. Budget Certification. That the budget shall be certified by Director Quinette, President of the District, and made a part of the public records of South Village Metropolitan District No. 2.

The foregoing Resolution was seconded by Director Blumenthal.

[Remainder of Page Left Blank Intentionally.]

ADOPTED AND APPROVED this 24th day of October, 2022.

DocuSigned by:

Bob Guinette

867D749C199C488...
President

ATTEST:

DocuSigned by:

MICHAEL BLUMENJHAY

5C188ECB242E445...
Treasurer

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
SOUTH VILLAGE)
METROPOLITAN)
DISTRICT NO. 2)

I, Robert Quinette, President to the Board of Directors of the South Village Metropolitan District No. 2, Larimer County, Colorado, do hereby certify that the foregoing pages constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held via Zoom on Monday, October 24, 2022, at 3:00 p.m., as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2023; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2023 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 24th day of October, 2022.

DocuSigned by:
Bob Quinette
867D749C199C488...



Management Budget Report

BOARD OF DIRECTORS
SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2

We have presented the accompanying forecasted budget of revenues, expenditures and fund balances for the year ending December 31, 2023, including the comparative information of the forecasted estimate for the year ending December 31, 2022 and the actual historic information for the year 2021.

These financial statements are designed for management purposes and are intended for those who are knowledgeable about these matters. We have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America. Substantially all the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the results of operations for the forecasted periods.

A handwritten signature in black ink that reads "Amanda K. Carter". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Pinnacle Consulting Group, Inc.
January 28, 2023

SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2					
STATEMENT OF REVENUES & EXPENDITURES WITH BUDGETS					
GENERAL FUND					
		(a)	(b)	(c)	(f)
		2021	2022	2022	2023
		Unaudited	Adopted	Projected	Adopted
		Actual	Budget	Budget	Budget
Revenues					
	Property Taxes	\$ -	\$ -	\$ -	\$ -
	Specific Ownership Taxes	-	-	-	-
	Operating Advances	-	-	-	-
	Interest and Other Income	-	-	-	-
	Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures					
	Accounting and Finance	\$ -	\$ -	\$ -	\$ -
	District Management	-	-	-	-
	Election	-	-	-	-
	District Engineer	-	-	-	-
	Insurance	-	-	-	-
	Legal	-	-	-	-
	Office, Dues, Newsletters & Other	-	-	-	-
	Treasurer's Fees	-	-	-	-
	Contingency	-	-	-	-
	Total Expenditures	\$ -	\$ -	\$ -	\$ -
	Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -
	Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -
	Ending Fund Balance	\$ -	\$ -	\$ -	\$ -
Components of Ending Fund Balance					
	TABOR Reserve	\$ -	\$ -	\$ -	\$ -
	Operating Reserve	-	-	-	-
	Unreserved	-	-	-	-
	TOTAL ENDING FUND BALANCE	\$ -	\$ -	\$ -	\$ -

Modified Accrual Budgetary Basis

SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2

2023 BUDGET MESSAGE

South Village Metropolitan District No. 2 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2021. The District was established in the City of Loveland, Colorado consisting of approximately 48.3 acres. The District was organized to provide financing for the acquisition, construction and installation of public improvements including, but not limited to, potable and non-potable water, wastewater systems, storm drainage, streets and roadway landscaping, signage and signals; park and recreation improvements, mosquito and pest control, security services, covenant enforcement and design review, fire protection and emergency services, and to provide the operation and maintenance of these improvements.

The District has no employees at this time and all operations and administrative functions are contracted.

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

Overview

Highlights of the 2023 budget include the following:

- The District has no operating revenue and expenses budgeted for the 2023 calendar year.

CERTIFICATION OF VALUATION BY LARIMER COUNTY ASSESSOR

Name of Jurisdiction: 403 - SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2

IN LARIMER COUNTY ON 11/17/2022

New Entity: Yes

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
--

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2022 IN LARIMER COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$0
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$7,382
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$7,382
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2022 IN LARIMER COUNTY, COLORADO ON AUGUST 25, 2022

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$27,960
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
--	-----

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2022

IN ACCORDANCE WITH 39-5-128(1.5)C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	
** The tax revenue lost due to this exempted value will be reimbursed to the tax entity by the County Treasurer in accordance with 39-3-119 f(3). C.R.S.	

EXHIBIT B

**COPY OF INTERGOVERNMENTAL AGREEMENT CONCERNING DISTRICT
OPERATIONS**

INTERGOVERNMENTAL AGREEMENT CONCERNING DISTRICT OPERATIONS

THIS INTERGOVERNMENTAL AGREEMENT CONCERNING DISTRICT OPERATIONS (the "Agreement") is made and entered into the 31st day of January, 2022, by and between SOUTH VILLAGE METROPOLITAN DISTRICT NO. 1 ("District No. 1") and SOUTH VILLAGE METROPOLITAN DISTRICT NO. 2 ("District No. 2"), quasi-municipal corporations and political subdivisions of the State of Colorado. District No. 1 and District No. 2 are collectively referred to herein as the "Districts" or individually as the "District."

RECITALS

WHEREAS, the formation of South Village Metropolitan District No. 1 and South Village Metropolitan District No. 2 were approved by the City of Loveland City Council (the "City"), in conjunction with the approval of the "Consolidated Service Plan for South Village Metropolitan District Nos. 1 and 2" (the "Service Plan") and by the Districts' respective electors at the Districts' organizational elections held on November 3, 2021; and

WHEREAS, South Village, LLC ("SV") paid the costs associated with the organization of the Districts (the "Organization Costs"); and

WHEREAS, the purposes for which the Districts were formed include the provision of, among other things, street, traffic and safety, water, sanitation, parks and recreation, public transportation, television relay and translation, mosquito control and security improvements (collectively, the "Public Improvements"), as further provided in the Service Plan; and

WHEREAS, the Service Plan anticipated that the Districts would enter into one or more intergovernmental agreements governing the relationship between the Districts with respect to the planning, design, acquisition, construction, installation and financing of the Public Improvements contemplated in the Service Plan and with respect to the administration, operations and maintenance of the Districts; and

WHEREAS, pursuant to the Colorado Constitution Article XIV, Section 18(2)(a), and Section 29-1-203, C.R.S., the Districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each District, and any such contract may provide for the sharing of costs, the imposition and collection of taxes, and the incurring of debt; and

WHEREAS, at the time of organization of the Districts, the Districts lacked sufficient funds to repay SV for the Organization Costs and for the costs associated with the Districts' organization and the acquisition, construction, installation, operation and maintenance of Public Improvements and the costs associated with the general operations of the Districts; and

WHEREAS, for the purpose of providing for the repayment of the Organization Costs and for Public Improvements authorized by the Service Plan, District No. 1 entered into an Improvement Acquisition, Advance and Reimbursement Agreement with SV, dated January 31, 2022, as may be amended from time to time, pursuant to which SV agreed to construct Public

Improvements for acquisition by District No. 1 and to advance funds to District No. 1 to construct Public Improvements, and District No. 1 agreed to reimburse SV for Organization Costs and Public Improvements acquired by District No. 1 or dedicated to the City or other third parties and for advances made to District No. 1, with District No.1's repayment obligations thereunder being further evidenced by a subordinate promissory note dated January 31, 2022, which may be refunded from time to time as provided therein, and the District may enter into future acquisition, funding, reimbursement or other agreements for the purpose of providing for the construction, acquisition or financing of Public Improvements benefiting the Districts (the "Capital Reimbursement Obligations"); and

WHEREAS, in addition to the Capital Reimbursement Obligations, District No. 1 has entered into a 2022 Funding and Reimbursement Agreement with SV, dated January 31, 2022, as may be amended from time to time, pursuant to which SV agreed to advance funds to District No. 1 to pay for costs associated with the operations and maintenance of the Public Improvements and the general operating expenditures of the Districts, and District No. 1 agreed to reimburse SV for advances made to District No. 1, with District No.1's repayment obligations thereunder being further evidenced by a subordinate promissory note dated January 31, 2022, as may be refunded from time to time, and may enter into future funding agreements for the purpose of providing District No. 1 with funds to pay for costs associated with the operations and maintenance of the Public Improvements and the general operating expenditures of the Districts (the "O&M Reimbursement Obligations"); and

WHEREAS, for the purpose of financing the Public Improvements (including paying amounts due or that become due under the Capital Reimbursement Obligations and to finance additional Public Improvements) and at such reasonable times as determined by each Board of Directors (the "Board") of the Districts, the Boards anticipate issuing one or more series of bonds or other debt instruments (the "Bonds"), which Bonds may be secured by certain pledged revenues of one or both of the Districts, as more particularly described herein and in any Bond resolution, indenture, pledge agreement, loan document and/or any other document related to the issuance of such Bonds; and

WHEREAS, the Districts have evaluated their respective roles, responsibilities and obligations with respect to the provision of Public Improvements, including ownership, operation and maintenance of the Public Improvements (to the extent not dedicated to another governmental entity) and the provision of administrative services for the Districts, and the funding of the same, and desire to enter into this Agreement for the purpose of consolidating all understandings and commitments between such parties relating to the funding and provision of Public Improvements, and the operation and maintenance thereof, and administrative services for the Districts; and

WHEREAS, the Districts understand that it may be necessary for additional agreements to be executed between and/or among them regarding matters addressed herein, but desire at this time to establish by this Agreement the general framework for implementation of the provisions of the Service Plan.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts hereby agree as follows:

1. Construction and Financing of Public Improvements. The Districts acknowledge that the Service Plan anticipates that the Districts will cooperate to provide for the Public Improvements necessary to serve the Districts. The Districts further acknowledge that District No. 1 will provide Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts, and that District No. 2 will assist in funding a portion of the costs associated with the design, acquisition, construction and installation of the Public Improvements by District No. 1, subject to the following:

a. As of the date of this Agreement, the Districts lack sufficient funds to pay for the costs associated with the provision of Public Improvements by District No. 1, and hereby acknowledge that District No. 1 has incurred and may continue to incur Capital Reimbursement Obligations to fund the costs associated with the acquisition, construction and installation of Public Improvements for the benefit of the Districts. The Districts agree to repay any amounts outstanding under the Capital Reimbursement Obligations, including Organization Costs, as set forth in Paragraph 1.b. hereof.

b. The Districts agree that the financing of Public Improvements to serve the Districts, including the refunding of any Capital Reimbursement Obligations, will be financed from one or more of the following sources: (i) proceeds of Bonds issued by one or both of the Districts and any refundings thereof, with repayment secured by a pledge of revenue from one or both of the Districts, and (ii) any other revenues of the Districts, as determine in each District's sole discretion, that are available for such purpose, including revenue generated from an ad valorem mill levy imposed by the Districts; provided that, in no event shall any District be required to impose an ad valorem mill levy that exceeds the mill levy caps set forth in the Service Plan or generate revenues in excess of its electoral authorization. The Districts hereby agree that the net proceeds of any obligations issued by the Districts shall first be applied to the payment of any amounts then-outstanding under the Capital Reimbursement Obligations, prior to the application of such proceeds for any other purpose.

c. Notwithstanding any other provisions contained herein, District No. 2 may, in its sole discretion, determine to provide for the financing, acquisition, construction, and installation of Public Improvements within the boundaries of its own District, 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, and further provided that any revenues pledged by District No. 2 for financing its own Public Improvements that it constructs and installs within its boundaries shall be subordinate to any revenues then pledged by District No. 2 for the repayment of any Bonds then-issued issued by one or both of the Districts as provided in Paragraph 1.b. hereof and any then-outstanding Capital Reimbursement Obligations.

d. District No. 1 may terminate its right to provide Public Improvements for the benefit of District No. 2 with 90 days written notice to District No. 2; provided that District No. 1 completes all Public Improvements then under construction, and further provided that such

termination does not impair or violate the terms of any bond resolution, indenture, pledge agreement, loan document and/or any other document related to any Bonds issued as of the date of termination. Except as otherwise provided in this Paragraph 1.d, the agreement by District No. 2 to assist in funding a portion of the Public Improvements, including the repayment of the Capital Reimbursement Obligations, may not be terminated by District No. 2, unless this Agreement is amended in writing and duly executed by the Districts, and further provided that such termination does not violate any provision or covenant set forth in any bond resolution, indenture, pledge agreement, loan document and/or any other document related to any then-outstanding Bonds issued by the Districts. Notwithstanding the provisions contained in this Paragraph 1.d., the termination of any outstanding Capital Reimbursement Obligations shall also be subject to the termination provisions contained therein, which termination provisions shall control over the termination provisions contained herein.

2. Ownership and Operation of Public Improvements. The Districts hereby acknowledge and agree that all Public Improvements acquired or constructed by District No. 1 will be either dedicated to the City or other governmental entity, or will be owned by District No. 1 (the "District-Owned Improvements"); provided, however, any Public Improvements financed, constructed and/or acquired solely by District No. 2, as provided in Paragraph 1.c. hereof, shall be owned, operated and maintained by District No. 2, unless otherwise agreed to in writing between the Districts. District No. 2 hereby engages District No. 1, and District No. 1 hereby accepts such engagement, as the "operator" of the District-Owned Improvements, which engagement is further defined and limited by the following:

a. District No. 1 shall hold fee simple title to the District-Owned Improvements and shall operate and maintain the same solely on behalf of, and for the benefit of, the Districts and the property owners and residents thereof. District No. 1 shall not impose any fees for the use of the District-Owned Improvements, except as expressly agreed by the Districts. District No. 1 shall engage all contractors required to carry out all functions necessary for the operation and maintenance of the District-Owned Improvements.

b. District No. 1 shall operate the District-Owned Improvements in accordance with such written guidance (including operating policies and procedures, and minimum maintenance standards) as may be provided by District No. 2 and agreed upon by District No. 1. Operation of the District-Owned Improvements shall include obtaining necessary insurance for the District-Owned Improvements, in the manner determined appropriate by District No. 1 (subject to any direction by District No. 2) and in compliance with applicable law, and providing such other specific services as may be set forth in a writing executed by the applicable parties hereto. Until such time as any such guidance is provided by District No. 2, the District-Owned Improvements shall be operated and maintained in such manner as is reasonably determined from time to time by District No. 1, subject to the funding of a portion of the operation and maintenance costs (including insurance premiums and related costs) by District No. 2, as more particularly provided in subparagraph 2.d hereof. Any written document providing for a level or standard of operation or maintenance of the District-Owned Improvements executed by the Districts shall constitute a supplement to this Agreement, shall be binding upon the parties hereto, and may not be amended except by written agreement executed by the parties.

c. District No. 1 shall not sell, transfer, convey or otherwise encumber any portion of the District-Owned Improvements that benefit District No. 2 without the prior written consent of District No. 2. District No. 1 shall cause the proceeds of any sale of any portion of the District-Owned Improvements solely benefiting District No. 2 to be paid to or at the direction of District No. 2. If District No. 1 pursues dissolution, pursuant to Section 32-1-701, et seq., C.R.S. at the request of the City or if District No. 1's Board deems it to be in the best interests to dissolve, District No. 1 shall cause all District-Owned Improvements benefiting District No. 2 to be conveyed to, or at the direction of, District No. 2 prior to dissolution.

d. The obligation of District No. 1 to operate and maintain the District-Owned Improvements is subject to District No. 2 providing a portion of the costs to fund the same. District No. 2 agrees, that so long as it has not terminated the engagement of District No. 1 as operator of the District-Owned Improvements as provided in Paragraph 2.g. hereof, to impose an ad valorem mill levy on property within its boundaries (subject to the limits set forth in this Paragraph 2.d.) and, if necessary, fees or other charges, sufficient to fund the operation and maintenance costs of the District-Owned Improvements at the levels or standards provided in Paragraph 2.b. hereof. Notwithstanding the provisions set forth herein relating to the imposition of an ad valorem mill levy, in no event shall District No. 2 impose an ad valorem mill levy that exceeds the mill levy caps set forth in the Service Plan or that generates revenues in excess of its electoral authorization.

e. As of the date of this Agreement, the Districts lack sufficient funds to pay for costs associated with the operations and maintenance of the Public Improvements incurred or to be incurred by District No. 1. District No. 2 acknowledges that, until such time the Districts have sufficient funds to pay for operations and maintenance costs incurred by District No. 1, District No. 1 has entered into certain O&M Reimbursement Obligations, and may enter into additional O&M Reimbursement Obligations in the future, to pay for costs associated with the operation and maintenance of the Public Improvements, together with funding of costs associated with the provision of administrative services as further provided in Paragraph 3 below. District No. 2 agrees to assist in the repayment of the O&M Reimbursement Obligations with revenues generated from the imposition of an ad valorem mill levy (subject to the limitations set forth in Paragraph 2.d. hereof), fees, or other charges at such time there is sufficient development to support such funding. Under no circumstances shall District No. 1 be obligated to fund operation and maintenance services that are not funded by the Districts or from O&M Reimbursement Obligations.

f. District No. 1 shall submit to District No. 2, no later than September 30, or such other date as may be agreed upon by the Districts, an estimate of the costs anticipated for the operation and maintenance of the District-Owned Improvements in the forthcoming budget year. The allocation of such costs between the Districts shall be determined by District No. 1 based on the current and anticipated benefit of the District-Owned Improvements to District No. 2. District No. 2 shall, in its sole discretion, accept or modify such estimate, which acceptance or modification shall be reflected in the annual adopted budgets of District No. 2.

g. District No. 2 may terminate its engagement of District No. 1 as operator of the Public Improvements solely benefiting District No. 2 at the end of any fiscal year; provided that written notice of such termination is provided to District No. 1 no later than September 30 of the final fiscal year in which operations and maintenance services are to be provided by District No. 1. No later than December 31 of the fiscal year in which District No. 1 is in receipt of written termination of its operations and maintenance services from District No. 2, District No. 1 shall cause legal title in the District-Owned Improvements solely benefiting District No. 2 to be conveyed to or at the direction of District No. 2, and shall cause all contracts relating to the operation and maintenance of said District-Owned Improvements to be assigned to or at the direction of, District No. 2. District No. 2 shall continue to pay District No. 1 for all operation and maintenance costs incurred by District No. 1 through and including the date of termination. Furthermore, to the extent that any O&M Reimbursement Obligations remain outstanding by District No. 1 at such time District No. 2 seeks to terminate District No. 1's provision of operations and maintenance services, District No. 2 shall remain responsible for its share of the O&M Reimbursement Obligations then outstanding as of the termination date, and shall impose an ad valorem mill levy (subject to the limitations set forth in Paragraph 2.d. hereof) to generate revenues to pay for its share of the O&M Reimbursement Obligations until such time District No. 2's share is paid in full, or repayment of the O&M Reimbursement Obligations is terminated pursuant to the terms set forth in the O&M Reimbursement Obligations. Unless otherwise agreed to by the Districts in writing, District No. 2 shall be responsible for repaying all O&M Reimbursement Obligations that were incurred solely for the benefit of District No. 2. For O&M Reimbursement Obligations incurred for the benefit of both Districts, each District shall be responsible for its proportionate share of any outstanding O&M Reimbursement Obligations, which proportionate share shall be determined based on each District's acreage over the total acreage of both Districts.

h. District No. 1 may terminate its engagement as operator of the District-Owned Improvements solely benefiting District No. 2 at the end of any fiscal year; provided that written notice of such termination is provided to District No. 2 no later than September 30 of the final fiscal year in which operations and maintenance services are sought to be provided. In addition, in the event that District No. 2 cannot agree upon a budget for the provision of such operations and maintenance services including District No. 1's compensation for the same, District No. 1 shall have the option to terminate its engagement as operator of the District-Owned Improvements solely benefiting District No. 2 at the end of the then-current fiscal year with District No. 2. Upon termination, District No. 1 shall cause legal title in the District-Owned Improvements solely benefiting District No. 2 to be conveyed to, or at the direction of, District No. 2, and shall cause all contracts relating to the operation and maintenance of such District-Owned Improvements to be assigned to or at the direction of District No. 2 as provided herein. As further provided in Paragraph 2.g. hereof, to the extent any O&M Reimbursement Obligations remain outstanding at the date of termination by District No. 1, each District shall remain responsible for its share of the O&M Reimbursement Obligations then outstanding.

i. The termination of operation and maintenance services by either District for District-Owned Improvements benefiting both Districts shall be subject to an amendment to this Agreement or separate agreement by the Districts. Until such time the Districts enter into an amendment to this Agreement or execute a new agreement regarding the termination of

operation and maintenance services for District-Owned Improvements benefiting both Districts, District No. 1 shall continue to provide operation and maintenance services for such District-Owned Improvements and District No. 2 shall continue to provide funding for such services provided by District No. 1 for such District-Owned Improvements until such time the Districts terminate.

3. Administrative Services. The Districts acknowledge that various administrative services must be performed for the ongoing operations of the Districts and in compliance with the Service Plan and State law. The Districts hereby engage District No. 1, and District No. 1 hereby accepts such engagement, as the “district administrator,” which engagement the Districts hereby agree and acknowledge is further defined and limited by the following:

a. District No. 1 shall perform, or cause to be performed, the following administrative services for the Districts: accounting, legal, management, insurance administration, election administration, budget and audit preparation, preparation of notices, meeting materials, district information, record keeping, financial planning, covenant enforcement services, design services and any other services required from time to time to ensure statutory compliance of the Districts. District No. 1 shall engage all contractors required to carry out all functions necessary for the provisions of such administrative services.

b. District No. 1 shall provide the administrative services in accordance with such written guidance (including policies and procedures) as may be provided by District No. 2 and agreed upon by District No. 1. Until such time as any such guidance is provided by District No. 2, District No. 1 shall provide such administrative services in such manner as is reasonably determined by District No. 1, subject to the funding of costs thereof by District No. 2, as further provided in Paragraph 3.c. hereof.

c. The obligation of District No. 1 to provide the administrative services described herein is subject to District No. 2 providing a portion of the costs to fund the same. District No. 2 agrees, that so long as it has not terminated the engagement of District No. 1 as district administrator as provided in Paragraph 3.e. hereof, to impose an ad valorem mill levy on property within its boundaries (subject to the limits set forth herein) and, if necessary, fees or other charges, sufficient to fund the costs of administrative services (together with the costs of operation and maintenance services provided by District No. 1 as provided in Paragraph 2 above), as such costs are estimated and set forth in the annual budgets of the Districts. Notwithstanding the provisions set forth herein relating to the imposition of an ad valorem mill levy, in no event shall District No. 2 impose an ad valorem mill levy that exceeds the mill levy caps set forth in the Service Plan or that generates revenues in excess of its electoral authorization.

d. As of the date of this Agreement, the Districts lack sufficient funds to pay for costs incurred or to be incurred by District No. 1 for providing administrative services for the Districts. District No. 2 acknowledges that, until such time the Districts have sufficient funds to pay for administrative services provided by District No. 1, District No. 1 has entered into O&M Reimbursement Obligations and may enter into additional O&M Reimbursement Obligations in the future to pay for costs associated with the provision of administrative services, together with the funding of costs associated with the provision of operation and maintenance of the Public

Improvements as further provided in Paragraph 2 above. District No. 2 agrees to assist in the repayment of the O&M Reimbursement Obligations with revenues generated from the imposition of an ad valorem mill levy (subject to the limitations set forth in Paragraph 2.d. hereof), fees, or other charges at such time there is sufficient development to support such funding. Under no circumstances shall District No. 1 be obligated to fund administrative services that are not funded by the Districts or from O&M Reimbursement Obligations.

e. District No. 1 shall submit to District No. 2, no later than September 30, or such other date as may be agreed upon by the Districts, an estimate of the costs anticipated for the provision of administrative services in the forthcoming budget year. District No. 2 shall, in its sole discretion, accept or modify such estimate, which acceptance or modification shall be reflected in the annual adopted budgets of the Districts.

f. District No. 2 may terminate its engagement of District No. 1 as district administrator at the end of any fiscal year; provided that written notice of such termination is provided to District No. 1 no later than September 30 of the final fiscal year in which administrative services are to be provided by District No. 1. District No. 2 shall continue to pay District No. 1 for all costs associated with the provision of administrative services through and including the date of termination. Furthermore, to the extent that any O&M Reimbursement Obligations remain outstanding by District No. 1 at such time District No. 2 seeks to terminate District No. 1 as district administrator, District No. 2 shall remain responsible for its share of the O&M Reimbursement Obligations then outstanding as of the termination date, and shall impose an ad valorem mill levy (subject to the limitations set forth in Paragraph 2.d. hereof) to generate revenues to pay for its share of the O&M Reimbursement Obligations until such time District No. 2's share is paid in full, or repayment of the O&M Reimbursement Obligations is terminated pursuant to the terms set forth in the O&M Reimbursement Obligations. Unless otherwise agreed to by the Districts in writing, District No. 2 shall be responsible for repaying all O&M Reimbursement Obligations that were incurred solely for the benefit of District No. 2. For O&M Reimbursement Obligations incurred for the benefit of both Districts, each District shall be responsible for its proportionate share of any outstanding O&M Reimbursement Obligations, which proportionate share shall be determined based on each District's acreage over the total acreage of both Districts.

g. District No. 1 may terminate its engagement as district administrator to District No. 2 at the end of any fiscal year; provided that written notice of such termination is provided to District No. 2 no later than September 30 of the final fiscal year in which administrative services are sought to be provided. In addition, in the event that District No. 2 cannot agree upon a budget for the provision of administrative services including District No. 1's compensation for the same, District No. 1 shall have the option to terminate its engagement as district administrator for District No. 2 at the end of the then-current fiscal year. As further provided in Paragraph 3.h. hereof, to the extent any O&M Reimbursement Obligations remain outstanding at the date of termination, each District shall remain responsible for its share of the O&M Reimbursement Obligations then outstanding.

4. Effectuation of Pledge of Security, Current Appropriation. The sums herein required to pay the amounts due hereunder are hereby appropriated for that purpose, and said

amounts for each year shall be included in the annual budget and the appropriation resolution or measures to be adopted or passed by the Boards of Directors of the Districts in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Agreement shall in any manner be construed as limiting or impairing the obligation of District No. 2 to levy ad valorem property taxes, or as limiting or impairing the obligation of District No. 2 to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligations hereunder.

5. Operating District Compensation. The compensation for the provision of services described hereunder by District No. 1 shall be agreed upon by the Districts each year, on or before the adoption of an annual budget by District No. 2.

6. No Unintended Third-Party Beneficiaries. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto, any rights, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all of the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the parties shall be for the sole and exclusive benefit of the parties. The covenants, terms, conditions, and provisions contained herein shall inure to and be binding upon the representatives, successors, and permitted assigns of the parties hereto. This Agreement is not intended to create any third-party beneficiaries, implied trusts, or similar implied agreements, nor may the provisions hereof be enforced by any person or entity not a party hereto, including without limitation, the owners of Bonds issued by the Districts.

7. Amendment. This Agreement may be amended from time to time by agreement among the Districts; provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon the Districts unless the same is in writing and duly executed by all of the Districts.

8. Assignment. Except as contemplated herein and in the Service Plan, neither this Agreement, nor any District's rights, obligations, duties or authority hereunder may be assigned in whole or in part by any District without the prior written consent of all the other Districts. Any such attempt of assignment without the requisite consent shall be deemed void and of no force and effect at the election of any District with consent rights. Consent to one assignment shall not be deemed to be consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

9. Instruments of Further Assurance. The Districts each covenant that they will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

10. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Colorado.

11. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

12. Recovery of Costs. In the event of any litigation between the Districts concerning the subject matter hereof, the prevailing District in such litigation shall be entitled to receive from the losing District, in addition to the amount of any judgment or other award entered therein, all reasonable costs and expenses incurred by the prevailing District in such litigation, including reasonable attorneys' fees.


13. Governmental Immunity. Nothing herein shall be construed as a waiver of the rights and privileges of the Districts pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S., as amended from time to time.

14. Integration. This Agreement contains the entire agreement between and among the Districts regarding the subject matter hereof, and no statement, promise or inducement made by any District or the agent of any District that is not contained in this Agreement or separate written instrument shall be valid or binding.


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IN WITNESS WHEREOF, the Districts have executed this Agreement on the date first above written.

SOUTH VILLAGE METROPOLITAN DISTRICT
NO. 1


By: Robert Quinetti
Its: President

SOUTH VILLAGE METROPOLITAN DISTRICT
NO. 2


By: Robert Quinetti
Its: President