



February 27, 2024

Southshore residents,

The Southshore Metro District Board wishes to offer an update on our ongoing optimization endeavors.

As previously conveyed, the Metro District will commence operational and financial oversight of the community centers, trails, parks, and common areas owned by the District, effective April 1, 2024. This transition will enable the Master Association to concentrate on covenant enforcement, organizing top-tier social committee events, and managing trash/recycling services.

On the operational front

The District is pleased to announce that The Management Trust has been chosen as the District's manager and will take over the management and staffing of Southshore's facilities. The Management Trust is wholly owned and operated by its employees. The Management Trust has over 30 years of experience and operate in 7 states.

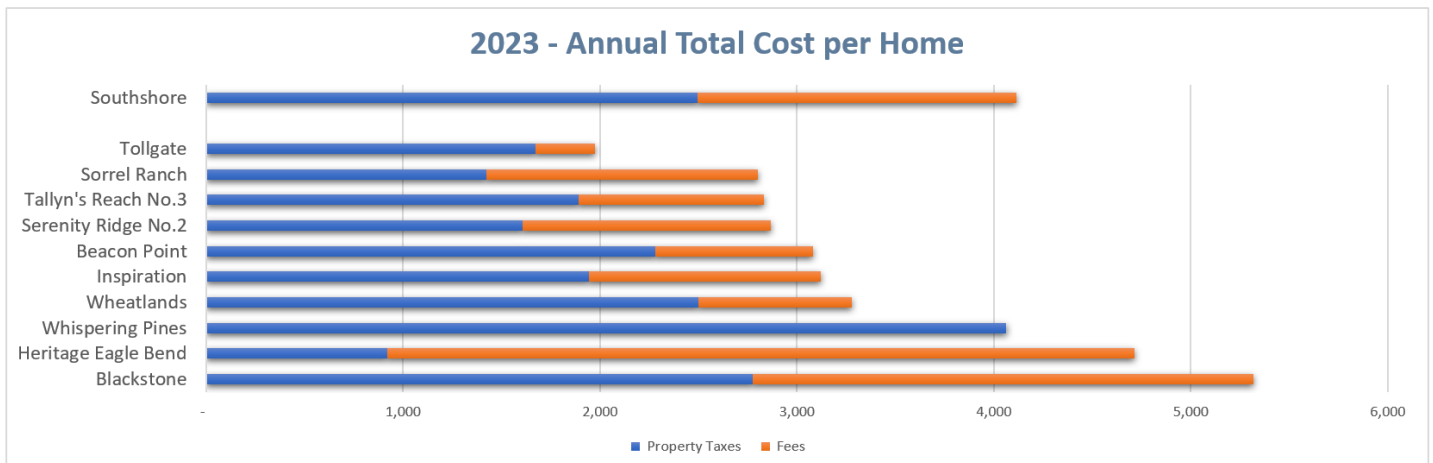
Additionally, the District is thrilled to introduce Cox Professional Landscape Services as Southshore's new landscape company. Cox Professional Landscape Services is locally owned and serves several neighboring communities. Their extensive service in the area allows for cost efficiencies and ensures timely responses to Southshore's landscape needs.

On the financial front

The District has received many questions about the 2024 District budget. Here are the frequently asked questions and their respective answers.

How does Southshore's revenues and expenses compare to other communities?

The District has been comparing our budgeted revenues and expenses to neighboring communities for several years. Below is a chart displaying the 2023 budgeted property taxes and fees billed. The data is sourced from reported values by the Arapahoe County Assessor which is accessible online. According to the County Assessor, the average Southshore home was appraised at \$602,000 and paid approximately \$2,500 in property taxes, with an additional \$1,620 paid to the Master Association.





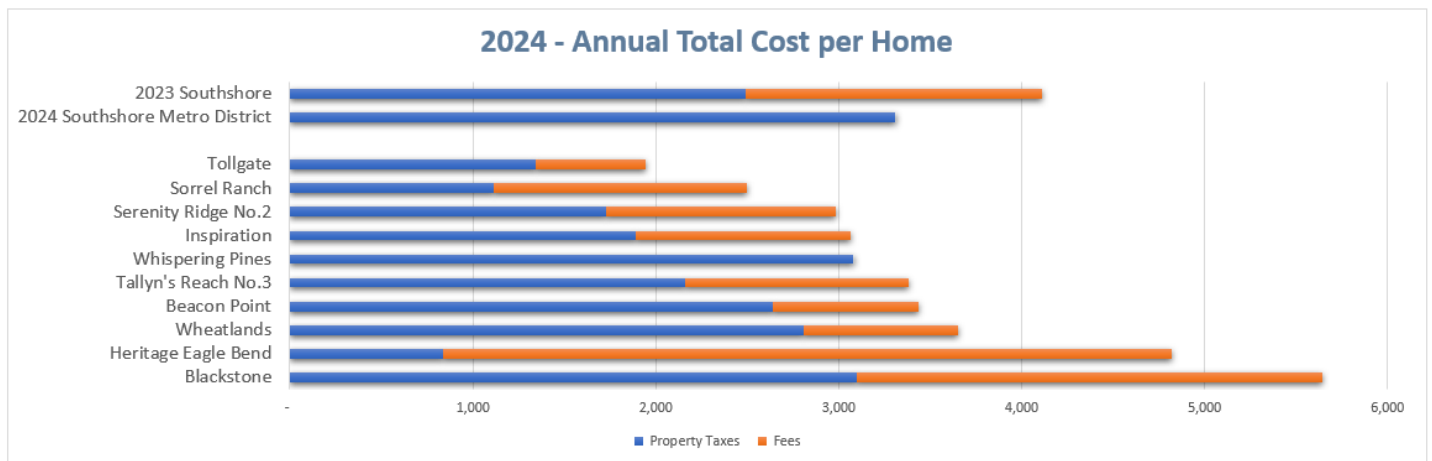
Why does the average Southshore residential property pay more than our neighboring communities?

It's challenging to make direct comparisons between communities since each community is unique, with its own circumstances. However, here are a few general observations:

- Southshore stands out with its two (2) community centers, totaling over 23,000 square feet. In contrast, many communities paying less on average have only one or no community center, often with a significantly smaller footprint.
- Through the landscape Request for Proposal (RFP) process, we discovered Southshore's expansive 160+ acres make it the region's most prominent common area community. When considering the intricate pond system, Southshore's landscaping costs surpass those of neighboring communities.
- Most neighboring communities are built out and have been steadily reducing their debt over the past decade. Consequently, their average outstanding debt per residential property is lower than that of Southshore.

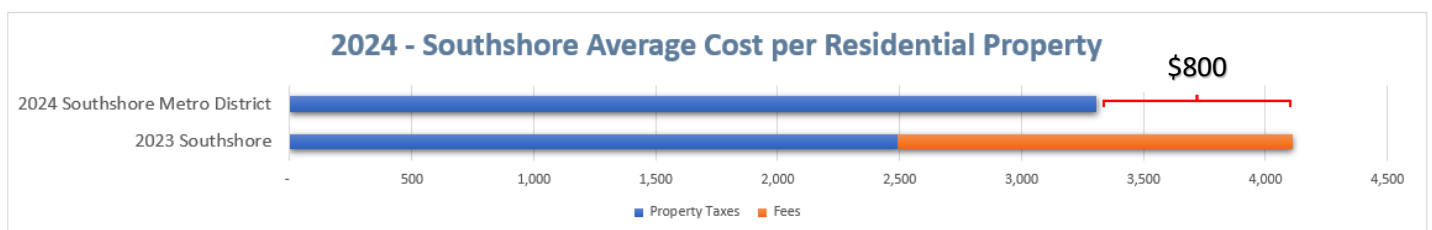
How does Southshore's costs compare in 2024?

Based on the latest reports from the Arapahoe County Assessor, here's a chart representing the 2024 budgeted property taxes and fees billed. The average value of a residential property in Southshore has increased by 28% to **\$769,000**. Each residential property is projected to pay, on average, approximately \$3,300 in property taxes.



How will the Master Association's monthly dues impact the average cost to property owners?

The District intention is that the 2024 average cost should be below the 2023 average cost of **\$4,100 per residential property**. The District set the 2024 budget **\$800 below** the 2023 average cost, which equates to **50%** of the current Master Association monthly dues. Additionally, the District is assuming **80%** of the Master Association's operating expenses based on their 2023 budget and unaudited year-end financial statements. This indicates a concerted effort to manage costs and ensure that residents do not face an increase in out of pocket expenses.





With assuming operations, how did the District develop the 2024 operating budget?

The District has consistently aimed to maintain or decrease the average cost per residential property. Beginning with the 2023 Master Association's and District's budgets, along with unaudited financial statements as of December 31, 2023, the District modified based on known budget assumptions. Below is a summary budget analysis compiled by the District.

	2023 Combined Budget	2023 Combined Actual	2024 Metro District Budget
Administrative	413,000	415,376	305,000
Grounds	1,515,500	1,410,925	1,807,500
Security	-	20,325	80,000
Facilities	583,000	659,644	726,750
Pools	392,000	454,368	381,500
Total	2,903,500	2,960,637	3,300,750

Why the increase in budgeted operating expenses?

The District has introduced several new services to enhance the community. Here's a summary of these additions:

- Implemented an annual pond maintenance program, encompassing activities such as cleaning inlets, controlling algae, managing weeds, and implementing pest control measures.
- Creation of an annual fence repair and staining as part of the yearly operating expenses which the Master Association accounted for fencing within capital projects.
- Budgeting for safety and security services for the first time in 2024, reflecting the District's commitment to enhancing safety measures within the community.

How does the District plan to fund the increased expenses?

In 2023, the District budgeted for three (3) major capital projects. Upon their completion, the District elected to allocate the capital budget to cover operating expenses.

Does the District have adequate cash on hand?

As of December 31, 2023, the District is well funded, boasting over four times the cash on hand compared to the Master Association, as indicated in both organizations' unaudited financial statements.

Metro districts are not bound to the same Internal Revenue Service (IRS) restrictions. Consequently, metro districts are not obligated to establish restricted cash accounts for future capital projects. These different set of IRS regulations afford metro districts financial flexibility.



Below is a summary of the District and Master Associations cash on hand.

December 31, 2023 Cash on Hand		
	District	HOA
Operating Cash	-	160,689
Reserve Cash	-	1,281,583
General Fund	1,743,455	-
Debt Service Fund	4,282,909	-
Total	6,026,364	1,442,272

Your Southshore Metro District Board hopes this information is helpful, and we welcome any additional questions you may have. We are committed to informing the community as we progress through this transition. Please feel free to reach out with any further inquiries.

In service to Southshore,
The Southshore Metropolitan District Board of Directors