

**Shareholders**

Paul R. Cockrel
Evan D. Ela
Linda M. Glesne
David A. Greher
Matthew P. Ruhland

Associates

Joseph W. Norris
Harley G. Gifford
Madison D. Phillips

Paralegals

Micki Mills
Sarah Luetjen

March 1, 2023

City Clerk
City of Aurora
15151 E. Alameda Parkway
Aurora, CO 80012

**Re: Southshore Metropolitan District Nos. 1 and 2
Annual Report for the Calendar Year 2022**

Dear Clerk:

The following information and documents (attached as exhibits) are provided for calendar year 2022 pursuant to Section VI of the Consolidated Service Plan (the “**Service Plan**”) of the Southshore Metropolitan District Nos. 1 and 2 (collectively, the “**Districts**”) approved by the City Council of the City of Aurora (the “**City**”) and filed with the District Court:

(a) **Boundary changes made or proposed.**

There were no boundary changes in 2022 and none are proposed.

(b) **Intergovernmental Agreements with other governmental entities entered into or proposed.**

- Intergovernmental Agreement with the City of Aurora approved by District February 11, 2003, setting forth various reporting and other obligations of the Districts to the City.
- Amended and Restated Intergovernmental Agreement by and between District No. 1 and District No. 2, dated May 11, 2007, setting forth terms and conditions upon which certain public improvements will be financed, funded, constructed, owned, operated and maintained.
- System Development Fee Agreement by and between the Districts and WL Homes LLC, d/b/a John Laing Homes, dated July 17, 2007 (no governmental entities other than the Districts).
- System Development Fee Agreement by and between the Districts and Village Homes of Colorado, Inc., dated January 31, 2008 (no governmental entities other than the Districts).

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- Conveyance Agreement between the Districts, dated as of November 15, 2022.

(c) **Changes or proposed changes in the Districts' policies.**

There were no changes to the Districts' policies in 2022.

(d) **Changes or proposed changes in the Districts' operations.**

There were no changes to the Districts' operations in 2022.

The Districts have been administering the disbursement of net proceeds of the \$12,780,000 Southshore Metropolitan District No. 2 General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2 and of the \$19,175,000 Southshore Metropolitan District No. 2 Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B to fund construction of the Recreation Center and other park and recreation public improvements.

(e) **Any change in the financial status of the Districts including revenue projections, or operating costs.**

Attached as Exhibit A are the budgets of the Districts for fiscal year 2022.

(f) **A summary of any litigation which involves the Districts.**

Attached as Exhibit B is the Order Granting Stipulated Motion to Dismiss with Prejudice in the case of Yukna v. District No. 1., Case No. 2021 CV 31320.

(g) **Proposed plans for the year immediately following the year summarized in the annual report.**

At the May 6, 2018 TABOR election, voters of District No. 2 authorized the issuance of debt to fund or reimburse the construction and acquisition of a park and recreation improvements, including a new recreation center. The District issued all but \$ 5,526,145 of the authorized debt in 2022.

(h) **Status of Districts' Public Improvement Construction Schedule.**

All Public Improvements in Phases 1 and 2 (Filings 1 thru 13 are complete and been accepted by the City of Aurora.

The Phase 3 Public Improvements in Filings 14 thru 17 are complete and have been initially accepted by the City of Aurora with warranties beginning to expire late in 2021.

The Public Improvements in Filing 18, which include a new recreation center and pool were complete by May of 2021.



The remaining Public Improvements in Filing 19 are expected to be complete by the end of 2022.

(i) **A list of all facilities and improvements constructed by the Districts that have been dedicated and accepted by Aurora.**

See attached Exhibit C.

(j) **Summary of current assessed valuation in the Districts.**

The 2022 assessed valuation of District No. 1 was \$12,037. The 2022 assessed valuation of District No. 2 was \$75,658,875.

Attached as Exhibit D is the one-page summary required to be included in the Annual Report.

Please feel free to contact me if you have any questions. Thank you.

Sincerely,

A handwritten signature in blue ink that reads 'David A. Greher'. The signature is fluid and cursive, with a long horizontal stroke at the end.

David A. Greher

Enclosures

cc: State Auditor
Arapahoe County Clerk and Recorder
Division of Local Government

EXHIBIT A TO 2022 ANNUAL REPORT

2022 Fiscal Year Budgets

SOUTHSHORE METROPOLITAN DISTRICT NO. 1
2022
BUDGET MESSAGE

Attached please find a copy of the adopted 2022 budget for the Southshore Metropolitan District No. 1.

The Southshore Metropolitan District No. 1 has adopted budgets for two funds, a General Fund to provide for operating and maintenance expenditures; and a Capital Projects Fund to provide for the estimated infrastructure costs that are to be built for the benefit of the district.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary source of revenue for the district in 2022 will be transfers from Southshore Metropolitan District No. 2 and capital advances. The district does not intend to impose a mill levy on the property within the district in 2022.

Southshore Metropolitan District No. 1
Adopted Budget
General Fund
For the Year ended December 31, 2022

	Actual <u>2020</u>	Adopted Budget <u>2021</u>	Actual 6/30/2021	Estimate <u>2021</u>	Adopted Budget <u>2022</u>
Beginning fund balance	\$ 43,624	\$ 201,903	\$ 23,896	\$ 23,896	\$ 228,061
Revenues:					
Transfer from District No. 2	283,000	323,616	113,000	495,114	497,574
Misc income	<u>942</u>	<u>-</u>	<u>-</u>	<u>942</u>	<u>-</u>
Total revenues	<u>283,942</u>	<u>323,616</u>	<u>113,000</u>	<u>496,056</u>	<u>497,574</u>
Total funds available	<u>327,566</u>	<u>525,519</u>	<u>136,896</u>	<u>519,952</u>	<u>725,635</u>
Expenditures:					
Accounting / audit	46,484	38,000	16,354	32,708	40,000
Insurance	8,164	10,000	7,329	19,229	20,000
Legal	187,199	85,000	88,977	177,954	100,000
Election expense	9,735	10,000	-	10,000	10,000
Directors fees	2,700	-	-	-	-
Payroll taxes	207	-	-	-	-
Irrigation water and electric	47,006	35,000	6,384	35,000	40,000
Stormwater management	-	-	-	-	210,000
Landscape maintenance	1,774	15,000	562	15,000	20,000
Miscellaneous	401	2,000	110	2,000	2,000
Contingency	-	324,669	-	-	270,375
Emergency reserve (3%)	<u>-</u>	<u>5,850</u>	<u>-</u>	<u>-</u>	<u>13,260</u>
Total expenditures	<u>-</u>	<u>525,519</u>	<u>119,716</u>	<u>291,891</u>	<u>725,635</u>
Ending fund balance	<u>\$ 23,896</u>	<u>\$ -</u>	<u>\$ 17,180</u>	<u>\$ 228,061</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 10,877</u>			<u>\$ 12,037</u>
Mill Levy		<u>-</u>			<u>-</u>

Southshore Metropolitan District No. 1
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2022

	Actual <u>2020</u>	Adopted Budget <u>2021</u>	Actual <u>6/30/2021</u>	Estimate <u>2021</u>	Adopted Budget <u>2022</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Capital Advance	7,364,926	1,712,000	-	5,500,000	-
Transfer from District No. 2	<u>15,387,468</u>	<u>-</u>	<u>5,153,621</u>	<u>-</u>	<u>766,036</u>
Total revenues	<u>22,752,394</u>	<u>1,712,000</u>	<u>5,153,621</u>	<u>5,500,000</u>	<u>766,036</u>
Total funds available	<u>22,752,394</u>	<u>1,712,000</u>	<u>5,153,621</u>	<u>5,500,000</u>	<u>766,036</u>
Expenditures:					
Repay developer advances	6,356,250	-	-	-	-
Capital outlay	<u>16,396,144</u>	<u>1,712,000</u>	<u>-</u>	<u>5,500,000</u>	<u>766,036</u>
Total expenditures	<u>22,752,394</u>	<u>1,712,000</u>	<u>-</u>	<u>5,500,000</u>	<u>766,036</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,340</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTHSHORE METROPOLITAN DISTRICT NO. 2
2022
BUDGET MESSAGE

Attached please find a copy of the adopted 2022 budget for the Southshore Metropolitan District No. 2.

The Southshore Metropolitan District No. 2 has adopted budgets for three funds, a General Fund to provide for transfers to Southshore Metropolitan District No. 1 to be used for the payment of operating and maintenance expenditures; a Capital Projects Fund to provide for transfers to Southshore Metropolitan District No. 1 to be used for the estimated infrastructure costs that are to be built for the benefit of the District, and a transfer to the Debt Service Fund; and a Debt Service Fund to provide for payments on the general obligation bonds.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the district in 2022 will be property taxes, specific ownership taxes, and system development fees. The district intends to impose a 49.000 mill levy on the property within the district in 2022, of which 4.000 mills will be dedicated to the General Fund and the balance of 45.000 mills will be allocated to the Debt Service Fund.

Southshore Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2022

	Actual <u>2020</u>	Adopted Budget <u>2021</u>	Actual <u>6/30/2021</u>	Amended <u>2021</u>	Adopted Budget <u>2022</u>
Beginning fund balance	\$ 71,783	\$ -	\$ 175,588	\$ 175,588	\$ -
Revenues:					
Property taxes	113,876	126,208	122,799	126,208	285,358
Specific ownership taxes	210,011	195,962	112,245	195,962	213,269
Interest income	4,991	3,500	132	2,242	3,500
Total revenues	<u>328,878</u>	<u>325,670</u>	<u>235,176</u>	<u>324,412</u>	<u>502,127</u>
Total funds available	<u>400,661</u>	<u>325,670</u>	<u>410,764</u>	<u>500,000</u>	<u>502,127</u>
Expenditures:					
Miscellaneous	-	100	-	2,992	100
Treasurer fees	1,711	1,894	1,841	1,894	4,320
Transfer to District No. 1	283,000	323,616	113,000	495,114	497,574
Emergency reserve (3%)	-	60	-	-	133
Total expenditures	<u>284,711</u>	<u>325,670</u>	<u>114,841</u>	<u>500,000</u>	<u>502,127</u>
Ending fund balance	<u>\$ 175,588</u>	<u>\$ -</u>	<u>\$ 295,923</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation	<u>\$ 51,191,803</u>	<u>\$ 56,671,821</u>		<u>\$ 51,191,803</u>	<u>\$ 71,339,423</u>
Mill Levy	<u>2.227</u>	<u>2.227</u>		<u>2.227</u>	<u>4.000</u>

Southshore Metropolitan District No. 2
Adopted Budget
Capital Projects Fund
For the Year ended December 31, 2022

	Actual <u>2020</u>	- Amended Budget <u>2021</u>	Actual <u>6/30/2021</u>	Amended <u>2021</u>	Adopted Budget <u>2022</u>
Beginning fund balance	\$ 65,331	\$ 12,202,098	\$ 6,261,978	\$ 6,261,978	\$ 764,036
Revenues:					
Interest income	45,334	20,000	1,372	2,058	2,000
Bond proceeds	<u>62,045,000</u>	-	-	-	-
Total revenues	<u>62,090,334</u>	<u>20,000</u>	<u>1,372</u>	<u>2,058</u>	<u>2,000</u>
Total funds available	<u>62,155,665</u>	<u>12,222,098</u>	<u>6,263,350</u>	<u>6,264,036</u>	<u>766,036</u>
Expenditures:					
Bond Discount	515,394	-	-	-	-
Issuance costs	1,451,256	-	-	-	-
Transfer to District No. 1	15,387,468	12,222,098	5,153,621	5,500,000	766,036
Transfer to Debt Service	<u>38,539,569</u>	-	-	-	-
Total expenditures	<u>55,893,687</u>	<u>12,222,098</u>	<u>5,153,621</u>	<u>5,500,000</u>	<u>766,036</u>
Ending fund balance	<u>\$ 6,261,978</u>	<u>\$ 0</u>	<u>\$ 1,109,729</u>	<u>\$ 764,036</u>	<u>\$ -</u>

Southshore Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2022

	Actual 2020	Adopted Budget 2021	Actual 6/30/2021	Amended 2021	Adopted Budget 2022
Beginning fund balance	\$ 2,081,476	\$ 3,102,856	\$ 3,446,861	\$ 3,446,861	\$ 4,131,517
Revenues:					
Property taxes	2,846,388	3,154,580	3,069,373	3,154,580	3,210,274
System development fees (210*2500)	722,522	545,000	220,000	545,000	526,136
Transfer from Capital Projects	38,479,931	-	-	-	-
Interest income	21,571	10,000	-	10,000	10,000
	<u>42,070,412</u>	<u>3,709,580</u>	<u>3,289,373</u>	<u>3,709,580</u>	<u>3,746,410</u>
Total revenues					
	<u>42,070,412</u>	<u>3,709,580</u>	<u>3,289,373</u>	<u>3,709,580</u>	<u>3,746,410</u>
Total funds available	<u>44,151,888</u>	<u>6,812,436</u>	<u>6,736,234</u>	<u>7,156,441</u>	<u>7,877,927</u>
Expenditures:					
Refunding escrow Series 2007	8,573,503	-	-	-	-
Refunding escrow Series 2015	15,778,930	-	-	-	-
Refunding escrow Series 2017	13,748,816	-	-	-	-
Bond principal - Series 2020 A-1	1,155,000	1,045,000	-	1,045,000	1,145,000
Bond interest - Series 2020 A-1	539,455	633,676	316,838	633,676	610,792
Bond principal - Series 2020 A-2	-	-	-	-	-
Bond interest - Series 2020 A-2	330,860	511,200	255,600	511,200	511,200
Bond principal - Series 2020 B	-	-	-	-	-
Bond interest - Series 2020 B	533,692	777,850	-	777,850	777,850
Miscellaneous exp	-	-	1,523	-	-
Treasurer's fees	42,771	47,198	46,005	47,198	48,463
Trustee / paying agent fees	2,000	10,000	9,000	10,000	10,000
	<u>40,705,027</u>	<u>3,024,924</u>	<u>628,966</u>	<u>3,024,924</u>	<u>3,103,305</u>
Total expenditures					
	<u>40,705,027</u>	<u>3,024,924</u>	<u>628,966</u>	<u>3,024,924</u>	<u>3,103,305</u>
Ending fund balance	<u>\$ 3,446,861</u>	<u>\$ 3,787,512</u>	<u>\$ 6,107,268</u>	<u>\$ 4,131,517</u>	<u>\$ 4,774,622</u>
Assessed valuation	<u>\$ 51,191,803</u>	<u>\$ 56,671,821</u>		<u>\$ 51,191,803</u>	<u>\$ 71,339,423</u>
Mill Levy	<u>55.664</u>	<u>55.664</u>		<u>55.664</u>	<u>45.000</u>
Total Mill Levy	<u>57.891</u>	<u>57.891</u>		<u>57.891</u>	<u>49.000</u>


EXHIBIT B TO 2022 ANNUAL REPORT

Yukna Claim

SO ORDERED BY COURT

07/12/2022

DATE FILED: July 12, 2022 2:48 PM
CASE NUMBER: 2021CV31320

<p>DISTRICT COURT, ARAPAHOE COUNTY, COLORADO</p> <p>7325 S. Potomac St. Centennial, Colorado 80112</p>	 JOHN E SCIPIONE District Court Judge
<p>Plaintiffs: CHARLOTTE YUKNA, an individual, and RAYMOND YUKNA, an individual,</p> <p>v.</p> <p>Defendant: SOUTHSORE METROPOLITAN DISTRICT NO.1,</p> <p>v.</p> <p>Consolidated Plaintiff: COLORADO DISASTER COMPANY LLC</p>	<p>▲ COURT USE ONLY ▲</p> <p>Case Number: 2021CV31320 Div.: 204</p>
<p><i>By the Court:</i></p>	
<p>[PROPOSED] ORDER GRANTING STIPULATED MOTION TO DISMISS WITH PREJUDICE</p>	

This matter having come before the Court on the Stipulated Motion to Dismiss and the Court being fully advised therein rules as follows:

IT IS HEREBY ORDERED that the two consolidated lawsuits are dismissed, WITH PREJUDICE, each party to pay his/her or its own costs and attorney fees; all deadlines and appearances including the pretrial conference and the trial are vacated and the consolidated cases are deemed closed.

DONE this _____ day of _____, 2022.

BY THE COURT:

District Court Judge

EXHIBIT C TO 2022 ANNUAL REPORT

Facilities and Improvements Constructed by the District

EXHIBIT D TO 2022 ANNUAL REPORT

	Projected	Year-End Actual	Variance
Assessed value of taxable property within the Districts	\$97,447,764	\$75,658,875	\$21,788,889
Total acreage of property within the Districts	813	813	\$0
Districts' indebtedness:			
General Obligation	\$23,569,000	\$58,700,000	(\$35,131,000)
Other	\$0	\$0	\$0
Districts' debt service:			
General Obligation	\$2,926,500	\$2,967,727	(\$41,227)
Other	\$0	\$0	\$0
Districts' tax revenue	\$3,707,601	\$3,498,028	\$209,573
Other revenues of the Districts	\$34,456	\$729,138	(\$694,682)
Public improvements expenditures	\$0	\$1,058,340	(\$1,058,340)
Other District expenditures	\$749,010	\$420,000	\$329,010