

CASTLE OAKS METROPOLITAN DISTRICT NO. 3

2023 ANNUAL REPORT

Pursuant to § 32-1-207(3)(c), C.R.S., Castle Oaks Metropolitan District No. 3 (the “**District**”) is required to provide an annual report to the Town of Castle Rock, Colorado (the “**Town**”) with regard to the following matters:

For the year ending December 31, 2023, the District makes the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made

There were no boundary changes made or proposed to the District’s boundaries as of December 31, 2023.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

The District neither entered into nor proposed any Intergovernmental Agreements with other governmental entities as of December 31 of the prior year.

3. Access information to obtain a copy of rules and regulations adopted by the board.

The District does not currently have rules and regulations.

4. A summary of litigation involving public improvements owned by the District

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the District’s public improvements as of December 31, 2023.

5. The status of the construction of public improvements by the District.

The District did not construct any public improvements in 2023.

6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality.

The District did not construct any facilities or improvements in 2023.

7. The final assessed valuation of the District as of December 31st of the reporting year.

The final assessed valuation of the District as of December 31, 2023 is attached hereto as **Exhibit A**.

8. A copy of the current year's budget.

A copy of the 2024 Budget is attached hereto as **Exhibit B**.

9. 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.

The 2023 Audit is in process and will be submitted in a Supplemental Annual Report.

10. Notice of any uncured defaults existing for more than ninety (90) days under any debt instrument of the District.

To its actual knowledge, there were no events of any uncured default under any debt instrument for the year ending December 31, 2023.

11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a ninety (90) day period.

To its actual knowledge, the District has been able to pay its obligations as they come due.

Service Plan Requirements

Pursuant to the Service Plan, as amended, for Castle Oaks Metropolitan District No. 3 (the "**District**"), the District is required to submit an annual report to the Town of Castle Rock, Colorado (the "**Town**") which reflects activity and financial events of the District through the preceding December 31 (the "**report year**") and includes the following:

To the best of its actual knowledge, for the year ending December 31, 2023, the District makes the following report:

1. A narrative summary of the progress of the District in implementing its service plan for the report year.

Construction within the District is proceeding as expected. See item C below.

2. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including as statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the report year.

The 2023 Audit is in process and will be submitted in a Supplement Annual Report.

- 3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year.**

The following is a summary of the planned improvements in the report year and for the next five (5) years:

Castle Oaks Drive North (Includes Rocky View North Section) – Construction start on this phase has been delayed to 2025.

- 4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness or long-term obligations issued in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year.**

A summary of the financial obligations of the District can be found in the 2024 budget attached hereto as **Exhibit B**.

- 5. The District's budget for the calendar year in which the annual report is submitted.**

A copy of the District's 2024 budget is attached hereto as **Exhibit B**.

- 6. A summary of residential and commercial development that has occurred within the District for the report year.**

Home sales and construction finished in the Sunstone portion of the District as both Meritage Homes and TriPointe Homes completed their last homes in 2024. Additionally, KB Homes continued home construction on finished lots in the North Basin portion of the District.

- 7. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year.**

The District imposes a one-time facilities fee on property within the District in the amount of \$4,000 per Type I residential unit and \$1,500 per Type II residential unit due on or before the issuance of the building permit.

- 8. Certification of the Board that no action, event, or condition of Section 11.02.060 (Material Modification of Service Plan) has occurred in the report year.**

The Certificate is attached hereto as **Exhibit C**.

9. The names, business addresses and phone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board.

Board of Directors:

Craig Campbell

Starwood Land Ventures, LLC
385 Inverness Parkway, Suite 310
Englewood, CO 80112
303-858-9992

Thomas Morton

9033 E. Easter Place, Suite 201
Centennial, CO 80112
303-888-4280

Ryan Purcell

7600 Technology Way
Denver, CO 80237
303-334-4000

Jack Hoagland

2380 S Newcombe Way
Lakewood, CO 80227
303-888-1920

Emily Martin

2154 E. Commons Ave, Suite 2000
Centennial, CO 80122
303-858-1800

Regular Meetings:

Date: July 24 and October 23, 2024

Place: Via Teleconference

Time: 9:00 a.m.

General Counsel:

Kristin J. Bowers, Esq.

WHITE BEAR ANKELE TANAKA & WALDRON

Attorneys at Law

2154 E Commons Ave, Suite 2000

Centennial, CO 80122

EXHIBIT A
2023 Final Assessed Valuation

CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4493 - Castle Oaks Metro District 3

IN DOUGLAS COUNTY ON 12/22/2023

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY
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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 2023 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$35,284,010
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$50,578,440
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$50,578,440
5. NEW CONSTRUCTION: **	\$5,170,210
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.):	\$119.00

* 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 2023 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2023

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$707,219,714
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$77,167,408
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, 2023

IN ACCORDANCE WITH 39-5-128(1.5) C.R.S. THE ASSESSOR PROVIDES: HB21-1312 ASSESSED VALUE OF EXEMPT BUSINESS PERSONAL PROPERTY (ESTIMATED): **	\$0
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** 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
2024 Budget

CASTLE OAKS METROPOLITAN DISTRICT NO. 3

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2024

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,269,485	\$ 1,758,853	\$ 2,400,777
REVENUES			
Property taxes	1,743,164	1,834,768	1,820,824
Specific ownership taxes	154,160	165,129	163,874
Facilities fees	252,000	220,000	280,000
Interest income	36,356	102,000	96,100
Developer advance	10,761,523	-	-
Total revenues	<u>12,947,203</u>	<u>2,321,897</u>	<u>2,360,798</u>
Total funds available	<u>14,216,688</u>	<u>4,080,750</u>	<u>4,761,575</u>
EXPENDITURES			
General Fund	58,344	57,304	85,000
Debt Service Fund	1,637,968	1,622,669	1,844,000
Capital Projects Fund	10,761,523	-	-
Total expenditures	<u>12,457,835</u>	<u>1,679,973</u>	<u>1,929,000</u>
Total expenditures and transfers out requiring appropriation	<u>12,457,835</u>	<u>1,679,973</u>	<u>1,929,000</u>
ENDING FUND BALANCES	<u>\$ 1,758,853</u>	<u>\$ 2,400,777</u>	<u>\$ 2,832,575</u>
EMERGENCY RESERVE	\$ 5,000	\$ 4,500	\$ 2,900
AVAILABLE FOR OPERATIONS	235,968	327,772	340,468
MILL LEVY STABILIZATION FUND - SERIES 2020	1,000,000	1,000,000	1,000,000
TOTAL RESERVE	<u>\$ 1,240,968</u>	<u>\$ 1,332,272</u>	<u>\$ 1,343,368</u>

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/25/24

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

ASSESSED VALUATION

Residential	\$ 27,633,040	\$ 30,951,870	\$ 46,553,800
Agricultural	1,130	1,020	1,060
State assessed	2,700	13,300	13,100
Vacant land	5,047,990	4,068,450	3,442,030
Personal property	239,300	249,330	568,410
Other	40	40	40
Certified Assessed Value	\$ 32,924,200	\$ 35,284,010	\$ 50,578,440

MILL LEVY

General	4.453	3.500	1.500
Debt Service	48.500	48.500	34.500
Total mill levy	52.953	52.000	36.000

PROPERTY TAXES

General	\$ 146,611	\$ 123,494	\$ 75,868
Debt Service	1,596,824	1,711,274	1,744,956
Levied property taxes	1,743,435	1,834,768	1,820,824
Adjustments to actual/rounding	(271)	-	-
Budgeted property taxes	\$ 1,743,164	\$ 1,834,768	\$ 1,820,824

BUDGETED PROPERTY TAXES

General	\$ 146,589	\$ 123,494	\$ 75,868
Debt Service	1,596,575	1,711,274	1,744,956
	\$ 1,743,164	\$ 1,834,768	\$ 1,820,824

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 134,999	\$ 240,968	\$ 332,272
REVENUES			
Property taxes	146,588	123,494	75,868
Specific ownership taxes	12,964	11,114	6,828
Interest income	4,761	14,000	13,400
Total revenues	<u>164,313</u>	<u>148,608</u>	<u>96,096</u>
Total funds available	<u>299,312</u>	<u>389,576</u>	<u>428,368</u>
EXPENDITURES			
General and administrative			
Accounting	22,756	20,000	30,000
Auditing	6,100	6,750	7,400
County Treasurer's fee	2,201	1,852	1,138
Dues and membership	328	333	500
Election	3,365	3,918	-
Engineering	1,710	-	-
Insurance	3,403	3,451	4,000
Legal	17,881	20,000	30,000
Miscellaneous	600	1,000	1,000
Contingency	-	-	10,962
Total expenditures	<u>58,344</u>	<u>57,304</u>	<u>85,000</u>
Total expenditures and transfers out requiring appropriation	<u>58,344</u>	<u>57,304</u>	<u>85,000</u>
ENDING FUND BALANCES	<u>\$ 240,968</u>	<u>\$ 332,272</u>	<u>\$ 343,368</u>
EMERGENCY RESERVE	\$ 5,000	\$ 4,500	\$ 2,900
AVAILABLE FOR OPERATIONS	<u>235,968</u>	<u>327,772</u>	<u>340,468</u>
TOTAL RESERVE	<u>\$ 240,968</u>	<u>\$ 332,272</u>	<u>\$ 343,368</u>

No assurance provided. See summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,134,486	\$ 1,517,885	\$ 2,068,505
REVENUES			
Property taxes	1,596,576	1,711,274	1,744,956
Specific ownership taxes	141,196	154,015	157,046
Facilities fees	252,000	220,000	280,000
Interest income	31,595	88,000	82,700
Total revenues	<u>2,021,367</u>	<u>2,173,289</u>	<u>2,264,702</u>
Total funds available	<u>3,155,853</u>	<u>3,691,174</u>	<u>4,333,207</u>
EXPENDITURES			
Debt Service			
Bond interest	1,370,000	1,370,000	1,370,000
Bond Principal	-	-	155,000
County Treasurer's fee	23,968	25,669	26,174
Paying agent fees	4,000	7,000	7,000
Repay developer advance	240,000	220,000	280,000
Contingency	-	-	5,826
Total expenditures	<u>1,637,968</u>	<u>1,622,669</u>	<u>1,844,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,637,968</u>	<u>1,622,669</u>	<u>1,844,000</u>
ENDING FUND BALANCES	<u>\$ 1,517,885</u>	<u>\$ 2,068,505</u>	<u>\$ 2,489,207</u>
MILL LEVY STABILIZATION FUND - SERIES 202	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
TOTAL RESERVE	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

No assurance provided. See summary of significant assumptions.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
 CAPITAL PROJECTS FUND
 2024 BUDGET
 WITH 2022 ACTUAL AND 2023 ESTIMATED
 For the Years Ended and Ending December 31,**

1/25/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Developer advance	10,761,523	-	-
Total revenues	<u>10,761,523</u>	<u>-</u>	<u>-</u>
Total funds available	<u>10,761,523</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Capital Projects			
Capital outlay	10,761,523	-	-
Total expenditures	<u>10,761,523</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>10,761,523</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by court order and decree of the District Court for the County of Douglas on June 29, 2006, and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District is located within the Town of Castle Rock, Colorado.

The District was established to provide financing for the operations and maintenance and design, acquisition, installation, construction, and completion of public improvements and services, including water, sanitation/storm sewer, streets, park and recreation, transportation, mosquito control, safety protection, television relay and translation, and security.

On November 3, 2015, District voters authorized the District to issue \$504,000,000 of general obligation bonds or other financial obligations for the infrastructure development of the services noted in the preceding paragraph, however, the District's amended Service Plan limits its general obligation debt to \$36,000,000. Additionally, the District can levy up to \$10,000,000 annually to pay for administration and operating costs.

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

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

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues - (continued)

Property Taxes - (continued)

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 9.0% of the property taxes collected.

Facilities Fees

The District imposes a Facilities Fee of \$4,000 on each single-family, town homes and patio homes, and a Facilities Fee of \$1,500 on apartments or other multifamily residential units. The fees are payable by homebuilders when the building permits are issued. The first \$500,000 of Facilities Fee revenue collected after June 1, 2020 is pledged for debt service payments and has been collected as of December 31, 2021. The remaining Facilities Fee revenue can be used to pay any other District indebtedness.

Interest Income

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

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenditures

Administrative expenditures include the services necessary to maintain the administrative viability such as legal, accounting, insurance, and other administrative expenses of the District.

County Treasurer's Fees

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

Debt Service

Principal and interest payments are provided based on the debt amortization schedules from the Series 2020 General Obligation Limited Tax Refunding Bonds (discussed under Debt and Leases).

Debt and Leases

The District issued the 2020 Bonds on September 10, 2020, in the par amount of \$34,250,000. Proceeds from the sale of the 2020 Bonds were used to: (i) refund the District's outstanding General Obligation Limited Tax Refunding Bonds, Series 2017 (the "2017 Bonds"); (ii) finance public improvements related to a residential development in the Town of Castle Rock; (iii) purchase a Municipal Bond Debt Service Reserve Fund Insurance Policy issued by Assured Guaranty Municipal Corp. (the "Reserve Policy"); and (iv) pay costs of issuance of the 2020 Bonds.

The 2020 Bonds bear interest at 4.00% per annum (2.357194% yield) and are payable semiannually on June 1 and December 1, beginning on December 1, 2020. The 2020 Bonds issued as serial bonds mature on December 1 of the years 2024 through 2030; thereafter, the 2020 Bonds issued as term bonds have annual mandatory sinking fund principal payments due on December 1, commencing December 1, 2031. The 2020 Bonds mature on December 1, 2050.

To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or the Termination Date of December 2, 2060, and shall continue to bear interest at the rate then borne by the 2020 Bonds. To the extent interest on any Bond is not paid when due, such interest shall compound on each interest payment date, at the rate then borne by the Bond.

The 2020 Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2030, and on any date thereafter, upon payment of par and accrued interest, without redemption premium.

The 2020 Bonds are secured by Pledged Revenue which means: (i) the Required Mill Levy; (ii) the Refunded Bonds Mill Levy Revenue; (iii) the Capital Fees; (iv) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (v) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

CASTLE OAKS METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases - (continued)

“Refunded Bonds Mill Levy Revenue” means the debt service mill levy revenues derived from the debt service mill levy imposed in 2019 (for collection in 2020) for the payment of the 2017 Bonds.

“Capital Fees” means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District, including the Facility Fees. Facility Fees means the first \$500,000 of fees imposed and collected by the District since June 1, 2020, pursuant to the Facility Fee Resolution adopted on March 5, 2015, including any amendments or supplements.

The District has covenanted to impose a Required Mill Levy upon all taxable property of the District each year in an amount, when combined with moneys in the Bond Fund, the Mill Levy Stabilization Fund, and any other legally available moneys held by the District, sufficient to pay the 2020 Bonds when due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 55 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement after January 9, 2001) and (ii) for so long as the Mill Levy Stabilization Fund is less than the Minimum Mill Levy Stabilization Amount, not less than 35.603 mills (subject to adjustment), or such lesser mill levy which will pay the 2020 Bonds when due, will replenish the Reserve Fund to the amount of the Required Reserve, and will fund the Mill Levy Stabilization Fund up to the Minimum Mill Levy Stabilization Fund Amount. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

The 2020 Bonds are additionally secured by the Reserve Fund which was funded with the Reserve Policy in the amount of \$2,369,800 (the amount of the Required Reserve) and by amounts in the Mill Levy Stabilization Fund.

The Reserve Policy guarantees the scheduled payment of principal of and interest on the 2020 Bonds when due as set forth in the policy.

Subject to the receipt of sufficient Pledged Revenue, the Mill Levy Stabilization Fund is to be maintained until the Mill Levy Stabilization Conversion Date, after which the Mill Levy Stabilization Fund shall be terminated and any moneys therein remitted to the District for application to any lawful purpose of the District. The Mill Levy Stabilization Fund was partially funded at closing from funds on hand related to the 2017 Bonds in the amount of \$232,000 and will be funded in the future solely by deposits of Pledged Revenue up to the Minimum Mill Levy Stabilization Fund Amount of \$1,000,000.

Moneys in the Mill Levy Stabilization Fund are to be used solely for the purpose of paying the principal of, premium, if any, or interest on the 2020 Bonds. The District may use amounts in the Mill Levy Stabilization Fund to reduce the Required Mill Levy otherwise necessary to pay the 2020 Bonds in accordance with the definition of the Required Mill Levy above.

The Mill Levy Stabilization Fund Conversion Date is the first date on which both of the following conditions are met: (i) the Debt to Assessed Ratio is 50% or less; and (ii) no amounts of principal or interest on the 2020 Bonds are due but unpaid.

The District has no operating or capital leases.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (continued)

	Balance at December 31,			Balance at
	2021	Additions	Reductions	December 31, 2022
G.O Bonds - Series 2020	\$ 34,250,000	\$ -	\$ -	\$ 34,250,000
Bond Premium - Series 2020	4,973,132	-	254,878	4,718,254
Developer Advance - Capital	2,231,795	10,761,523	-	12,993,318
Accrued Interest- Developer Advance - Capital	39,051	993,255	288,000	744,306
Total	<u>\$ 41,493,978</u>	<u>\$ 11,754,778</u>	<u>\$ 542,878</u>	<u>\$ 52,705,878</u>

	Balance at December 31,			Balance at
	2022	Additions	Reductions	December 31, 2023
G.O Bonds - Series 2020	\$ 34,250,000	\$ -	\$ -	\$ 34,250,000
Bond Premium - Series 2020	4,718,254	-	254,878	4,463,376
Developer Advance - Capital	12,993,318	-	-	12,993,318
Accrued Interest- Developer Advance - Capital	744,306	1,042,788	500,000	1,287,094
Total	<u>\$ 52,705,878</u>	<u>\$ 1,042,788</u>	<u>\$ 754,878</u>	<u>\$ 52,993,788</u>

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2024, as defined under TABOR.

Debt Service Reserves

The District maintains a Mill Levy Stabilization Fund as required with the issuance of the Series 2020 Bonds. The maximum Mill Levy Stabilization Fund amount is \$1,000,000 and is currently funded.

The 2020 Senior Bonds are additionally secured by the 2020 Reserve Fund, which is funded by a Reserve Fund Insurance Policy with a policy limit equivalent to the required reserve amount of \$2,369,800.

This information is an integral part of the accompanying budget.

**CASTLE OAKS METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
FOR YEAR ENDED DECEMBER 31, 2024**

**\$34,250,000 General Obligation Limited Tax Refunding Bonds
Series 2020
Interest 4.00%
Dated September 10, 2020
Interest Payable June 1 and December 1
Principal Payable December 1**

Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2024	\$ 155,000	\$ 1,370,000	\$ 1,525,000
2025	430,000	1,363,800	1,793,800
2026	620,000	1,346,600	1,966,600
2027	645,000	1,321,800	1,966,800
2028	700,000	1,296,000	1,996,000
2029	730,000	1,268,000	1,998,000
2030	795,000	1,238,800	2,033,800
2031	825,000	1,207,000	2,032,000
2032	895,000	1,174,000	2,069,000
2033	930,000	1,138,200	2,068,200
2034	1,000,000	1,101,000	2,101,000
2035	1,040,000	1,061,000	2,101,000
2036	1,115,000	1,019,400	2,134,400
2037	1,160,000	974,800	2,134,800
2038	1,210,000	928,400	2,138,400
2039	1,255,000	880,000	2,135,000
2040	1,540,000	829,800	2,369,800
2041	1,600,000	768,200	2,368,200
2042	1,665,000	704,200	2,369,200
2043	1,730,000	637,600	2,367,600
2044	1,800,000	568,400	2,368,400
2045	1,870,000	496,400	2,366,400
2046	1,945,000	421,600	2,366,600
2047	2,025,000	343,800	2,368,800
2048	2,105,000	262,800	2,367,800
2049	2,190,000	178,600	2,368,600
2050	2,275,000	91,000	2,366,000
	<u>\$ 34,250,000</u>	<u>\$ 23,991,200</u>	<u>\$ 58,241,200</u>

No assurance provided. See summary of significant assumptions.

EXHIBIT C

Certification

On behalf of the Board of Directors of the Castle Oaks Metropolitan District No. 3, I hereby certify that no action, event or condition set forth in Section 11.02.060 of the Intergovernmental Affairs Chapter of the Town of Castle Rock Code has occurred in the report year.

Craig Campbell

Craig Campbell, Officer of the District