

CIELO METROPOLITAN DISTRICT

2023 ANNUAL REPORT

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TO
DOUGLAS COUNTY BOARD OF COUNTY COMMISSIONERS

Pursuant to §32-1-207(3)(c) and the Service Plan for Cielo Metropolitan District (the “**District**”), the District is required to provide an annual report to Douglas County Board of County Commissioners (the “**County**”) 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 to the District’s boundaries in 2023.

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

The District did not enter into or terminate any Intergovernmental Agreements in 2023.

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

As of December 31, 2023, the District had not adopted any 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.

As of December 31, 2022, the District had not constructed any Public Improvements. All public improvements for the development are being constructed by Toll Southwest LLC (“**Toll**”).

According to Toll, construction of the public improvements and regional improvements for Phase 1 of the development was completed in summer 2022, Phase 2 of the development was complete in February 2023, and Phase 3 of the development is ongoing with anticipated completion in the spring of 2025.

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 dedicated to or accepted by the County in 2023.

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

The District's 2023 final assessed valuation 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 attached hereto as **Exhibit C**.

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

To our actual knowledge, the District did not receive notice of any uncured defaults existing for more than ninety (90) days under any Debt instrument of the District

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 our actual knowledge, there was not any inability of the District to pay its obligations as they came due under any obligation which continued beyond a ninety (90) day period.

SERVICE PLAN REQUIREMENTS

1. District Description – General Information

a. Board Members, officers' titles, and terms

- ◆ Chad Pazdernik– President – May 2025
- ◆ Reginald Carveth – Director – May 2027
- ◆ Timothy Westbrook – Treasurer – May 2027
- ◆ Jordan Honea– Director – May 2025
- ◆ Chris Osler –Secretary – May 2025

b. Changes in Board memberships in past year

Director Benjamin Both resigned from the Board on March 6, 2024 and Director Michael Newman resigned from the Board on May 30, 2024.

Director Chad Pazdernik was appointed to the Board on March 25, 2024 and Director Jordan Honea was appointed to the Board on July 17, 2024.

c. *Name and address for official District contact*

Megan J. Murphy, Esq., Legal Counsel
White Bear Ankele Tanaka & Waldron, P.C.
2154 E Commons Ave., Suite 2000, Centennial, CO
mmurphy@wbapc.com
303-858-1800

Carrie Bartow, District Accountant
CliftonLarsonAllen, LLC
8390 E Crescent Parkway, Suite 300, Greenwood Village, CO
Carrie.Bartow@claconnect.com
303-779-5710

Samantha Kyle, District Manager
The Management Association, Inc.
3091 S. Jamaica Court, Suite 100, Aurora, CO 80014
samantha.kyle@managementtrust.com
(303) 750-0994 x 2303

d. *Elections held in the past year and their purpose*

May 2, 2023 Election – to elect Board members.

2. Boundary changes for the report year and proposed changes for the coming year

There were no boundary changes made or proposed to the District’s boundary in 2023, and there are no proposed changes in the District’s boundary for 2024.

3. List of intergovernmental agreements (existing or proposed) and a brief description of each detailing the financial and service arrangements

a. *Contracts for operations, debt, and other contractual obligations with sub-District or operating and taxing District*

The District is a party to that certain Intergovernmental Agreement among the District, Denver Southeast Suburban Water and Sanitation District d/b/a Pinery Water and Wastewater District Acting by and through its Enterprise Fund, and the Parker Water and Sanitation District, dated December 13, 2018 (the “**Water IGA**”). Pursuant to the Water IGA, the District obtains wastewater treatment services from the Pinery Wastewater Treatment Plant.

The District is a party to that certain Agreement Regarding School Park Facilities Construction, Use, and Maintenance among the District, Forestar (USA) Real Estate Group Inc., and Douglas County School District, dated November 12, 2019 (the “**School Agreement**”). The School Agreement memorializes the parties understanding about the timing for the design, construction, ownership, operation, and maintenance of School Park

Facilities as defined in the School Agreement. Forestar (USA) Real Estate Group Inc. assigned its interest in the School Agreement to the Forestar (USA) Real Estate Group Inc.

The District is a party to that certain Clubhouse Funding, Construction, and Operations Agreement, dated November 19, 2019, among the District, Stone Creek Metropolitan District, Choke Cherry Investors, LLC, and Forestar (USA) Real Estate Group Inc. (the “**Clubhouse Agreement**”). Pursuant to the Clubhouse Agreement, Choke Cherry Investors, LLC intends to construct and finance a public clubhouse, swimming pool, and related public improvements (collectively, the “Clubhouse Improvements”). Stone Creek Metropolitan District will reimburse Choke Cherry Investors, LLC for the costs related to construction of the Clubhouse Improvements. The District shall pay for 51% the costs related to operations and maintenance of the Clubhouse Improvements. On August 26, 2021, the District approved terminating the existing Clubhouse Funding, Construction and Operations Agreement, dated November 19, 2019. On August 26, 2021, the District approved the Clubhouse Join Use and Cost Sharing Agreement between the District and Stone Creek Metropolitan District. On August 26, 2021, the District approved the Clubhouse Construction Agreement between the District, Stone Creek Metropolitan District, Choke Cherry Investors, LLC, and Toll. The Stone Creek Metropolitan District approved copies of these agreements on August 25, 2021.

b. Reimbursement agreements with developers and/or builders for advances to fund capital costs and administrative/operational and maintenance costs of the District

The District is a party to that certain Funding and Reimbursement Agreement (Operations and Maintenance) dated January 30, 2020, as amended, with Toll (the “**Operations Agreement**”). Pursuant to the Operations Agreement, Toll agrees to advance funds to the District for operations and maintenance expenses, not to exceed the aggregate of \$50,000 per annum through December 31, 2024. Toll may agree to renew its obligations under the Operations Agreement by providing written notice to the District. The maximum amount to be advanced pursuant to the Operations Agreement is \$150,000.

The District is a party to that certain Infrastructure Acquisition and Reimbursement Agreement dated January 30, 2020 with Toll (the “**Infrastructure Agreement**”). Pursuant to the Infrastructure Agreement, Toll agrees to incur costs related to the financing, construction and installation of public improvements and the District agrees to reimburse Toll for such costs and acquire certain improvements all subject to limitations contained in the Special District Act and the Service Plan.

4. Service Plan

a. *List and description of services authorized in Service Plan*

The District shall have the power and authority to provide the public improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is permitted by this Service Plan and described in the Special District Act, and other applicable statutes, common law, and the Colorado Constitution.

Pursuant to the District's service plan the district has the authority to provide the following services:

- installation of potable water and irrigation water facilities and systems
- finance, design, construct, acquire, install, maintain, and provide for flood and surface drainage improvements
- finance, design, construct, and install, sanitation and wastewater treatment facilities and systems
- finance, design, construct, acquire, install, maintain, and provide for arterial and collector streets and roadway improvements
- finance, design, construct, acquire, install, maintain, and provide traffic safety and management services
- finance, design, construct, acquire, install, maintain, and provide for public park and public recreation centers and other recreation facilities, services, or programs
- provide covenant enforcement and design review services subject to the limitations set forth in C.R.S. § 32- 1-1004(8)

b. *List and description of facilities authorized in Service Plan*

See response to a. above.

c. *List and description of any extraterritorial services, facilities, and agreements*

The District is a party to the Clubhouse Agreement, as described in III(a) above.

5. Development Progress

a. *Indicate the estimated year of build-out, as set forth in the Service Plan.*

The estimated year of build-out, as set forth in the Service Plan, is 2026.

b. *List the services provided with the date service began compared to the date authorized by the Service Plan.*

The Service Plan authorizes the District to provide the following services or facilities:

Service Type	Services Began	SP Authorization
Water - PWSD	Actual 2022	2015
Storm Sewer	Actual 2022	2015
Sanitation and Wastewater Treatment - PWSD	Actual 2022	2015
Street Improvements	Actual 2022	2015
Traffic Safety Protection	Actual 2022	2015
Parks and Recreation	Actual 2022	2015
Mosquito Control	N/A	2015
Covenant Enforcement and Design Review; and	Actual 2022	2015
Fire Protection - SMFRA	Actual 2022	2015

- c. *List changes made to the Service Plan, including when the change was authorized, when it was implemented or is expected to be implemented.*

A First Amendment to the District’s service plan was approved on January 5, 2021. The amendment increased the District’s total authorized debt limit to \$25,000,000, added a maximum operations and maintenance mill levy before issuance of 60 mills and a maximum debt mill levy of 50 mills.

A Second Amendment to the District’s service plan was approved on January 30, 2023. The amendment allows the District to make mill levy adjustments.

- d. *List facilities to be acquired or constructed or leased back as set forth in the Service Plan and compare the date of completion or operation with the date authorized by the Service Plan.*

Facility Type	Anticipated Date of Completion	Service Plan Authorization
Open Space/Park	2024	2015

- e. *List of facilities not completed. Indicate the reason for incompleteness and provide a revised schedule, if any.*

The open space/park is not completed because site improvements did not begin until 2020 and there won’t be occupied homes until late 2022.

- f. *List facilities currently under construction with the percentage complete and an anticipated date of completion.*

Facility Type	Percentage Complete Completion	Anticipated Date of Completion
Open Space/Park	50%	2024

- g. *Indicate the population of the District for the previous five (5) years and provide population projections for the next five (5) years.*

The population of the District for the previous five (5) years is 53. Construction on homes is expected to begin in 2023. The current population is 189.

Estimated home closings by year:

2023 - 100
 2024 - 100
 2025 - 100
 2026 - 43
 2027 - 0

Total of 343 at the end of 5 years.

The Service Plan estimates 2.5 persons per residence, which would translate to an estimated population of approximately 858 at the end of five years.

Estimated population by year:

2022 - 133
 2023 - 350
 2024 - 568
 2025 - 783
 2026 - 858
 2027 - 858

- h. *List the planned number of housing units by type and the number of commercial and industrial properties with respective square footage and anticipated dates of completion/operation. Compare the completed units and completed commercial and industrial properties to the amount planned in the Service Plan.*

Total number of single-family homes expected to be constructed is 343. Home construction began in 2022 and is expected to be completed by 2026.

- i. *List any enterprises created by and/or operated by or on behalf of the District and summarize the purpose of each.*

No enterprises have been created by and or operated by or on behalf of the District.

6. Financial Plan and Financial Activities

- a. *Provide a copy of the audit or exemption from the audit for the reporting year.*

A copy of the 2023 Audit is attached hereto as **Exhibit C**.

- b. *Provide a copy of the budget, showing the reporting and previous years.*

A copy of the 2023 Budget is attached hereto as **Exhibit D**. A copy of the 2024 Budget is attached hereto as **Exhibit A**.

- c. *Show revenues and expenditures of the District for the previous five (5) years and provide projections for the next five (5) years. Include any non-District or non-governmental financial support. Include and list individually all fees, rates, tolls, etc., with a summary of the purpose of each. Show other miscellaneous tax revenue, such as specific ownership taxes. For the same period, show actual and projected mill levies by purpose (showing mill levies for each individual general obligation, revenue-based obligation, or contractual obligation).*

See the attached tax history and revenue projection chart **Exhibit E**.

- d. *List all debt that has been issued, including all individual issuances with a schedule of service until the debt is retired.*

The Limited Tax General Obligation Bonds, Series 2021 were issued on April 28, 2021, in the amount of \$17,942,000. The Bonds are “Cash Flow” obligations. No regularly scheduled payments of principal are due on the Bonds prior to their maturity date, and no debt service schedule is provided.

- e. *List individually all authorized but unissued debt, including the purpose, ballot issue letter designation and election date, and amounts authorized and unissued.*

See the attached DLG-32 Form in **Exhibit F**.

- f. *List the total amount of debt issued and outstanding as of the date of the annual report and compare to the maximum authorized debt level as set forth in the Service Plan.*

The Limited Tax General Obligation Bonds, Series 2021 were issued on April 28, 2021, in the amount of \$17,942,000. The service plan maximum debt authorized is \$25,000,000.

- g. *Enterprises of the District.*

There are no enterprise operations to report.

- i. *Include revenues of the enterprise, showing both direct support from the District and all other sources*

N/A

- ii. *Include expenses of the enterprise, showing both direct payments to the District and all other obligations*

N/A

h. Detail contractual obligations.

- i. Describe the type of obligation, current year dollar amount, and any changes in the payment schedule, e.g. balloon payments.

See responses to Section III.

- ii. Report any inability of the District to pay current obligations that are due within the current budget year

None.

- iii. Describe any District financial obligations in default

None.

i. Actual and Assessed Valuation History

- i. Report the annual actual and assessed valuation for the current year and for each of the seven (7) years prior to current year

Tax Year	Certified Assessed Valuation	Annual Actual
2024	\$12,646,180 (estimate)	\$132,089,087
2023	\$9,335,450	\$48,463,129
2022	\$4,884,110	\$17,560,492
2021	\$2,204,150	\$7,601,735
2020	\$2,201,830	\$7,582,317
2019	\$2,199,210	\$7,581,917
2018	\$3,580	\$12,348
2017	\$6,300	\$11,370
2016	\$2,660	\$9,162

2015	Not Organized	Not Organized
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- i. For each year, compare the certified assessed value with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the certified value

Tax Year	Certified Assessed Valuation	Service Plan Estimate
2024	\$12,646,180 (estimate)	\$12,539,231
2023	\$9,335,450	\$12,293,571
2022	\$4,884,110	\$12,293,571
2021	\$2,204,150	\$9,878,012
2020	\$2,201,830	\$6,522,326
2019	\$2,199,210	\$3,404,366
2018	\$3,580	\$648,250
2017	\$6,300	\$0
2016	\$2,660	\$0
2015	Not Organized	\$0

j. *Mill Levy History.*

- i. Report the annual mill levy for the current year and for each of the seven (7) years prior to current year. Break the mill levies out by purpose (e.g., debt issuance and operations and maintenance)

Year	General Fund	Debt Service
2023 Mill Levy Certification for Collection in 2024	10.962	54.812
2022 Mill Levy Certification for Collection in 2023	10.000	50.000
2021 Mill Levy Certification for Collection in 2022	11.132	55.664

2020 Mill Levy Certification for Collection in 2021	66.797	0.000
2019 Mill Levy Certification for Collection in 2020	66.333	0.000
2018 Mill Levy Certification for Collection in 2019	66.333	0.000
2017 Mill Levy Certification for Collection in 2018	60.000	0.000
2016 Mill Levy Certification for Collection in 2017	60.000	0.000

- i. For each year, compare the actual mill levy with the Service Plan estimate for that year. If Service Plan estimates are not available, indicate the same and report the actual mill levies.

Certification	Total Actual	Service Plan Estimate
2023 Mill Levy Certification for Collection in 2024	65.774	60.000
2022 Mill Levy Certification for Collection in 2023	60.000	60.000
2021 Mill Levy Certification for Collection in 2022	66.796	60.000
2020 Mill Levy Certification for Collection in 2021	66.797	60.000
2019 Mill Levy Certification for Collection in 2020	66.333	60.000
2018 Mill Levy Certification for Collection in 2019	66.333	60.000
2017 Mill Levy Certification for Collection in 2018	60.000	60.000
2016 Mill Levy Certification for Collection in 2017	60.000	0

2015 Mill Levy Certification for Collection in 2016	Not Organized	N/A
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k. Miscellaneous Taxes History.

- i. Report the annual miscellaneous tax revenue for the current year and for each of the seven (7) years prior to the current year. Break the tax revenue out by purpose (e.g., general operations, revenue- based obligations, debt by issue, contractual obligations, other)

See the attached tax history and revenue projection chart in **Exhibit E**.

- ii. For each year, compare the actual miscellaneous tax revenue with the Service Plan estimate for that year (if provided in Plan). If the Service Plan estimates are not available, indicate the same and report the actual taxes.

The service plan does not anticipate any miscellaneous tax revenue.

l. Estimated Assessed Valuation of District at 100% Build-Out.

- i. Provide an updated estimate and compare this with the Service Plan estimate.

Updated Estimate at 100% Build-Out: \$16,527,516

Service Plan Estimate: \$13,596,922

m. Estimated Amount of Additional General Obligation Debt to be Issued by the District between the End of Current Year and 100% Build-Out.

- i. Provide an updated estimate based on current events. Do not include refunding bonds.

Information regarding the issuance of additional general obligation debt is unknown at this time other than as estimated in the Service Plan.