

COTTONWOOD HIGHLANDS METROPOLITAN DISTRICT NO. 1

2021 ANNUAL REPORT TO THE TOWN OF PARKER

Pursuant to its Service Plan (Section VII) and by Section 10.11.040 of the Town Code, the Cottonwood Highlands Metropolitan District No. 1 (the “**District**”), by September 1 of each year, is required to provide an annual report to the Town of Parker with regard to the following matters:

1. A narrative summary of the progress of the District in implementing its Service Plan for the report year.

Home builders were active with the minor public improvement construction left to install within the District.

2. Except when 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 a 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 2021 Audit is attached.

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 Improvements in the report year, as well as any Public Improvements proposed to be undertaken in the five (5) years following the report year.

Public infrastructure construction was installed by the Developer (Lennar) and has been reimbursed by the District upon receipt of an independent engineering cost certification.

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 Debt, the amount and terms of any new Debt issued in the report year, the amount of payment or retirement of existing Debt of the District 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.

On April 24, 2019, the District issued 2019A Bond in the amount of \$14,970,000 and 2019B(3) Bond in the amount of \$4,185,000.

The District’s 2021 mill levy pledged to Debt retirement: 42.000

The District’s total 2021 assessed valuation: \$21,850,370

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

District budget see **Exhibit A**.

6. A summary of the residential and commercial development in the District for the report year.

The District is a residential only district. Public infrastructure construction along with residential home construction and sales occurred in 2021.

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

For 2021: \$42/month Operation Fees for Residential Units; and \$750 Working Capital Fee for Residential Units (upon each ownership transfer). In response to the Town's instructions, the District and HOAs are currently cooperating on a transition of the landscape maintenance services over to the HOAs which, upon completion of said transition, the District will terminate its operations fee and working capital fee. Transition is expected to be completed by end of 2022.

8. Certification of the Board that no action, event or condition enumerated in Town Code section 10.11.060 has occurred in the report year, or certification that such event has occurred but that an amendment to the Service Plan that allows such event has been approved by Town Council.

*Attached as **Exhibit B** is the certification given on behalf of Board of Directors that no action, event or condition enumerated in Section 10.11.060 occurred in 2021.*

9. The name, business address and telephone number of each member 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.

At the time of submission of this annual report:

*Jill Luchs (land owner/ developer- Lennar)
Debra Hessler (land owner/ developer-Lennar)
Jennifer Thornbloom (land owner/ developer-Lennar)
Ryan Foristal (Resident)*

District Manager: MSI, LLC, 6892 S Yosemite Court, Suite 2-101, Centennial, CO 80112

General Counsel: White Bear Ankele Tanaka & Waldron, 2154 E. Commons Avenue, Suite 2000, Centennial, CO 80122, (303) 858-1800.

Regular meetings are scheduled for the first Wednesday of March, June, September, and December, 2022 at 2:00 p.m. at 9193 South Jamaica Street, 4th Floor, Englewood, Colorado and/or via Zoom Teleconference.

10. Certification from the External Financial Advisor that the District is in compliance with all provisions of the Service Plan.

The District did not engaged an External Financial Advisor in 2021 as no privately placed debt was issued by the District

11. A Summary of any Litigation which involves the District's Public Improvements as of December 31.

To our actual knowledge, based on a review of the court records in Douglas County, Colorado, and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts as of December 31, 2021.

EXHIBIT A
BUDGET

EXHIBIT B

Certification on behalf of the Board of Directors

STATE OF COLORADO

COUNTY OF DOUGLAS

COTTONWOOD HIGHLANDS METROPOLITAN DISTRICTS NO. 1

White Bear Ankele Tanaka & Waldron P.C., acting general counsel and authorized representative for the Board of Directors of the above District for this annual report, hereby certifies, on the Board's behalf, that during the year 2021, no action, event or condition enumerated in Section 10.11.060 of the Town of Parker Code took place within the District's boundaries or for which the District was made aware, which would have required a service plan amendment as a change of a basic or essential nature. In 2022 the Town instructed the District to terminate its maintenance fee and working capital fee. The District and HOAs within the development are cooperating on transitioning the landscape maintenance services over to the HOAs and upon completion of said transition the District will terminate its fees in compliance with the Town's mandate.

WHITE BEAR ANKELE TANAKA & WALDRON

Attorneys at Law