

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2021

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 4,591,180
REVENUES			
Property taxes	-	21	400
Specific ownership tax	-	1	28
Interest income	-	-	6,300
Facilities Fees	-	-	47,500
Bond Premium - Series 2020A	-	107,838	-
Bond issuance - Series 2020A	-	4,810,000	-
Bond issuance - Series 2020B	-	843,000	-
Total revenues	-	5,760,860	54,228
TRANSFERS IN	-	724,971	-
Total funds available	-	6,485,831	4,645,408
EXPENDITURES			
General Fund	-	4	86
Debt Service Fund	-	-	233,477
Capital Projects Fund	-	1,169,676	3,870,991
Total expenditures	-	1,169,680	4,104,554
TRANSFERS OUT	-	724,971	-
Total expenditures and transfers out requiring appropriation	-	1,894,651	4,104,554
ENDING FUND BALANCES	\$ -	\$ 4,591,180	\$ 540,854
DEBT SERVICE RESERVE	-	378,250	378,250
SURPLUS FUND	-	18	42,354
CAPITALIZED INTEREST	-	346,721	120,250
TOTAL RESERVE	\$ -	\$ 724,989	\$ 540,854

No assurance provided. See summary of significant assumptions.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/22/21

ACTUAL	ESTIMATED	BUDGET
2019	2020	2021

ASSESSED VALUATION

Agricultural	\$	59	\$	415	\$	7,994
Certified Assessed Value	\$	59	\$	415	\$	7,994

MILL LEVY

General	0.000	10.000	10.000
Debt Service	0.000	40.000	40.000
Total mill levy	0.000	50.000	50.000

PROPERTY TAXES

General	\$	-	\$	4	\$	80
Debt Service		-		17		320
Budgeted property taxes	\$	-	\$	21	\$	400

BUDGETED PROPERTY TAXES

General	\$	-	\$	4	\$	80
Debt Service		-		17		320
	\$	-	\$	21	\$	400

No assurance provided. See summary of significant assumptions.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/22/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	4	80
Specific ownership tax	-	-	6
Total revenues	<u>-</u>	<u>4</u>	<u>86</u>
Total funds available	<u>-</u>	<u>4</u>	<u>86</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	2
Intergovernmental expenditures - District No. 1	-	4	84
Total expenditures	<u>-</u>	<u>4</u>	<u>86</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>4</u>	<u>86</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/22/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 724,989
REVENUES			
Property taxes	-	17	320
Specific ownership tax	-	1	22
Facilities fees	-	-	47,500
Interest income	-	-	1,500
Total revenues	<u>-</u>	<u>18</u>	<u>49,342</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>724,971</u>	<u>-</u>
Total funds available	<u>-</u>	<u>724,989</u>	<u>774,331</u>
EXPENDITURES			
Debt Service			
County Treasurer's fee	-	-	6
Bond interest	-	-	226,471
Paying agent fees	-	-	7,000
Total expenditures	<u>-</u>	<u>-</u>	<u>233,477</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>233,477</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ 724,989</u>	<u>\$ 540,854</u>
DEBT SERVICE RESERVE	\$ -	\$ 378,250	\$ 378,250
SURPLUS FUND	-	18	42,354
CAPITALIZED INTEREST	-	346,721	120,250
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 724,989</u>	<u>\$ 540,854</u>

No assurance provided. See summary of significant assumptions.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,

1/22/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 3,866,191
REVENUES			
Interest income	-	-	4,800
Bond Issuance - Series 2020A	-	4,810,000	-
Bond Issuance - Series 2020B	-	843,000	-
Bond Premium - Series 2020A	-	107,838	-
Total revenues	-	5,760,838	4,800
Total funds available	-	5,760,838	3,870,991
EXPENDITURES			
Capital Projects			
Intergovernmental expenditures - District No. 1	-	781,985	3,870,991
Cost of issuance	-	387,691	-
Total expenditures	-	1,169,676	3,870,991
TRANSFERS OUT			
Transfers to other fund	-	724,971	-
Total expenditures and transfers out requiring appropriation	-	1,894,647	3,870,991
ENDING FUND BALANCES	\$ -	\$ 3,866,191	\$ -

No assurance provided. See summary of significant assumptions.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Villages at Johnstown Metropolitan District No. 3 (District), a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized concurrently with Villages of Johnstown District Nos. 1-2 and 4-8 (collectively, the Districts) by order and decree of the District Court for Larimer County on May 30, 2018, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within Johnstown, Larimer County, Colorado.

Pursuant to the Consolidated Service Plan, District No. 1 will serve as the service district and will be responsible for managing the construction and operation of the facilities and improvements for the Districts. Districts Nos. 2-8 will serve as the financing districts and are responsible for providing the funding and tax base needed to support the capital improvements.

During the election held on May 8, 2018, a majority of the District's electors authorized general obligation indebtedness of \$1,190,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 8, 2018, the Districts' voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

The Consolidated Service Plan limits the aggregate amount of debt that may be issued by the Districts to \$72,500,000.

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 the taxes levied is displayed on the property tax summary information page of the budget.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 7% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.25%.

Expenditures

County Treasurer's Fees

County Treasurer's fees have been computed at 2.0% of property tax collections.

Debt Service

Principal and interest payments in 2021 are provided based on the debt amortization schedule from the Series 2020A Bonds (discussed under Debts and Leases). There is no debt amortization schedule provided for the Series 2020B Subordinate Bonds as the Bond is a cash flow bond and the timing of the payments are unknown.

Capital Outlay

The District anticipates capital outlay as outlined in the Capital Project Fund.

Transfers to Villages at Johnstown Metropolitan District No. 1

Pursuant to the District Coordinating Services Agreement, Villages at Johnston Metropolitan District No. 1 will provide certain operation, maintenance and administrative services benefitting the Districts. The Districts will pay all costs of such services through the imposition of ad valorem property taxes and transferring the net tax revenues to Villages at Johnston Metropolitan District No. 1.

Pursuant to the Infrastructure Acquisition and Reimbursement Agreement, and the Addendum to that agreement, between the District, Villages at Johnstown Metropolitan District No. 1, and J-25 Land Holdings, LLC ("the Developer"), Villages at Johnstown Metropolitan District No. 1 will acquire public infrastructure constructed or caused to be constructed by the Developer, and the District will be responsible for reimbursing the Developer. These funds will be transferred to Villages at Johnstown Metropolitan District No. 1 and reimbursed to the Developer from District No. 1 in accordance with this Agreement and Addendum.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

Series 2020 Bonds

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A on December 22, 2020, in the par amount of \$4,810,000 (the Senior Bonds). The District also issued Subordinate Limited Tax General Obligation Bonds, Series 2020B on December 22, 2020, in the par amount of \$843,000 (the Subordinate Bonds). Proceeds from the sale of the Senior Bonds were/will be used to (i) finance or reimburse the costs of public improvements related to a residential development in the Town; (ii) pay capitalized interest on the Senior Bonds; (iii) fund the Reserve Fund to the Reserve Requirement; and (iv) pay other costs in connection with the issuance of the Bonds. Proceeds of the Subordinate Bonds will be used to finance or reimburse the costs of public improvements related to the development.

Senior Bonds Details

The Senior Bonds bear interest at the rate of 5.000%, payable semi-annually on June 1 and December 1 (each an "Interest Payment Date"), beginning on June 1, 2021. The Senior Bonds were issued as a term bond that has annual mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2025. The Senior Bonds mature on December 1, 2050. To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge of the Senior Bonds on December 1, 2059 (the "Senior Bonds Discharge Date"). To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Senior Bond. In the event any amounts due on the Senior Bonds remain unpaid after the application of all Senior Pledged Revenue available on the Senior Bonds Discharge Date, such amounts shall be deemed discharged and shall no longer be due and outstanding.

Senior Pledged Revenue

The Senior Bonds are secured by and payable from the Senior Pledged Revenue, which means the moneys derived by the District from the following sources, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County: (a) the Senior Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; and (c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Senior Pledged Revenue.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 7.500% per annum and are payable annually on December 15, beginning December 15, 2021 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15. Principal on the Subordinate Bonds is to be paid on the Mandatory Redemption Date (each December 15) only to the extent Subordinate Pledged Revenue is available therefor.

All of the Subordinate Bonds and interest thereon are to be deemed to be discharged after the application of all available Subordinate Pledged Revenue on December 15, 2059 (the "Subordinate Bonds Discharge Date"), regardless of the amount of principal and interest paid prior to the Subordinate Bonds Discharge Date.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County, which includes: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax resulting from the Subordinate Required Mill Levy; (c) the Subordinate Capital Fee Revenue; (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2025, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2025, to November 30, 2026	3.00%
December 1, 2026, to November 30, 2027	2.00
December 1, 2027, to November 30, 2028	1.00
December 1, 2028, and thereafter	0.00

Senior Required Mill Levy

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy upon all taxable property of the District each year in an amount necessary to generate Senior Property Tax Revenues sufficient to pay the Senior Bonds when due and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 40 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018). For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy is to be equal to 40 mills (subject to adjustment), or such lesser amount that will generate Senior Property Tax Revenues (A) sufficient to pay the Senior Bonds when due, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund and the Reserve Fund, will pay the Senior Bonds in full in the year such levy is collected.

Subordinate Required Mill Levy

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy upon all taxable property in the District each year in an amount equal to (i) 40 mills (subject to adjustment for changes in the method of calculating assessed valuation after January 1, 2018) less the Senior Obligation Mill levy, or (ii) such lesser amount that will generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Subordinate Bonds in full in the year such levy is collected. Senior Obligation Mill Levy means the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

The District has no operating or capital leases.

**VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
2021 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has not provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2021, as defined under TABOR, because net tax revenue is transferred to District No. 1, the service district, which provides for the required reserve amount.

Debt Service Reserve

The District is required to maintain a debt service reserve of \$378,250 under the terms of the Bonds. This reserve was initially established from the proceeds of the Senior Bonds.

Debt Service Reserve (Surplus Fund)

The District is required to maintain a Surplus Fund from funds that exceed the current year debt service requirements as outlined in the terms of the Bonds. The Surplus Fund is not to exceed \$481,000 and shall be drawn in the event Pledged Revenues are insufficient to cover current year debt service requirements.

This information is an integral part of the accompanying budget.

VILLAGES AT JOHNSTOWN METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2021

<u>Year Ended</u> <u>December 31,</u>	Series 2020A Senior Bonds \$4,810,000 Interest Rate 5.00% Dated December 22, 2020		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	-	226,471	226,471
2022	-	240,500	240,500
2023	-	240,500	240,500
2024	-	240,500	240,500
2025	5,000	240,500	245,500
2026	65,000	240,250	305,250
2027	65,000	237,000	302,000
2028	75,000	233,750	308,750
2029	80,000	230,000	310,000
2030	90,000	226,000	316,000
2031	95,000	221,500	316,500
2032	105,000	216,750	321,750
2033	110,000	211,500	321,500
2034	120,000	206,000	326,000
2035	130,000	200,000	330,000
2036	140,000	193,500	333,500
2037	150,000	186,500	336,500
2038	165,000	179,000	344,000
2039	170,000	170,750	340,750
2040	185,000	162,250	347,250
2041	195,000	153,000	348,000
2042	215,000	143,250	358,250
2043	225,000	132,500	357,500
2044	240,000	121,250	361,250
2045	255,000	109,250	364,250
2046	275,000	96,500	371,500
2047	290,000	82,750	372,750
2048	310,000	68,250	378,250
2049	325,000	52,750	377,750
2050	730,000	36,500	766,500
	<u>\$ 4,810,000</u>	<u>\$ 5,299,221</u>	<u>\$ 10,109,221</u>

No assurance provided. See summary of significant assumptions.