

**2023 ANNUAL REPORT
BNC METROPOLITAN DISTRICT NO. 3**

As required by Section 32-1-207(3)(c), C.R.S. and Section VII of the District's Service Plan, the following report of the activities of BNC Metropolitan District No.3 (the "**District**") from January 1, 2023 to December 31, 2023 is hereby submitted.

- A. Boundary changes made: No boundary changes were made or proposed during 2023.
- B. Intergovernmental Agreements entered into or terminated: The District amended the Cost Sharing Intergovernmental Agreement with BNC Metropolitan District No. 1 and 2.
- C. Access information to obtain a copy of rules and regulations adopted: The District adopted a policy related to the Colorado Open Records Act Requests to amend the Policy due to the legislative changes. Copies of the rules and regulations of the Districts, if any, may be accessed on the District's website: <https://bncmetrodistrict3.com/>
- D. Summary of litigation involving the District's public improvements: There is no litigation of which we are aware, currently pending or anticipated, involving the District.
- E. Status of the District's construction of public improvements: There were various public improvements for Peoria Parkway and the drainage channel and detention pond, (to include wet and dry utilities, storm, grading, concrete, asphalt, signage and striping), completed during 2023.
- F. Conveyances or dedications of facilities or improvements, constructed by the District, to the City of Commerce City: The above referenced public improvements were all accepted by Commerce City in 2023.
- G. Final assessed valuation of the District for the reporting year: \$534,920
- H. Current year's budget: A copy of the District's 2024 budget is attached hereto as **Exhibit A**.
- I. Audited financial statements for the reporting year (or application for exemption from audit): A copy of the 2023 Audited Financial Statements will be provided when completed.
- J. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument: To our knowledge, there are no uncured events of default by the District which continue beyond a ninety (90) day period.

K. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continues beyond a ninety (90) day period: To our knowledge, the District has been able to pay its obligations as they come due.

EXHIBIT A
2024 BUDGET

BNC METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

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

12/18/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 4,045,521	\$ 9,441,398	\$ 4,252,178
REVENUES			
Property taxes	38,895	4,984	37,517
Specific ownership taxes	2,645	579	2,627
Interest income	69,757	350,000	210,000
Developer advance	11,307,666	6,721,082	3,653,000
Bond issuance	16,605,298	-	-
Total revenues	<u>28,024,261</u>	<u>7,076,645</u>	<u>3,903,144</u>
Total funds available	<u>32,069,782</u>	<u>16,518,043</u>	<u>8,155,322</u>
EXPENDITURES			
General Fund	60,873	105,000	163,000
Debt Service Fund	-	-	7,417
Capital Projects Fund	22,567,511	12,160,865	7,961,763
Total expenditures	<u>22,628,384</u>	<u>12,265,865</u>	<u>8,132,180</u>
Total expenditures and transfers out requiring appropriation	<u>22,628,384</u>	<u>12,265,865</u>	<u>8,132,180</u>
ENDING FUND BALANCES	<u>\$ 9,441,398</u>	<u>\$ 4,252,178</u>	<u>\$ 23,142</u>
EMERGENCY RESERVE	<u>\$ 1,246</u>	<u>\$ 200</u>	<u>\$ 400</u>

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

12/18/23

ACTUAL	ESTIMATED	BUDGET
2022	2023	2024

ASSESSED VALUATION

Agricultural	\$ 1,980	\$ 4,090	\$ 2,850
State assessed	5,390	4,340	4,770
Vacant land	-	-	403,460
Personal property	546,180	62,640	123,840
Certified Assessed Value	\$ 553,550	\$ 71,070	\$ 534,920

MILL LEVY

General	70.135	70.135	18.148
Debt Service	0.000	0.000	51.987
Total mill levy	70.135	70.135	70.135

PROPERTY TAXES

General	\$ 38,823	\$ 4,984	\$ 9,708
Debt Service	-	-	27,809
Levied property taxes	38,823	4,984	37,517
Adjustments to actual/rounding	72	-	-
Budgeted property taxes	\$ 38,895	\$ 4,984	\$ 37,517

BUDGETED PROPERTY TAXES

General	\$ 38,895	\$ 4,984	\$ 9,708
Debt Service	-	-	27,809
	\$ 38,895	\$ 4,984	\$ 37,517

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

12/18/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ (5,815)	\$ (9,648)	\$ 415
REVENUES			
Property taxes	38,895	4,984	9,708
Specific ownership taxes	2,645	579	680
Developer advance	15,500	109,500	153,000
Total revenues	57,040	115,063	163,388
Total funds available	51,225	105,415	163,803
EXPENDITURES			
General and administrative			
Accounting	18,360	24,000	25,000
Auditing	5,500	6,100	7,000
County Treasurer's fees	583	75	146
Directors' fees	200	300	200
Dues and membership	312	311	400
Insurance	2,481	3,271	4,500
District management	14,535	15,000	17,000
Legal	17,366	25,000	25,000
Legal - Special Counsel	-	25,000	25,000
Miscellaneous	315	1,000	1,000
Election	1,221	928	-
Contingency	-	4,015	2,654
Operations and maintenance			
Landscaping	-	-	30,000
Repairs and maintenance	-	-	1,000
Pest control	-	-	1,000
Pet waste service	-	-	1,500
Snow removal	-	-	6,000
Water/ irrigation	-	-	11,400
Electricity	-	-	1,200
Storm drainage maintenance	-	-	3,000
Total expenditures	60,873	105,000	163,000
Total expenditures and transfers out requiring appropriation	60,873	105,000	163,000
ENDING FUND BALANCES	\$ (9,648)	\$ 415	\$ 803
EMERGENCY RESERVE	\$ 1,246	\$ 200	\$ 400

No assurance provided. See summary of significant assumptions.

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

12/18/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	-	27,809
Specific ownership taxes	-	-	1,947
Total revenues	<u>-</u>	<u>-</u>	<u>29,756</u>
Total funds available	<u>-</u>	<u>-</u>	<u>29,756</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	-	-	417
Paying agent fees	-	-	7,000
Total expenditures	<u>-</u>	<u>-</u>	<u>7,417</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>-</u>	<u>7,417</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,339</u>

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

12/18/23

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 4,051,336	\$ 9,451,046	\$ 4,251,763
REVENUES			
Interest income	69,757	350,000	210,000
Developer advance	11,292,166	6,611,582	3,500,000
Bond issuance	16,605,298	-	-
Total revenues	27,967,221	6,961,582	3,710,000
Total funds available	32,018,557	16,412,628	7,961,763
EXPENDITURES			
General and Administrative			
Bond issue costs	288,553	31,050	-
Engineering	6,683	10,000	10,000
Capital Projects			
Repay Developer advance	10,980,109	5,508,233	-
Capital outlay	11,292,166	6,611,582	7,951,763
Total expenditures	22,567,511	12,160,865	7,961,763
Total expenditures and transfers out requiring appropriation	22,567,511	12,160,865	7,961,763
ENDING FUND BALANCES	\$ 9,451,046	\$ 4,251,763	\$ -

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

Services Provided

The District, a quasi-municipal corporation, was formed by Court Order issued on January 8, 2004 and recorded on January 27, 2004 and is governed pursuant to provisions of the Colorado Special District Act. The District's service area is located in Commerce City, Adams County, Colorado.

The District was established to provide for acquisition, construction, and installation of water, sanitation, drainage, street improvements, parks and recreational facilities, television relay and translation, and mosquito control.

On November 4, 2003, voters of the District elected to approve general obligation indebtedness not to exceed \$60,000,000 at an interest rate not to exceed 15%. They also passed an election question to increase property taxes \$500,000 annually, without limitation of rate, to pay the District's operations, maintenance and other expenses. Additionally, the District's electors authorized the District to collect, retain and spend all revenue, other than ad valorem taxes, without regard to any limitations under TABOR.

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 sales 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 District is required to impose a maximum Required Mill Levy of 51.987 mills for collection in 2024. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount to pay the principal, premium if any, and interest on the Bonds as the same become due and payable [and to make up and deficiencies in the Reserve Fund].

The calculation of the taxes levied is displayed on Property Tax Summary page of the budget at the adopted total mill levy of 70.135 mills.

**BNC 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 7% of the property taxes collected.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by the Developer. A major portion of the capital expenditures are also expected to be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5%.

Expenditures

Administrative and Operating Expenditures

General and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Operations and maintenance expenditures related to streetscape, landscaping, snow removal, and utilities are also included.

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

Expenditures (continued)

County Treasurer’s Fees

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

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects fund.

Debt and Leases

On December 29, 2022 the District issued the Limited Tax General Obligation Bonds, Series 2022A (the "Senior Bonds") and Subordinate Cash Flow Bonds, Series 2022B (the "Subordinate Bonds"), in the respective amounts of \$11,815,297.50 and \$4,790,000.

Proceeds of the Senior and Subordinate Bonds will be used for the purpose of paying Project Costs, which are the costs attributing to the acquisition, construction, and installation of approved public facilities and costs of issuing the Senior and Subordinate Bonds.

The District has outstanding Developer advances. The anticipated Developer advances are as follows:

	Balance - December 31, 2022	Additions	Reductions	Balance - December 31, 2023*	Additions	Reductions	Balance - December 31, 2024*
Developer Advances:							
Operations	\$ 241,141	\$ 109,500	\$ -	\$ 350,641	\$ 153,000	\$ -	\$ 503,641
Capital	312,057	6,611,582	5,443,233	1,480,406	3,500,000	-	4,980,406
Accrued Interest on Developer Advances:							
Operations	143,247	23,671	-	166,918	34,171	-	201,090
Capital	137	71,699	65,000	6,836	258,432	-	265,268
Total	\$ 696,582	\$ 6,816,452	\$ 5,508,233	\$ 2,004,801	\$ 3,945,604	\$ -	\$ 5,950,405

*Estimated balances

Reserves

Emergency Reserve Funds

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

This information is an integral part of the accompanying budget.

BNC METROPOLITAN DISTRICT NO. 3

\$11,815,297.50 (Value at Issuance)
 \$12,750,000 (Value at Conversion Date)
 General Obligation Limited Tax
 Convertible Capital Appreciation Bonds
 Series 2022A
 Dated December 29, 2022
 Interest Rate 4.00%
 Principal Due December 1
 Interest Payable June 1 and December 1

<u>Year Ending December 31.</u>	<u>Value at Issuance</u>	<u>Accretion</u>	<u>Accreted Value</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$11,815,297.50	\$ 495,210	\$ 12,750,000	\$ -	\$ -	\$ -
2025				-	510,000	510,000
2026				180,000	510,000	690,000
2027				200,000	502,800	702,800
2028				225,000	494,800	719,800
2029				230,000	485,800	715,800
2030				255,000	476,600	731,600
2031				265,000	466,400	731,400
2032				290,000	455,800	745,800
2033				305,000	444,200	749,200
2034				330,000	432,000	762,000
2035				345,000	418,800	763,800
2036				375,000	405,000	780,000
2037				390,000	390,000	780,000
2038				420,000	374,400	794,400
2039				435,000	357,600	792,600
2040				470,000	340,200	810,200
2041				490,000	321,400	811,400
2042				525,000	301,800	826,800
2043				545,000	280,800	825,800
2044				585,000	259,000	844,000
2045				605,000	235,600	840,600
2046				650,000	211,400	861,400
2047				675,000	185,400	860,400
2048				720,000	158,400	878,400
2049				745,000	129,600	874,600
2050				795,000	99,800	894,800
2051				825,000	68,000	893,000
2052				875,000	35,000	910,000
Total				<u>\$ 12,750,000</u>	<u>\$ 9,350,600</u>	<u>\$ 22,100,600</u>

No assurance provided. See summary of significant assumptions.

EXHIBIT B
2023 AUDIT