

## 2022 ANNUAL REPORT TO THE CITY OF COLORADO SPRINGS

Pursuant to the Amended and Restated Service Plan for The Sands Metropolitan District Nos. 1-3 (collectively, the “District” or “Districts”), the Districts are required to submit an annual report to the Director of the City’s Budget Department, as follows:

### **Please provide the following additional information:**

1. Boundary changes made or proposed to the Districts’ boundaries as of December 31 of the prior year.

There were no boundary changes during the report year.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed, as of December 31 of the prior year.

An Intergovernmental Agreement re District Operations and Outstanding Reimbursement Obligations between The Sands Metropolitan District Nos. 1, 2, 3 and 4 was entered into on December 13, 2016.

An Intergovernmental Agreement between the City of Colorado Springs and The Sands Metropolitan District Nos. 1-3 was entered into on June 6, 2018.

No other IGAs exist at this time.

3. Copies of the Districts’ Rules and Regulations, if any, as of December 31 of the prior year.

There are no Rules and Regulations in existence for the District.

4. A summary of any litigation which involves the Public Improvements as of December 31 of the prior year.

There is no litigation, notices of claim, pending or threatened, against the District of which we are aware.

5. Status of the District’s construction of the Public Improvements as of December 31 of the prior year.

The Sands Subdivision 1<sup>st</sup> Filing public improvements have been completed and certified to the District during the reporting period. The District engineer has certified that those public improvements were installed per approved plans submitted and approved by the City. The remaining improvements are currently under construction pending final completion.

6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.

To the best of our knowledge and belief, water, sewer, street and storm drainage improvements related to the Sands Subdivision 1<sup>st</sup> Filing were completed in accordance with the approved plans and plat on file with and approved by the City, and completed improvements were dedicated to the City for acceptance during the reporting year. For the 2021 report year, the improvements were substantially completed and the improvements for the 1<sup>st</sup> Filing as of August 2020; the Developer continues to construct improvements needed for the development in accordance with plans approved by the City. Once completed, public improvements will be dedicated to the City or the District as appropriate, in accordance with approved development plans of the City.

7. The assessed valuation of the District for the current year.

District 1: \$814,190

District 2: \$7,422,440

District 3: \$2,678,970

8. Current year budget including a description of the Public Improvements to be constructed in such year.

The 2023 budgets are attached hereto as **Exhibit A**.

9. Audit of the Districts, and any entity formed by one or more of the Districts, and financial statements for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

Revenues and expenditures for District Nos. 1-3 were each less than \$750,000 in 2022, and exemptions from audit for the report year will be filed by the March 31 deadline. Copies of the exemption applications can be obtained through the state auditor's online portal: <https://apps.leg.co.gov/osa/lg/submissions/search>.

10. Notice of any uncured events of default by any of the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

None.

11. Any inability of a District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

None.

12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

Attached hereto as **Exhibit B**.

Dated: March 31, 2023

/s/ David S. O'Leary  
David S. O'Leary, Counsel for the District

**EXHIBIT A**  
**2023 BUDGETS**

LETTER OF BUDGET TRANSMITTAL

Date: January 14, 2023

To: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Attached are the 2023 budget and budget message for THE SANDS METROPOLITAN DISTRICT NO. 1 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 28, 2022. If there are any questions on the budget, please contact:

Carrie Bartow  
CliftonLarsonAllen LLP  
8390 Crescent Pkwy., Ste. 300  
Greenwood Village, CO 80111  
Tel.: (303) 779-5710

I, S. Alan Vancil as Secretary of The Sands Metropolitan District No. 1, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: S. Alan Vancil

**RESOLUTION**  
**TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,**  
**AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY**  
**THE SANDS METROPOLITAN DISTRICT NO. 1**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SANDS METROPOLITAN DISTRICT NO. 1, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of The Sands Metropolitan District No. 1 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 28, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$9,325; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$ 0 ; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$ 37,300 ; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 814,190; and

WHEREAS, at an election held on November 8, 2016, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANDS METROPOLITAN DISTRICT NO. 1 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of The Sands Metropolitan District No. 1 for calendar year 2023.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 11.453 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget

year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 45.812 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.



ADOPTED this 28th day of November, 2022.

THE SANDS METROPOLITAN DISTRICT NO. 1

*Jeff Mark*

\_\_\_\_\_  
President

ATTEST:

*S. Alan Vancil*

\_\_\_\_\_  
Secretary

<b>The Sands Metropolitan District No. 1</b>			
<b>General Fund Budget</b>			
<b>Year Ended 12/31/2023</b>			
<b>Modified Accrual Basis</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
			<b>Proposed</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ (2,802)	\$ 39,400	\$ 61,448
<b>REVENUES</b>			
Property Tax	975	1,179	9,325
Specific Ownership Tax	114	123	970
Setup Fee	10,650	3,900	3,900
Status Letter	7,100	2,800	2,800
Design Fee	3,100	250	250
Homeowner Fees	117,845	64,750	55,200
Homeowner Fines	201	1,301	-
Intergovernmental revenue from District 2	28,710	79,815	93,085
Intergovernmental revenue from District 4	5,762	6,227	12,093
<b>Total Revenues</b>	<b>174,457</b>	<b>160,344</b>	<b>177,623</b>
<b>EXPENDITURES</b>			
<b>General Management</b>			
County Collection Fee - 1.5% of Property Tax	15	18	20
Accounting	18,961	12,000	15,000
Audit	10,250	-	-
Legal	8,343	12,000	10,000
Election Expense	-	-	5,000
District Management	22,104	24,000	30,000
Insurance	6,254	4,074	5,142
Setup Fee	10,500	3,900	3,900
Status Letter	7,050	2,800	2,800
Design Fee	3,000	250	250
Dues and subscriptions	415	954	1,000
Contingent Expenses	-	1,000	1,000
<b>Total General Management</b>	<b>86,892</b>	<b>60,996</b>	<b>74,112</b>
<b>Maintenance</b>			
Landscape maintenance	21,643	36,300	37,752
Drainage maintenance	1,738	5,000	10,000
Landscape repairs	13,449	10,000	20,000
Landscape water & Streetlights	6,889	25,000	27,000
Snow Removal	780	1,000	5,000
Streetlights	864	-	-
<b>Total Maintenance</b>	<b>45,363</b>	<b>77,300</b>	<b>99,752</b>
<b>Total Expenses</b>	<b>132,255</b>	<b>138,296</b>	<b>173,864</b>
<b>Excess of Revenues over Expenditures</b>	<b>42,202</b>	<b>22,048</b>	<b>3,759</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 39,400</b>	<b>\$ 61,448</b>	<b>\$ 65,207</b>
<b>Emergency Reserve - 3% of Revenues</b>	<b>\$ 5,234</b>	<b>\$ 4,810</b>	<b>\$ 5,329</b>
<b>Unrestricted Fund Balance</b>	<b>34,166</b>	<b>56,638</b>	<b>59,878</b>

<b>The Sands Metropolitan District No. 1</b>			
<b>Capital Fund Budget</b>			
<b>Year Ended 12/31/2023</b>			
<b>Modified Accrual Basis</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Proposed Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ 224,203	\$ 229	-
<b>REVENUES</b>			
Property Tax	3,899	4,717	37,300
Specific Ownership Tax	458	489	3,879
Intergovernmental revenue from District 4	-	-	6,450,000
Contingency	-	-	10,000
<b>Total Revenues</b>	<b>4,357</b>	<b>5,206</b>	<b>6,501,179</b>
<b>EXPENDITURES</b>			
County Collection Fee - 1.5% of Property Tax	58	71	560
Development Costs - District 4			6,450,000
Contingency Expense		-	10,000
<b>Total Capital Expenditures</b>	<b>58</b>	<b>71</b>	<b>6,460,560</b>
Excess of Revenues over Expenditures	4,299	5,166	40,619
Transfer to District 2 Debt Service Fund	(228,273)	(5,395)	(40,619)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(223,974)</b>	<b>(229)</b>	<b>-</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 229</b>	<b>-</b>	<b>-</b>

<b>The Sands Metropolitan District No. 1 - 4</b>					
<b>Property Taxes</b>					
<b>2022 Valuations for 2023 Taxes</b>					
		District #	District #	District #	District #
		358	359	360	361
	Combined	District No. 1	District No. 2	District No. 3	District No. 4
Vacant Residential Land - Market Value	3,340,470	307,583	34,483	2,406,220	592,184
Percentage	29%	29%	29%	29%	29%
Assessed Value	968,110	89,200	10,020	697,800	171,090
Residential Land & Improvements - Market Value	106,512,000	-	106,512,000	-	-
Percentage	6.95%	6.95%	6.95%	6.95%	6.95%
Assessed Value	7,402,710	-	7,402,710	-	-
Commercial	9,320,591	2,499,976	9,511	6,811,104	2,753,232
Percentage	29%	29%	29%	29%	29%
Assessed Value	3,501,370	724,990	2,760	1,975,190	798,430
Natural Resources					279
Percentage					29%
Assessed Value					80
State Assessed	-	-	23,966	20,621	
Percentage	29%	29%	29%	29%	29%
Assessed Value	12,930	-	6,950	5,980	
Total Assessed Value - Prelim as of 8/25/22	11,885,120	814,190	7,422,440	2,678,970	969,600
Mill Levies		57.265	57.265	35.000	57.265
2022 Property Tax to be paid in 2023	620,959	46,625	425,046	93,764	55,524
<b>Property Tax based on Mill Levy</b>					
Debt Service	384,456		340,037		44,419
Contractual Obligations	131,064	37,300		93,764	
Operations & Maintenance	105,439	9,325	85,009	-	11,105
Total	620,959	46,625	425,046	93,764	55,524
<b>Mill Levy Charged</b>					
Debt Service			45.812		45.812
Contractual Obligations		45.812		35.000	
Operations & Maintenance		11.453	11.453	-	11.453
Total		57.265	57.265	35.000	57.265

# THE SANDS METROPOLITAN DISTRICT NO. 1

## 2023 BUDGET MESSAGE

The Sands Metropolitan District No. 1 (the “District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in November 2016 in El Paso County. The District, along with Districts 2 and 3, annexed into the City of Colorado Springs, CO in 2018. The District was established as part of a “Multiple District Structure” for The Sands community and is generally located as follows: (i) Districts 1, 2 and 3 are located adjacent and to the North and East of the intersection of Constitution Avenue and Marksheffel Road (“Constitution/Marksheffel Parcel”); and (ii) District 4 is located to the North and West of the adjacent Highway 24 and North and East of the intersection of Highway 24 and Highway 94 (“Highway 24/94 Parcel”). Overall, the Districts’ proposed boundaries are estimated to include approximately 116.046 acres of land (more or less) in its initial boundaries (approximately 114.304 acres comprising the Constitution/Marksheffel Parcel and approximately 1.742 acres comprising the Highway 24/94 Parcel), entirely within El Paso County, State of Colorado. Along with its companion Districts Nos. 2 and 3 (“Financing Districts”) this “Service District” was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for a non-potable water system, streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

The District has no employees at this time and all operations and administrative functions are contracted.

The following budget is prepared on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

## **2023 BUDGET STRATEGY**

### **GENERAL FUND**

#### **REVENUES**

1. The primary source of revenue for the District General Fund in 2023 will be Homeowner Fees. The homeowners will be assessed a \$250 annual fee to cover the shortfall of revenue over expenses in 2023.
2. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for Operations and Maintenance at 11.453 mills.
3. Specific ownership taxes are budgeted at 10.4% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.
4. Fees are charged by the Management company for the setup of new homeowner, to provide status letters to title companies and for design fees. These fees are then paid to the Management company.

# THE SANDS METROPOLITAN DISTRICT NO. 1

## 2023 BUDGET MESSAGE

5. Intergovernmental revenue is budgeted for General Fund tax revenue from The Sands Metropolitan Districts #2 and #4 transferred to District #1. Districts #2 has assessed 11.453 mills and District #4 has assessed 11.453 mills for Operations and Maintenance for 2023. The related property tax revenue and an allocation of specific ownership tax at 11% of the Property Tax are included in this budgeted revenue.

### **EXPENDITURES**

Expenditures include the operating and maintenance costs for Districts #1 – #4 since all of the net operating tax revenues of Districts #2 – #4 are transferred to District #1 as intergovernmental revenue.

1. Accounting fees include the monthly accounting for the District and the costs of the accounting firm to prepare periodic and annual financial statements, and to record mill levy certifications and budgets with regulatory authorities.
2. Legal fees are estimated based on the annual requirements of the District.
3. District Management costs are based on the contract with the Management Company.
4. Insurance is the estimated charges from the Colorado Special Districts Property and Liability Insurance Pool.
5. Landscape maintenance, repairs and water are for maintenance of the common areas and drainage facilities within the Districts.
6. Streetlight costs include the electric utilities to operate them.
7. A contingency expense is budgeted at \$1,000 for unexpected expenses.

### **CAPITAL FUND REVENUES**

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for District #1 Contractual Obligations at 45.812 mills.
2. Specific ownership taxes are budgeted at 11% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.

### **EXPENDITURES**

1. County property tax collection fee is based on 1.5% of the property tax received.
2. The Capital Fund has development costs related to District #4 Capital Fund in 2023
3. The Capital Fund has budgeted a transfer to District #2 Capital Fund in 2023.

### **DEBT AND LEASES**

The District has no debt, nor any operating or capital leases.

**THE SANDS METROPOLITAN DISTRICT NO. 1**

**2023 BUDGET MESSAGE**

**RESERVES**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of revenues, excluding Developer Loan Proceeds.

# CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of El Paso County, Colorado.

On behalf of the The Sands Metropolitan District No. 1,  
(taxing entity)<sup>A</sup>

the Board of Directors  
(governing body)<sup>B</sup>

of the The Sands Metropolitan District No. 1  
(local government)<sup>C</sup>


**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 814,190 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 814,190 (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/08/2022 for budget/fiscal year 2023.  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	11.453 mills	\$ 9,325
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b>11.453</b> mills	<b>\$ 9,325</b>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	45.812 mills	\$ 37,300
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
<b>TOTAL:</b> <small>[ Sum of General Operating Subtotal and Lines 3 to 7 ]</small>	<b>57.265</b> mills	<b>\$ 46,625</b>

Contact person: Seef Le Roux Daytime phone: (719) 635 - 0330

Signed:  Title: Accountant for the District

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.  
<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).



**CERTIFICATION OF TAX LEVIES, continued**

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>J</sup>:**

- 1. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_
  
- 2. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

**CONTRACTS<sup>K</sup>:**

- 3. Purpose of Contract: Contractual Obligation to The Sands Metropolitan District No. 2  
Title: Capital Pledge Agreement  
Date: September 15, 2020  
Principal Amount: \$12,315,000  
Maturity Date: December 1, 2050  
Levy: 45.812  
Revenue: \$37,300
  
- 4. Purpose of Contract: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

LETTER OF BUDGET TRANSMITTAL

Date: January 14, 2023

To: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Attached are the 2023 budget and budget message for THE SANDS METROPOLITAN DISTRICT NO. 2 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 28, 2022. If there are any questions on the budget, please contact:

Carrie Bartow  
CliftonLarsonAllen LLP  
8390 Crescent Pkwy., Ste. 300  
Greenwood Village, CO 80111  
Tel.: (303) 779-5710

I, S. Alan Vancil as Secretary of The Sands Metropolitan District No. 2, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: S. Alan Vancil

**RESOLUTION**  
**TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,**  
**AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY**  
**THE SANDS METROPOLITAN DISTRICT NO. 2**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SANDS METROPOLITAN DISTRICT NO. 2, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of The Sands Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 28, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$85,009; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$ 340,037; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$ 0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 7,422,440 ; and

WHEREAS, at an election held on November 8, 2016, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANDS METROPOLITAN DISTRICT NO. 2 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of The Sands Metropolitan District No. 2 for calendar year 2023.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 11.453 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby

levied a tax of 45.812 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

ADOPTED this 28th day of November, 2022.

THE SANDS METROPOLITAN DISTRICT NO. 2

*Jeff Mark*  
\_\_\_\_\_  
President

ATTEST:

*S. Alan Vancil*  
\_\_\_\_\_  
Secretary

<b>The Sands Metropolitan District No. 2</b>			
<b>General Fund Budget</b>			
<b>Year Ended 12/31/2023</b>			
<b>Modified Accrual Basis</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
			<b>Proposed</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ -	-
<b>REVENUES</b>			
Property Tax	26,031	73,294	85,009
Interest on Delinquent Tax	13	19	-
Specific Ownership Tax	3,057	7,601	9,351
Contingency Income	-	200	200
Total Revenues	29,101	81,114	94,560
<b>EXPENDITURES</b>			
County Collection Fee - 1.5% of Property Tax	391	1,099	1,275
Intergov Expense - District 1 General Fund	28,710	79,815	93,085
Contingency Expense	-	200	200
Total Expenses	29,101	81,114	94,560
Excess of Revenues over Expenditures	-	-	-
<b>ENDING FUND BALANCE</b>	\$ -	-	-

<b>The Sands Metropolitan District No. 2</b>			
<b>Debt Service Fund Budget</b>			
<b>Year Ended 12/31/2023</b>			
<b>Modified Accrual Basis</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
			<b>Proposed</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ 12,591	\$ 2,815	\$ 442
<b>REVENUES</b>			
Property Tax	104,120	293,172	340,037
Interest on Delinquent Tax	51	106	-
Specific Ownership Tax	12,227	25,659	35,364
Intergov Revenue District No. 1 Capital Fund	228,273	5,395	40,619
Intergov Revenue District No. 3 Capital Fund	9,329	72,693	102,109
Contingency Income	-	-	1,000
<b>Total Revenues</b>	<b>354,000</b>	<b>397,025</b>	<b>519,129</b>
<b>EXPENDITURES</b>			
County Collection Fee - 1.5% of Property Tax	1,563	4,398	5,101
Bond interest expense	362,213	395,000	512,000
Contingency Expense	-	-	1,000
<b>Total Expenses</b>	<b>363,776</b>	<b>399,398</b>	<b>518,101</b>
<b>Excess of Revenues over Expenditures</b>	<b>(9,776)</b>	<b>(2,374)</b>	<b>1,028</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 2,815</b>	<b>\$ 442</b>	<b>\$ 1,470</b>



<b>The Sands Metropolitan District No. 1 - 4</b>					
<b>Property Taxes</b>					
<b>2022 Valuations for 2023 Taxes</b>					
		District #	District #	District #	District #
		358	359	360	361
	Combined	District No. 1	District No. 2	District No. 3	District No. 4
Vacant Residential Land - Market Value	3,340,470	307,583	34,483	2,406,220	592,184
Percentage	29%	29%	29%	29%	29%
Assessed Value	968,110	89,200	10,020	697,800	171,090
Residential Land & Improvements - Market Value	106,512,000	-	106,512,000	-	-
Percentage	6.95%	6.95%	6.95%	6.95%	6.95%
Assessed Value	7,402,710	-	7,402,710	-	-
Commercial	9,320,591	2,499,976	9,511	6,811,104	2,753,232
Percentage	29%	29%	29%	29%	29%
Assessed Value	3,501,370	724,990	2,760	1,975,190	798,430
Natural Resources					279
Percentage					29%
Assessed Value					80
State Assessed	-	-	23,966	20,621	
Percentage	29%	29%	29%	29%	29%
Assessed Value	12,930	-	6,950	5,980	
Total Assessed Value - Prelim as of 8/25/22	11,885,120	814,190	7,422,440	2,678,970	969,600
Mill Levies		57.265	57.265	35.000	57.265
2022 Property Tax to be paid in 2023	620,959	46,625	425,046	93,764	55,524
<b>Property Tax based on Mill Levy</b>					
Debt Service	384,456		340,037		44,419
Contractual Obligations	131,064	37,300		93,764	
Operations & Maintenance	105,439	9,325	85,009	-	11,105
Total	620,959	46,625	425,046	93,764	55,524
<b>Mill Levy Charged</b>					
Debt Service			45.812		45.812
Contractual Obligations		45.812		35.000	
Operations & Maintenance		11.453	11.453	-	11.453
Total		57.265	57.265	35.000	57.265

## THE SANDS METROPOLITAN DISTRICT NO. 2

### 2023 BUDGET MESSAGE

The Sands Metropolitan District No. 2 (the “District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in November 2016 in El Paso County. The District, along with Districts 1 and 3, annexed into the City of Colorado Springs, CO in 2018 and have their own Service Plan. District 4 is in El Paso County and is governed by a separate Service Plan. The District was established as part of a “Multiple District Structure” for The Sands community and is generally located as follows: (i) Districts 1, 2 and 3 are located adjacent and to the North and East of the intersection of Constitution Avenue and Marksheffel Road (“Constitution/Marksheffel Parcel”); Overall, the Districts’ proposed boundaries are estimated to include approximately 114.304 acres of land (more or less) in its initial boundaries entirely within the City of Colorado Springs, El Paso County, State of Colorado. Along with its companion Districts Nos. 1 and 3, this “Service District” was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for a non-potable water system, streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

The District has no employees at this time and all operations and administrative functions are contracted.

The following budget is prepared on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

### **2023 BUDGET STRATEGY**

#### **GENERAL FUND**

#### **REVENUES**

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for Operations and Maintenance at 11.453 mills.
2. Specific ownership taxes are budgeted at 11% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.
3. Contingency income is budgeted for possible additional specific ownership taxes.

#### **EXPENDITURES**

1. County property tax collection fee is based on 1.5% of the property tax received.
2. Net tax revenues are paid as Intergovernmental Expenses to the General Fund in The Sands Metropolitan District # 1.
3. Contingency expense is budgeted for possible additional intergovernmental expenses.

## THE SANDS METROPOLITAN DISTRICT NO. 2

### 2023 BUDGET MESSAGE

#### **CAPITAL FUND**

#### **REVENUES & EXPENDITURES**

No revenues or expenditures are budgeted for the Capital Fund for 2023

#### **DEBT AND LEASES**

#### **REVENUES**

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for Debt Service at 45.812 mills.
2. Specific ownership taxes are budgeted at 11% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.
3. Intergovernmental revenue is budgeted from Districts #1 and #3 for their pledged revenue to the District #2 debt.
4. Contingency income is budgeted for possible additional specific ownership taxes.

#### **EXPENDITURES**

1. County property tax collection fee is based on 1.5% of the property tax received.
2. Bond interest is based on the available funds to pay the interest.
3. Contingency Expense is budgeted for possible additional interest expense.

#### **RESERVES**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of revenues, excluding Developer Loan Proceeds.

## CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of El Paso County, Colorado.

On behalf of the The Sands Metropolitan District No. 2,  
(taxing entity)<sup>A</sup>

the Board of Directors  
(governing body)<sup>B</sup>

of the The Sands Metropolitan District No. 2  
(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 7,422,440 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 7,422,440 (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/08/2022 for budget/fiscal year 2023.  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	<u>11.453</u> mills	\$ <u>85,009</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b><u>11.453</u> mills</b>	<b><u>\$ 85,009</u></b>
3. General Obligation Bonds and Interest <sup>J</sup>	<u>45.812</u> mills	\$ <u>340,037</u>
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> <small>[ Sum of General Operating Subtotal and Lines 3 to 7 ]</small>	<b><u>57.265</u> mills</b>	<b><u>\$ 425,046</u></b>

Contact person: Seef Le Roux Daytime phone: (719) 635 - 0330

Signed:  Title: Accountant for the District

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.  
<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**CERTIFICATION OF TAX LEVIES, continued**

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>J</sup>:**

- |    |                   |                                                  |
|----|-------------------|--------------------------------------------------|
| 1. | Purpose of Issue: | Public Infrastructure                            |
|    | Series:           | Limited Tax General Obligation Bond, Series 2020 |
|    | Date of Issue:    | September 24, 2020                               |
|    | Coupon Rate:      | 5.50%                                            |
|    | Maturity Date:    | December 1, 2050                                 |
|    | Levy:             | 45.812                                           |
|    | Revenue:          | \$340,037                                        |
|    |                   |                                                  |
| 2. | Purpose of Issue: | _____                                            |
|    | Series:           | _____                                            |
|    | Date of Issue:    | _____                                            |
|    | Coupon Rate:      | _____                                            |
|    | Maturity Date:    | _____                                            |
|    | Levy:             | _____                                            |
|    | Revenue:          | _____                                            |

**CONTRACTS<sup>K</sup>:**

- |    |                      |       |
|----|----------------------|-------|
| 3. | Purpose of Contract: | _____ |
|    | Title:               | _____ |
|    | Date:                | _____ |
|    | Principal Amount:    | _____ |
|    | Maturity Date:       | _____ |
|    | Levy:                | _____ |
|    | Revenue:             | _____ |
|    |                      |       |
| 4. | Purpose of Contract: | _____ |
|    | Title:               | _____ |
|    | Date:                | _____ |
|    | Principal Amount:    | _____ |
|    | Maturity Date:       | _____ |
|    | Levy:                | _____ |
|    | Revenue:             | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

LETTER OF BUDGET TRANSMITTAL

Date: January 14, 2023

To: Division of Local Government  
1313 Sherman Street, Room 521  
Denver, Colorado 80203

Attached are the 2023 budget and budget message for THE SANDS METROPOLITAN DISTRICT NO. 3 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 28, 2022. If there are any questions on the budget, please contact:

Carrie Bartow  
CliftonLarsonAllen LLP  
8390 Crescent Pkwy., Ste. 300  
Greenwood Village, CO 80111  
Tel.: (303) 779-5710

I, Jarrett Armstrong as President of The Sands Metropolitan District No. 3, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: Jarrett Armstrong

**RESOLUTION**  
**TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,**  
**AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY**  
**THE SANDS METROPOLITAN DISTRICT NO. 3**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE SANDS METROPOLITAN DISTRICT NO. 3, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of The Sands Metropolitan District No. 3 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 28, 2022 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$ 0 ; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$ 93,764 ; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$ 0 ; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2022 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 2,678,970 ; and

WHEREAS, at an election held on November 8, 2016, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SANDS METROPOLITAN DISTRICT NO. 3 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of The Sands Metropolitan District No. 3 for calendar year 2023.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2023 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby



levied a tax of 35.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2022, to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

ADOPTED this 28th day of November, 2022.

THE SANDS METROPOLITAN DISTRICT NO. 3

*Garrett Armstrong*

\_\_\_\_\_  
President

ATTEST:

*Kathryn Sorensen*

\_\_\_\_\_  
Secretary

<b>The Sands Metropolitan District No. 3</b>			
<b>Capital Fund Budget</b>			
<b>Year Ended 12/31/2023</b>			
<b>Modified Accrual Basis</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>
			<b>Proposed</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Budget</b>
<b>BEGINNING FUND BALANCE</b>	\$ -	\$ -	\$ -
<b>REVENUES</b>			
Property Tax	8,436	66,769	93,764
Interest on Delinquent Tax	30	-	-
Specific Ownership Tax	990	6,926	9,751
Contingency Income	-	-	200
Total Revenues	9,456	73,695	103,715
<b>EXPENDITURES</b>			
County Collection Fee - 1.5% of Property Tax	127	1,002	1,406
Intergovernmental Expense - District 2 Debt Fund	9,329	72,693	102,109
Contingency Expense	-	-	200
Total Expenses	9,456	73,695	103,715
Excess of Revenues over Expenditures	-	-	-
<b>ENDING FUND BALANCE</b>	\$ -	\$ -	\$ -

<b>The Sands Metropolitan District No. 1 - 4</b>					
<b>Property Taxes</b>					
<b>2022 Valuations for 2023 Taxes</b>					
		District #	District #	District #	District #
		358	359	360	361
	Combined	District No. 1	District No. 2	District No. 3	District No. 4
Vacant Residential Land - Market Value	3,340,470	307,583	34,483	2,406,220	592,184
Percentage	29%	29%	29%	29%	29%
Assessed Value	968,110	89,200	10,020	697,800	171,090
Residential Land & Improvements - Market Value	106,512,000	-	106,512,000	-	-
Percentage	6.95%	6.95%	6.95%	6.95%	6.95%
Assessed Value	7,402,710	-	7,402,710	-	-
Commercial	9,320,591	2,499,976	9,511	6,811,104	2,753,232
Percentage	29%	29%	29%	29%	29%
Assessed Value	3,501,370	724,990	2,760	1,975,190	798,430
Natural Resources					279
Percentage					29%
Assessed Value					80
State Assessed	-	-	23,966	20,621	
Percentage	29%	29%	29%	29%	29%
Assessed Value	12,930	-	6,950	5,980	
Total Assessed Value - Prelim as of 8/25/22	11,885,120	814,190	7,422,440	2,678,970	969,600
Mill Levies		57.265	57.265	35.000	57.265
2022 Property Tax to be paid in 2023	620,959	46,625	425,046	93,764	55,524
<b>Property Tax based on Mill Levy</b>					
Debt Service	384,456		340,037		44,419
Contractual Obligations	131,064	37,300		93,764	
Operations & Maintenance	105,439	9,325	85,009	-	11,105
Total	620,959	46,625	425,046	93,764	55,524
<b>Mill Levy Charged</b>					
Debt Service			45.812		45.812
Contractual Obligations		45.812		35.000	
Operations & Maintenance		11.453	11.453	-	11.453
Total		57.265	57.265	35.000	57.265

## THE SANDS METROPOLITAN DISTRICT NO. 3

### 2023 BUDGET MESSAGE

The Sands Metropolitan District No. 3 (the “District”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in November 2016 in El Paso County. The District, along with Districts 1 and 2, annexed into the City of Colorado Springs, CO in 2018 and have their own Service Plan. District 4 is in El Paso County and is governed by a separate Service Plan. The District was established as part of a “Multiple District Structure” for The Sands community and is generally located as follows: (i) Districts 1, 2 and 3 are located adjacent and to the North and East of the intersection of Constitution Avenue and Marksheffel Road (“Constitution/Marksheffel Parcel”); Overall, the Districts’ proposed boundaries are estimated to include approximately 114.304 acres of land (more or less) in its initial boundaries entirely within the City of Colorado Springs, El Paso County, State of Colorado. Along with its companion Districts Nos. 1 and 2 this “Service District” was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for a non-potable water system, streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

The District has no employees at this time and all operations and administrative functions are contracted.

The following budget is prepared on the modified accrual basis of accounting, in accordance with requirements of Colorado Revised Statutes C.R.S. 29-1-105.

### **2023 BUDGET STRATEGY**

#### **GENERAL FUND**

##### **REVENUES & EXPENDITURES**

No revenues or expenditures are budgeted for the General Fund for 2023

#### **CAPITAL FUND**

##### **REVENUES & EXPENDITURES**

1. Property Taxes are based on the assessed value of property within the District as established by El Paso County. Mill Levies are budgeted for Contractual Obligations at 35 mills.
2. Specific ownership taxes are budgeted at 11% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the County treasurer to all taxing entities within the county.
3. Contingency income is budgeted for possible additional specific ownership taxes.

## THE SANDS METROPOLITAN DISTRICT NO. 3

### 2023 BUDGET MESSAGE

#### **EXPENDITURES**

1. County property tax collection fee is based on 1.5% of the property tax received.
2. Net tax revenues are paid as Intergovernmental Expenses to the Debt Service Fund in The Sands Metropolitan District #2.
3. Contingency expense is budgeted for possible additional intergovernmental expenses.

#### **DEBT AND LEASES**

The District has no debt, nor any operating or capital leases.

#### **RESERVES**

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year revenues. Since substantially all funds received by the District are transferred to The Sands Metropolitan District # 2, an emergency reserve is not reflected in the District's budget.

#### **ADDITIONAL INFORMATION**

1. The basis of accounting for the District is the Modified Accrual Basis.

## CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

**TO:** County Commissioners<sup>1</sup> of El Paso County, Colorado.

On behalf of the The Sands Metropolitan District No. 3,  
(taxing entity)<sup>A</sup>

the Board of Directors  
(governing body)<sup>B</sup>

of the The Sands Metropolitan District No. 3  
(local government)<sup>C</sup>

**Hereby** officially certifies the following mills to be levied against the taxing entity's GROSS \$ 2,678,970 assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)

**Note:** If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area<sup>F</sup> the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 2,678,970 (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
**USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10**

**Submitted:** 12/08/2022 for budget/fiscal year 2023.  
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY <sup>2</sup>	REVENUE <sup>2</sup>
1. General Operating Expenses <sup>H</sup>	<u>0.000</u> mills	\$ <u>0</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<b>0.000</b> mills	<b>\$ 0</b>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	<u>35.000</u> mills	\$ <u>93,764</u>
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> <small>[ Sum of General Operating Subtotal and Lines 3 to 7 ]</small>	<b>35.000</b> mills	<b>\$ 93,764</b>

Contact person: Seef Le Roux Daytime phone: (719) 635 - 0330

Signed:  Title: Accountant for the District

*Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.*

<sup>1</sup> If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.  
<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

**CERTIFICATION OF TAX LEVIES, continued**

**THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.).** Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

**CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:**

**BONDS<sup>J</sup>:**

1. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_
  
2. Purpose of Issue: \_\_\_\_\_  
Series: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_  
Coupon Rate: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

**CONTRACTS<sup>K</sup>:**

3. Purpose of Contract: Contractual Obligation to The Sands Metropolitan District No. 2  
Title: Capital Pledge Agreement  
Date: September 24, 2020  
Principal Amount: \$12,315,000  
Maturity Date: December 1, 2050  
Levy: 35.000  
Revenue: \$93,764
  
4. Purpose of Contract: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_  
Maturity Date: \_\_\_\_\_  
Levy: \_\_\_\_\_  
Revenue: \_\_\_\_\_

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.



**EXHIBIT B**  
**CERTIFICATION OF EXTERNAL FINANCIAL ADVISOR**

*The Sands Metropolitan District No. 2  
In the City of Colorado Springs, El Paso County, Colorado*

*\$12,315,000  
Limited Tax  
General Obligation Bonds  
Series 2020*

**CERTIFICATE OF EXTERNAL FINANCIAL ADVISOR**

**August 18, 2020**

This Certificate of External Financial Advisor (this “Certificate”) is furnished by Piper Sandler & Co. (“Piper”) in connection with the issuance by The Sands Metropolitan District No. 2, in the City of Colorado Springs, El Paso County, Colorado (the “District”), of its Limited Tax General Obligation Bonds, Series 2020, in the aggregate principal amount of \$12,315,000 (the “Bonds”), pursuant to a resolution to be adopted by the Board of Directors of the District (the “Authorizing Resolution”). In connection with the issuance of the Bonds, the undersigned hereby certifies on behalf of Piper as follows (capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Authorizing Resolution):

1. The undersigned is duly authorized by all applicable laws, rules, regulations and corporate documents to make the representations contained herein on behalf of Piper.

2. Piper has provided certain services to the District in connection with the structuring and issuance of the Bonds.

3. Piper is a consultant that (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) is an underwriter, investment banker or individual listed as a public finance advisor in the Bond Buyer’s Municipal Market Place; and (iii) is not an officer or employee of the District and, other than as set forth in paragraph 2 above, has not been otherwise engaged to provide services in connection with the issuance of the Bonds.

4. Piper is an External Financial Advisor within the meaning of the District’s Service Plan.

5. Piper is of the opinion that the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by the Bonds does not exceed a reasonable current tax-exempt interest rate using criteria deemed appropriate by us and based upon our analysis of comparable high yield securities.


6. Piper is of the opinion that the structure of the Bonds, including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Piper understands that this Certificate forms a part of the basis for the opinion, dated the date hereof, of Kline Alvarado Veio, P.C., as bond counsel, to the effect that the interest on the Bonds is excluded from the gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions; provided, however, that (a) nothing herein represents Piper's interpretation of any laws, including, without limitation, any provisions of Section 148 of the Code or the regulations thereunder, (b) Piper makes no representation as to the legal sufficiency of the representations of fact set forth herein, (c) Piper makes no representation as to any conclusions of law made by bond counsel; and (d) this Certificate may be relied upon by bond counsel for the purposes stated above.

[Signature page follows]

IN WITNESS WHEREOF, Piper has caused this Certificate of External Financial Advisor to be executed in its name and on its behalf by its authorized officer as of the date first above written.

**PIPER SANDLER & CO.**

By:   
\_\_\_\_\_  
Authorized Officer  
Marc T. Ragan  
Vice President