

CERTIFIED RECORD
OF
PROCEEDINGS RELATING TO
VDW METROPOLITAN DISTRICT NO. 1
LARIMER COUNTY, COLORADO
AND THE BUDGET HEARING
FOR FISCAL YEAR
2017

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
VDW)
METROPOLITAN)
DISTRICT NO. 1)

The Board of Directors of the VDW Metropolitan District No. 1, Larimer County, Colorado, held a meeting at the office of McWhinney Real Estate Services, Inc., 2725 Rocky Mountain Avenue, Suite 200, Loveland, CO 80538 on November 3, 2016, at 2:00 P.M.

The following members of the Board of Directors were present:

Kim Perry, President
Ben Kendall, Vice President
Tom Hall, Secretary
Josh Kane, Treasurer/Asst. Secretary
Julie L. Den Herder, Asst. Treasurer/Asst. Secretary

Also in attendance was: Alan Pogue, Icenogle Seaver Pogue; Brendan Campbell, Lauren Paul, Peggy Dowswell, Jason Woolard, Lindsey Dowswell, and Jim Worley Pinnacle Consulting Group, Inc.

Mr. Worley stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2017 budget. Director Perry opened the public hearing on the District's proposed 2017 budget. There being no public comment on the District's budget, the public hearing was closed.

Thereupon, Director Den Herder introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES, ADOPTING A BUDGET, SETTING FORTH MILL LEVIES, AND APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE VDW METROPOLITAN DISTRICT NO. 1, LARIMER COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2017, AND ENDING ON THE LAST DAY OF DECEMBER 2017,

WHEREAS, the Board of Directors of the VDW 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 on October 27, 2016, in The Loveland Reporter-Herald, a newspaper having general circulation within the boundaries of the District, pursuant to statute, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 3, 2016, 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 so that the budget remains in balance, as required by law,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF VDW METROPOLITAN DISTRICT NO. 1 OF LARIMER COUNTY, COLORADO:

Section 1. 2017 Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 2. 2017 Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Adoption of Budget for 2017. 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 VDW Metropolitan District No. 1 for calendar year 2017.

Section 4. 2017 Levy of General Property Taxes. That the foregoing budget indicated that the amount of money necessary to balance the budget for the General Fund from property taxes for operating expenses is \$0.00. That the 2016 valuation for assessment, as certified by the Larimer County Assessor, is \$17.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Larimer County, Colorado.

On behalf of the VDW Metropolitan District No. 1,
(taxing entity)^A

the Board of Directors,
(governing body)^B


of the VDW Metropolitan District No. 1,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 17 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F 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: \$ 17 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/10/2016 for budget/fiscal year 2017.
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	0.000 mills	\$ 0.00
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	0.000 mills	\$ 0.00
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	0.000 mills	\$ 0.00

Contact person: (print) Brendan Campbell Daytime phone: (970) 669-3611
Signed:  Title: District Accountant

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) 866-2156.

¹ 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.
² 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^J:

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^K:

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.

A. Levy for General Fund. That for the purposes of meeting all general operating expense of the District during the 2017 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 2016.

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 to County Commissioners. The District's manager is hereby authorized and directed to immediately certify to the County Commissioners of Larimer County, Colorado, the 0.000 mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[Remainder of this page left intentionally blank]

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.

Section 8. Budget Certification. That the budget shall be certified by Director Hall, Secretary of the District, and made a part of the public records of VDW Metropolitan District No. 2.

The foregoing resolution was seconded by Director Hall.

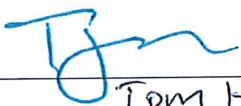
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ADOPTED AND APPROVED this 3rd day of November, 2016.



President

ATTEST:



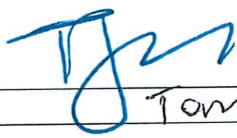
Tom Hall, Secretary

STATE OF COLORADO)
)
COUNTY OF LARIMER)ss.
)
VDW)
METROPOLITAN)
DISTRICT NO. 1)

I, Tom Hall, Secretary to the Board of Directors of the VDW Metropolitan District No. 1, Larimer County, Colorado, do hereby certify that the foregoing pages numbered 1 to 9, inclusive, constitute a true and correct copy of the record of proceedings of the Board of Directors of said District, adopted at a meeting of the Board held at the office of McWhinney, 2725 Rocky Mountain Avenue, Suite 200, Loveland, Colorado 80538 on November 3, 2016, at 2:00 P.M., as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2017; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown. Further, I hereby certify that the attached budget is a true and accurate copy of the 2017 budget of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 3rd day of November, 2016.

(S E A L)



Tom Hall, Secretary



PINNACLE
CONSULTING GROUP, INC.

Accountant's Report

BOARD OF DIRECTORS
VDW METROPOLITAN DISTRICT NO.1

I have prepared the accompanying forecasted budget of revenue, expenditures and funds balances of VDW Metropolitan District No.1 for the year ending December 31, 2017, including the forecasted estimate of comparative information for the year ending December 31, 2016. I have not audited, reviewed or compiled the accompanying forecast and, accordingly, do not express an opinion or provide any assurance about whether the forecast is in accordance with accounting principles generally accepted in the United States of America.

The actual historical information for the year 2015 is presented for comparative purposes only.

Substantially all of the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

Brendan Campbell, CPA
January 17, 2017

VDW Metropolitan District No. 1
Statement of Revenues and Expenditures with Budgets
From 1/1/2016 Through 9/30/2016

1 - General Fund
(In Whole Numbers)

	Actual Through 12/31/2015	2016 Amended Budget	2016 Projected Actual	2017 Adopted Budget
Beginning Fund Balance	283,304	311,029	332,986	551,992
Total Beginning Fund Balance	283,304	311,029	332,986	551,992
Revenue				
Service Fees, District 2	160,616	288,583	288,583	155,508
Service Fees, District 3	95,003	126,399	126,399	76,590
Interest & Other Income	126	500	750	750
Insurance Proceeds	638	-	-	-
Total Revenue	256,383	415,482	415,732	232,848
Expenditures				
Accounting & Financial Mgmt	31,297	29,377	34,000	35,500
Auditing	5,350	5,500	5,500	11,000
District Management	32,167	27,878	27,878	43,000
Election Costs	-	1,500	1,283	-
Insurance and Bonds	7,337	7,704	7,755	8,142
Facilities Maint and Repairs	60,622	71,900	75,000	-
Landscape Maintenance	-	-	-	51,097
Hardscape Maintenance	-	-	-	10,250
Undeveloped Public Land Maint	-	-	-	6,500
Storm Water Facility Maint	-	-	-	2,015
Utility Locating Services	-	-	-	1,000
Repairs and Replacements	-	-	-	2,000
Legal Services	26,513	15,000	15,000	15,000
Office, Dues & Other	1,940	2,250	2,250	2,250
Utilities	21,250	30,000	28,061	29,500
Contingency	-	10,000	-	15,089
Total Expenditures	186,475	201,109	196,727	232,343
Transfer In (Out)				
Transfers to Other Fund	(20,225)	(200,000)	-	-
Total Transfer In (Out)	(20,225)	(200,000)	-	-
Ending Fund Balance	332,986	325,402	551,992	552,496

VDW Metropolitan District No. 1
Statement of Revenues and Expenditures with Budgets
From 1/1/2016 Through 9/30/2016

2 - Debt Service Fund

(In Whole Numbers)

	Actual Through 12/31/2015	2016 Amended Budget	2016 Projected Actual	2017 Adopted Budget
Beginning Fund Balance				
	4,198	5,205	5,125	5,058
Total Beginning Fund Balance	<u>4,198</u>	<u>5,205</u>	<u>5,125</u>	<u>5,058</u>
Revenue				
Service Fees, District 2	207,408	241,016	77,689	83,888
Service Fees, District 3	175,117	138,660	44,771	41,316
Interest & Other Income	2	20	73	5,050
Transfer from District 2	-	2,846,204	2,846,749	-
Total Revenue	<u>382,527</u>	<u>3,225,900</u>	<u>2,969,282</u>	<u>130,254</u>
Expenditures				
Interest Expense - Bonds	265,600	91,600	91,600	89,200
Bond Principal - 2011 Bonds	30,000	-	30,000	35,000
Bond Principal - 2007 Bonds	85,000	2,876,204	2,846,749	-
Trustee & Paying Agent Fees	1,000	1,000	1,000	1,000
Contingency	-	1,000	-	5,000
Transfer to District No. 2	-	454,696	-	-
Total Expenditures	<u>381,600</u>	<u>3,424,500</u>	<u>2,969,349</u>	<u>130,200</u>
Transfer In (Out)				
Transfers from Other Funds	-	200,000	-	-
Total Transfer In (Out)	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>5,125</u>	<u>6,605</u>	<u>5,058</u>	<u>5,112</u>

VDW Metropolitan District No. 1
Statement of Revenues and Expenditures with Budgets
From 1/1/2016 Through 9/30/2016

3 - Capital Projects Fund
(In Whole Numbers)

	Actual Through 12/31/2015	2016 Amended Budget	2016 Projected Actual	2017 Adopted Budget
Beginning Fund Balance	20,772	43,079	1,641	30,642
Total Beginning Fund Balance	20,772	43,079	1,641	30,642
Revenue				
Capital Reimbursement	-	-	122,951	-
Transfer from District 2 - Cap (Mt Lion)	-	510,000	500,000	-
Transfer from District 2 - Cap Adv Repay	-	7,295,000	7,422,148	-
Transfer from District 2 - COI	-	-	28,082	-
Capital Advances	-	-	-	-
Total Revenue	-	7,805,000	8,073,181	-
Expenditures				
District Management	5,562	6,000	6,000	5,000
District Engineering	3,917	5,000	-	10,000
District Planning/Engineering Mgmt	-	5,000	-	5,000
Repayment of Capital Advance	-	7,295,000	7,422,148	-
Cost of Issuance	28,439	-	46,031	-
Mountain Lion Extension	244	510,000	540,000	10,642
Parcel H (MSW1-3B)	-	-	30,000	-
MSW16 Public Improvements	-	-	-	-
Sculptor Rail Crossing Study	-	-	-	-
Capital Enhancements	1,194	-	-	-
Contingency	-	-	-	-
Total Expenditures	39,356	7,821,000	8,044,179	30,642
Transfer In (Out)				
Transfers from Other Funds	20,225	-	-	-
Total Transfer In (Out)	20,225	-	-	-
Ending Fund Balance	1,641	27,079	30,642	0

VDW METROPOLITAN DISTRICT NO. 1 2017 BUDGET MESSAGE

VDW Metropolitan District No. 1 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established as the “Service District” as part of a “Multiple District Structure” for the mixed-use development known as “Van de Water” located in the City of Loveland, Colorado. Along with its companion Districts No.2, and No.3 (“Financing Districts”), this District was organized to provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, transportation, and park and recreation facilities.

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

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

In preparing the 2017 budget, the following goals are foremost for the District:

- To make the appropriate debt service payments, complete capital projects, and provide the level of services desired by the constituents of the District in the most economic manner possible.

Overview

Highlights of the 2017 budget include the following:

- In total the assessed valuation for the Financing Districts increased by a net \$4,538,194. However, service fee revenue supporting District No.1 have decreased \$182,634 compared to prior year because the Financing Districts have pledged a greater portion of the mill levy to debt service obligations.
- In 2016, the District expects to incur warranty maintenance expenses related to the Mountain Lion Extension project at a budget of \$10,642, with additional operating expenses of \$20,000.

General Fund

Revenue

As the Service District, the District does not assess a mill levy. Instead, revenue budgeted in the amount of \$232,848 consists mainly of Service Fees received by VDW Metropolitan District Nos. 2 and 3 through intergovernmental agreements. The assessed valuations for the Financing Districts increased by a total of \$4,538,194, but the portion of General Fund revenues available

decreased \$182,634 from 2016 budgeted revenues due to a larger portion of revenues pledged to debt in the Financing District budgets.

Expenses

General and administrative expenses are budgeted in the amount of \$232,343, an increase of \$31,234 over the prior year budget. Increases include a \$6,123 increase for accounting services and \$15,122 increase for district management services driven by increased an increased scope for VDW Metropolitan District No. 2 and the assumption of Sculptor Dr. and improvements. Additionally, the audit expense has increased \$5,000 as both District No.1 and No.2 will need to be audited rather than just District No.1.

Fund Balance/Reserves

The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2017, as defined under TABOR. The District also holds the reserve funds for VDW Metropolitan District No. 2 and No. 3.

The District has provided for a replacement reserve fund in the amount of \$552,496. The replacement reserve was established as a reserve for future capital spending. Amounts in this reserve may only be used for capital expenditures, unless otherwise determined by the board.

Debt Service Fund

Revenue

The District budgeted revenue in the amount of \$125,204 from Service Fees received by VDW Metropolitan District Nos. 2 and 3 through intergovernmental agreements. The revenue is equal to the amount of debt service expenditures required by the bond documents in 2017.

Expenses

Limited Property Tax Supported Revenue Bonds, Series 2011, were issued August 30, 2011, in the original amount of \$1,200,000. The bonds are term bonds due on December 1, 2032 with a mandatory redemption principal payment due annually. The bonds carry an interest rate of 8% and are payable semi-annually on June 1 and December 1.

CERTIFICATION OF VALUATION BY LARIMER COUNTY ASSESSOR

Name of Jurisdiction: **127 - VAN DE WATER METROPOLITAN DISTRICT NO. 1**
 IN LARIMER COUNTY ON 12/2/2016

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2016 IN LARIMER COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:		\$17
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *		\$17
3. LESS TIF DISTRICT INCREMENT, IF ANY:		\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:		\$17
5. NEW CONSTRUCTION: **		\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #		\$0
7. ANNEXATIONS/INCLUSIONS:		\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #		\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):		\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):		\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):		\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2016 IN LARIMER COUNTY, COLORADO ON AUGUST 25, 2016

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @		\$60
ADDITIONS TO TAXABLE REAL PROPERTY:		
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !		\$0
3. ANNEXATIONS/INCLUSIONS:		\$0
4. INCREASED MINING PRODUCTION: %		\$0
5. PREVIOUSLY EXEMPT PROPERTY:		\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:		\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:		\$0
(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)		
DELETIONS FROM TAXABLE REAL PROPERTY:		
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:		\$0
9. DISCONNECTIONS/EXCLUSION:		\$0
10. PREVIOUSLY TAXABLE PROPERTY:		\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->	\$0
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NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2016

Data Date: 12/2/2016