

**LANTERNS METROPOLITAN DISTRICT
NOS. 1-5**

2023 CONSOLIDATED ANNUAL REPORT

LANTERNS METROPOLITAN DISTRICT NOS. 1-5
2023 CONSOLIDATED ANNUAL REPORT
TO
THE TOWN OF CASTLE ROCK, COLORADO

Pursuant to §32-1-207(3)(c), C.R.S. and the Second Amended and Restated Service Plan for Lanterns Metropolitan District No. 1 (“**District No. 1**”), the First Amended and Restated Service Plan for Lanterns Metropolitan District No. 2 (“**District No. 2**”), the First Amended and Restated Service Plan for Lanterns Metropolitan District No. 3 (“**District No. 3**”), the Service Plan for Lanterns Metropolitan District No. 4 (“**District No. 4**”) and the Service Plan for Lanterns Metropolitan District No. 5 (“**District No. 5**”) (together collectively, the “**Districts**”), the Districts are required to provide an annual report to the Town of Castle Rock (the “**Town**”) reflecting activity and financial events through the preceding December 31st and shall include information required by Section 11.02.040 of the Town’s Municipal Code.

For the year ending December 31, 2023 (the “**Report Year**”), the Districts make the following report:

§32-1-207(3) Statutory Requirements

1. Boundary changes made.

There were no boundary changes made to the District’s boundaries in 2023.

2. Intergovernmental Agreements entered into or terminated with other governmental entities.

On July 13, 2023, District No. 1 terminated the Amended and Restated Master Intergovernmental Agreement with the Town, originally entered into on September 2, 2004 and amended and restated on September 16, 2014.

On July 13, 2023, District Nos. 2 & 3 terminated their respective Master Intergovernmental Agreements with the Town, each originally entered into on September 16, 2014.

On October 19, 2023, District Nos. 1 & 2 entered into a Cost Allocation Agreement.

Copies of the agreements are attached hereto as **Exhibit A**.

3. Access information to obtain a copy of rules and regulations adopted by the board.

As of December 31, 2023, the Districts did not adopt any rules and regulations.

4. A summary of litigation involving public improvements owned by the Districts.

To our actual knowledge, based on review of the court records in Douglas County, Colorado and the Public Access to Court Electronic Records (PACER), there is no litigation involving the Districts’ public improvements as of December 31, 2023.

5. The status of the construction of public improvements by the Districts.

As of December 31, 2023, the Districts did not construct any public improvements. All public improvements for the development are being constructed by Toll Southwest LLC (“Toll”).

According to Toll, construction of the public improvements to serve the development have been completed as follows:

For Phase I of the development, commenced in October 2019, and completed in 2020.

For Phase II of the development, completed in fall of 2021.

For Phase III of the development, completed in spring of 2022

For Phase IV of the development, completed in the fall of 2022

For Phase V of the development, completed in the spring of 2024.

For Phase VI of the development, to be completed in the spring of 2025

6. A list of facilities or improvements constructed by the Districts that were conveyed or dedicated to the county or municipality.

The Districts did not construct any facilities or improvements dedicated to or accepted by the Town in 2023.

7. The final assessed valuation of the Districts as of December 31st of the reporting year.

Copies of the Districts’ final assessed valuations for the Report Year are attached hereto as **Exhibit B**.

8. A copy of the current year’s budget.

A copy of the Districts’ 2024 Budgets are attached hereto as **Exhibit C**.

9. A copy of the audited financial statements, if required by the “Colorado Local Government Audit Law”, part 6 of article 1 of title 29, or the application for exemption from audit, as applicable.

The 2023 Audits for District Nos. 1-3 are not yet completed and will be provided as a supplement to this report upon completion.

The Applications for Exemption from Audit for District Nos. 4 & 5 are attached hereto as **Exhibit D**.

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

To our actual knowledge, the Districts did not receive notice of any uncured events of default by the Districts, which continued beyond a ninety (90) day period, under any Debt instrument.

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

To our actual knowledge, there was not any inability of the Districts to pay their obligations as they came due, in accordance with the terms of such obligations, which continued beyond a ninety (90) day period.

Section 11.02.040 of the Town’s Municipal Code and Service Plan Requirements

- 1. A narrative summary of the progress of the Districts in implementing the Service Plan for the Report Year.**

The Districts continue to finance and reimburse for the construction of public improvements as contemplated in the Service Plan. Additional information is provided in Question 3 below.

- 2. Except when an exemption from audit has been granted for the Report Year under the Local Government Audit Law, the audited financial statements of the District for the Report Year including a statement of financial condition (i.e. balance sheet) as of December 31 of the Report Year and the statement of operations (i.e. revenues and expenditures) for the Report Year.**

The 2023 Audits for District Nos. 1-3 are not yet completed and will be provided as a supplement to this report upon completion.

The completed Application for Exemption from Audit for District Nos. 4 & 5 are attached hereto as **Exhibit D**.

- 3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of public facilities in a Report Year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the Report Year.**

Capital expenditures incurred by the Districts in development of public facilities in the Report Year will be included in the 2023 Audits.

During 2023, District No. 2 reimbursed Toll Southwest LLC (“**Toll**”) for \$ 2,072,852 in capital expenditures for water, sanitation, and street improvements.

During 2023, District No. 3 reimbursed Toll Southwest LLC (“**Toll**”) for \$ 4,736,706.12 in capital expenditures for water, sanitation, and street improvements.

According to Toll, construction of the public improvements to serve the development have been completed as follows:

- For Phase 1 of the development, commenced in October 2019, and completed in 2020.
- For Phase II of the development, completed in fall of 2021.

- For Phase III of the development, completed in spring of 2022
- For Phase IV of the development, completed in the fall of 2022
- For Phase V of the development, completed in the spring of 2024.
- For Phase VI of the development, to be completed in the spring of 2025

In the 5 years following the Report Year, it is expected that the Districts will continue to finance the construction and acquisition of all or a part of the public improvements within their respective boundaries.

- 4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the Report Year, including the amount of outstanding indebtedness, the amount and terms of any new Districts indebtedness or long-term obligations issued in the Report Year, the amount of payment or retirement of existing indebtedness of the Districts in the Report Year, the total assessed valuation of all taxable properties within the Districts as of January 1 of the Report Year, and the current mill levy of the Districts pledged to debt retirement in the Report Year.**

A summary of the financial obligations of the Districts will be provided in the Districts' 2023 Audits.

Copies of the Districts' final assessed valuations for the Report Year are attached hereto as **Exhibit B**.

The current mill levy of the Districts pledged to debt retirement in the Report Year is shown in the 2024 Budgets, attached hereto as **Exhibit C**.

- 5. The Districts' budgets for the calendar year in which the annual report is submitted.**

A copy of Districts' 2024 budgets are attached hereto as **Exhibit C**.

- 6. A summary of residential and commercial development which has occurred within the Districts for the Report Year.**

No commercial development occurred within the Districts during the Report Year.

For a summary of residential development occurring within the District during the Report Year, please see the response to Question 3, above.

- 7. A summary of all fees, charges and assessments imposed by the Districts as of January 1 of the Report Year.**

There are no fees, charges or assessments imposed by the Districts as of January 1 of the Report Year.

- 8. Certification of the Boards of Directors of the Districts that no action, event or condition enumerated in Section 11.02.060 of the Town Code has occurred in the Report Year.**

The Boards of Directors of the Districts hereby certify, to the best of their actual knowledge, that no action, event, or condition enumerated in Section 11.02.060 of the Town's Municipal Code has occurred in the Report Year.

9. The name, business address and telephone number of each member of the Boards and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Boards.

Boards of Directors:

Reggie Carveth, Director
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General Counsel:

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Marissa M. Peck, Esq.
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2154 E Commons Ave., Suite 2000
Centennial, CO 80122
Telephone: 303-858-1800

District No. 1 - 2024 Regular Meetings:

Date: Third Thursday of January, April, July and October
Place: via teleconference.
Time: 3:00 P.M.

District No. 2 - 2024 Regular Meetings:

Date: Third Thursday of January, April, July and October
Place: via teleconference.
Time: 3:30 P.M.

District No. 3 - 2024 Regular Meetings:

Date: Third Thursday of January, April, July and October
Place: via teleconference.
Time: 4:00 P.M.

District No. 4 - 2024 Regular Meetings:

Date: Third Thursday of January, April, July and October
Place: via teleconference.
Time: 4:30 P.M.

District No. 5 - 2024 Regular Meetings:

Date: Third Thursday of January, April, July and October
Place: via teleconference.
Time: 5:00 P.M.