

STATE OF COLORADO
COUNTY OF WELD, TOWN OF ERIE
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET RESOLUTION

The Board of Directors of the Erie Highlands Metropolitan District No. 2, Town of Erie, Weld County, Colorado held a special meeting on Monday, January 8, 2024, at the hour of 3:00 P.M., via video conference at <https://us06web.zoom.us/j/89998531657?pwd=ZaxYarkvMawy8aVj7dJyDCB9DjwBCW.1> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 899 9853 1657, Passcode: 843126.

The following members of the Board of Directors were present:

President:	Mitchell Gonzales
Treasurer:	Andrew J. Matyus
Secretary:	Keith Kauffman

Also present were: Matt Ruhland, Cockrel Ela Glesne Greher & Ruhland, P.C.; Jeffrey Erb, Erb Law, LLC; Joan M. Fritsche, Fritsche Law LLC; Jerry Jacobs and Brittany Barnett, Timberline District Consulting, LLC; Emma Francis, MSI, LLC; Shelby Clymer and Alyssa Ferreira, CliftonLarsonAllen LLP; Jennifer L. Ivey, Icenogle Seaver Pogue, P.C.; Brett Price, Oakwood Homes; the following members of the Boards of Directors of Erie Highlands Metropolitan District No. 1, No. 3, No. 4 and/or No. 5: Josh Malm, Sam Mayer, Jason Manley, Kristine Fillius, Tonya Baca, Greg Saia, Chris Carlton, Todd Bloom, and Bertrand Bauer; and approximately 1 member of the public.

Ms. Ivey reported that proper notice was made to allow the Board of Directors of the Erie Highlands Metropolitan District No. 2 to conduct a public hearing on the 2024 budget on December 12, 2023 and, prior to the meeting, each of the directors had been notified of the date, time and place of this meeting and the purpose for which it was called. It was further reported that this meeting is a special meeting of the Board of Directors of the District and that a notice of special meeting was posted on a public website of the District, <https://ehmd.specialdistrict.org/>, no less than twenty-four hours prior to the holding of the meeting, and to the best of her knowledge, remains posted to the date of this meeting.

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

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2024 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2, TOWN OF ERIE, WELD COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2024 AND ENDING ON THE LAST DAY OF DECEMBER 2024.

WHEREAS, the Board of Directors (the “Board”) of the Erie Highlands Metropolitan District No. 2 (the “District”) has authorized its treasurer and accountant to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget was submitted to the Board for its review and consideration on or before October 15, 2023; and

WHEREAS, the proposed budget is more than fifty thousand dollars (\$50,000.00), due and proper notice was published on Wednesday, November 22, 2023, in the *Colorado Hometown Weekly*, indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and (iv) if applicable, the amount of the District’s increased property tax revenues resulting from a request to the Division of Local Government pursuant to Section 29-1-302(1), C.R.S.; and an original publisher’s Affidavit of Publication is attached hereto as Exhibit A and incorporated herein by this reference; and

WHEREAS, the proposed budget was open for inspection by the public at the designated place; and

WHEREAS, a public hearing was held on Tuesday, December 12, 2023 and interested electors were given the opportunity to file or register any objections to said proposed budget and any such objections were considered by the Board; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Section 29-1-301, C.R.S., and Article X, Section 20 of the Colorado Constitution; 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; and

WHEREAS, pursuant to Section 29-1-113(1), C.R.S., the Board shall cause a certified copy of the budget, including the budget message and any resolutions adopting the budget, appropriating moneys and fixing the rate of any mill levy, to be filed with the Division of Local Government within thirty (30) days following the beginning of the fiscal year of the budget adopted; and

WHEREAS, pursuant to Section 32-1-1201, C.R.S., the Board shall determine in each year the amount of money necessary to be raised by taxation, taking into consideration those items required by law, and shall certify the rate so fixed to the board of county commissioners of each county within the District or having a portion of its territory within the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2, TOWN OF ERIE, WELD COUNTY, COLORADO:

Section 1. Summary of 2024 Revenues and 2024 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2024, as more specifically set forth in the budget attached hereto as Exhibit B and incorporated herein by this reference, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, and if amended, then as amended, and attached hereto as Exhibit B and is approved and adopted as the budget of the District for fiscal year 2024. In the event the final assessed valuation provided by the Weld County Assessor's Office differs from the assessed valuation used in the proposed budget, the District's accountant is hereby directed to modify and/or adjust the budget and mill levy certification as needed to reflect the final assessed valuation without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Keith Kauffman, Secretary of the District, and made a part of the public records of the District and a certified copy of the approved and adopted budget shall be filed with the Division of Local Government.

Section 5. 2024 Levy of General Property Taxes. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the General Fund for operating expenses is \$301,771 and that the 2023 valuation for assessment, as certified by the Weld County Assessor, is \$11,736,610. That for the purposes of meeting all general operating expenses of the District during the 2024 budget year, there is hereby levied a tax of 25.712 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2024.

Section 6. 2024 Levy of Debt Retirement Expenses. That the attached budget indicates that the amount of money from general property taxes necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$754,453 and that the 2023 valuation for assessment, as certified by the Weld County Assessor, is \$11,736,610. That for the purposes of meeting all debt retirement expenses of the District during the 2024 budget year, there is hereby levied a tax of 64.282 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2024.

Section 7. 2024 Mill Levy Adjustment. The Board may adjust the mill levy, as specifically set forth in the District's Service Plan (the "Adjusted Mill Levy"). The Board hereby determines in good faith to establish the Adjusted Mill Levy as set forth in the mill levy certification attached hereto as Exhibit C pursuant to the authority granted by its Service Plan to ensure that the District's revenues shall be neither diminished nor enhanced as a result of the changes effecting the mill levy. Subject to adjustment and finalization by the District's accountant in accordance with Section 2 hereof, the Board further authorizes that the Adjusted Mill Levy be reflected in the District's Certification of Tax Levies to be submitted to the Board of County Commissioners of Weld County as required by law, for collection in 2024.

Section 8. Certification to County Commissioners. That the Board Secretary and/or District's accountant are hereby authorized and directed to immediately certify to the Board of County Commissioners of Weld County, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form attached hereto as Exhibit C and incorporated herein by this reference.

[The remainder of this page is intentionally left blank.]

The foregoing Resolution was seconded by Director Matyus.

RESOLUTION APPROVED AND ADOPTED THIS 8TH DAY OF JANUARY 2024.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

DocuSigned by:
Mitchell Gonzales
4D7DCF49FD3B44A...

By: Mitchell Gonzales
Its: President

ATTEST:

DocuSigned by:
Keith Kauffman
1CCF3AA622884B5...

By: Keith Kauffman
Its: Secretary

STATE OF COLORADO
COUNTY OF WELD, TOWN OF ERIE
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

I, Keith Kauffman, hereby certify that I am a director and the duly elected and qualified Secretary of the Erie Highlands Metropolitan District No. 2, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of the District, adopted at a special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 2 held on Monday, January 8, 2024, via video conference at <https://us06web.zoom.us/j/89998531657?pwd=ZaxYarkvMawy8aVj7dJyDCB9DjwBCW.1> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 899 9853 1657, Passcode: 843126, as recorded in the official record of the proceedings of the District, and the special meeting of the Board of Directors of the Erie Highlands Metropolitan District No. 2 held on Tuesday, December 12, 2023, via video conference at <https://us06web.zoom.us/j/83456004224?pwd=tH9T3E7YrYjbSHMhppOI5NCY2YznPG.1> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 834 5600 4224, Passcode: 509390, insofar as said proceedings relate to the public hearing for the budget for fiscal year 2024; and 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.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 8th day of January 2024.

DocuSigned by:
Keith Kauffman

10GF3AA022004B5
Keith Kauffman, Secretary

[SEAL]



EXHIBIT A

Affidavit
Notice as to Proposed 2024 Budget

**NOTICE AS TO PROPOSED 2024 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2 for the ensuing year of 2024. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 2 to be held at 3:00 P.M., on Tuesday, December 12, 2023. The meeting will be held via video conference at <https://us06web.zoom.us/j/83456004224?pwd=tH9T3E7YrYlbSHMhpbD15NCY2Y2ZnPG.1> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 834 5600 4224, Passcode: 509390. Any interested elector within the Erie Highlands Metropolitan District No. 2 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2024 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Published: Colorado Hometown Weekly November 22, 2023-2017192

Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT


County of Boulder
State of Colorado

The undersigned, Agent, being first duly sworn under oath, states and affirms as follows:

1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Colorado Hometown*.
2. The *Colorado Hometown* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the legal requisites for a legal newspaper under Colo. Rev. Stat. 24-70-103.
3. The notice that is attached hereto is a true copy, published in the *Colorado Hometown* in Boulder County on the following date(s):

Nov 22, 2023


Signature

Subscribed and sworn to me before me this
22nd day of November 2023.

Notary Public

(SEAL)

**SHAYLA NAJERA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174031965
MY COMMISSION EXPIRES July 31, 2025**

Account: 1051343
Ad Number: 2017192
Fee: \$28.13

**NOTICE AS TO PROPOSED 2024 BUDGET AND HEARING
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2**

NOTICE IS HEREBY GIVEN that a proposed budget has been submitted to the **ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2** for the ensuing year of 2024. A copy of such proposed budget has been filed in the office of CliftonLarsonAllen LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, Colorado, where same is open for public inspection. Such proposed budget will be considered at a hearing at the special meeting of the Erie Highlands Metropolitan District No. 2 to be held at 3:00 P.M., on Tuesday, December 12, 2023. The meeting will be held via video conference at <https://us06web.zoom.us/j/83456004224?pwd=tH9T3E7YrYjbSHMhppO15NCY2YznPG.1> and via telephone conference at Dial-In: 1-719-359-4580, Meeting ID: 834 5600 4224, Passcode: 509390. Any interested elector within the Erie Highlands Metropolitan District No. 2 may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2024 budget.

BY ORDER OF THE BOARD OF DIRECTORS:
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2

By: /s/ ICENOGLE | SEAVER | POGUE
A Professional Corporation

Publish In: *Colorado Hometown Weekly*
Publish On: Wednesday, November 22, 2023

EXHIBIT B

Budget Document
Budget Message

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2024

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/12/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,241,895	\$ 1,179,742	\$ 1,094,656
REVENUES			
Property taxes	527,278	670,177	1,056,224
Specific ownership taxes	31,206	27,938	42,249
System development fees	145,500	12,000	34,500
Interest income	22,681	60,040	56,040
Other revenue	-	-	3,118
Total revenues	726,665	770,155	1,192,131
Total funds available	1,968,560	1,949,897	2,286,787
EXPENDITURES			
General Fund	159,605	199,497	317,000
Debt Service Fund	629,213	655,744	772,000
Total expenditures	788,818	855,241	1,089,000
Total expenditures and transfers out requiring appropriation	788,818	855,241	1,089,000
ENDING FUND BALANCES	\$ 1,179,742	\$ 1,094,656	\$ 1,197,787
DEBT SERVICE RESERVE FUND	948,238	948,238	948,238
SURPLUS FUND	231,504	146,418	249,549
TOTAL RESERVE	\$ 1,179,742	\$ 1,094,656	\$ 1,197,787

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/12/24

ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
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ASSESSED VALUATION

Residential - single family	\$ 5,532,070	\$ 7,012,420	\$ 10,782,390
Commercial	30,630	500	450
State assessed	76,410	142,410	157,540
Vacant land	1,108,860	1,391,800	778,160
Oil and gas	17,900	17,470	18,070
Certified Assessed Value	<u>\$ 6,765,870</u>	<u>\$ 8,564,600</u>	<u>\$ 11,736,610</u>

MILL LEVY

General	22.265	22.379	25.712
Debt Service	55.663	55.949	64.282
Total mill levy	<u>77.928</u>	<u>78.328</u>	<u>89.994</u>

PROPERTY TAXES

General	\$ 150,642	\$ 191,667	\$ 301,771
Debt Service	376,609	479,181	754,453
Levied property taxes	<u>527,251</u>	<u>670,848</u>	<u>1,056,224</u>
Adjustments to actual/rounding	27	-	-
Refunds and abatements	-	(671)	-
Budgeted property taxes	<u>\$ 527,278</u>	<u>\$ 670,177</u>	<u>\$ 1,056,224</u>

BUDGETED PROPERTY TAXES

General	\$ 150,650	\$ 191,475	\$ 301,771
Debt Service	376,628	478,702	754,453
	<u>\$ 527,278</u>	<u>\$ 670,177</u>	<u>\$ 1,056,224</u>

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/12/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	150,650	191,475	301,771
Specific ownership taxes	8,916	7,982	12,071
Interest income	39	40	40
Other revenue	-	-	3,118
Total revenues	159,605	199,497	317,000
Total funds available	159,605	199,497	317,000
EXPENDITURES			
General and administrative			
County Treasurer's fees	2,260	2,872	4,527
Contingency	-	-	3,118
Transfer to District No. 4	157,345	196,625	309,355
Total expenditures	159,605	199,497	317,000
Total expenditures and transfers out requiring appropriation	159,605	199,497	317,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/12/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ 1,241,895	\$ 1,179,742	\$ 1,094,656
REVENUES			
Property taxes	376,628	478,702	754,453
Specific ownership taxes	22,290	19,956	30,178
System development fees	145,500	12,000	34,500
Interest income	22,642	60,000	56,000
Total revenues	567,060	570,658	875,131
Total funds available	1,808,955	1,750,400	1,969,787
EXPENDITURES			
General and administrative			
County Treasurer's fees	5,650	7,181	11,317
Paying agent fees	8,000	8,000	8,000
Contingency	-	-	3,433
Debt Service			
Bond interest	615,563	615,563	614,250
Bond principal	-	25,000	135,000
Total expenditures	629,213	655,744	772,000
Total expenditures and transfers out requiring appropriation	629,213	655,744	772,000
ENDING FUND BALANCES	\$ 1,179,742	\$ 1,094,656	\$ 1,197,787
DEBT SERVICE RESERVE FUND	\$ 948,238	\$ 948,238	\$ 948,238
SURPLUS FUND	231,504	146,418	249,549
TOTAL RESERVE	\$ 1,179,742	\$ 1,094,656	\$ 1,197,787

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for Weld County, Colorado on November 24, 2013, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan approved by the Town of Erie on September 24, 2013. The District's service area is located entirely within the Town of Erie, Weld County, Colorado.

The District was organized in conjunction with Erie Highlands Metropolitan District No. 1, Erie Highlands Metropolitan District No. 3, Erie Highlands Metropolitan District No. 4, and Erie Highlands Metropolitan District No. 5 (collectively, "the Districts"). The Districts were established to provide financing for the operations and maintenance and planning, design, acquisition, construction, and installation of public improvements, including mosquito elimination and control, fire protection, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, solid waste disposal, and covenant enforcement. District No. 4 pays all operating expenses for District Nos. 1, 2, 3, 4 and 5. District Nos. 1, 2, 3 and 5 levy ad valorem taxes on taxable properties within each District and transfer such proceeds to District No. 4.

On November 5, 2013, the District's voters authorized total indebtedness of \$60,000,000 for each of the following listed facilities; mosquito elimination and control, parks and recreation, traffic and safety control, sanitation services, street improvements, television relay and translator, transportation, water, and operations and maintenance. Voters also authorized indebtedness of \$60,000,000 for encumbrances on District real and personal property, \$60,000,000 for management agreements, and \$60,000,000 for refunding of debt. Pursuant to the Consolidated Service Plan, each District shall not issue debt in an aggregate amount in excess of \$60,000,000. Additionally, the maximum debt mill levy is 50 mills as adjusted, which shall not be imposed for longer than 40 years after the year of the initial imposition of such debt mill levy. The election also approved an annual increase in property taxes of \$2,000,000 as derived from a maximum mill levy of 20 mills as adjusted, to pay the District's operation and maintenance costs.

In the event the residential assessment ratio changes, on or after January 1st, 2014, the District may increase or decrease the mill levies, (as authorized under the District's Service Plan) so that to the extent possible, the actual tax revenues generated by the mill levies, as adjusted, are neither diminished nor enhanced as a result of such changes. For tax collection year 2024, the maximum mill levy for operations is 25.712 mills.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

For property tax collection year 2024, SB22-238 and SB23B-001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate	Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%	Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%	Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%	Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%	Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%	Lodging	\$30,000
			Oil & Gas Production	87.50%		

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 4% of the property taxes collected.

Facilities Fees

The District imposes a Facilities Fee of \$1,500 on each single-family residential unit. The fees are payable by homebuilders at the time of issuance of building permits. Revenue from the fees is pledged to the payment of the Series 2018 Bonds.

Net Investment Income

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

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures

Administrative and Operating Expenditures

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense but are to be incurred and paid by District No. 4.

County Treasurer's Fees

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

Transfer to Other Districts

Pursuant to an Intergovernmental Agreement Concerning District Operations, the District is obligated to impose a mill levy which will be sufficient to promptly and fully pay the amounts to be paid under this agreement, as well as all other general obligation indebtedness of the District, as the same become due. The District is required to remit property taxes derived from such mill levy, together with specific ownership taxes applicable to property within the District less County Treasurer Fees, to the Operating District. The District anticipates transferring funds to Erie Highlands Metropolitan District No. 4, as shown in the General Fund budget, for operations under this agreement. Administrative, operating and capital outlay expenditures are paid by District No. 4 on behalf of the District.

Debt Service

Interest payments are estimated for the Series 2018 Bonds (discussed under Debt and Leases).

Debt and Leases

Bond Details

The District issued Bonds on September 28, 2018 in the amounts of \$11,725,000 for the 2018A Senior Bonds, \$1,819,000 for the 2018B Subordinate Bonds and \$3,600,000 for the 2018C Junior Lien Bonds.

Proceeds of the 2018A Senior Bonds will be used to: (i) finance public improvements; (ii) pay capitalized interest on the 2018A Senior Bonds; (iii) fund the Senior Reserve Fund; and (iv) pay other costs in connection with the issuance of the 2018A Senior Bonds. Proceeds of the 2018B Subordinate Bonds and the 2018C Junior Lien Bonds were used to finance additional public improvements.

The 2018A Senior Bonds bear interest at 5.25%, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2023. The Bonds mature on December 1, 2048. To the extent the 2018A Senior Bonds are not paid when due, the unpaid principal will continue to bear interest and the unpaid interest will compound semi-

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

annually on each June 1 and December 1 until the total repayment obligation of the District for the 2018A Senior Bonds equals the amount permitted by law. Any amounts due and owing on the 2018A Senior Bonds remaining outstanding on December 1, 2058, shall be deemed discharged and shall no longer be due and outstanding.

The 2018B Subordinate Bonds bear interest at 7.625% and mature on December 15, 2048. The 2018B Subordinate Bonds constitute subordinate “cash flow” bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Subordinate Pledged Revenue is available for payment. Principal and interest payments are due on the 2018B Subordinate Bonds on each December 15 only to the extent Subordinate Pledged Revenue is available therefor.

In the event that the Subordinate Pledged Revenue is insufficient to pay the 2018B Subordinate Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually until the total repayment obligation of the District for the 2018B Subordinate Bonds equals the amount permitted by law. Any amounts due and owing on the 2018B Subordinate Bonds remaining outstanding on December 15, 2058, shall be deemed discharged and shall no longer be due and outstanding.

The 2018C Junior Lien Bonds bear interest at 8% through December 14, 2023 and 6% thereafter. The 2018C Junior Lien Bonds mature on December 15, 2052. The 2018C Junior Lien Bonds constitute junior lien “cash flow” bonds, meaning that no regularly scheduled principal payments are due prior to the maturity date, and interest payments not paid when due will accrue and compound until sufficient Junior Lien Pledged Revenue is available for payment. Principal and interest payments are due on the 2018C Junior Lien Bonds on each December 15 only to the extent Junior Lien Pledged Revenue is available therefor. In no event will any amounts be paid on the 2018C Junior Lien Bonds until such time as there has been paid in full or decreased the 2018B Subordinate Bonds, and, to the extent required by the applicable Senior/Subordinate Obligation Indentures, any other Senior/Subordinate Obligations issued by the District.

In the event that the Junior Lien Pledged Revenue is insufficient to pay the 2018C Junior Lien Bonds, the unpaid principal will continue to bear interest and the unpaid interest will compound annually until the total repayment obligation of the District for the 2018C Junior Lien Bonds equals the amount permitted by law. In the event any amounts due and owing on the 2018C Junior Lien Bonds remain outstanding on December 15, 2058, such amounts shall be deemed discharged and shall no longer be due and outstanding.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

Optional Redemption

The 2018A Senior Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026, and thereafter	0.00

The 2018B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

The 2018C Junior Lien Bonds are subject to redemption prior to maturity, at the option of the District, on December 15, 2023, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 15, 2023, to December 14, 2024	3.00%
December 15, 2024, to December 14, 2025	2.00
December 15, 2025, to December 14, 2026	1.00
December 15, 2026, and thereafter	0.00

Pledged Revenue

The 2018A Senior Bonds are payable solely from and to the extent of the Senior Pledged Revenue, defined generally in the 2018A Senior Indenture as the following, net of any costs of collection: (i) all Senior Property Tax Revenues; (ii) all Senior Specific Ownership Tax Revenues; (iii) all Capital Fees; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The 2018A Senior Bonds are additionally secured by the Senior Reserve Fund, which will initially be funded with proceeds of the 2018A Senior Bonds in the amount of the Reserve Requirement, capitalized interest which will be funded with proceeds of the 2018A Senior Bonds and by

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

amounts in the Senior Surplus Fund, if any. The Senior Surplus Fund will not be funded as of the date of issuance of the 2018A Senior Bonds.

The 2018B Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue defined generally in the 2018B Subordinate Indenture as the following, net of any costs of collection: (i) all Subordinate Property Tax Revenues; (ii) all Subordinate Specific Ownership Tax Revenues; (iii) all Subordinate Capital Fee Revenue; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The 2018C Junior Lien Bonds are payable solely from and to the extent of the Junior Lien Pledged Revenue, which is defined generally in the 2018C Junior Lien Indenture as the following, net costs of collection: (i) all Junior Lien Property Tax Revenues; (ii) all Junior Lien Specific Ownership Tax Revenues; (iii) all Junior Lien Capital Fee Revenue; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Junior Lien Bond Fund.

Property Tax Revenues

“Senior Property Tax Revenues” are generally defined as all moneys derived from imposition by the District of the Senior Required Mill Levy, but excluding Senior Specific Ownership Tax Revenues. Senior Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

“Subordinate Property Tax Revenues” are defined as all moneys derived from imposition by the District of the Subordinate Required Mill Levy, but excluding Subordinate Specific Ownership Tax Revenues. Subordinate Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

“Junior Lien Property Tax Revenues” are defined as all moneys derived from imposition by the District of the Junior Lien Required Mill Levy, but excluding Junior Lien Specific Ownership Tax Revenues. Junior Lien Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County.

Required Mill Levy

Pursuant to the 2018A Senior Indenture, the District has imposed a Senior Required Mill Levy on all taxable property of the District each year to pay the principal of and interest on the 2018A Senior Bonds, replenish the Reserve Fund to the Reserve Requirement and, for so long as it is in existence, fund the Surplus Fund to the Maximum Surplus Amount in an amount equal to: (i) 50 mills (subject to adjustment described below) or (ii) such lesser amount that will generate Property Tax Revenues which, when combined with moneys then on deposit in the Senior Bond Fund, the Surplus Fund, and the Reserve Fund will pay the Bonds in full. In no event is the District to be required to impose the Senior Required Mill Levy after December 2057 (for collection in calendar year 2058).

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

In the event that the method of calculating assessed valuation is changed after January 1, 2014, the minimum and maximum mill levy of 50 mills will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

The 2018B Subordinate Indenture requires the District to impose the Subordinate Required Mill Levy, which is generally defined as an ad valorem mill levy equal to 50 mills less the Senior Obligation Mill Levy (the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations), subject to adjustment.

The Junior Lien Required Mill Levy is generally defined in the 2018C Junior Lien Indenture as an ad valorem mill levy equal to 50 mills less the sum of the Senior Required Mill Levy required to be imposed by the District in accordance with the 2018A Senior Indenture, the Subordinate Required Mill Levy required to be imposed by the District in accordance with the 2018B Subordinate Indenture and any other ad valorem property tax levy required to be imposed by the District for the payment of other Senior/Subordinate Obligations, subject to adjustment. The maximum mill levy for the repayment of debt shall not apply to the District's ability to increase its mill levy as necessary for the provision of operation and maintenance services to their taxpayers. The Consolidated Service Plan allows for the imposition of a maximum of 20 mills, as adjusted, for operations and maintenance.

Specific Ownership Tax Revenues

"Senior Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Senior Required Mill Levy.

"Subordinate Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Subordinate Required Mill Levy.

"Junior Lien Specific Ownership Tax Revenues" means the specific ownership taxes remitted to the District as a result of its imposition of the Junior Lien Required Mill Levy.

Capital Fee Revenues

Capital Fees pledged to the payment of the 2018A Senior Bonds include Facilities Fees. The Facilities Fee is imposed in the amount of \$1,500 per single family detached unit, 1,000 per single family attached unit, and \$1.00 per square foot of any commercial property within the District. The Facilities Fee is due and payable to the District upon issuance of a building permit for construction of structures on property within the District.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

“Subordinate Capital Fee Revenue” means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations.

“Junior Lien Capital Fee Revenue” means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior/Subordinate Obligations.

Senior Reserve Fund

Moneys in the Senior Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the 2018A Senior Bonds to the extent the moneys in the Senior Bond Fund are insufficient for such purpose.

If a withdrawal from the Senior Reserve Fund is made that reduces the balance in such fund below the Reserve Requirement of \$948,238, the District shall include in the computation of its next mill levy certification the amount necessary to replenish the Senior Reserve Fund to the Reserve Requirement.

Amounts on deposit in the Senior Reserve Fund on the maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds on such date. The availability of such amount shall be taken into account in calculating the Senior Required Mill Levy required to be imposed in December 2047 for collection in calendar year 2048.

Senior Surplus Fund

Senior Pledged Revenue that is not needed to pay debt service on the 2018A Senior Bonds in any year will be deposited to and held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$1,172,500.

It is intended that amounts in the Senior Surplus Fund are to be transferred to the Senior Bond Fund prior to any transfer from the Senior Reserve Fund or the Senior Project Fund, for so long as such account remains in existence. Amounts on deposit in the Senior Surplus Fund (if any) on the maturity date of the 2018A Senior Bonds shall be applied to the payment of the 2018A Senior Bonds maturing on such date.

The District has no operating or capital leases.

**ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserves

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 4, which pays for all Districts' operations and maintenance costs, an emergency reserve is not reflected in the District's 2024 Budget.

Debt Service Reserves

The Reserve Requirement on the 2018A Senior Bonds is \$948,238. The remaining funds are held in the Senior Surplus Fund, up to the Maximum Surplus Amount of \$1,172,500.

This information is an integral part of the accompanying budget.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
LONG TERM DEBT

\$11,725,000 Limited Tax General Obligation Bonds Series 2018A Interest 5.25% Dated September 28, 2018 Interest Payable June 1 and December 1 Principal Payable December 1			
Bonds and Interest Maturing in the Year Ending December 31,	Principal	Interest	Total
2024	\$ 135,000	\$ 614,250	\$ 749,250
2025	155,000	607,163	762,163
2026	175,000	599,025	774,025
2027	185,000	589,838	774,838
2028	210,000	580,125	790,125
2029	220,000	569,100	789,100
2030	250,000	557,550	807,550
2031	260,000	544,425	804,425
2032	290,000	530,775	820,775
2033	310,000	515,550	825,550
2034	340,000	499,275	839,275
2035	360,000	481,425	841,425
2036	395,000	462,525	857,525
2037	415,000	441,788	856,788
2038	455,000	420,000	875,000
2039	480,000	396,113	876,113
2040	520,000	370,913	890,913
2041	545,000	343,613	888,613
2042	595,000	315,000	910,000
2043	625,000	283,763	908,763
2044	675,000	250,950	925,950
2045	710,000	215,513	925,513
2046	770,000	178,238	948,238
2047	810,000	137,813	947,813
2048	1,815,000	95,288	1,910,288
	<u>\$ 11,700,000</u>	<u>\$ 10,600,018</u>	<u>\$ 22,300,018</u>

No assurance provided. See summary of significant assumptions.

ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF LONG TERM OBLIGATIONS

	Balance - December 31, 2022	Additions	Reductions	Compounding of Unpaid Interest	Balance - December 31, 2023*
Limited Tax General Obligation Bonds - Series 2018A	\$ 11,725,000	\$ -	\$ 25,000	\$ -	\$ 11,700,000
Subordinate Limited Tax General Obligation Bonds - Series 2018B:					
Principal	1,819,000	-	-	-	1,819,000
Interest	669,745	139,340	-	50,427	859,512
Junior Lien Limited Tax General Obligation Bonds - Series 2018C:					
Principal	3,600,000	-	-	-	3,600,000
Interest	1,399,147	289,417	-	110,515	1,799,079
Total	<u>\$ 19,212,892</u>	<u>\$ 428,757</u>	<u>\$ 25,000</u>	<u>\$ 160,942</u>	<u>\$ 19,777,591</u>

	Balance - December 31, 2023	Additions	Reductions	Compounding of Unpaid Interest	Balance - December 31, 2024*
Limited Tax General Obligation Bonds - Series 2018A	\$ 11,700,000	\$ -	\$ 135,000	\$ -	\$ 11,565,000
Subordinate Limited Tax General Obligation Bonds - Series 2018B:					
Principal	1,819,000	-	-	-	1,819,000
Interest	859,512	139,389	-	64,848	1,063,749
Junior Lien Limited Tax General Obligation Bonds - Series 2018C:					
Principal	3,600,000	-	-	-	3,600,000
Interest	1,799,079	289,531	-	142,786	2,231,396
Total	<u>\$ 19,777,591</u>	<u>\$ 428,920</u>	<u>\$ 135,000</u>	<u>\$ 207,634</u>	<u>\$ 20,279,145</u>

*Estimated Amounts

EXHIBIT C

Certification of Tax Levy

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Weld County, Colorado.

On behalf of the Erie Highlands Metropolitan District No. 2

(taxing entity)^A

the Board of Directors

(governing body)^B

of the Erie Highlands Metropolitan District No. 2

(local government)^C

Hereby officially certifies the following mills

to be levied against the taxing entity's GROSS \$ 11,736,610

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 \$ 11,736,610

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:

(NET^G 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: 01/08/2024 for budget/fiscal year 2024

(no later than Dec. 15)

(mm/dd/yyyy)

(yyyy)

PURPOSE (see end notes for definitions and examples)

LEVY²

REVENUE²

1. General Operating Expenses^H

25.712 mills

\$ 301,771

2. <Minus> Temporary General Property Tax Credit/
Temporary Mill Levy Rate Reduction^I

< > mills

\$ < >

SUBTOTAL FOR GENERAL OPERATING:

25.712 mills

\$ 301,771

3. General Obligation Bonds and Interest^J

64.282 mills

\$ 754,453

4. Contractual Obligations^K

_____ mills

\$ _____

5. Capital Expenditures^L

_____ mills

\$ _____

6. Refunds/Abatements^M

_____ mills

\$ _____

7. Other^N (specify): _____

_____ mills

\$ _____

TOTAL: [Sum of General Operating
Subtotal and Lines 3 to 7]

89.994 mills

\$ 1,056,224

Contact person: Shelby Clymer

Phone: (303) 779-5710

Signed: Shelby Clymer

Title: Accountant for District

Survey Question: Does the taxing entity have voter approval to adjust the general operating levy to account for changes to assessment rates?

☐ Yes ☐ No

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.

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: | Public Infrastructure Improvements |
| | Series: | Limited Tax General Obligation Bonds, Series 2018A |
| | Date of Issue: | September 28, 2018 |
| | Coupon Rate: | 5.25% |
| | Maturity Date: | December 1, 2048 |
| | Levy: | 64.282 |
| | Revenue: | \$754,453 |
| | | |
| 2. | Purpose of Issue: | Public Infrastructure Improvements |
| | Series: | Subordinate Limited Tax General Obligation Bonds, Series 2018B |
| | Date of Issue: | September 28, 2018 |
| | Coupon Rate: | 7.625% |
| | Maturity Date: | December 15, 2048 |
| | Levy: | 0.000 |
| | Revenue: | \$0 |
| | | |
| 3. | Purpose of Issue: | Public Infrastructure Improvements |
| | Series: | Junior Lien Limited Tax General Obligation Bonds, Series 2018C |
| | Date of Issue: | September 28, 2018 |
| | Coupon Rate: | 6.00% - 8.00% |
| | Maturity Date: | December 15, 2052 |
| | Levy: | 0.000 |
| | Revenue: | \$0 |

CONTRACTS^K:

- | | | |
|----|----------------------|--|
| 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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Erie Highlands Metropolitan District No. 2 of Weld County, Colorado on this 8th day of January 2024.

DocuSigned by:
Keith Kauffman
1CCE3AA622B84B5

Keith Kauffman, Secretary

S E A L

