

**RESOLUTION**  
**ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES**  
**FOR THE CALENDAR YEAR 2023**

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The Board of Directors of Highlands Metropolitan District No. 2 (the “**Board**”), City and County of Broomfield, Colorado (the “**District**”), held a regular meeting, via teleconference on October 11, 2022, at the hour of 6:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

*[Remainder of Page Intentionally Left Blank]*

## NOTICE AS TO PROPOSED 2023 BUDGET

NOTICE OF PUBLIC HEARING ON THE AMENDED 2022 BUDGET  
AND

NOTICE OF PUBLIC HEARING ON THE PROPOSED 2023 BUDGET

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the HIGHLANDS METROPOLITAN DISTRICT NO. 2 (the "District"), will hold a meeting via teleconference on October 11, 2022 at 6:00 P. M., for the purpose of conducting such business as may come before the Board including a public hearing on the 2023 proposed budget (the "Proposed Budget"). The necessity may also arise for an amendment to the 2022 budget (the "Amended Budget"). This meeting can be joined using the following teleconference information:

Join Zoom Meeting

<https://us06web.zoom.us/j/87882422899?pwd=R0R0NHhRPNki5cU2dzJTdYd0Y3dz09>

Meeting ID: 878 8242 2899

Passcode: 724380

Call-In Number: 720-707-2699

NOTICE IS FURTHER GIVEN that the Proposed Budget and Amended Budget (if applicable) have been submitted to the District. A copy of the Proposed Budget and Amended Budget are on file in the office of Simmons & Wheeler, 304 Inverness Way S #490, Englewood, CO 80112, where the same are open for public inspection. Any interested elector of the District may file any objections to the Proposed Budget and Amended Budget at any time prior to final adoption of the Proposed Budget or the Amended Budget by the Board. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARD OF DIRECTORS:

HIGHLANDS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado

/s/ WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

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Prairie Mountain Media, LLC

PUBLISHER'S AFFIDAVIT

County of Broomfield  
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 *Broomfield Enterprise*.
2. The *Broomfield Enterprise* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Broomfield 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 *Broomfield Enterprise* in Broomfield County on the following date(s):

Oct 9, 2022

Shayla Najera  
Signature

Subscribed and sworn to me before me this

10th day of October, 2022

Melissa L Najera  
Notary Public

(SEAL)

MELISSA L NAJERA  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20064049936  
MY COMMISSION EXPIRES DECEMBER 11, 2022

Account: 1051175  
Ad Number: 1923989  
Fee: \$55.88

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 5.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 45.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations 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.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2022 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.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Broomfield County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED THIS OCTOBER 11, 2022.

**DISTRICT:**

**HIGHLANDS METROPOLITAN DISTRICT  
NO. 2**, a quasi-municipal corporation and political  
subdivision of the State of Colorado

By: Allison Rochester  
[Allison Rochester \(Oct 20, 2022 09:19 MDT\)](#)  
Officer of the District

Attest:

By: Lloyd Rochester  
[Lloyd Rochester \(Oct 21, 2022 12:40 MDT\)](#)

**APPROVED AS TO FORM:**

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

Keith B. Tompkins  
General Counsel to the District

STATE OF COLORADO  
CITY AND COUNTY OF BROOMFIELD  
HIGHLANDS METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference on Tuesday, October 11, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 21st day of  
October, 2022.

Lloyd Rochester  
[Lloyd Rochester \(Oct 21, 2022 12:40 MDT\)](#)

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**



**HIGHLANDS METROPOLITAN DISTRICT NO. 2**  
**2023**  
**BUDGET MESSAGE**

Attached please find a copy of the adopted 2023 budget for the Highlands Metropolitan District No. 2.

The Highlands Metropolitan District No. 2 has adopted budgets for two funds, a General Fund to provide for the payment of general operating expenditures; and a Debt Service Fund to provide for payments on the outstanding general obligation bonds.

The district's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications, and public hearing.

The primary source of revenue for the district in 2023 will be tax revenue. The district intends to impose a mill levy of 50.000 mills on all property within the district for 2023, of which 5.000 mills will be dedicated to the General Fund and the balance of 45.000 mills will be allocated to the Debt Service Fund.

**Highlands Metropolitan District No. 2**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2023**

	<u>Actual 2021</u>	<u>Adopted Budget 2022</u>	<u>Actual 6/30/2022</u>	<u>Estimate 2022</u>	<u>Adopted Budget 2023</u>
Beginning fund balance	\$ 20	12,676	\$ 10,038	\$ 10,038	20,705
Revenues:					
Property taxes	624	644	636	691	582
TIF	37,362	40,695	40,319	40,600	39,824
Specific ownership taxes	2,258	2,849	976	2,200	2,788
Interest income	71	-	424	100	-
Total revenues	<u>40,315</u>	<u>44,188</u>	<u>42,355</u>	<u>43,591</u>	<u>43,194</u>
Total funds available	<u>40,335</u>	<u>56,864</u>	<u>52,393</u>	<u>53,629</u>	<u>63,899</u>
Expenditures:					
Audit	-	5,000	-	5,000	5,000
Accounting	14,295	5,500	3,467	6,000	5,500
Legal	12,485	15,000	3,239	15,000	15,000
Election	-	5,000	2,664	2,664	25,000
Insurance & bonds	3,427	3,400	3,250	3,250	3,400
Miscellaneous	80	1,500	-	1,000	1,500
Treasurer's fee	10	10	10	10	9
Contingency	-	20,392	-	-	6,828
Emergency reserve (3%)	-	1,062	-	-	1,662
Total expenditures	<u>30,297</u>	<u>56,864</u>	<u>12,630</u>	<u>32,924</u>	<u>63,899</u>
Ending fund balance	<u>\$ 10,038</u>	<u>-</u>	<u>\$ 39,763</u>	<u>\$ 20,705</u>	<u>-</u>
Current Year Total		8,391,680			8,202,380
Current year TIF		<u>8,262,928</u>			<u>8,086,004</u>
Assessed valuation		<u>128,752</u>			<u>116,376</u>
Mill Levy		<u>5.000</u>			<u>5.000</u>

**Highlands Metropolitan District No. 2**  
**Adopted Budget**  
**Capital Projects Fund**  
**For the Year ended December 31, 2023**

	Actual <u>2021</u>	Adopted Budget <u>2022</u>	Actual <u>6/30/2022</u>	Estimate <u>2022</u>	Adopted Budget <u>2023</u>
Beginning fund balance	\$ 11,832	-	\$ -	\$ -	-
Revenues:					
Interest income	<u>1</u>	-	-	-	-
Total revenues	<u>1</u>	-	-	-	-
Total funds available	<u>11,833</u>	-	-	-	-
Expenditures:					
Capital expenditures	-	-	-	-	-
Transfer to Debt Service	<u>11,833</u>	-	-	-	-
Total expenditures	<u>11,833</u>	-	-	-	-
Ending fund balance	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>

**Highlands Metropolitan District No. 2**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2023**

	<u>Actual 2021</u>	<u>Adopted Budget 2022</u>	<u>Actual 6/30/2022</u>	<u>Estimate 2022</u>	<u>Adopted Budget 2023</u>
Beginning fund balance	\$ 1,066,812	8,686	\$ 8,629	\$ 8,629	12,260
Revenues:					
Property taxes	6,945	5,794	5,724	5,725	5,237
TIF	415,418	371,832	362,878	371,000	363,870
Specific ownership taxes	24,783	22,658	8,787	20,000	22,146
Loan proceeds	7,275,000	-	-	-	-
Other revenue	-	-	-	-	38,000
Development fees	-	-	-	-	-
Interest Income	439	500	84	10	500
Transfer from Capital Projects fund	11,833	-	-	-	-
Total revenues	<u>7,734,418</u>	<u>400,784</u>	<u>377,473</u>	<u>396,735</u>	<u>429,753</u>
Total funds available	<u>8,801,230</u>	<u>409,470</u>	<u>386,102</u>	<u>405,364</u>	<u>442,013</u>
Expenditures:					
Trustee fee	5,700	-	1,500	1,500	-
Treasurer's fees	107	87	87	86	79
Loan interest	144,918	241,518	120,428	241,518	236,469
Cost of issuance	230,295	-	-	-	-
Loan principal	100,000	150,000	-	150,000	155,000
Repay developer advances	350,000	-	-	-	-
Payment to refunding escrow	7,961,581	-	-	-	-
Total expenditures	<u>8,792,601</u>	<u>391,605</u>	<u>122,015</u>	<u>393,104</u>	<u>391,548</u>
Ending fund balance	<u>\$ 8,629</u>	<u>17,865</u>	<u>\$ 264,087</u>	<u>\$ 12,260</u>	<u>50,465</u>
Current Year Total		8,391,680			8,202,380
Current year TIF		8,262,928			8,086,004
Assessed valuation		<u>128,752</u>			<u>116,376</u>
Mill Levy		<u>45.000</u>			<u>45.000</u>