

RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2024

The Board of Directors of Highlands Metropolitan District No. 2 (the “**Board**”), City and County of Broomfield County, Colorado (the “**District**”), held a special meeting, via teleconference on November 8, 2023, 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.

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NOTICE AS TO PROPOSED 2024 BUDGET

NOTICE OF PUBLIC HEARING ON THE PROPOSED 2024 BUDGET AND

AND

NOTICE OF PUBLIC HEARING ON THE AMENDED 2023 BUDGET

The Board of Directors (the "Board") of the HIGHLANDS METROPOLITAN DISTRICT NO. 2 (the "District"), will hold a public hearing via teleconference on , at 6:00 p.m., to consider adoption of the District's proposed 2024 budget (the "Proposed Budget"), and, if necessary, adoption of an amendment to the 2023 budget (the "Amended Budget"). The public hearing may be joined using the following teleconference information:

https://us06web.zoom.us/j/87573402168?pwd=M0RZieeQnfpLoCULkoVphtCuTVe5E6.1
Meeting ID: 875 7340 2168
Passcode: 378086

Call-in Number: +1-720-707-2699

The Proposed Budget and Amended Budget are available for inspection by the public at the offices of Simmons & Wheeler, 304 Inverness Way S #490, Englewood, CO 80112.

Any interested elector of the District may file any objections to the Proposed Budget and Amended Budget at any time prior to the final adoption of the Proposed Budget or the Amended Budget by the Board.

The agenda for any meeting may be obtained at <https://highlandsm2.colorado.gov/> or 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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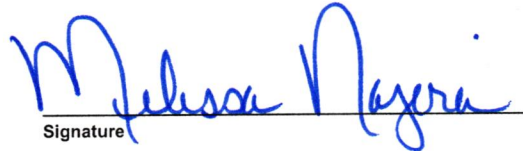
PUBLISHER'S AFFIDAVIT

**County of Broomfield
State of Colorado**

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

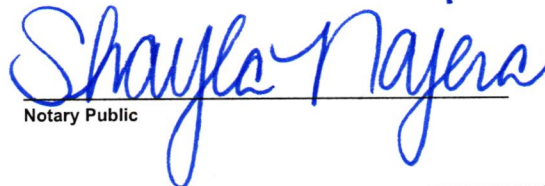
1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Broomfield Enterprise*.
2. The *Broomfield Enterprise* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Broomfield County and 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 29, 2023


Signature

Subscribed and sworn to me before me this

30th day of October 2023


Notary Public

(SEAL)

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

Account: 1051175
Ad Number: 2012436
Fee: \$47.08

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 2024. 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 2024 budget year, there is hereby levied a tax of 3.740 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 2024 budget year, there is hereby levied a tax of 40.626 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 2024 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 2024 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 NOVEMBER 8, 2023.

DISTRICT:

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

By: *Allison Rochester*
Allison Rochester (Nov 9, 2023 17:47 MST)
Officer of the District

Attest:

By: *Lloyd Rochester*
Lloyd Rochester (Nov 11, 2023 16:02 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Keith B. Tompkins
General Counsel to the District

STATE OF COLORADO
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 Wednesday, November 8, 2023, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 11 day of November, 2023.

Lloyd Rochester
Lloyd Rochester (Nov 11, 2023 16:02 MST)
Signature

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

HIGHLANDS METROPOLITAN DISTRICT NO. 2
2024
BUDGET MESSAGE

Attached please find a copy of the adopted 2024 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 debt.

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 2024 will be tax revenue. The district intends to impose a mill levy of 44.366 mills on all property within the district for 2024, of which 3.740 mills will be dedicated to the General Fund and the balance of 40.626 mills will be allocated to the Debt Service Fund.

Highlands Metropolitan District No. 2
Adopted Budget
General Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 10,038	20,705	\$ 28,335	\$ 28,335	39,532
Revenues:					
Property taxes	642	582	577	582	499
TIF	40,666	39,824	39,476	39,824	38,132
Specific ownership taxes	2,081	2,788	1,022	2,200	2,534
Interest income	4,068	-	4,299	4,300	-
Total revenues	<u>47,457</u>	<u>43,194</u>	<u>45,374</u>	<u>46,906</u>	<u>41,165</u>
Total funds available	<u>57,495</u>	<u>63,899</u>	<u>73,709</u>	<u>75,241</u>	<u>80,697</u>
Expenditures:					
Audit	4,800	5,000	-	5,000	5,000
Accounting	6,553	5,500	6,019	10,000	5,500
Legal	14,461	15,000	5,926	13,000	15,000
Election	-	25,000	3,770	3,800	-
Insurance & bonds	3,250	3,400	2,876	2,900	3,400
Miscellaneous	86	1,500	-	1,000	1,500
Treasurer's fee	10	9	9	9	7
Contingency	-	6,828	-	-	49,378
Emergency reserve (3%)	-	1,662	-	-	912
Total expenditures	<u>29,160</u>	<u>63,899</u>	<u>18,600</u>	<u>35,709</u>	<u>80,697</u>
Ending fund balance	<u>\$ 28,335</u>	<u>-</u>	<u>\$ 55,109</u>	<u>\$ 39,532</u>	<u>-</u>
Current Year Total		8,202,380			10,484,480
Current year TIF		8,086,004			10,351,043
Assessed valuation		<u>116,376</u>			<u>133,437</u>
Mill Levy		<u>5.000</u>			<u>3.740</u>

Highlands Metropolitan District No. 2
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2024

	Actual <u>2022</u>	Adopted Budget <u>2023</u>	Actual <u>6/30/2023</u>	Estimate <u>2023</u>	Adopted Budget <u>2024</u>
Beginning fund balance	\$ 8,629	12,260	\$ 6,243	\$ 6,243	352
Revenues:					
Property taxes	5,778	5,237	5,196	5,237	5,421
TIF	366,038	363,870	355,286	363,870	420,521
Specific ownership taxes	18,727	22,146	9,194	18,000	21,297
Other revenue	-	38,000	-	-	-
Interest Income	637	500	41	50	500
Total revenues	<u>391,180</u>	<u>429,753</u>	<u>369,717</u>	<u>387,157</u>	<u>447,739</u>
Total funds available	<u>399,809</u>	<u>442,013</u>	<u>375,960</u>	<u>393,400</u>	<u>448,091</u>
Expenditures:					
Trustee fee	1,958	-	1,500	1,500	1,500
Treasurer's fees	90	79	79	79	81
Loan interest	241,518	236,469	117,911	236,469	231,885
Cost of issuance	-	-	-	-	-
Loan principal	150,000	155,000	-	155,000	165,000
Repay developer advances	-	-	-	-	-
Payment to refunding escrow	-	-	-	-	-
Total expenditures	<u>393,566</u>	<u>391,548</u>	<u>119,490</u>	<u>393,048</u>	<u>398,466</u>
Ending fund balance	<u>\$ 6,243</u>	<u>50,465</u>	<u>\$ 256,470</u>	<u>\$ 352</u>	<u>49,625</u>
Current Year Total		8,202,380			10,484,480
Current year TIF		<u>8,086,004</u>			<u>10,351,043</u>
Assessed valuation		<u>116,376</u>			<u>133,437</u>
Mill Levy		<u>45.000</u>			<u>40.626</u>