

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

The Board of Directors of Spring Hill Metropolitan District No. 3 (the “**Board**”), City Town of Erie, Weld County, Colorado (the “**District**”), held a regular meeting, via teleconference on October 27, 2022, at the hour of 3:30 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 2023 BUDGET

**NOTICE OF PUBLIC HEARING ON THE AMENDED 2022 BUDGETS
AND
NOTICE OF PUBLIC HEARING ON THE PROPOSED 2023 BUDGETS**

NOTICE IS HEREBY GIVEN that the Boards of Directors (collectively the "Boards") of the SPRING HILL METROPOLITAN DISTRICT NOS. 1-4 (collectively the "Districts"), will hold a meeting via teleconference on October 27, 2022 at 3:30 P.M., for the purpose of conducting such business as may come before the Boards including a public hearing on the 2023 proposed budgets (the "Proposed Budgets"). The necessity may also arise for amendments to the 2022 budgets (the "Amended Budgets"). This meeting can be joined using the following teleconference information:

Join Zoom Meeting
https://us06web.zoom.
us/j/89884398258?pwd=TLxRSjNzZmVRaG82ZjhTWiN0GswQT09
Meeting ID: 898 8439 8258
Passcode: 615248
Call-In Number: 720-707-2699

NOTICE IS FURTHER GIVEN that the Proposed Budgets and Amended Budgets (if applicable) have been submitted to the Districts. A copy of the Proposed Budgets and Amended Budgets are on file in the office of CliftonLarsonAllen, LLP, 8390 E Crescent Pkwy #300, Englewood, CO 80111, where the same are open for public inspection.

Any interested elector of the Districts may file any objections to the Proposed Budgets and Amended Budgets at any time prior to final adoption of the Proposed Budgets or the Amended Budgets by the Boards. 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 BOARDS OF DIRECTORS:

SPRING HILL METROPOLITAN DISTRICT NOS. 1-4, quasi-municipal corporations and political subdivisions of the State of Colorado

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

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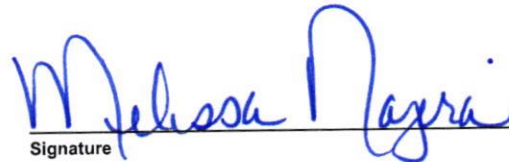
PUBLISHER'S AFFIDAVIT

**County of Boulder
State of Colorado**

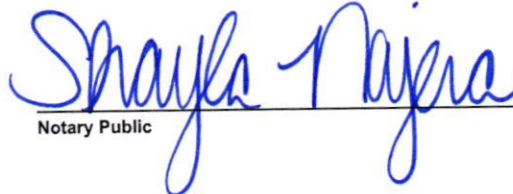
The undersigned, Agent, being first duly sworn under oath, states and affirms as follows:

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):

Oct 19, 2022


Signature

Subscribed and sworn to me before me this
19th day of October, 2022.


Notary Public

(SEAL)

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

Account: 1051175
Ad Number: 1927479
Fee: \$38.57

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 0.000 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 60.414 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 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 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 Weld 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 27, 2022.

DISTRICT:

**SPRING HILL METROPOLITAN DISTRICT
NO. 3**, a quasi-municipal corporation and political
subdivision of the State of Colorado

By: *Sarah Hunsche*
Officer of the District

Attest:

By: *Corey Elliott*
Corey Elliott (Nov 2, 2022 15:49 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Megan G. Murphy
General Counsel to the District

STATE OF COLORADO
COUNTY OF WELD
SPRING HILL METROPOLITAN DISTRICT NO. 3

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 Thursday, October 27, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 2 day of November, 2022.

Corey Elliott
Corey Elliott (Nov 2, 2022 15:49 MDT)

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

SPRING HILL METROPOLITAN DISTRICT NO. 3
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2023

**SPRING HILL METROPOLITAN DISTRICT NO. 3
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 23,508,431
REVENUES			
Property taxes	-	-	237
Specific ownership taxes	-	-	14
Bond issuance - Series 2022A	-	21,305,000	-
Bond issuance - Series 2022B	-	3,464,000	-
Interest income	-	88,344	340,000
Developer Advance - District Eligible Costs	-	3,000,000	15,000,000
Intergovernmental revenue - District No. 1	-	-	4,054
Intergovernmental revenue - District No. 2	-	-	1,908
Total revenues	-	27,857,344	15,346,213
TRANSFERS IN			
Capital Projects Fund - Cap I and Surplus deposits (Series 2022A)	-	6,444,263	-
Total funds available	-	34,301,607	38,854,644
EXPENDITURES			
General Fund	-	-	-
Debt Service Fund	-	223,703	1,449,000
Capital Projects Fund	-	4,125,210	32,464,456
Total expenditures	-	4,348,913	33,913,456
TRANSFERS OUT			
Debt Service Fund - Cap I and Surplus deposits (Series 2022A)	-	6,444,263	-
Total expenditures and transfers out requiring appropriation	-	10,793,176	33,913,456
ENDING FUND BALANCE	\$ -	\$ 23,508,431	\$ 4,941,188
SENIOR SURPLUS FUND	\$ -	\$ 2,130,000	\$ 2,130,000
CAP I/BOND FUND	-	4,113,975	2,811,188
TOTAL RESERVE	\$ -	\$ 6,243,975	\$ 4,941,188

No assurance provided. See summary of significant assumptions.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
ASSESSED VALUATION			
Agricultural	\$ -	\$ -	\$ 3,920
Certified Assessed Value	\$ -	\$ -	\$ 3,920
MILL LEVY			
General	0.000	0.000	0.000
Debt Service	0.000	0.000	60.414
Total mill levy	0.000	0.000	60.414
PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Debt Service	-	-	237
Budgeted property taxes	\$ -	\$ -	\$ 237
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Debt Service	-	-	237
	\$ -	\$ -	\$ 237

No assurance provided. See summary of significant assumptions.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
General and administrative			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCE	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 6,243,975
REVENUES			
Property taxes	-	-	237
Specific ownership taxes	-	-	14
Interest income	-	23,415	140,000
Intergovernmental revenue - District No. 1	-	-	4,054
Intergovernmental revenue - District No. 2	-	-	1,908
Total revenues	-	23,415	146,213
TRANSFERS IN			
Capital Projects Fund - Cap I and Surplus deposits (Series 2022A)	-	6,444,263	-
Total funds available	-	6,467,678	6,390,188
EXPENDITURES			
Debt Service			
County Treasurer's fee	-	-	4
Trustee fees	-	-	5,000
Bond interest - Series 2022A	-	223,703	1,438,088
Contingency	-	-	5,912
Total expenditures	-	223,703	1,449,000
Total expenditures and transfers out requiring appropriation	-	223,703	1,449,000
ENDING FUND BALANCE	\$ -	\$ 6,243,975	\$ 4,941,188
SENIOR SURPLUS FUND	\$ -	\$ 2,130,000	\$ 2,130,000
CAP I/BOND FUND	-	4,113,975	2,811,188
TOTAL RESERVE	\$ -	\$ 6,243,975	\$ 4,941,188

No assurance provided. See summary of significant assumptions.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/27/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 17,264,456
REVENUES			
Bond issuance - Series 2022A	-	21,305,000	-
Bond issuance - Series 2022B	-	3,464,000	-
Interest income	-	64,929	200,000
Developer Advance - District Eligible Costs	-	3,000,000	15,000,000
Total revenues	-	27,833,929	15,200,000
Total funds available	-	27,833,929	32,464,456
EXPENDITURES			
Capital Projects			
Cost of issuance	-	1,075,209	-
Contingency	-	-	-
Public Improvements - District Eligible Costs	-	3,000,000	15,000,000
Repay Developer Advance - District Eligible Costs	-	50,001	17,464,456
Total expenditures	-	4,125,210	32,464,456
TRANSFERS OUT			
Debt Service Fund - Cap I and Surplus deposits (Series 2022A)	-	6,444,263	-
Total expenditures and transfers out requiring appropriation	-	10,569,473	32,464,456
ENDING FUND BALANCE	\$ -	\$ 17,264,456	\$ -

No assurance provided. See summary of significant assumptions.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Spring Hill Metropolitan District No. 3 (“District”), a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in the Town of Erie, Colorado (“Town”). The District was established to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of public improvements, including streets improvements, traffic and safety controls, park and recreation improvements and facilities, drainage improvements, and irrigation system, and all related operation and maintenance services.

The Town approved a Consolidated Service Plan, on October 26, 2021, for the District and Spring Hill Metropolitan District Nos. 1, 2, and 4. Such Service Plan limits the aggregate amount of debt that they may issue together to \$60,000,000.

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.

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, sale 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.

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.40% from 29.00%. Producing oil and gas remains at 87.50%. All other nonresidential property stays at 29.00%.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (Continued)

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 6% of the total property taxes collected.

Developer Advances

The District is in development stage. Certain capital expenditures will be funded by the Developer, such expenditures are related to public improvements to be constructed within the boundaries of the District. Developer advances are recorded as revenues for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds or other legally available revenues.

Intergovernmental Revenue

Pursuant to a certain capital pledge agreement, District Nos. 1 and 2 are expected to transfer tax revenues, net of collection fees, to the District for the purpose of paying debt service on the Bonds.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.50% of property taxes.

Capital Outlay

The District expects to acquire public improvements constructed by the Developer on behalf of the District.

Debt and Leases

On October 5, 2022, the District issued the Senior Bonds and the Subordinate Bonds in the par amounts of \$21,305,000 and \$3,464,000, respectively. The Senior Bonds were issued for the purpose of (i) financing public improvements related to the development, (ii) funding capitalized interest on the Senior Bonds, (iii) funding the initial deposit to the Surplus Fund, and (iv) paying for issuance costs. The Subordinate Bonds were issued for the purpose of (i) financing additional public improvements related to the development, and (ii) paying for issuance costs.

The Series 2022A Senior Bonds will bear interest at the rate of 6.750% per annum, payable semiannually on June 1 and December 1, beginning on December 1, 2022. Annual mandatory sinking fund principal payments on the Senior Bonds are due on December 1, beginning on December 1, 2029.

The Series 2022B(3) Subordinate Bonds will bear interest at the rate of 9.500% per annum, payable annually on December 15, beginning on December 15, 2022, and to the extent of Subordinate Pledged

**SPRING HILL METROPOLITAN DISTRICT NO. 3
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

Revenue available, if any, and mature on December 15, 2045. The Subordinate Bonds are structured as cash flows bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

On October 25, 2022, the District issued the Second Subordinate General Obligation Limited Tax Bonds, Series 2022C(3), in the aggregate principal amount of up to \$17,519,000. The Second Subordinate Bonds were issued to the ME Erie, LLC (Developer) to reimburse existing and future advances when and if made, pursuant to a certain Infrastructure Acquisition and Reimbursement Agreement between the Spring Hill districts and the Developer. The Second Subordinate Bonds will bear interest at the rate of 4.000% per annum, calculated on the basis of a 360-day year of twelve 30-day months, payable to the extent of Second Subordinate Pledged Revenue available on each December 15, commencing on December 15, 2022. The first draw, in the amount of \$50,001, was made during 2022.

The District has no operating or capital leases.

Reserves

Emergency Reserves

The District has not provided for emergency reserve fund equal to 3% of fiscal year spending, as defined under TABOR, because the District does not have operating revenue and expenditures..

This information is an integral part of the accompanying budget.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$21,305,000 Series 2022A Senior Bonds
General Obligation Limited Tax Bonds
Dated October 5, 2022
Interest Rate 6.750%**

<u>Year Ended December 31,</u>	<u>Interest and Principal Payable December 1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 1,438,088	\$ 1,438,088
2024	-	1,438,088	1,438,088
2025	-	1,438,088	1,438,088
2026	-	1,438,088	1,438,088
2027	-	1,438,088	1,438,088
2028	-	1,438,088	1,438,088
2029	185,000	1,438,088	1,623,088
2030	230,000	1,425,600	1,655,600
2031	245,000	1,410,075	1,655,075
2032	295,000	1,393,538	1,688,538
2033	315,000	1,373,625	1,688,625
2034	370,000	1,352,363	1,722,363
2035	395,000	1,327,388	1,722,388
2036	460,000	1,300,725	1,760,725
2037	490,000	1,269,675	1,759,675
2038	560,000	1,236,600	1,796,600
2039	595,000	1,198,800	1,793,800
2040	670,000	1,158,638	1,828,638
2041	715,000	1,113,413	1,828,413
2042	800,000	1,065,150	1,865,150
2043	855,000	1,011,150	1,866,150
2044	950,000	953,438	1,903,438
2045	1,015,000	889,313	1,904,313
2046	1,120,000	820,800	1,940,800
2047	1,200,000	745,200	1,945,200
2048	1,320,000	644,200	1,964,200
2049	1,405,000	575,100	1,980,100
2050	1,540,000	480,263	2,020,263
2051	1,645,000	376,313	2,021,313
2052	3,930,000	265,275	4,195,275
	<u>\$ 21,305,000</u>	<u>\$ 33,453,257</u>	<u>\$ 54,758,257</u>

No assurance provided. See summary of significant assumptions.