

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

The Board of Directors of Spring Hill Metropolitan District No. 3 (the “**Board**”), Town of Erie, Weld County, Colorado (the “**District**”), held a special meeting, via teleconference on November 16, 2023, at the hour of 2:30 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 2024 BUDGET

**NOTICE OF PUBLIC HEARING ON THE PROPOSED 2024 BUDGETS
AND**

NOTICE OF PUBLIC HEARING ON THE AMENDED 2023 BUDGETS

The Boards of Directors (collectively the "Boards") of the SPRING HILL METROPOLITAN DISTRICT NOS. 1-4 (collectively the "Districts"), will hold a public hearing via teleconference on November 16, 2023, at 2:30 p.m., to consider adoption of the Districts' proposed 2024 budgets (the "Proposed Budgets"), and, if necessary, adoption of an amendment to the 2023 budgets (the "Amended Budgets"). This public hearing may be joined using the following teleconference information:

<https://us06web.zoom.us/j/83184485213?pwd=VrnNHVks0ZmpjYkpPbjIMdm9VdG9Zdz09>
Meeting ID: 831 8448 5213
Passcode: 155542
Call-in Number: +1-720-707-2699

The Proposed Budgets and Amended Budgets are available for inspection by the public at the offices of CliftonLarsonAllen, LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, CO 80111. Any interested elector of the Districts may file any objections to the Proposed Budgets and Amended Budgets at any time prior to the final adoption of the Proposed Budgets or the Amended Budgets by the Boards.

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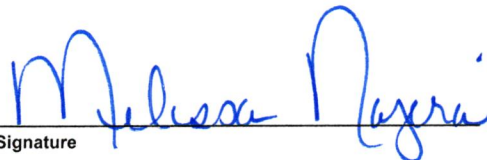
PUBLISHER'S AFFIDAVIT

**County of Boulder
State of Colorado**

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

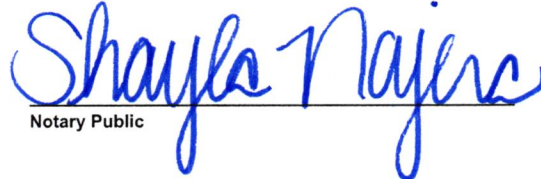
1. He/she is the legal Advertising Reviewer of Prairie Mountain Media LLC, publisher of the *Colorado Hometown*.
2. The *Colorado Hometown* is a newspaper of general circulation that has been published continuously and without interruption for at least fifty-two weeks in Boulder County and meets the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

Nov 8, 2023


Signature

Subscribed and sworn to me before me this

8th day of November 2023.


Notary Public

(SEAL)

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

Account: 1051175
Ad Number: 2014468
Fee: \$33.93

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 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 2024 budget year, there is hereby levied a tax of 56.704 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 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 NOVEMBER 16, 2023.

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 17, 2023 10:36 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Kristen B. Tompkins
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, November 16, 2023, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17th day
of November, 2023.

Corey Elliott
Corey Elliott (Nov 17, 2023 10:36 MST)
Signature

EXHIBIT A

BUDGET DOCUMENT

BUDGET MESSAGE

SPRING HILL METROPOLITAN DISTRICT NO. 3

ANNUAL BUDGET

FOR YEAR ENDING DECEMBER 31, 2024

SPRING HILL METROPOLITAN DISTRICT NO. 3
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/30/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ 23,583,301	\$ 22,910,565
REVENUES			
Property taxes	-	237	2,638
Specific ownership taxes	-	10	106
Interest income	111,404	765,000	678,500
Developer advance	2,754,847	-	-
Developer advance - District eligible costs	-	-	15,000,000
Intergovernmental revenue - District No. 1	-	3,483	13,370
Intergovernmental revenue - District No. 2	-	1,626	866
Bond issuance proceeds	24,819,001	-	-
Total revenues	27,685,252	770,356	15,695,480
TRANSFERS IN	6,444,263	-	-
Total funds available	34,129,515	24,353,657	38,606,045
EXPENDITURES			
General Fund	-	-	-
Debt Service Fund	223,703	1,443,092	1,460,000
Capital Projects Fund	3,878,248	-	32,754,847
Total expenditures	4,101,951	1,443,092	34,214,847
TRANSFERS OUT	6,444,263	-	-
Total expenditures and transfers out requiring appropriation	10,546,214	1,443,092	34,214,847
ENDING FUND BALANCES	\$ 23,583,301	\$ 22,910,565	\$ 4,391,198
SENIOR SURPLUS FUND (Maximum: \$4,261,000)	\$ 2,139,983	\$ 2,455,335	\$ 2,676,403
CAP I/BOND FUND	4,110,780	2,672,692	1,234,604
TOTAL RESERVE	\$ 6,250,763	\$ 5,128,027	\$ 3,911,007

SPRING HILL METROPOLITAN DISTRICT NO. 3
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/30/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
ASSESSED VALUATION			
Agricultural	\$ -	\$ 3,920	\$ 7,500
Other - Oil & Gas	-	-	39,020
Certified Assessed Value	<u>\$ -</u>	<u>\$ 3,920</u>	<u>\$ 46,520</u>
MILL LEVY			
General	0.000	0.000	0.000
Debt Service	0.000	60.414	56.704
Total mill levy	<u>0.000</u>	<u>60.414</u>	<u>56.704</u>
PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Debt Service	-	237	2,638
Budgeted property taxes	<u>\$ -</u>	<u>\$ 237</u>	<u>\$ 2,638</u>
BUDGETED PROPERTY TAXES			
General	\$ -	\$ -	\$ -
Debt Service	-	237	2,638
	<u>\$ -</u>	<u>\$ 237</u>	<u>\$ 2,638</u>

**SPRING HILL METROPOLITAN DISTRICT NO. 3
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	-	-	-
EXPENDITURES			
General and administrative			
Total expenditures	-	-	-
Total expenditures and transfers out requiring appropriation	-	-	-
ENDING FUND BALANCES	\$ -	\$ -	\$ -

SPRING HILL METROPOLITAN DISTRICT NO. 3
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/30/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ 6,250,763	\$ 5,128,027
REVENUES			
Property taxes	-	237	2,638
Specific ownership taxes	-	10	106
Interest income	30,203	315,000	226,000
Intergovernmental revenue - District No. 1	-	3,483	13,370
Intergovernmental revenue - District No. 2	-	1,626	866
Total revenues	30,203	320,356	242,980
TRANSFERS IN			
Transfers from other funds	6,444,263	-	-
Total funds available	6,474,466	6,571,119	5,371,007
EXPENDITURES			
Debt Service			
County Treasurer's fee	-	4	40
Trustee fees	-	5,000	5,000
Bond interest - Series 2022A	223,703	1,438,088	1,438,088
Contingency	-	-	16,872
Total expenditures	223,703	1,443,092	1,460,000
Total expenditures and transfers out requiring appropriation	223,703	1,443,092	1,460,000
ENDING FUND BALANCES	\$ 6,250,763	\$ 5,128,027	\$ 3,911,007
SENIOR SURPLUS FUND (Maximum: \$4,261,000)	\$ 2,139,983	\$ 2,455,335	\$ 2,676,403
CAP I/BOND FUND	4,110,780	2,672,692	1,234,604
TOTAL RESERVE	\$ 6,250,763	\$ 5,128,027	\$ 3,911,007

No assurance provided. See summary of significant assumptions.

SPRING HILL METROPOLITAN DISTRICT NO. 3
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/30/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ 17,332,538	\$ 17,782,538
REVENUES			
Interest income	81,201	450,000	452,500
Developer advance	2,754,847	-	-
Developer advance - District eligible costs	-	-	15,000,000
Bond issuance proceeds	24,819,001	-	-
Total revenues	27,655,049	450,000	15,452,500
Total funds available	27,655,049	17,782,538	33,235,038
EXPENDITURES			
Capital Projects			
Repay developer advance	50,001	-	-
Repay developer advance - District eligible costs	-	-	17,754,847
Bond issue costs	1,073,400	-	-
Public improvements - District eligible costs	2,754,847	-	15,000,000
Total expenditures	3,878,248	-	32,754,847
TRANSFERS OUT			
Transfers to other fund	6,444,263	-	-
Total expenditures and transfers out requiring appropriation	10,322,511	-	32,754,847
ENDING FUND BALANCES	\$ 17,332,538	\$ 17,782,538	\$ 480,191

**SPRING HILL METROPOLITAN DISTRICT NO. 3
2024 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.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

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 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.

**SPRING HILL METROPOLITAN DISTRICT NO. 3
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures – (continued)

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 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%

Year Ended December 31,	Interest and Principal Payable December 1		
	Principal	Interest	Total
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>\$ 32,015,169</u>	<u>\$ 53,320,169</u>