

RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS

(2018)

The Board of Directors of the Winter Farm Metropolitan District No. 2 (the “**Board**”), Weld County, Colorado (the “**District**”) held a special meeting at 250 N. 11th Street, Windsor, Colorado, on October 24, 2017, 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 2018 BUDGET

STATE OF COLORADO

ss.

County of Weld,

I Carolyn Rizo

of said County of Weld, being duly sworn, say that I am an advertising clerk of

THE GREELEY TRIBUNE,

NOTICE OF PUBLIC HEARING ON THE PROPOSED 2018 BUDGET AND NOTICE OF PUBLIC HEARING ON THE AMENDED 2017 BUDGET

NOTICE IS HEREBY GIVEN that a proposed 2018 budget has been submitted to the Board of Directors (the "Board") of the WINTER FARM METROPOLITAN DISTRICT NO. 2 (the "District"). A copy of the proposed budget is on file in the office of the District Manager at 333 W. Drake Road, Suite 142, Fort Collins, Colorado, where the same is open for public inspection.

NOTICE IS FURTHER GIVEN that an amendment to the 2017 budget has been submitted to the District. A copy of the proposed amended budget is on file in the office of the District Manager at 333 W. Drake Road, Suite 142, Fort Collins, Colorado, where the same is open for public inspection.

Such proposed budget and amended budget will be considered at a public hearing during a meeting of the District to be held at 250 N. 11th Street, Windsor, Colorado, on November 8, 2017, at 6:00 P.M. Any interested elector of the District may file any objections to the proposed budget or amended budget at any time prior to final adoption of the budget and amended budget by the governing body of the District.

BY ORDER OF THE BOARD OF DIRECTORS:
WINTER FARM METROPOLITAN DISTRICT NO. 2

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

The Tribune
November 6, 2017

that the same is a daily newspaper of general circulation and printed and published in the City of Greeley, in said county and state; that the notice or advertisement, of which the annexed is a true copy, has been published in said daily newspaper for consecutive (days): that the notice was published in the regular and entire issue of every number of said newspaper during the period and time of publication of said notice, and in the newspaper proper and not in a supplement thereof; that the first publication of said notice was contained in the Sixth day of November A.D. 2017 and the last publication thereof: in the issue of said newspaper bearing the date of the

Sixth day of November A.D. 2017 that said The Greeley Tribune has been published continuously and uninterruptedly during the period of at least six months next prior to the first issue thereof contained said notice or advertisement above referred to; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof; and that said newspaper is a daily newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

November 6, 2017

Total Charges: \$28.16

Carolyn Rizo

6th day of November 2017

My Commission Expires 9/28/2021

Kelly Ash
KELLY ASH Notary Public
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174040335
MY COMMISSION EXPIRES SEPTEMBER 28, 2021

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

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2018 AND ENDING ON THE LAST DAY OF DECEMBER 2018.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel 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 on October 24, 2017, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; 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 § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

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

Section 1. Summary of 2018 Revenues and 2018 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2018, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year

2018. 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 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2018 budget year, there is hereby levied a tax of six (6.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2018 budget year, there is hereby levied a tax of forty one and nine tenths (41.900) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2018 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

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 and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

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.

The foregoing Resolution was seconded by Director Grasmick.

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ADOPTED THIS 24TH DAY OF OCTOBER, 2017.

WINTER FARM METROPOLITAN DISTRICT NO. 2



Officer of District

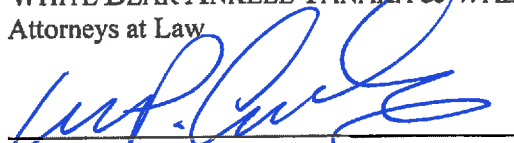
ATTEST:



General Counsel to the District

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

STATE OF COLORADO
COUNTY OF WELD
WINTER FARM 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 at a District meeting held on October 24, 2017, at 250 N. 11th Street, Windsor, Colorado as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 24th day of October, 2017.



General Counsel to the District

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

WINTER FARM METROPOLITAN DISTRICT NO. 2
Weld County, CO
2018 Budget Narrative

The Winter Farm Metropolitan District No. 2 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act, and was formed in November 2000. The District was established as part of a “Multiple District Structure” for the Winter Farm community located in the Town of Windsor, Weld County, Colorado. Along with its companion district, District No. 1 (“Service District”), this Financing District was organized to provide financing for the design, acquisition, construction and installation of public improvements, facilities and services. The public improvements to be provided by the Districts are proposed to include the types of facilities and improvements for streets and roadways, street landscaping, signage, monuments, and lighting, safety protection, park and recreation, sanitation and storm drainage, water improvements and other related improvements and their operation and maintenance.

The District has no employees at this time, and all operations and administrative functions are contracted.

GENERAL FUND

REVENUES – Operating and Maintenance

1. Property Taxes are based on the assessed value of property within the District as established by Weld County. The General Fund mill levy is budgeted at 6.0 mills for Operations and Maintenance.
2. Specific ownership taxes are budgeted at 6.0% of property taxes collected. These taxes are set by the state and collected by the county treasurer primarily on vehicle licensing within the county as a whole. They are allocated by the county treasurer to all taxing entities within the county.

EXPENDITURES – Operating and Maintenance

1. The County property tax collection fee is based on 1.5% of the property tax received.
2. Net operations and maintenance tax revenues are paid as an Intergovernmental Expenditure to Winter Farm Metropolitan District No. 1.
3. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year revenues. Since substantially all funds received by the District are transferred to Winter Farm Metropolitan District No. 1, which pays for all of the Districts’ operations and maintenance costs, an emergency reserve is not reflected in the District’s Budget.

DEBT SERVICE FUND

REVENUES

1. The District has budgeted a 41.9 mill levy for debt service in 2018, which is sufficient to pay the 2018 Debt Service as required by the new loan. The District has an unlimited mill levy obligation for the new loan.
2. Specific ownership taxes are budgeted at 6.0% of property taxes collected.
3. Interest income is budgeted on the loan reserve and debt service funds.

EXPENDITURES

1. The required principal and interest payments due to the Bank in 2018 are budgeted for the fixed rate and the variable rate loans.
2. The Bank charges a non-use fee of 0.5% on the remaining Advance funds that can be borrowed in future years. The budget includes an estimate of that fee to be paid in 2018.
3. The County property tax collection fee is based on 1.5% of the property tax received.

CAPITAL PROJECTS FUND

REVENUES

1. District 1 and 2 entered into an Infrastructure Acquisition and Reimbursement Agreement with the Developer, Lorson South Land Corp. on 9/17/15. Under this Agreement, the Districts agree to reimburse the Developer for the District Eligible Costs of Additional Public Improvements, up to \$4,000,000. The Developer paid for the installation cost of Additional Public Improvements in connection with the development of 241 additional residential lots, as well as common areas, in District 2.
2. During 2015, District 2 refunded the District 1 debt with a new loan from Compass Bank in the amount of \$6,100,000 as well as a subordinate loan for additional draws up to \$2,750,000 in future years based on a percentage of the sales price of new homes sold in the District. \$2,605,348 was drawn in 2017. The budget includes the remaining amount of the draws of \$144,652 against the loan in 2018.

EXPENDITURES

The 2018 budget includes the payment to the Developer of the remaining draw on the Loan of \$144,652.

ADDITIONAL INFORMATION

1. The basis of accounting for the District is the Modified Accrual Basis.
2. There are no operating or capital lease obligations of the District.
3. The District is authorized to issue General Obligation Debt in an amount not to exceed \$32,700,000. The limit for all Winter Farm Districts is \$32,700,000. There is an unlimited mill levy that applies to the District in connection with the Debt.

4. District 2 entered into a Loan Agreement with Compass Bank on 9/17/2015 in order to refund the prior debt obligation of District 1 with Compass Bank. The initial principal amount is \$6,100,000. The loan allows for additional Advances of \$2,750,000 based on a percentage of the sales price of new homes sold.
5. Terms of the Loan are as follows:
 - a. Principal amount at issue \$6,100,000
 - b. Balance at 12/31/17 \$5,810,000
 - c. Additional Advances \$2,750,000 available through 12/31/2020
 - d. Term 7+ years – 9/17/2015 – 12/01/2022
 - e. Fixed Interest rate – Initial loan 3.60%
 - f. Variable Interest rate - Additional Advances – 2% +65% of the LIBOR index
 - g. Non-use fee on unused Advances – 0.5%
 - h. Interest and Non-Use Fee payable semi-annually starting 12/1/2015
 - i. Principal payments are due on December 1 of each year as follows:

12/1/2015	\$100,000
12/1/2016	\$ 90,000
12/1/2018	\$100,000
12/1/2018	\$160,000
12/1/2019	\$170,000
12/1/2020	\$180,000
12/1/2021	\$190,000
12/1/2022 maturity	\$7,860,000 Assuming all additional advances
6. Subordinate Infrastructure Financing Agreement – District 2 entered into this Agreement with the Developer, Lorson South Land Corp., on 9/17/15. The Agreement provides that the District will incur a Loan payable to the Developer up to \$4,000,000 for the District Eligible Costs of the Additional Public Improvements accepted by the District in accordance with the Infrastructure Acquisition and Reimbursement Agreement. These costs were certified and accepted by the District in 2017 in the amount of \$3,669,597. The Developer Loan matures on 12/31/2025. Payments up to \$2,750,000 will be made on this loan from the future additional Advances borrowed under the new Compass Bank loan. Additional repayment will be made when the new Compass Bank loan matures and is refinanced. The interest rate is the lesser of (i) 2% + 65% of the LIBOR Index or (ii) 8%.

Winter Farm Metropolitan District No. 2
Statement of Revenues & Expenditures with Budgets
2016 Actual, 2017 Budget, 2017 Actual and 2018 Budget

Modified Accrual Budgetary Basis

General Fund	2016 Actual	2017 Budget	2017 Actual	2018 Budget
Revenues				
Property Taxes - General Fund - 6.000 mills	19,468	19,412	19,405	65,681
Specific ownership taxes - 6% of property tax	1,394	1,068	1,515	3,941
Interest	14	-	6	-
Total revenues	20,876	20,480	20,926	69,622
Expenditures				
County Collection Fee - General Fund - 1.5%	292	291	291	985
Transfer Out to District 1 - General Fund	20,584	20,188	20,635	68,637
Total operating expenditures	20,876	20,480	20,926	69,622
Revenues over/(under) expenditures	(0)	-	-	-
Other Financing Uses				
Total Other Financing Uses	-	-	-	-
Beginning fund balance	-	(0)	-	-
Ending fund balance	(0)	-	-	-

Winter Farm Metropolitan District No. 2
Statement of Revenues & Expenditures with Budgets
2016 Actual, 2017 Budget, 2017 Actual and 2018 Budget

Modified Accrual Budgetary Basis

Debt Service Fund	2016 Actual & Amended	2017 Budget	2017 Actual	2018 Budget
Revenues				
Property Taxes - Debt Service - 41.900 mills	342,464	368,829	368,830	458,673
Specific ownership taxes - 6% of property tax	21,375	20,286	28,642	27,520
Interest	527	400	814	400
Service Fees	-	-	-	-
Total revenues	364,366	389,515	398,287	486,593
Expenditures for current loan payments				
Compass Bank Loan				
Principal on Fixed Rate Loan	90,000	100,000	100,000	160,000
Interest on Fixed Rate Loan	223,260	215,715	231,326	212,065
Interest on Variable Rate Loan	-	30,000	-	81,400
Non-Use Fee	13,979	10,500	11,799	125
Bank Charges	285	250	9	-
Treasurer Fees - 1.5%	5,140	5,532	5,534	6,880
Total expenditures	332,664	361,997	348,669	460,470
Revenues over/(under) expenditures	31,701	27,517	49,618	26,123
Beginning fund balance	187,902	219,603	219,603	269,222
Ending fund balance	219,603	247,121	269,222	295,345

Winter Farm Metropolitan District No. 2
Statement of Revenues & Expenditures with Budgets
2015 Actual, 2016 Budget, 2016 Projected and 2017 Budget

Capital Projects Fund	2016 Projected 12/31/2016	2017 Budget	2017 Actual	2018 Budget
Revenues				
Developer Advance - Public Improvements	-	3,665,273	3,669,597	-
Advance on Compass Bank Loan		2,250,000	2,605,348	144,652
Total revenues	-	5,915,273	6,274,945	144,652
Expenditures				
Repay developer advance	-	2,250,000	2,605,348	144,652
Total expenditures	-	2,250,000	2,605,348	144,652
Revenues over/(under) expenditures	-	3,665,273	3,669,597	-
Transfer to District 1	-	3,665,273	3,669,597	-
Net change in fund balance	-	-	-	-
Beginning fund balance	-	-	-	-
Ending fund balance	-	-	-	-