

**RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

(2019)

The Board of Directors of Winter Farm Metropolitan District No. 1 (the "Board"), Town of Windsor, Colorado (the "District") held a continued special meeting at 250 11th St., Windsor, Colorado, on December 6, 2018, 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 2019 BUDGET

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 2019 AND ENDING ON THE LAST DAY OF DECEMBER 2019.

WHEREAS, the Board has authorized its 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 December 6, 2018, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final 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 2019. 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 2019 budget year, there is hereby levied a tax of 15.000 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 2019 budget year, there is hereby levied a tax of

35.000 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 2019 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 2019 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. 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 7. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 8. 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 9. 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 6TH DAY OF DECEMBER, 2018.

WINTER FARM METROPOLITAN DISTRICT NO. 2



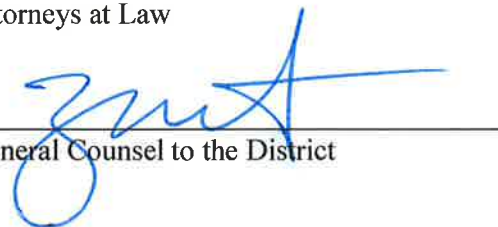
Officer of the District

ATTEST:



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 by a majority of the Board at a District meeting held on Thursday, December 6, 2018, at 250 11th St, Windsor, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 6th day of December, 2018.



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 15.000 mills for 2019. Of the 15.000 mills, 5.000 mills is allocated to the District 1 General Fund for operations and maintenance and 10.000 mills is allocated to the District 2 Capital Projects Fund for developer reimbursements.
2. Specific ownership taxes are budgeted at 7.5% 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 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 50.000 mill levy for debt service in 2019, which is sufficient to pay the 2019 Debt Service as required by the loan. The District has an unlimited mill levy obligation for the new loan.
2. Specific ownership taxes are budgeted at 7.5% 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 2019 are budgeted for the fixed rate and the variable rate loans.
2. The County property tax collection fee is based on 1.5% of the property tax received.

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 12/31/18 \$5,650,000
 - c. Additional Advances \$2,750,000
 - 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. Interest and Non-Use Fee payable semi-annually starting 12/1/2015
 - h. 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 Including 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 of \$2,750,000 have been made on this loan from 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
2019 Budget - General Fund
Modified Accrual Budgetary Basis

	2017	2018	2018 Estimated	2019 Proposed
	Actual	Budget	Actual	Budget
Beginning Fund Balance	-	-	-	2,000
Revenues				
Property Tax - General Fund	19,405	65,681	65,709	197,932
Property Tax - Capital Mill Levy				-
Specific Ownership Tax - General Fund	1,515	3,941	5,075	14,845
Specific Ownership Tax - Capital Mill Levy				-
Interest	6	-	1	-
<i>Total Revenue</i>	<u>20,926</u>	<u>69,622</u>	<u>70,785</u>	<u>212,777</u>
Expenditures				
Treasurer Fees - General Fund	291	985	986	2,969
Treasurer Fees - Capital Mill Levy				-
<i>Total Expenditures</i>	<u>291</u>	<u>985</u>	<u>986</u>	<u>2,969</u>
Excess Revenue/(Expenses)	20,635	68,637	69,799	209,808
Other Source/(Uses) of Funds				
Transfer to D1 - General Fund	(20,635)	(68,637)	(67,799)	(69,936)
Transfer to D1 - Capital Fund	-	-	-	(139,872)
<i>Total Other Source/(Uses) of Funds</i>	<u>(20,635)</u>	<u>(68,637)</u>	<u>(67,799)</u>	<u>(209,808)</u>
Excess Revenue/(Expenses)	-	-	2,000	-
Ending Fund Balance	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Total Expenditures Requiring Appropriations	<u>20,926</u>	<u>69,622</u>	<u>68,785</u>	<u>72,905</u>

Winter Farm Metropolitan District No. 2
Statement of Revenues & Expenditures with Budgets
2019 Budget - Debt Service Fund
Modified Accrual Budgetary Basis

	2017	2018	2018	2019
	Actual	Budget	Estimated Actual	Proposed Budget
Beginning Fund Balance	219,604	269,222	269,222	307,574
Revenues				
Property Tax	368,830	458,673	458,868	461,842
Specific Ownership Tax	28,642	27,520	35,190	34,638
Interest	814	400	1,110	500
<i>Total Revenue</i>	<u>398,286</u>	<u>486,593</u>	<u>495,168</u>	<u>496,980</u>
Expenditures				
Treasurer Fees	5,534	6,880	6,883	6,928
2016 A - Principal payments	898,368	160,000	160,000	170,000
2016 A- Interest payments - <i>Fixed Rate</i>	231,326	293,465	199,060	206,225
2016 B - Principal Payments	-	-	-	75,000
2016 B - Interest Payments - <i>Adjustable Rate</i>	-	-	90,845	102,300
Other Expenses	11,808	125	28	125
<i>Total Expenditures</i>	<u>1,147,036</u>	<u>460,470</u>	<u>456,816</u>	<u>560,578</u>
Excess Revenue/(Expenses)	(748,750)	26,123	38,352	(63,598)
Other Source/(Uses) of Funds				
Proceeds from borrowings	4,467,965	-	-	-
Capital Expenditures	(3,669,597)	-	-	-
<i>Total Other Source/(Uses) of Funds</i>	<u>798,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenue/(Expenses)	49,618	26,123	38,352	(63,598)
Ending Fund Balance	<u>269,222</u>	<u>295,345</u>	<u>307,574</u>	<u>243,976</u>
Total Expenditures Requiring Appropriations	1,147,036	460,470	456,816	560,578