

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE STONE CREEK METROPOLITAN DISTRICT (THE "DISTRICT") HELD OCTOBER 24, 2018

A Regular Meeting of the Board of Directors of the Stone Creek Metropolitan District (referred to hereafter as the "Board") was convened on Wednesday, the 24th day of October, 2018, at 11:00 a.m., at the Stone Creek Ranch Offices (Barn); 6700 E. Scott Avenue, Parker, CO. The meeting was open to the public.

Directors In Attendance Were:

Patrick L. Lyng
Eric Kubly
Mauricio Barbera

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the absences of Peter J. Klymkow and Shawnee Williams were excused.

Also In Attendance Was:

Lisa A. Johnson and Peggy Ripko; Special District Management Services, Inc. ("SDMS")

Elisabeth Cortese, Esq. (for a portion of the meeting) and Suzanne Meintzer, Esq.; McGeady Becher P.C.

Gigi Pangindian; CliftonLarsonAllen LLP

Tanna Boisvert; Independent District Engineering Services, LLC ("IDES")

Mike Sanders; Choke Cherry Incestors, LLC

RECORD OF PROCEEDINGS

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

The Board noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Cortese requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Cortese noted for the record that there were no new disclosures made by the Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board Members prior to this meeting and in accordance with the statutes.

ADMINISTRATIVE MATTERS

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's Regular meeting.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote unanimously carried, the Agenda for the District's Regular meeting was approved, as amended.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote unanimously carried, the Board determined that the meeting location was in accordance with statute, as it was conducted at a location within the boundaries of the District. The Board further noted that notice of this location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within its boundaries.

Minutes: The Board reviewed the Minutes of the September 26, 2018 Regular Meeting.

Following discussion, upon motion duly made by Director Kubly, seconded by Director Lyng and, upon vote unanimously carried, the Board approved the Minutes of the September 26, 2018 Regular Meeting.

LEGAL MATTERS

Clubhouse Funding, Construction, and Operations Agreement by and among the District, Choke Cherry Investors, LLC, Cielo Metropolitan District and Forestar (USA) Real Estate Group, Inc. ("Clubhouse Agreement"): Attorney Meintzer reported to the Board that revisions to the Clubhouse Agreement had been provided to Forestar. Mr. Sanders will follow up with Forestar regarding the status.

RECORD OF PROCEEDINGS

Preparation of Clubhouse Rules and Regulations related to District Facilities:

The Board discussed preparation of Clubhouse Rules and Regulations related to District facilities, including an estimate of SDMS's expenses to prepare. The Board discussed its preference for the homebuilders to be involved in the preparation of the District's Rules and Regulations, including the Design Guidelines and Clubhouse Rules and Regulations. Ms. Johnson suggested that the Board conduct a work session with builder representatives. The Board directed SDMS to schedule a work session regarding District Rules and Regulations within 30 days. No other actions with regard to this matter were taken by the Board at this time.

Amended and Restated Resolution of the Board of Directors of the Stone Creek Ranch Metropolitan District Regarding the Imposition of District Fees ("Amended and Restated Resolution"): Attorney Cortese presented to the Board the Amended and Restated Resolution. Ms. Johnson and Ms. Ripko discussed with the Board the recommended fees. Discussion ensued by the Board.

Following discussion, the Board determined to defer action on the Amended and Restated Resolution pending determination of the estimate of the fee imposed and the 2019 Budget.

Special District Disclosure Document- Disclosure to Purchasers: Attorney Cortese will update the Special District Disclosure Document - Disclosure to Purchasers ("Disclosure to Purchasers"), pending determination of the aforementioned fee and the 2019 Budget.

First Amendment to Offsite Improvements Agreement (Stone Creek Ranch Filing No. 1) by and among the District, KB Home Colorado, Inc., Richmond American Homes of Colorado, Inc., Taylor Morrison of Colorado, Inc., Choke Cherry Investors, LLC, and First American Title Insurance Company: The Board reviewed First Amendment to Offsite Improvements Agreement (Stone Creek Ranch Filing No. 1) by and among the District, KB Home Colorado, Inc., Richmond American Homes of Colorado, Inc., Taylor Morrison of Colorado, Inc., Choke Cherry Investors, LLC, and First American Title Insurance Company ("First Amendment").

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote unanimously carried, the Board ratified approval of the First Amendment

Receipt of Confirmation from HEI Civil Regarding Payment of Pay Application No. 6 under the HEI Contract: The Board of Directors deferred discussion until the November Meeting.

RECORD OF PROCEEDINGS

Termination of Management Agreement by and between the District and MSI, LLC: The Board discussed and reviewed the Termination of Management Agreement by and between the District and MSI, LLC.

Following discussion, upon motion duly made by Director Barbera, seconded by Director Lyng and, upon vote unanimously carried, the Board approved the Termination of Management Agreement by and between the District and MSI, LLC.

Amendments to Design Review Guidelines for Stone Creek Ranch: Ms. Ripko provided suggested revisions to Attorney Cortese. Further discussion of this matter was deferred to the work session to be scheduled for matters related to District Rules and Regulations.

Amendments to Declaration of Covenants, Conditions, and Restrictions of Stone Creek Ranch dated March 6, 2018: Ms. Ripko provided suggested revisions to Attorney. Further discussion of this matter was deferred to the work session to be scheduled for matters related to District Rules and Regulations.

Fourth Amendment to Operations Funding Agreement (“OFA”): The Board deferred discussion until the November Meeting.

FINANCIAL MATTERS

Claims: Ms. Pangindian presented the claims for the period ending October 24, 2018 in the amount of \$17,544.58.

Following review and discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending October 24, 2018 in the amount of \$17,544.58.

Cash Position: Ms. Pangindian presented schedule of cash position for the period ending June 30, 2018 updated as of October 24, 2018.

Following discussion, upon motion duly made by Director Lyng seconded by Director Kubly, and upon vote unanimously carried, the Board accepted the schedule of cash position for the period ending June 30, 2018, updated as of October 24, 2018.

2018 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2018 Budget and discuss related issues.

RECORD OF PROCEEDINGS

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2018 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

Following review and discussion, Director Kubly moved to adopt the Resolution to Amend 2018 Budget, Director Lyng seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2018-10-01 to Amend the 2018 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

2019 Budget Hearing: The Board opened the public hearing to consider the District's proposed 2019 Budget and discuss related issues.

It was noted that publication of a Notice stating that the Board would consider adoption of the 2019 Budget, and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to the public hearing. There was no public comment. The public hearing was closed.

Ms. Pangindian reviewed the estimated 2018 expenditures and the proposed 2019 expenditures.

Following discussion, upon motion duly made by Director Kubly, seconded by Director Lyng and, upon vote, unanimously carried, the Board adopted Resolution No. 2018-10-02 to Adopt the 2019 Budget and Appropriate Sums of Money. In addition, upon motion, duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the Board adopted Resolution No. 2018-10-03 to Set Mill Levies (for the General Fund at 11.055 mills and the Debt Service Fund at 55.277 mills, for a total mill levy of 66.332 mills) and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2018. Ms. Johnson was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Douglas County and the Division of Local Government, not later than December 15, 2018. Ms. Johnson was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2019. Copies of the Resolutions are attached hereto and incorporated herein by this reference.

RECORD OF PROCEEDINGS

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification Form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification Form for certification to the Board of County Commissioners and other interested parties.

EXPENDITURE VERIFICATION/ COST CERTIFICATION

Pay Application No. 7 under the HEI Contract: The Board discussed Pay Application No. 7 under the HEI Contract.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Kubly and, upon vote, unanimously carried, the Board approved Pay Application No. 7 under the HEI Contract.

Expenditure Verification Report No. 6 prepared by IDES (District Eligible Expenditures) in the amount of \$1,715,980.84, (Pay Application No. 7 under the HEI Contract): Following review and discussion, upon motion duly made by Director Kubly, seconded by Director Lyng, and upon vote unanimously carried, the Board accepted the Expenditure Verification Report No. 6 prepared by IDES (District Eligible Expenditures), in the amount of \$1,715,980.94, (Pay Application No. 7 under the HEI Contract).

Cost Certification Report No. 5 prepared by IDES: The Board deferred discussion until November Meeting.

CAPITAL IMPROVEMENTS

Project Status Report: Ms. Boisvert distributed and reviewed with the Board the Project Status Report dated October 24, 2018. A copy of the report is attached hereto and incorporated herein by this reference.

COVENANT ENFORCEMENT/ DESIGN REVIEW

Community Management Services: The Board discussed community management services to include covenant control, fee billing, website creation and maintenance and design review. Ms. Ripko presented to the Board the estimated costs for 2018 to be \$1,140 and 2019 to be \$2,850.

RECORD OF PROCEEDINGS

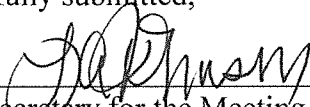
OTHER BUSINESS

There was no other business at this time.

ADJOURNMENT

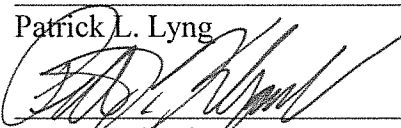
There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,


By  _____
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL OCTOBER 24, 2018, REGULAR MEETING MINUTES OF THE STONE CREEK METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Patrick L. Lyng



Peter J. Klymkow



Shawnee Williams

Eric Kubly



Mauricio Barbera

RESOLUTION NO. 2018 - 10 - 02

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE STONE CREEK
METROPOLITAN DISTRICT
TO ADOPT THE 2019 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Stone Creek Metropolitan District ("District") has appointed the District Accountant to prepare and submit a proposed 2019 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2018, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 24, 2018, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any inter-fund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Stone Creek Metropolitan District:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Stone Creek Metropolitan District for the 2019 fiscal year.

2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 24th day of October, 2018.



Eri D. Kuby

~~Asst.~~ Secretary

EXHIBIT A
(Budget)



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.CLAconnect.com

Accountant's Compilation Report

Board of Directors
Stone Creek Metropolitan District

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Stone Creek Metropolitan District for the year ending December 31, 2019, including the estimate of comparative information for the year ended December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describes that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Stone Creek Metropolitan District.

CliftonLarsonAllen LLP

Greenwood Village, Colorado
January 31, 2019

**STONE CREEK METROPOLITAN DISTRICT
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|--------------------|---------------------|---------------------|
| BEGINNING FUND BALANCES | \$ (19,428) | \$ (62,335) | \$ 1,794,583 |
| REVENUES | | | |
| Property taxes | 3,822 | 4,620 | 3,857 |
| Specific ownership taxes | 417 | 464 | 385 |
| Net investment income | - | 57,000 | 23,000 |
| Developer advances | 45,947 | 8,450,110 | 9,788,761 |
| Bond issuance | - | 9,470,000 | - |
| Other revenue | - | 24 | - |
| O&M fee | - | - | 103,100 |
| Administrative fee | - | - | 7,200 |
| Total revenues | <u>50,186</u> | <u>17,982,218</u> | <u>9,926,303</u> |
| TRANSFERS IN | <u>-</u> | <u>2,096,406</u> | <u>-</u> |
| Total funds available | <u>30,758</u> | <u>20,016,289</u> | <u>11,720,886</u> |
| EXPENDITURES | | | |
| General and administrative | 78,863 | 111,863 | 121,427 |
| Operations and maintenance | - | 3,600 | 60,356 |
| Debt service | 46 | 342,697 | 473,519 |
| Capital outlay | 14,184 | 15,667,140 | 9,668,041 |
| Clubhouse facility | - | - | 44,000 |
| Total expenditures | <u>93,093</u> | <u>16,125,300</u> | <u>10,367,343</u> |
| TRANSFERS OUT | <u>-</u> | <u>2,096,406</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>93,093</u> | <u>18,221,706</u> | <u>10,367,343</u> |
| ENDING FUND BALANCES | <u>\$ (62,335)</u> | <u>\$ 1,794,583</u> | <u>\$ 1,353,543</u> |
| EMERGENCY RESERVE | \$ - | \$ 100 | \$ 100 |
| CAPITALIZED INTEREST FUND | - | 1,079,524 | 614,055 |
| DEBT SERVICE RESERVE FUND | - | 354,926 | 350,000 |
| SURPLUS FUND | - | 360,033 | 383,444 |
| RESERVE FOR FUTURE DEBT SERVICE | 3,472 | - | - |
| TOTAL RESERVE | <u>\$ 3,472</u> | <u>\$ 1,794,583</u> | <u>\$ 1,347,599</u> |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|--------------------------------|------------------|-------------------|------------------|
| ASSESSED VALUATION | | | |
| Residential | \$ 28,080 | \$ 32,620 | \$ 35,040 |
| Agricultural | 35,620 | 38,160 | 4,390 |
| Vacant land | - | - | 18,390 |
| Natural Resources | - | - | 330 |
| Certified Assessed Value | <u>\$ 63,700</u> | <u>\$ 70,780</u> | <u>\$ 58,150</u> |
| MILL LEVY | | | |
| General | 10.000 | 10.000 | 11.055 |
| Debt Service | 50.000 | 55.277 | 55.277 |
| Total mill levy | <u>60.000</u> | <u>65.277</u> | <u>66.332</u> |
| PROPERTY TAXES | | | |
| General | \$ 637 | \$ 708 | \$ 643 |
| Debt Service | 3,185 | 3,913 | 3,214 |
| Levied property taxes | <u>3,822</u> | <u>4,621</u> | <u>3,857</u> |
| Adjustments to actual/rounding | - | (1) | - |
| Budgeted property taxes | <u>\$ 3,822</u> | <u>\$ 4,620</u> | <u>\$ 3,857</u> |
| BUDGETED PROPERTY TAXES | | | |
| General | \$ 650 | \$ 708 | \$ 643 |
| Debt Service | 3,172 | 3,912 | 3,214 |
| | <u>\$ 3,822</u> | <u>\$ 4,620</u> | <u>\$ 3,857</u> |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ (16,350) | \$ (29,251) * | \$ 100 |
| REVENUES | | | |
| Property taxes | 650 | 708 | 643 |
| Specific ownership taxes | 71 | 74 | 64 |
| Developer advances | 42,869 | 140,408 | 120,720 |
| Other revenue | - | 24 | - |
| Total revenues | 43,590 | 141,214 | 121,427 |
| Total funds available | 27,240 | 111,963 | 121,527 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 12,555 | 40,000 | 35,000 |
| Audit | - | - | 10,000 |
| County Treasurer's fee | 10 | 10 | 10 |
| Dues | 309 | 562 | 600 |
| Insurance | 2,242 | 4,232 | 4,500 |
| District management | 3,093 | 22,000 | 22,000 |
| Legal | 60,382 | 44,000 | 44,000 |
| Miscellaneous | 272 | - | 500 |
| Election | - | 1,059 | - |
| Contingency | - | - | 4,817 |
| Total expenditures | 78,863 | 111,863 | 121,427 |
| Total expenditures and transfers out requiring appropriation | 78,863 | 111,863 | 121,427 |
| ENDING FUND BALANCE | \$ (51,623) | \$ 100 | \$ 100 |
| EMERGENCY RESERVE | \$ - | \$ 100 | \$ 100 |
| TOTAL RESERVE | \$ - | \$ 100 | \$ 100 |

* as Amended

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
FEE REVENUE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|-----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Developer advances | - | 3,600 | - |
| O&M fee | - | - | 103,100 |
| Administrative fee | - | - | 7,200 |
| Total revenues | <u>-</u> | <u>3,600</u> | <u>110,300</u> |
| Total funds available | <u>-</u> | <u>3,600</u> | <u>110,300</u> |
| EXPENDITURES | | | |
| Operations and Maintenance | | | |
| Administrative expenses | - | - | 5,000 |
| Cluster boxes | - | - | 1,500 |
| Community Management | - | 3,600 | 12,000 |
| Gas/electricity | - | - | 1,000 |
| Irrigation repairs | - | - | 5,000 |
| Lighting | - | - | 1,000 |
| Monuments | - | - | 2,500 |
| Prairie dog mitigation | - | - | 5,000 |
| Shared amenity fee | - | - | 432 |
| Snow removal | - | - | 7,000 |
| Trash removal | - | - | 12,924 |
| Water | - | - | 7,000 |
| Clubhouse Facility | | | |
| Clubhouse repairs | - | - | 1,000 |
| Cleaning supplies | - | - | 2,500 |
| Cleaning contract | - | - | 5,000 |
| Fitness equipment lease | - | - | 12,000 |
| Gas/ Electric | - | - | 2,000 |
| Insurance | - | - | 5,000 |
| Legal | - | - | 1,000 |
| Lighting maintenance | - | - | 5,000 |
| Phone/IT | - | - | 2,000 |
| Trash removal | - | - | 1,000 |
| Snow removal | - | - | 2,500 |
| Water and sewer | - | - | 5,000 |
| Total expenditures | <u>-</u> | <u>3,600</u> | <u>104,356</u> |
| Total expenditures and transfers out requiring appropriation | <u>-</u> | <u>3,600</u> | <u>104,356</u> |
| ENDING FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,944</u> |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|-----------------|---------------------|---------------------|
| BEGINNING FUND BALANCE | \$ - | \$ 3,472 | \$ 1,794,483 |
| REVENUES | | | |
| Property taxes | 3,172 | 3,912 | 3,214 |
| Specific ownership taxes | 346 | 390 | 321 |
| Net investment income | - | 33,000 | 23,000 |
| Total revenues | <u>3,518</u> | <u>37,302</u> | <u>26,535</u> |
| TRANSFERS IN | | | |
| Transfers from Capital Project Fund | <u>-</u> | <u>2,096,406</u> | <u>-</u> |
| Total funds available | <u>3,518</u> | <u>2,137,180</u> | <u>1,821,018</u> |
| EXPENDITURES | | | |
| Debt Service | | | |
| Bond interest | - | 342,637 | 465,469 |
| County Treasurer's fee | 46 | 60 | 50 |
| Trustee fees | - | - | 8,000 |
| Total expenditures | <u>46</u> | <u>342,697</u> | <u>473,519</u> |
| Total expenditures and transfers out requiring appropriation | <u>46</u> | <u>342,697</u> | <u>473,519</u> |
| ENDING FUND BALANCE | <u>\$ 3,472</u> | <u>\$ 1,794,483</u> | <u>\$ 1,347,499</u> |
| Capitalized Interest Fund | \$ - | \$ 1,079,524 | \$ 614,055 |
| Debt Service Reserve Fund (Required: \$350,000) | - | 354,926 | 350,000 |
| Surplus Fund (Maximum: \$1,241,250) | - | 360,033 | 383,444 |
| Reserve for future Debt Service | 3,472 | - | - |
| TOTAL RESERVE | <u>\$ 3,472</u> | <u>\$ 1,794,483</u> | <u>\$ 1,347,499</u> |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/31/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|--------------------|-------------------|------------------|
| BEGINNING FUND BALANCE | \$ (3,078) | \$ (36,556)* | \$ - |
| REVENUES | | | |
| Net investment income | - | 24,000 | - |
| Developer advances | 3,078 | 8,306,102 | 9,668,041 |
| Bond issuance | - | 9,470,000 | - |
| Total revenues | <u>3,078</u> | <u>17,800,102</u> | <u>9,668,041</u> |
| Total funds available | <u>-</u> | <u>17,763,546</u> | <u>9,668,041</u> |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| Public improvements | - | 15,094,800 | 9,623,041 |
| Construction Oversight / Administration | - | 69,433 | 45,000 |
| Cost of issuance | - | 477,499 | - |
| Engineering | 14,184 | - | - |
| Legal | - | 25,308 | - |
| Miscellaneous | - | 100 | - |
| Total expenditures | <u>14,184</u> | <u>15,667,140</u> | <u>9,668,041</u> |
| TRANSFERS OUT | | | |
| Transfers to Debt Service Fund | <u>-</u> | <u>2,096,406</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>14,184</u> | <u>17,763,546</u> | <u>9,668,041</u> |
| ENDING FUND BALANCE | <u>\$ (14,184)</u> | <u>\$ -</u> | <u>\$ -</u> |

* as Amended

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**STONE CREEK METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized on December 15, 2014 to provide financing for the design, acquisition, construction, installation, relocation, operation and maintenance of essential public-purpose facilities such as water, sanitation, streets, safety protection, park and recreation, transportation, mosquito control, and covenant control. The District will serve the public improvement needs of Stone Creek Ranch which is generally located at Scott Road and State Highway 83 (Parker Road) in Douglas County, Colorado.

Under the Service Plan, the District will provide essential public improvements and services for a new residential community located entirely within Douglas County. The District may, with agreement by the County, engage in other activities. The property in the District is anticipated to be developed consistent with the terms, requirements, and provisions of a Development Agreement.

On November 4, 2014, the District's electorate authorized general obligation debt in the total amount of \$234,000,000. The District's Service Plan limits the amount of debt issuance to \$18,000,000. A maximum total mill levy of 60 mills is authorized to support debt service and operations and maintenance. A maximum debt mill levy of 50 mills is authorized to support debt service, subject to the limitation of the maximum total mill levy. The maximum operations and maintenance mill levy of 10 mills is anticipated to initially support the District's operating costs.

The District anticipates to receive Developer advances to fund initial operating and administrative expenditures until other revenues are available to the District. Construction of certain public improvements within the boundaries of the District is expected to be financed by Developer advances until bonded debt is issued.

The District has no employees and all administrative functions are contracted.

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.

**STONE CREEK METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

Under the Service Plan, the District is limited to the imposition of a mill levy in an amount not to exceed 60 mills, 10 mills for operations and maintenance and 50 mills for debt services; provided, however, that in the event the method of calculating assessed valuation is changed after the date of approval of the Service Plan, the mill levy limitation provided for the District will be automatically increased or decreased so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. On September 23, 2014, the date the Service Plan was approved, the ratio of actual valuation to assessed valuation for residential property was 7.96%, and currently the ratio is at 7.20%. Due to this ratio change, the District's debt service mill levy was increased to 55.277 mills and the general mill levy was increased to 11.055.

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 10% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

District Fees

To pay for costs associated with operating and maintaining District improvements, and to meet the costs of providing essential services, the District has determined that it is necessary to impose District Fees in the form of an Operation and Maintenance Fee (O&M Fee) and Administrative Fee on each lot and/or single family residential dwelling unit. The O&M Fee is anticipated to be (i) based upon the completion of two neighborhood parks and the clubhouse facility, (ii) charged monthly, and (iii) payable quarterly.

**STONE CREEK METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Developer Advances

The District is in the development stage. As such, a significant portion of the District's capital, general and administrative expenditures will be funded by the Developer. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds (if applicable) and other legally available revenues.

Expenditures

County Treasurer's Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

General, Administrative, Operations and Maintenance

General and administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, insurance, meeting expense, and other administrative expenses. The Fee Revenue Fund budget also include budgeted expenditures for the operations and maintenance of the clubhouse facility as well as the grounds within the District (e.g. utilities, snow removal, repairs, trash, etc.)

Debt and Leases

The District issued the General Obligation Limited Tax Bonds Series 2018A ("Senior Bonds") and the Subordinate General Obligation Limited Tax Bonds Series 2018B ("Subordinate Bonds") (collectively, the "Bonds") on March 6, 2018, in the amounts of \$8,275,000 and \$1,195,000, respectively. Proceeds from the sale of the Bonds were used to: (i) fund and reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements and paying other costs in connection with the Bonds, and (ii) with respect to proceeds of the Senior Bonds only: (a) fund the Senior Reserve Fund; (b) fund capitalized interest on the Senior Bonds; and, (c) make a deposit to the Surplus Fund.

The Senior Bonds bear interest at 5.625% and are payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2022. The Senior Bonds mature on December 1, 2047.

The Subordinate Bonds were issued at the rate of 7.875% per annum and are payable annually on December 15, beginning December 15, 2018, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2047. The Subordinate Bonds are structured as cash flow 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. All of the Subordinate Bonds and interest thereon are to be deemed to be paid, satisfied, and discharged on December 16, 2057 (the "Termination Date"), regardless of the amount of principal and interest paid prior to the Termination Date.

**STONE CREEK METROPOLITAN DISTRICT
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

The Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund and in the Surplus Fund. The Senior Reserve Fund was funded from Senior Bond proceeds in the amount of \$350,000. The Surplus Fund was funded from an initial deposit of \$350,000 from Senior Bonds proceeds and from available Senior Pledged Revenue, if any, in accordance with the Senior Indenture up to the Maximum Surplus Amount of \$1,241,250.

The District has no operating or capital leases.

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2019, as defined under TABOR.

This information is an integral part of the accompanying budget.

**STONE CREEK METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

| Bonds and Interest Maturing in the Year Ending December 31, | \$8,275,000 General Obligation Bonds Limited Tax Series 2018A Interest Rate of 5.625% Payable December 1 Principal Due December 1 | | |
|--|--|---------------------|----------------------|
| | Principal | Interest | Total |
| 2019 | \$ - | \$ 465,469 | \$ 465,469 |
| 2020 | - | 465,469 | 465,469 |
| 2021 | - | 465,469 | 465,469 |
| 2022 | 10,000 | 465,469 | 475,469 |
| 2023 | 95,000 | 464,906 | 559,906 |
| 2024 | 110,000 | 459,563 | 569,563 |
| 2025 | 115,000 | 453,375 | 568,375 |
| 2026 | 135,000 | 446,906 | 581,906 |
| 2027 | 140,000 | 439,313 | 579,313 |
| 2028 | 160,000 | 431,438 | 591,438 |
| 2029 | 170,000 | 422,438 | 592,438 |
| 2030 | 195,000 | 412,875 | 607,875 |
| 2031 | 205,000 | 401,906 | 606,906 |
| 2032 | 225,000 | 390,375 | 615,375 |
| 2033 | 240,000 | 377,719 | 617,719 |
| 2034 | 265,000 | 364,219 | 629,219 |
| 2035 | 280,000 | 349,313 | 629,313 |
| 2036 | 310,000 | 333,563 | 643,563 |
| 2037 | 325,000 | 316,125 | 641,125 |
| 2038 | 360,000 | 297,844 | 657,844 |
| 2039 | 380,000 | 277,594 | 657,594 |
| 2040 | 410,000 | 256,219 | 666,219 |
| 2041 | 435,000 | 233,156 | 668,156 |
| 2042 | 475,000 | 208,688 | 683,688 |
| 2043 | 500,000 | 181,969 | 681,969 |
| 2044 | 540,000 | 153,844 | 693,844 |
| 2045 | 570,000 | 123,469 | 693,469 |
| 2046 | 620,000 | 91,406 | 711,406 |
| 2047 | 1,005,000 | 56,531 | 1,061,531 |
| | \$ 8,275,000 | \$ 9,806,630 | \$ 18,081,630 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

ERIC KUBLY

I, ~~Peter J. Klymkow~~, hereby certify that I am the duly appointed Secretary of the Stone Creek Metropolitan District, and that the foregoing is a true and correct copy of the budget for the budget year 2019, duly adopted at a meeting of the Board of Directors of the Stone Creek Metropolitan District held on October 24, 2018.

By: 
Asst. Secretary

RESOLUTION NO. 2018 - 10 - 03

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE STONE CREEK
METROPOLITAN DISTRICT
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Stone Creek Metropolitan District ("District") has adopted the 2019 annual budget in accordance with the Local Government Budget Law on October 24, 2018; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2019 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

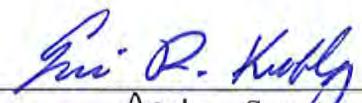
NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Stone Creek Metropolitan District:

1. That for the purposes of meeting all general fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Douglas County, Colorado, the mill levies for the District as set forth in the District's Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 24^h day of October, 2018.


Asst. Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of DOUGLAS COUNTY, Colorado.

On behalf of the STONE CREEK METRO DISTRICT,
(taxing entity)^A
the BOARD OF DIRECTORS
(governing body)^B
of the STONE CREEK METRO DISTRICT
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 58,150 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 58,150 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 11/29/2018 for budget/fiscal year 2019.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

| PURPOSE <small>(see end notes for definitions and examples)</small> | LEVY ² | REVENUE ² |
|--|-------------------|----------------------|
| 1. General Operating Expenses ^H | 11.055 mills | \$ 643 |
| 2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I | < > mills | \$ < > |
| SUBTOTAL FOR GENERAL OPERATING: | 11.055 mills | \$ 643 |
| 3. General Obligation Bonds and Interest ^J | 55.277 mills | \$ 3,214 |
| 4. Contractual Obligations ^K | mills | \$ |
| 5. Capital Expenditures ^L | mills | \$ |
| 6. Refunds/Abatements ^M | mills | \$ |
| 7. Other ^N (specify): _____ | mills | \$ |
| _____ | mills | \$ |
| TOTAL: <small>[Sum of General Operating Subtotal and Lines 3 to 7]</small> | 66.332 mills | \$ 3,857 |

Contact person: Gigi Pangindian Daytime phone: (303) 779-5710
 Signed: Gigi Pangindian Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^l:

| | | |
|----|-------------------|---|
| 1. | Purpose of Issue: | Public Infrastructure |
| | Series: | General Obligation Limited Tax Bonds Series 2018A |
| | Date of Issue: | March 6, 2018 |
| | Coupon Rate: | 5.625 % |
| | Maturity Date: | December 1, 2047 |
| | Levy: | 55.277 |
| | Revenue: | \$3,214 |
| | | |
| 2. | Purpose of Issue: | Public Infrastructure |
| | Series: | Subordinate General Obligation Limited Tax Bonds Series 2018B |
| | Date of Issue: | March 6, 2018 |
| | Coupon Rate: | 7.875% |
| | Maturity Date: | December 15, 2047 |
| | Levy: | 0.000 |
| | Revenue: | \$0 |

CONTRACTS^k:

| | | |
|----|----------------------|-------|
| 3. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |
| | | |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.