

STONE CREEK METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

NOTICE OF A REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Patrick L. Lyng	President	2022/May 2022
Peter J. Klymkow	Secretary/Treasurer	2020/May 2020
Eric Kubly	Assistant Secretary	2022/May 2022
Mauricio Barbera	Assistant Secretary	2020/May 2020
Shawnee Williams	Assistant Secretary	2022/May 2020

DATE: October 24, 2018
TIME: 11:00 A.M.
PLACE: Stone Creek Ranch Offices (Barn)
6700 E. Scott Avenue
Parker, Colorado 80134

I. ADMINISTRATIVE MATTERS

- A. Present Conflict Disclosures.

- B. Approve Agenda, confirm location of the meeting and posting of meeting.

- C. Review and consider approval of Minutes from the September 26, 2018 Regular Meeting (enclosure).

II. LEGAL MATTERS

- A. Discuss status of 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.

- B. Discuss preparation of Clubhouse Rules and Regulations related to District facilities.

- C. Consider adoption of Resolution No. 2018-10-01; Amended and Restated Resolution of the Board of Directors of the Stone Creek Metropolitan District Regarding the Imposition of District Fees (enclosure).

- D. Status of Special District Disclosure Document - Disclosure to Purchasers.

- E. Ratify approval of 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.

- F. Acknowledge receipt of confirmation from HEI Civil regarding Pay Application No. 6 under HEI Contract.

- G. Review and consider approval of Termination of Management Agreement by and between the District and MSI, LLC (enclosure).

- H. Discuss and consider approval of amendments to Design Review Guidelines for Stone Creek Ranch (if necessary).

- I. Discuss and consider approval of amendments to Declaration of Covenants, Conditions, and Restrictions of Stone Creek Ranch dated March 6, 2018 (if necessary).

III. FINANCIAL MATTERS

- A. Review and consider approval of payment of claims through the period ending October 24, 2018 in the amount of \$_____ (to be distributed).

- B. Review and consider approval of schedule of cash position for the period ending _____, 2018 (to be distributed).

- C. Conduct Public Hearing to consider Amendment to 2018 Budget (if necessary) and consider adoption of Resolution to Amend the 2018 Budget and Appropriate Expenditures.

- D. Conduct Public Hearing on the proposed 2019 Budget and consider adoption of Resolution to Adopt the 2019 Budget and Appropriate Sums of Money and Set Mill Levies for General Fund _____, Deb Service Fund _____, and Other Fund(s) _____ for a total mill levy of _____ (enclosures – Preliminary Assessed Valuation, Resolutions, and draft 2019 Budget).
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- E. Consider 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.
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IV. EXPENDITURE VERIFICATION/COST CERTIFICATION

- A. Discuss and consider approval of Pay Application No. 7 under the HEI Contract (to be distributed).
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- B. Discuss and consider approval of Expenditure Verification Report No. 6 prepared by IDES certifying District Eligible Improvements in the amount of \$_____ (Pay Application No. 7 under the HEI Contract) (to be distributed).
-

- C. Discuss and consider approval of Cost Certification Report No. 5 prepared by IDES (to be distributed).
-

V. CAPITAL IMPROVEMENTS

- A. Review of IDES Board Meeting Project Status report (enclosure).
-

VI. COVENANT ENFORCEMENT/DESIGN REVIEW

- A. Discuss Community Management Services estimate of costs for 2018 and 2019.
-

VII. OTHER BUSINESS

- A. _____
-

VIII. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 15, 2018.**

Stone Creek Metropolitan District
October 24, 2018
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Informational Enclosure:

- Memo regarding rates from Special District Management Services, Inc.

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE STONE CREEK METROPOLITAN DISTRICT (THE "DISTRICT") HELD SEPTEMBER 26, 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 26th day of September, 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
Peter J. Klymkow
Eric Kubly
Mauricio Barbera
Shawnee Williams

Also In Attendance Was:

Lisa A. Johnson and Peggy Ripko; Special District Management Services, Inc.

Elisabeth Cortese, Esq.; McGeady Becher P.C.

Jane Bajar; CliftonLarsonAllen, LLP

Kim Fiore; Independent District Engineering Services, LLC ("IDES")

Mike Sanders; Choke Cherry Investors, LLC

**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.

RECORD OF PROCEEDINGS

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 Klymkow and, upon vote unanimously carried, the Agenda for the District's Regular meeting was approved, as presented.

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, and upon motion duly made by Director Lyng, seconded by Director Klymkow 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 August 22, 2018 Regular Meeting.

Following review and discussion, upon motion duly made by Director Kubly, seconded by Director Lyng, and upon vote unanimously carried, the Board approved the Minutes of the August 22, 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 Cortese reported to the Board that the 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. ("Forestar") is currently under review by Forestar.

Revised Scope to Management Agreement by and between the District and Special District Management Services, Inc.: The Board reviewed and discussed the revised scope to the Management Agreement by and between the District and Special District Management Services, Inc.

Following review and discussion, upon motion duly made by Director Klymkow, seconded by Director Lyng, and upon vote unanimously carried, the Board approved the revised scope to the Management Agreement by and between the District and Special District Management Services, Inc.

RECORD OF PROCEEDINGS

Eligible Governmental Entity Agreement between the Statewide Internet Portal Authority of the State of Colorado and the District: The Board entered into discussion regarding the Eligible Governmental Entity Agreement between the Statewide Internet Portal Authority of the State of Colorado and the District.

Following review and discussion, upon motion duly made by Director Kubly, seconded by Director Klymkow, and upon vote unanimously carried, the Board approved the Eligible Governmental Entity Agreement between the Statewide Internet Portal Authority of the State of Colorado and the District.

Preparation of Clubhouse Rules and Regulations related to District Facilities: The Board deferred discussion at this time.

Special District Disclosure Document- Disclosure to Purchasers: Attorney Cortese discussed with the Board the Special District Disclosure Document - Disclosure to Purchasers ("Disclosure to Purchasers").

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Lyng, and upon vote unanimously carried, the Board approved the Special District Disclosure Document - Disclosure to Purchasers, subject to confirmation of the fee structure.

Procedure for Pay Application Process under the Stipulated Sum Price Agreement between the District, Hudick Excavating, Inc. d/b/a HEI Civil, and Choke Cherry Investors, LLC: Attorney Cortese presented to the Board the Procedure for Pay Application Process under the Stipulated Sum Price Agreement between the District, Hudick Excavating, Inc. d/b/a HEI Civil, and Choke Cherry Investors, LLC.

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Williams, and upon vote unanimously carried, the Board ratified approval of the Procedure for Pay Application Process under the Stipulated Sum Price Agreement between the District, Hudick Excavating, Inc. d/b/a HEI Civil, and Choke Cherry Investors, LLC.

Receipt of Confirmation from HEI Civil Regarding Payment of Pay Application No. 4 under the HEI Contract: Director Williams presented to the Board a receipt of confirmation from HEI Civil regarding payment of Pay Application No. 4 under the HEI Contract.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Kubly, seconded by Director Klymkow, and upon vote unanimously carried, the Board ratified approval of the acknowledgement of receipt of confirmation from HEI Civil regarding payment of Pay Application No. 4 under the HEI Contract.

Receipt of Confirmation from HEI Civil Regarding Payment of Pay Application No. 5 under the HEI Contract: Director Williams presented to the Board a receipt of confirmation from HEI Civil regarding payment of Pay Application No. 5 under the HEI Contract.

Following discussion, upon motion duly made by Director Lyng, seconded by Director Klymkow, and upon vote unanimously carried, the Board acknowledged the receipt of confirmation from HEI Civil regarding payment of Pay Application No. 5 under the HEI Contract.

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 discussed the status of 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"), noting that the First Amendment had been executed and ratification of approval of the First Amendment would be included on the next Agenda.

Following discussion, the Board deferred action on this agenda item.

FINANCIAL MATTERS

Claims: Ms. Bajar presented the claims for the period ending September 26, 2018 in the amount of \$29,385.79.

Following review and discussion, upon motion duly made by Director Barbera, seconded by Director Williams and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending September 26, 2018 in the amount of \$29,385.79 subject to funding.

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

RECORD OF PROCEEDINGS

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

EXPENDITURE VERIFICATION/ COST CERTIFICATION

Expenditure Verification Report No. 4 prepared by IDES (District Eligible Expenditures) in the amount of \$1,009,013.24, (Pay Application No. 5 under the HEI Contract): Following review and discussion, upon motion duly made by Director Lyng, seconded by Director Kubly, and upon vote unanimously carried, the Board ratified approval of Expenditure Verification Report No. 4 prepared by IDES (District Eligible Expenditures), in the amount of \$1,009,013.24, (Pay Application No. 5 under the HEI Contract).

Pay Application No. 6 under the HEI Contract: The Board discussed Pay Application No. 6 under the HEI Contract.

Following discussion, upon motion duly made by Director Kubly, seconded by Director Klymkow and, upon vote, unanimously carried, the Board approved Pay Application No. 6 under the HEI Contract.

Expenditure Verification Report No. 5 Prepared by IDES Certifying District Eligible Improvements in the amount of \$1,739,726.06 (Pay Application No. 6 under the HEI Contract): Ms. Fiore presented the Expenditure Verification Report No. 5 prepared by IDES certifying District Eligible Improvements (Pay Application No. 6 under the HEI Contract) in the amount of \$1,739,726.06.

Following discussion, upon motion duly made by Director Barbera, seconded by Director Lyng and, upon vote, unanimously carried, the Board approved Expenditure Verification Report No. 5 prepared by IDES certifying District Eligible Improvements (Pay Application No. 6 under the HEI Contract) in the amount of \$1,739,726.06.

Cost Certification Report No. 4 prepared by IDES: Ms. Fiore presented to the Board Cost Certification Report No. 4 prepared by IDES in the amount of \$16,668.04.

Following discussion, upon motion duly made by Director Klymkow, seconded by Director Barbera and, upon vote, unanimously carried, the Board approved Cost Certification Report No. 4 prepared by IDES in the amount of \$16,668.04.

RECORD OF PROCEEDINGS

Requisition No. 5 from the District's General Obligation Limited Tax Bonds, Series 2018A (the "2018A Bonds") and Requisition No. 3 from the District's Subordinate General Obligation Limited Tax Bonds, Series 2018B (the "2018B Bonds") (Expenditure Verification Report No. 5/Cost Certification Report No. 4).: Following review and discussion, upon motion duly made by Director Klymkow, seconded by Director Lyng, and upon vote unanimously carried, the Board ratified approval of Requisition No. 5 from the District's 2018A Bonds and Requisition No. 3 from the District's 2018B Bonds (the "2018B Bonds") (Expenditure Verification Report No. 5/Cost Certification Report No. 4).

CAPITAL IMPROVEMENTS

Project Status Report: Ms. Fiore distributed and reviewed with the Board the Project Status Report dated September 26, 2018. A copy of the report is attached hereto and incorporated herein by this reference.

COVENANT ENFORCEMENT/ DESIGN REVIEW

Community Management Services: The Board approved the termination of the Management Agreement between the District and MSI, LLC, pending legal review.

The Board discussed community management services to include covenant control, fee billing, website creation and maintenance and design review. The Board requested Ms. Ripko prepare a cost estimate related to Community Management Services prior to the closing of the first home to a resident and to present the estimate of costs to the Board at the October Meeting.

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

RECORD OF PROCEEDINGS

THESE MINUTES ARE APPROVED AS THE OFFICIAL SEPTEMBER 26, 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

STONE CREEK METROPOLITAN DISTRICT

Board Meeting Project Status

September 26, 2018



Construction Status

Hudick Excavating, Inc. (HEI)

- Continuing storm sewer, pedestrian underpass and bridge work in Scott Road.
- Continuing water, sanitary sewer and storm sewer in Village A.
- Continuing over excavation and grading in north portion of Village B.
- Began export of material from Village B to Village D
- Grading continuing in Village C.
- Connection to Village C pond from Interlocken has been completed.
- Grading continuing in Village D.
- Storm sewer and sanitary sewer installation continuing in Village D.
- Portions of Village D where grading is complete have been seeded.
- Water and Storm Sewer installation continuing in Interlocken.
- Portions of Interlocken where grading is complete have been seeded.
- HEI Pay App 5 has been completed and reviewed by the four-party cost share group.

Reports

Expenditure Verification – HEI Pay Applications

- Expenditure Verification Report #5 – Pay Application 6 - Consider approval

Cost Certification – Choke Cherry Investors Expenditures

- Cost Certification Report #4 – Consider approval

Other Matters

Storm Water Management Documentation

- SWAP continuing with management of Stormwater Management Documents
- Maintained on site in compliance with CDPHE
- Appropriate Routine and Post Storm observations and reports have been completed to date

Contract Administration

- RFI, Submittals, Change Order Requests, Pay Applications, etc. continue to be administered by the Developer with oversight by the District Engineer Representative relative to District Eligible Expenditures.
- Construction meetings including Developers, Builders and General Contractor occur every Wednesday of the week at 10:00am at the Stone Creek Site barn.



When recorded return to:
McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203

NOTICE TO TITLE COMPANIES: THE FOLLOWING RESOLUTION IMPOSES FEES WHICH, UNTIL PAID, CONSTITUTE A STATUTORY AND PERPETUAL LIEN ON AND AGAINST THE PROPERTY SERVED. CONTACT SDMS, AT (303) 987-0835 TO VERIFY PAYMENT.

RESOLUTION NO. 2018-10-__

**AMENDED & RESTATED RESOLUTION OF THE BOARD OF DIRECTORS OF
THE STONE CREEK METROPOLITAN DISTRICT
REGARDING THE IMPOSITION OF DISTRICT FEES**

A. Stone Creek Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado located in Douglas County, Colorado (the “**County**”).

B. The District was organized pursuant to its Service Plan approved by the County on September 23, 2014, as it may be amended from time to time (the “**Service Plan**”).

C. The District’s boundaries are described in the legal description attached hereto as **Exhibit A**, which legal description may be amended from time to time, pursuant to the inclusion and/or exclusion of property into or from the District (the “**Property**”).

D. Choke Cherry Investors, LLC, a Colorado limited liability company (the “**Developer**”), anticipates causing the recordation of that certain Declaration of Covenants and Restrictions of Stone Creek Ranch in the real property records of the County, as the same may be amended and/or modified from time to time (the “**Covenants**”) and applicable to the Property.

E. The Covenants provide that the District shall enforce each of the provisions provided therein.

F. The District, pursuant to the Covenants and Service Plan, is authorized and responsible for the ownership, operation, maintenance and construction of facilities to benefit the Property, including but not limited to neighborhood parks, a community center, a fitness center, and swimming pools (the “**District Improvements**”).

G. Pursuant to the Covenants, the District shall also provide for trash removal for any Unit, as defined in the Covenants.

H. The Property will benefit from the District Improvements and the District’s operation and maintenance of the same.

I. The District is authorized pursuant to Section 32-1-1001(1)(j), C.R.S., and its Service Plan to fix and impose fees, rates, tolls, charges and penalties for services, programs, or

facilities provided by the District, which, until paid, shall constitute a perpetual lien on and against all property served.

J. The District is providing a service by operating and maintaining the District Improvements, administering trash collection, and administering the transfer of ownership of any dwelling Unit (hereinafter defined) located within the Property (the “**Services**”).

K. The District has determined that, to meet the costs associated with the District Improvements, the cost of operating and maintaining the District Improvements, and to meet the costs of providing the Services it is necessary to impose an O&M Fee (defined below) on each lot and/or single family residential dwelling unit (“**Residential Unit**”) on the Property.

L. The District has determined that to offset the administrative expenses incurred when property within the District is sold, it is necessary to impose an Administrative Fee (defined below) on each Residential Unit on the Property.

M. The District previously adopted Resolution No. 2017-11-05, Resolution of the Board of Directors of the Stone Creek Metropolitan District Regarding the Imposition of District Fees (“**Original Fee Resolution**”).

N. The District wishes to amend and restate in its entirety the Original Fee Resolution by adoption of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE STONE CREEK METROPOLITAN DISTRICT, AS FOLLOWS:

1. The Original Fee Resolution is hereby amended and restated in its entirety with this Resolution.

2. The Board of Directors of the District hereby finds, determines and declares that it is in the best interests of the District, its inhabitants and taxpayers to exercise its power by imposing the following fees:

(a) **Operations and Maintenance Fee.**

(i) The Board hereby imposes an Operations and Maintenance Fee (the “**O&M Fee**”) as follows:

(1) Upon sale of a vacant lot to a homebuilder as follows:

- a) In the amount of \$_____ per month per vacant lot, payable quarterly;
- b) Upon substantial completion of the two neighborhood parks, as verified by the District Engineer, \$_____ per month per lot, payable quarterly; and

- c) Upon substantial completion of the two neighborhood parks, the clubhouse, the fitness center, and the swimming pools, as verified by the District Engineer, \$_____ per month per lot, payable quarterly.
- (2) Upon sale of a lot to an Owner (other than the homebuilder constructing the initial Residential Unit)
 - a) Upon substantial completion of the two neighborhood parks, as verified by the District Engineer, \$_____ per month per lot, payable quarterly; and
 - b) Upon substantial completion of the two neighborhood parks, the clubhouse, fitness center, and the swimming pools, as verified by the District Engineer, \$_____ per month per lot, payable quarterly.

(ii) The District reserves the right to amend this Resolution in the future to increase or decrease the amount of the O&M Fee.

(iii) The O&M Fee shall be paid in quarterly amounts as provided above per calendar quarter invoiced on each January 1st, April 1st, July 1st and October 1st and due on each January 25th, April 25th, July 25th and October 25th. An invoice for the O&M Fee payable for each calendar quarter will be mailed to each property owner (“**Owner**”) thirty (30) days prior to the final due date (the “**Bill Date**”), following a five (5) day grace period after the initial due date. If payment in full is not received by the 30th day following the Bill Date (the “**Past Due Date**”), the fee is deemed past due and otherwise outstanding. A “Reminder Notice” may be, but is not required to be, sent at such time. Notwithstanding the above, the Owner shall have the right to pay the O&M Fee for said calendar year in one (1) installment on or before January 15th, in which event, the Owner shall be entitled to a five percent (5%) discount.

(iv) Failure to make payment of any O&M Fees due hereunder shall constitute a default in the payment of such O&M Fee. Upon default, Owner shall be responsible for a late payment (“**Late Payment Fee**”) in the amount of \$15.00 per late payment.

(v) If the Owner does not make payment of all past due amounts, which in the District’s sole discretion may include simple interest as permitted by Section 29-1-1102(7), C.R.S. (the “**Delinquent Balance**”), within sixty (60) days from the Past Due Date, the District may deliver to the Owner a Notice of Intent to File a Lien Statement (a “**Lien Notice**”). The Lien Notice shall give notice to the Owner that the District intends to perfect its lien against the Property by recording a Lien Statement in the office of the Douglas County Clerk and Recorder if the Delinquent Balance is not paid in full within thirty (30) days after said Lien Notice is served upon Owner by certified mail, return receipt requested, pursuant to Section 38-22-109(3), C.R.S.

(b) **Administrative Fee.**

(i) The Board hereby determines that in order to offset administrative costs associated with a transfer of ownership of any dwelling unit located within the Property, the District shall impose an Administrative Fee (the "**Administrative Fee**" and, collectively with the O&M Fee, the "**Fees**") to be paid by each Owner (other than the builder constructing the initial Residential Unit) upon the conveyance or refinance of such Residential Unit, beginning when the builders sells the Residential Unit to the initial Owner as follows:

(ii) The Administrative Fee shall not exceed _____ (\$ _____)
per conveyance per Unit;

(iii) The Administrative Fee shall not exceed _____ (\$ _____)
per refinance transaction per Unit;

(iv) The Administrative Fee shall not exceed _____ (\$ _____)
per conveyance coupled with financing.

(v) The Administrative Fee shall be due and payable at the time of any sale, transfer or re-sale of any Unit constructed on a lot which has a certificate of occupancy.

(vi) The District reserves the right to amend this Resolution in the future to increase or decrease the amount of the Administrative Fee.

3. The Fees shall not be imposed on real property actually conveyed or dedicated to non-profit owners' associations, governmental entities or utility providers.

4. The Fees shall constitute a statutory and perpetual charge and lien upon the Property pursuant to Section 32-1-1001(1)(j), C.R.S., from the date the same becomes due and payable until paid. The lien shall be perpetual in nature as defined by the laws of the State of Colorado on the Property and shall run with the land and such lien may be foreclosed by the District in the same manner as provided by the laws of Colorado for the foreclosure of mechanics' liens. This Resolution shall be recorded in the real property records of the Clerk and Recorder of Douglas County, Colorado.

5. The District shall be entitled to institute such remedies and collection proceedings as may be authorized under Colorado law, including, but not limited to, foreclosure of its perpetual lien. The defaulting Owner shall pay all costs, including attorneys' fees, incurred by the District in connection with the foregoing. In foreclosing such lien, the District will enforce the lien only to the extent necessary to collect the Delinquent Balance and costs of collection (including, but not limited to, reasonable attorneys' fees).

6. Judicial invalidation of any of the provisions of the Resolution or of any paragraph, sentence, clause, phrase or word herein, or the application thereof in any given circumstances shall not affect the validity of the remainder of the Resolution, unless such invalidation would act to destroy the intent or essence of this Resolution.

7. Any inquiries pertaining to the Fees may be directed to Lisa A. Johnson, District Manager, Special District Management Services, Inc., 141 Union Blvd., Ste. 150, Lakewood, CO 80228, (303) 987-0835, ljohnson@sdmsi.com.

8. This Resolution shall take effect immediately upon its adoption and approval.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION NO. 2018-10-__]

APPROVED AND ADOPTED on October 24, 2018.

**STONE CREEK METROPOLITAN
DISTRICT**, a quasi-municipal corporation and
political subdivision of the State of Colorado

By: _____
President

Attest:

Secretary or Assistant Secretary

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

TERMINATION OF MANAGEMENT AGREEMENT

This **TERMINATION OF MANAGEMENT AGREEMENT** (“**Termination Agreement**”) is made and entered into this _____ day of _____, 2018, by and between **STONE CREEK METROPOLITAN DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and **MSI, LLC**, a Colorado limited liability company (“**Managing Agent**”) (each a “**Party**,” and collectively, the “**Parties**”).

RECITALS

A. The Parties are parties to that certain Management Agreement dated August 9, 2017 (the “**Management Agreement**”).

B. The Parties wish to terminate the Management Agreement effective as of December 31, 2018 (the “**Termination Date**”) and enter into this Termination Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the Parties agree as follows:

COVENANTS AND AGREEMENTS

1. Acknowledgement of Termination. The Parties acknowledge that the Management Agreement is hereby terminated as of the Termination Date and is of no further force or effect.

2. Payment for O&M Management Services. The District shall pay the Managing Agent for O&M Management Services satisfactorily performed through the Termination Date.

3. District Documents. Within two (2) weeks of the Termination Date, the Managing Agent shall deliver to the District all written data and information generated by or for the Managing Agent in connection with the District or supplied by the Managing Agent by the District of the District’s contractors or agents, and all drawings, plans, books, records, contracts, agreements, and all other documents in writing or electronically in its possession relating to its O&M Management Services or the District. Such documents shall be delivered to: Lisa A. Johnson, District Manager, Special District Management Services, Inc., 141 Union Blvd., Ste. 150, Lakewood, CO 80228, (303) 987-0835, ljohnson@sdmsi.com.

4. Representations. Each Party represents that it has not transferred, assigned or granted to any other party any rights or obligations under the Management Agreement.

5. Release. The Parties hereby release each other from any and all liabilities, obligations or duties that may have arisen or have been contemplated by the Management Agreement. Each Party agrees not to make any claim against any other Party with respect to the Management Agreement or the performance or non-performance of any covenant or condition contained within or contemplated by the Management Agreement.

6. Binding Effect. This Termination Agreement shall be binding upon the Parties and their respective successors and assigns.

7. Execution in Counterparts. This Termination Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original, and all of which counterparts, taken together, shall constitute but one and the same agreement.

[SIGNATURE PAGE TO TERMINATION OF MANAGEMENT AGREEMENT]

IN WITNESS WHEREOF, the parties have executed this Termination Agreement as of the date first set forth above.

**STONE CREEK METROPOLITAN
DISTRICT**, a quasi-municipal corporation and
political subdivision of the State of Colorado

By: _____
Patrick Lyng, President

Attest:

Lisa A. Johnson, Secretary

MSI, LLC, a Colorado limited liability company

By: _____

Name:

Title:

CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4565 - Stone Creek Metro District

IN DOUGLAS COUNTY ON 8/28/2018

New Entity: No

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2018 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$70,780
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$58,150
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$58,150
5. NEW CONSTRUCTION: **	\$0
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD ## OR LAND (29-1-301(1)(b) C.R.S.):	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$0.00

* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b), Colo.

** New construction is defined as: Taxable real property structures and the personal property connected with the structure.

Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

USE FOR 'TABOR' LOCAL GROWTH CALCULATIONS ONLY

IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b), C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2018 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2018

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$566,315
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$0
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT:	\$0

(If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)

DELETIONS FROM TAXABLE REAL PROPERTY:

8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY: →

\$0

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2018

Data Date: 8/27/2018

RESOLUTION NO. 2018 - 10 - ____

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.

(SEAL)

Secretary

EXHIBIT A
(Budget)

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: _____
Secretary

RESOLUTION NO. 2018 - 10 - ____

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.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)



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 ending 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 describe 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.

Greenwood Village, Colorado
_____, 2018



An independent member of Nexia International

PRELIMINARY DRAFT - SUBJECT TO REVISION

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

10/15/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCES	\$ (19,428)	\$ 3,821	\$ (62,335)	\$ (62,335)	\$ 1,794,584
REVENUES					
Property taxes	3,822	4,621	4,620	4,621	3,796
Specific ownership taxes	417	373	232	464	379
Net investment income	-	100	27,695	57,000	23,000
District fees	-	20,000	-	-	-
Developer advances	45,947	330,000	26,214	2,116,351	408,000
Bond issuance	-	9,346,000	9,470,000	9,470,000	-
Other revenue	-	-	24	24	-
Total revenues	50,186	9,701,094	9,528,785	11,648,460	435,175
TRANSFERS IN	-	2,119,325	2,096,406	2,096,406	-
Total funds available	30,758	11,824,240	11,562,856	13,682,531	2,229,759
EXPENDITURES					
General and administrative	78,863	63,559	51,412	111,863	124,572
Operations and maintenance	-	217,181	-	3,600	214,808
Debt service	46	388,015	109,961	342,697	473,519
Capital outlay	14,184	7,226,675	3,623,464	9,333,381	-
Clubhouse Facility	-	69,260	-	-	69,260
Total expenditures	93,093	7,964,690	3,784,837	9,791,541	882,159
TRANSFERS OUT	-	2,119,325	2,096,406	2,096,406	-
Total expenditures and transfers out requiring appropriation	93,093	10,084,015	5,881,243	11,887,947	882,159
ENDING FUND BALANCES	\$ (62,335)	\$ 1,740,225	\$ 5,681,613	\$ 1,794,584	\$ 1,347,600
EMERGENCY RESERVE	\$ -	\$ 700	\$ 100	\$ 100	\$ 100
CAPITALIZED INTEREST FUND	-	1,024,370	1,292,960	1,060,225	594,756
DEBT SERVICE RESERVE FUND	-	355,000	351,655	350,000	350,000
SURPLUS FUND	-	355,000	351,655	384,259	402,744
RESERVE FOR FUTURE DEBT SERVICE	3,472	4,628	7,522	-	-
TOTAL RESERVE	\$ 3,472	\$ 1,739,698	\$ 2,003,892	\$ 1,794,584	\$ 1,347,600

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,**

10/15/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
ASSESSED VALUATION					
Residential	\$ 28,080	\$ 32,620	\$ 32,620	\$ 32,620	\$ 35,040
Agricultural	35,620	38,160	38,160	38,160	4,390
Vacant land	-	-	-	-	18,390
Natural Resources	-	-	-	-	330
Certified Assessed Value	<u>\$ 63,700</u>	<u>\$ 70,780</u>	<u>\$ 70,780</u>	<u>\$ 70,780</u>	<u>\$ 58,150</u>
MILL LEVY					
General	10.000	10.000	10.000	10.000	10.000
Debt Service	50.000	55.277	55.277	55.277	55.277
Total mill levy	<u>60.000</u>	<u>65.277</u>	<u>65.277</u>	<u>65.277</u>	<u>65.277</u>
PROPERTY TAXES					
General	\$ 637	\$ 708	\$ 708	\$ 708	\$ 582
Debt Service	3,185	3,913	3,913	3,913	3,214
Levied property taxes	3,822	4,621	4,621	4,621	3,796
Adjustments to actual/rounding	-	-	(1)	(1)	-
Budgeted property taxes	<u>\$ 3,822</u>	<u>\$ 4,621</u>	<u>\$ 4,620</u>	<u>\$ 4,620</u>	<u>\$ 3,796</u>
BUDGETED PROPERTY TAXES					
General	\$ 650	\$ 708	\$ 708	\$ 708	\$ 582
Debt Service	3,172	3,913	3,912	3,912	3,214
	<u>\$ 3,822</u>	<u>\$ 4,621</u>	<u>\$ 4,620</u>	<u>\$ 4,620</u>	<u>\$ 3,796</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,

10/15/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (16,350)	\$ 359	\$ (29,251)*	\$ (29,251)*	\$ 100
REVENUES					
Property taxes	650	708	708	708	582
Specific ownership taxes	71	60	37	74	58
Net investment income	-	100	-	-	-
Developer advances	42,869	330,000	26,214	144,008	408,000
Other revenue	-	-	24	24	-
District fees	-	20,000	-	-	-
Total revenues	43,590	350,868	26,983	144,814	408,640
Total funds available	27,240	351,227	(2,268)	115,563	408,740
EXPENDITURES					
General and administrative					
Accounting	12,555	15,000	19,371	40,000	35,000
Audit	-	4,000	-	-	10,000
County Treasurer's fee	10	10	10	10	10
Dues	309	350	562	562	600
Insurance	2,242	2,700	4,232	4,232	4,500
District management	3,093	8,500	10,831	22,000	22,000
Legal	60,382	25,000	15,328	44,000	44,000
Miscellaneous	272	500	19	-	500
Election	-	2,000	1,059	1,059	-
Contingency	-	5,499	-	-	4,817
Operations and maintenance					
Administrative expenses	-	4,145	-	-	4,145
Audit	-	1,500	-	-	1,500
Common amenity maintenance	-	15,000	-	-	15,000
Community management	-	13,628	-	3,600	14,400
Contingency	-	1,645	-	-	1,645
Fence maintenance	-	10,584	-	-	10,584
Fertilization/weed/insect control	-	1,998	-	-	1,998
Gas/electricity	-	3,000	-	-	3,000
Grounds improvement	-	2,350	-	-	2,350
Grounds maintenance	-	23,635	-	-	23,635
Grounds repair (other)	-	1,598	-	-	1,598
Grounds repair (sprinkler)	-	2,174	-	-	2,174
Insurance	-	7,462	-	-	7,462
Legal	-	7,896	-	-	7,896
Lighting maintenance	-	632	-	-	632
Miscellaneous	-	1,500	-	-	1,500
Native area maintenance	-	10,206	-	-	10,206
Postage	-	829	-	-	829
Prairie dog mitigation	-	3,000	-	-	3,000
Shared amenity fee	-	39,480	-	-	39,480
Snow removal	-	8,390	-	-	8,390
Social activities	-	6,000	-	-	6,000
Taxes	-	100	-	-	100
Trash removal	-	42,836	-	-	42,836
Water	-	6,072	-	-	6,072
Water - native grass	-	1,521	-	-	1,521
Clubhouse Facility					
Clubhouse maintenance	-	15,000	-	-	15,000
Fitness equipment lease	-	24,200	-	-	24,200
Gas/ Electric	-	4,000	-	-	4,000
Grounds improvements	-	500	-	-	500
Legal	-	1,613	-	-	1,613
Lighting maintenance	-	81	-	-	81
Miscellaneous	-	403	-	-	403
Phone/IT	-	4,500	-	-	4,500
Pool chemicals	-	3,700	-	-	3,700
Pool maintenance	-	6,500	-	-	6,500
Pool repairs	-	3,500	-	-	3,500
Pool supplies	-	1,450	-	-	1,450
Snow removal	-	1,190	-	-	1,190
Social activities	-	2,000	-	-	2,000
Water	-	623	-	-	623
Total expenditures	78,863	350,000	51,412	115,463	408,640
Total expenditures and transfers out requiring appropriation	78,863	350,000	51,412	115,463	408,640
ENDING FUND BALANCE	\$ (51,623)	\$ 1,227	\$ (53,680)	\$ 100	\$ 100
EMERGENCY RESERVE TOTAL	\$ -	\$ 700	\$ 100	\$ 100	\$ 100
RESERVE	\$ -	\$ 700	\$ 100	\$ 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
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

10/15/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ -	\$ 3,462	\$ 3,472	\$ 3,472	\$ 1,794,484
REVENUES					
Property taxes	3,172	3,913	3,912	3,913	3,214
Specific ownership taxes	346	313	195	390	321
Net investment income	-	-	9,768	33,000	23,000
Total revenues	3,518	4,226	13,875	37,303	26,535
TRANSFERS IN					
Transfers from Capital Project Fund	-	2,119,325	2,096,406	2,096,406	-
Total funds available	3,518	2,127,013	2,113,753	2,137,181	1,821,019
EXPENDITURES					
Debt Service					
Bond interest	-	384,955	109,902	342,637	465,469
County Treasurer's fee	46	60	59	60	50
Trustee fees	-	3,000	-	-	8,000
Total expenditures	46	388,015	109,961	342,697	473,519
Total expenditures and transfers out requiring appropriation	46	388,015	109,961	342,697	473,519
ENDING FUND BALANCE	\$ 3,472	\$ 1,738,998	\$ 2,003,792	\$ 1,794,484	\$ 1,347,500
Capitalized Interest Fund	\$ -	\$ 1,024,370	\$ 1,292,960	\$ 1,060,225	\$ 594,756
Debt Service Reserve Fund (Required: \$350,000)	-	355,000	351,655	350,000	350,000
Surplus Fund (Maximum: \$1,241,500)	-	355,000	351,655	384,259	402,744
Reserve for future Debt Service	3,472	4,628	7,522	-	-
TOTAL RESERVE	\$ 3,472	\$ 1,738,998	\$ 2,003,792	\$ 1,794,484	\$ 1,347,500

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,**

10/15/18

	ACTUAL 2017	BUDGET 2018	ACTUAL 6/30/2018	ESTIMATED 2018	BUDGET 2019
BEGINNING FUND BALANCE	\$ (3,078)	\$ -	\$ (36,556)*	\$ (36,556)*	\$ -
REVENUES					
Net investment income	-	-	17,927	24,000	-
Developer advances	3,078	-	-	1,972,343	-
Bond issuance	-	9,346,000	9,470,000	9,470,000	-
Total revenues	3,078	9,346,000	9,487,927	11,466,343	-
Total funds available	-	9,346,000	9,451,371	11,429,787	-
EXPENDITURES					
Capital Outlay					
Public improvements	-	6,847,995	3,088,000	8,723,176	-
Construction Oversight / Administration	-	-	34,361	97,057	-
Cost of issuance	-	348,680	477,499	477,499	-
Engineering	14,184	-	-	-	-
Legal	-	30,000	23,549	35,549	-
Miscellaneous	-	-	55	100	-
Total expenditures	14,184	7,226,675	3,623,464	9,333,381	-
TRANSFERS OUT					
Transfers to Debt Service Fund	-	2,119,325	2,096,406	2,096,406	-
Total expenditures and transfers out requiring appropriation	14,184	9,346,000	5,719,870	11,429,787	-
ENDING FUND BALANCE	\$ (14,184)	\$ -	\$ 3,731,501	\$ -	\$ -

* 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.

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 amount of District 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**

Developer Advances

The District is in the development stage. As such, a significant portion of the District's capital, operating, 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 General Fund's 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
	<u>\$ 8,275,000</u>	<u>\$ 9,806,630</u>	<u>\$ 18,081,630</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

Board Meeting Project Status

October 24, 2018



Construction Status

Hudick Excavating, Inc. (HEI)

- Continuing storm sewer and bridge work in Scott Road.
- Pedestrian underpass in Scott Road is complete.
- Low water crossing structure construction progressing.
- Continuing water, sanitary sewer and storm sewer in Village A., Village C and Village D.
- Concrete curb and gutter started in Interlocken Road.
- Material export from Village B to Village D, complete.
- Grading complete in Village D.
- Seeding done in Village D.
- Village C pond storm sewer connections are complete.
- Over excavation and grading progressing in Village B.
- Utilities in the southern portion of Interlocken Road are complete.

Reports

Expenditure Verification – HEI Pay Applications

- Expenditure Verification Report #6 – Pay Application 7 - Consider approval

Cost Certification – Choke Cherry Investors Expenditures

- Cost Certification Report #5 – Consider approval

Other Matters

Storm Water Management Documentation

- SWAP continuing with management of Stormwater Management Documents
- Maintained on site in compliance with CDPHE
- Appropriate Routine and Post Storm observations and reports have been completed to date

Contract Administration

- RFI, Submittals, Change Order Requests, Pay Applications, etc. continue to be administered by the Developer with oversight by the District Engineer Representative relative to District Eligible Expenditures.
- Construction meetings including Developers, Builders and General Contractor occur every Wednesday of the week at 10:00am at the Stone Creek Site barn.





Special District
Management
Services, Inc.

141 Union Boulevard, Suite 150
Lakewood, CO 80228-1898
303-987-0835 • Fax: 303-987-2032

MEMORANDUM

TO: Board of Directors

FROM: Deborah D. McCoy
President

DATE: September 1, 2018

RE: Notice of 2019 Rate Increase

In accordance with the Management Agreement ("Agreement") between the District and Special District Management Services, Inc. ("SDMS"), at the time of the annual renewal of the Agreement, the hourly rate described in Article III for management services shall increase. Our current rates are \$137.00 per hour for management, administration and accounting, field services are \$70 per hour and utility billing is \$65.00 per hour. The new rates will be \$140.00/hr. for management administration and accounting. Field services and utility locates will be \$75.00/hr. At this time, no change will be made to the utility billing rate of \$65.00 per hour.

We hope you will understand that it is necessary to increase our rates so that we may continue to provide the best and most efficient management services you expect from SDMS.