

**RESOLUTION PROVIDING THE CONSENT OF THE CITY COUNCIL OF THE
CITY OF COMMERCE CITY TO A PROPOSED EXCLUSION OF LAND FROM
THE BUFFALO HIGHLANDS METROPOLITAN DISTRICT
NO. 2019-68**

WHEREAS, the Buffalo Highlands Metropolitan District (“District”) was initially approved in 2002 and organized to provide public improvements and limited ongoing operations and maintenance; and

WHEREAS, Section V.13 of the Amended and Restated Service Plan for the District, approved May 4, 2015 (“Service Plan”), requires the prior written consent of the City Council for the exclusion of any property from District Boundary, as defined in the Service Plan; and

WHEREAS, the City Council has received a request dated May 13, 2019, from the Board of the District, attached and incorporated into this resolution as Exhibit A, requesting the City Council’s consent to the exclusion of approximately 181 acres of land owned by Lennar Colorado, LLC, Meritage Homes of Colorado, LLC, and Stratus Buffalo Highlands, LLC, consisting of 654 lots and 52 tracts, from the District Boundary (identified as Phases 2-4 in Exhibit A) (“Exclusion Property”); and

WHEREAS, the exclusion of the Exclusion Property is anticipated to reduce the operation and maintenance obligations of the District by reducing the lots for which covenant enforcement and design review services will be needed from 819 lots to 165 lots (identified as Phase 1 Lots in Exhibit A) and the number of landscaping tracts for which the District is responsible from 60 tracts to 8 tracts (identified as Tracts A, B, C, D, E, F, I, and L in Exhibit A); and

WHEREAS, pursuant to C.R.S. 32-1-503, any part of the Exclusion Property excluded from the District shall remain obligated to the same extent as other property within the District for the purpose of retiring existing bonds and related interest but shall not be subject to any property tax levied or fees imposed by the District for the operating costs of the district.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COMMERCE CITY, COLORADO, AS FOLLOWS:

1. Based on the foregoing recitals and the presentation of the District, the City Council consents to the exclusion of Exclusion Property from the District in the manner set forth in Exhibit A.

RESOLVED AND PASSED THIS 17TH DAY OF JUNE 2019.

CITY OF COMMERCE CITY COLORADO

Sean Ford, Mayor

ATTEST

Laura J. Bauer, MMC, City Clerk

EXHIBIT A



May 13, 2019

VIA EMAIL

City Council
City of Commerce City
7887 E. 60th Avenue
Commerce City, CO 80022
Attn: Robert Sheesley

Re: Buffalo Highlands Metropolitan District: Request for Consent to Exclusion of Property

Dear City Council Members:

My Firm represents the Buffalo Highlands Metropolitan District (the “**District**”), which is located entirely within the City of Commerce City (the “**City**”). The District operates pursuant to its Amended and Restated Service Plan approved by City Council for the City of Commerce City (“**City Council**”) on May 4, 2015 (the “**Service Plan**”).

The District Board of Directors (the “**District Board**”) has received Petitions for Exclusion of Real Property in accordance with Section 32-1-501, C.R.S., from property owners within the District, wherein the property owners are requesting exclusion from the District. It is the District’s understanding upon representation from the property owners that any services that the District currently provides, or anticipates providing to the property sought to be excluded, will instead be provided by an owners’ association (or associations). Neither the City nor the District will, upon exclusion, retain or assume any responsibility for the ownership, operation, or maintenance of any of the property excluded.

Section V.13. of the Service Plan requires that the District shall not exclude from the District boundary any property within the Service Area without the prior written consent of the City Council (the “**Exclusion Limitation**”). The District is writing to you today to respectfully request the City’s consent to the Exclusions (hereinafter defined) and provides the following background and information regarding same.

REQUESTED EXCLUSIONS

Petitions for Exclusion of Real Property, pursuant to Section 32-1-501, C.R.S., have been provided by the following property owners to the District Board:

1. Lennar Colorado, LLC (in cooperation with the Meritage Exclusion described below).
 - a. Lots 1-8, Inclusive, Block 1; Lots 1-7, Inclusive, Block 2; Lots 1-10, Inclusive, Block 3; Lots 1-13, Inclusive, Block 4; Lots 1-8, Inclusive, Block 5; Lots 1-16, Inclusive, Block 12; Lots 1-15, Inclusive Block 13; Lots 1-14, Inclusive, Block 14; Lots 1-7, Inclusive, Block 15; Buffalo Highlands Filing No. 2, County of Adams, State of Colorado (the “**Lennar Exclusion**”).
2. Meritage Homes of Colorado Inc. (in cooperation with the Lennar Exclusion described above).
 - a. Lots 1-11, Inclusive, Block 6; Lots 1-20, Inclusive, Block 7; Lots 1-20, Inclusive, Block 8; Lots 1-20, Inclusive, Block 9; Lots 1-4, Inclusive, Block 10; Lots 1-11, Inclusive, Block 11; Buffalo Highlands Filing No. 2, County of Adams, State of Colorado (the “**Meritage Exclusion**”).
3. Stratus Buffalo Highlands, LLC.
 - a. Tract J, Buffalo Highlands Filing No. 1, City of Commerce City, County of Adams, State of Colorado; together with Tracts A through K, Buffalo Highlands Filing No. 2, City of Commerce City, County of Adams, State of Colorado (the “**Stratus Exclusion**” and collectively with the Lennar Exclusion and the Meritage Exclusion, the “**Exclusions**”).

Lennar Colorado, LLC, Meritage Homes of Colorado Inc., and Stratus Buffalo Highlands, LLC, collectively referred to herein as the “**Exclusion Parties**.”

EXCLUSION REQUEST POSITION

The Exclusions are being requested by the Exclusion Parties to ensure that development, as contemplated in the four (4) phases addressed below, can occur as intended in order to provide the necessary revenue to the District to repay the 2018 Bonds (hereinafter defined) and the interest thereon.

It is important to note that the properties to be excluded will, **pursuant to Section 32-1-503, C.R.S., remain obligated to the same extent as all other property within the District for the purpose of retiring the 2018 Bonds (as defined below) and the interest thereon.**

The District Board has been notified of a potential recall election of all District Board members. The District Board was not contacted by anyone on the recall committee prior to the initiation of the recall and is not aware as to the concerns of anyone on the recall committee. The District

Board stands ready and willing to discuss any concerns with the recall committee. However, to date, all requests by the District for such conversations have been dismissed.

Several of the District Board members, as well as the Exclusion Parties, are familiar with some of the individuals involved in the potential recall election and fear that past actions will repeat themselves in this community. The District Board and the Exclusion Parties take their roles in the repayment of the District's 2018 Bonds seriously. Simply stated, without development, the District cannot repay the Series 2018 Bonds. Removal of the Exclusion Property will result in District revenue related to repayment of its 2018 Bonds (as described in more detail below), while hopefully relieving any impediments to the development of the property sought to be excluded.

The current District boundaries comprise approximately two hundred fifty-eight (258) acres of land (the "**District Boundaries**"). The property considered in the Exclusions comprises approximately one hundred eighty-one (181) acres of land (the "**Exclusion Property**").

Consent by the City and approval by the District of the Exclusions would result in:

1. **Exclusion of approximately 181 acres of real property.** A reduction of the property included within the District boundaries from two hundred fifty-eight (258) acres to approximately seventy-seven (77) acres comprised of:
 - a. **Exclusion of approximately 654 lots.** A reduction in the number of lots within the District boundaries from eight hundred nineteen (819) lots to one hundred sixty-five (165) lots (*as stated above and below, Pursuant to Section 32-1-503, C.R.S., any property excluded from the District SHALL remain obligated to the same extent as all other property within the District for the purpose of retiring the 2018 Bonds and the interest thereon; however, pursuant to Section 32-1-503, C.R.S., any property excluded from the District SHALL NOT be subject to any property tax levied or fees imposed by the District Board of Directors for the operating costs of the District.*); and
 - b. **Exclusion of approximately 52 tracts.** A reduction in the number of landscaping tracts for which the District would own, operate, and maintain, from approximately sixty (60) tracts to eight (8) tracts.

Therefore, for the best interests of the property to be excluded, the best interest of the District, and the best interests of the City, the Exclusion Parties have sought exclusion from the District Boundaries. The District hereby seeks written consent from the City Council pursuant to Section V.13. of the Service Plan.

DEVELOPMENT WITHIN THE DISTRICT BOUNDARIES

The property within the Buffalo Highlands development is currently being built out in four (4) phases as described below, and as detailed on **Exhibit A** attached hereto and incorporated herein by reference.

Phase 1:

Buffalo Highlands Filing No. 1 is comprised of one hundred sixty-five (165) lots and eleven (11) tracts. The lots are currently owned by: (i) private homeowners; (ii) Lennar Colorado, LLC; or (iii) Meritage Homes of Colorado, Inc. (the “**Phase 1 Lots**”). The Phase 1 Lots are not included in the Exclusions and will remain within the District Boundaries and shall remain subject to the District’s Debt Service Mill Levy, Operations and Maintenance Mill Levy, and any fee imposed by the District.

Tracts A, B, C, D, E, F, I, and L are owned, operated, and maintained by the District (the “**District Tracts**”). The District Tracts will remain within the District Boundaries. Based upon the current scope of services for the landscape maintenance of the District Tracts, and the 2019 Budget, the District appears to have sufficient revenue to cover the costs associated with the ownership, operation, and maintenance of the District Tracts should the Exclusion Property be excluded from the District (See “**District Operations and Maintenance Obligations**” below). However, the level of service for such District Operations and Maintenance Obligations will be determined by future boards, and will depend upon future assessed valuation of the District. Therefore, an absolute statement regarding the costs associated with future maintenance cannot be provided at this point in time. A copy of the District’s Unaudited Financial Statements as of December 31, 2018 are attached hereto as Exhibit B, and incorporated herein by reference. A copy of the District’s 2019 Budget is attached hereto as Exhibit C, and incorporated herein by reference.

Tracts G, H, and M are owned, operated, and maintained by the City.

Phase 2:

Buffalo Highlands Filing No. 2 (a replat of Buffalo Highlands Filing No. 1, Tract K), is comprised of a portion of property platted pursuant to that certain Buffalo Highlands Filing No. 2, City of Commerce City, County of Adams, State of Colorado (“**Filing No. 2**”).

Phase 2 anticipates one hundred eighty-four (184) lots (the “**Phase 2 Lots**”). Currently all of the Phase 2 Lots are owned by: (i) Lennar Colorado, LLC; or (ii) Meritage Homes of Colorado, Inc. The Phase 2 Lots comprise the entirety of the property sought to be excluded by the Lennar Exclusion and the Meritage Exclusion.

Phase 2 also contains eleven (11) tracts (Tracts A through K, Filing No. 2) (the “**Phase 2 Tracts**”). Tracts A-C, and E-K, Filing No. 2, are landscape tracts that, subsequent to exclusion from the District, will be dedicated to an owners’ association (or associations). Tract D, Filing No. 2 is being re-platted into Phase 4 (see below). All eleven (11) of the Phase 2 Tracts are owned by Stratus Buffalo Highlands, LLC, and comprise a portion of the property sought to be excluded through the Stratus Exclusion.

Phase 3:

Phase 3 comprises the property referred to as Tract J, Buffalo Highlands Filing No. 1. Phase 3 anticipates one hundred sixty four (164) lots (the “**Phase 3 Lots**”) and is in the process of being platted as Buffalo Highlands Filing No. 3. The property located within Phase 3 is currently owned by Stratus Buffalo Highlands, LLC, and comprises a portion of the property sought to be excluded through the Stratus Exclusion. It is anticipated that in the near future ownership of the property located within Phase 3 will be transferred to Lennar Colorado, LLC.

Phase 4:

As stated above, Phase 4 comprises the portion of the property referred to as Tract D, Buffalo Highlands Filing No. 2. Phase 4 anticipates three hundred six (306) lots (the “**Phase 4 Lots**”) and is in the process of being platted as Buffalo Highlands Filing No. 4. The property located within Phase 4 is currently owned by Stratus Buffalo Highlands, LLC and comprises the remainder of the property sought to be excluded through the Stratus Exclusion.

OUTSTANDING DISTRICT DEBT

The District issued its Limited Tax (Convertible to Unlimited Tax) General Obligation Refunding and Improvement Bonds, Series 2018A in the principal amount of \$18,145,000 (the “**2018A Bonds**”), and its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2018B, in the principle amount of \$2,452,000 on July 19, 2018 (the “**2018B Bonds**” and collectively with the 2018A Bonds, the “**2018 Bonds**”). The proceeds from the 2018A Bonds were used to: (i) finance or reimburse a portion of the costs of public improvements related to the development; (ii) prepay a portion of the previous term loan provided to the District from the City in the principal amount of \$6,180,000¹ (the “**City Loan**”); (iii) pay capitalized interest on the 2018A Bonds; (iv) fund the Senior Reserve Fund to the Reserve Requirement; and (v) pay other costs in connection with the issuance of the 2018A Bonds. Proceeds from the 2018B Bonds were used to: (i) prepay a portion of the City Loan; and (ii) pay other costs in connection with the issuance of the 2018B Bonds.

Currently, all property located within the District is subject to an annual ad valorem property tax for debt service to repay the 2018 Bonds in the amount of 55.277 mills (50.000 mills “gallagherized” to 55.277 to account for the legislative change to reduce the residential assessment ratio from 7.96% to 7.2% for collection years 2018 and 2019).

Pursuant to Section 32-1-503, C.R.S., any property excluded from the District SHALL remain obligated to the same extent as all other property within the District for the purpose of retiring the 2018 Bonds and the interest thereon.

¹ The City Loan was a term loan made by the City to the District for the purpose of financing or reimbursing the public improvements costs associated with the construction of the 96th Avenue and related improvements.

DISTRICT OPERATIONS AND MAINTENANCE EXPENSES

The District is currently responsible for the daily operations of the District, including all statutory compliance, and in addition, operates in lieu of an owners' association. The District currently operates and maintains certain landscaping tracts referred to as Tracts A, B, C, D, E, F, and I, Buffalo Highlands Filing No.1, as discussed above and as shown on **Exhibit A**, attached hereto and incorporated herein by reference.

Currently all property located within the District boundaries is subject to an operations and maintenance mill levy 15.000 mills (the "**O&M Mill Levy**"), as well as an operations and maintenance fee of \$35.00 per Residential Unit per month (\$420.00 annually) (the "**O&M Fee**").

Should the Exclusions be approved, the District would experience a reduction in the operation and maintenance obligations, as approximately fifty-two (52) tracts that would have fallen to the District to operate and maintain will be removed from such obligation, and the expenses related to covenant enforcement and design review for the additional six hundred fifty-four (654) lots will not be placed upon the District. Operations and maintenance and covenant enforcement and design review services to the Exclusion Property will be provided by a separate owners' association (or associations) formed by the Exclusion Parties, as applicable.

The current O&M Mill Levy and O&M Fee were determined based on the revenue necessary to fund the District's annual operations and maintenance budget upon full buildout. With the removal of the Exclusion Property it is possible that both can be reduced, however, any such decision will be determined by the District Board on an annual basis.

It is important to note that the Phase 1 Lots are not included in the Exclusion Property and as such, will not be a part of the owners' association(s) discussed above. As a result, the Phase 1 Lots will not incur any additional fees as a result of the creation of, or the services provided by, the owners' association(s). However, if desired by the owners of the Phase 1 Lots, nothing related to the Exclusions shall preclude the owners of the Phase 1 Lots, if desired, from voluntarily joining the applicable owners' association in compliance with state statutes regarding same.

Pursuant to Section 32-1-503, C.R.S., any property excluded from the District SHALL NOT be subject to any property tax levied by the District Board of Directors for the operating costs of the District.

DISTRICT REQUEST

Based upon all of the information provided above, please allow this letter to serve as the District's request, in conformance with the Exclusion Limitation, for City Council's written consent to the requested Exclusions. I am happy, along with representatives from the District Board and representatives from the Exclusion Parties, to address City Council in order to answer any questions or provide any additional information.

City Council Members
May 13, 2019
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Thank you for your time and for your consideration.

Very truly yours,

MCGEADY BECHER P.C.



Elisabeth A. Cortese

Enclosures

EXHIBIT A

Phasing Map

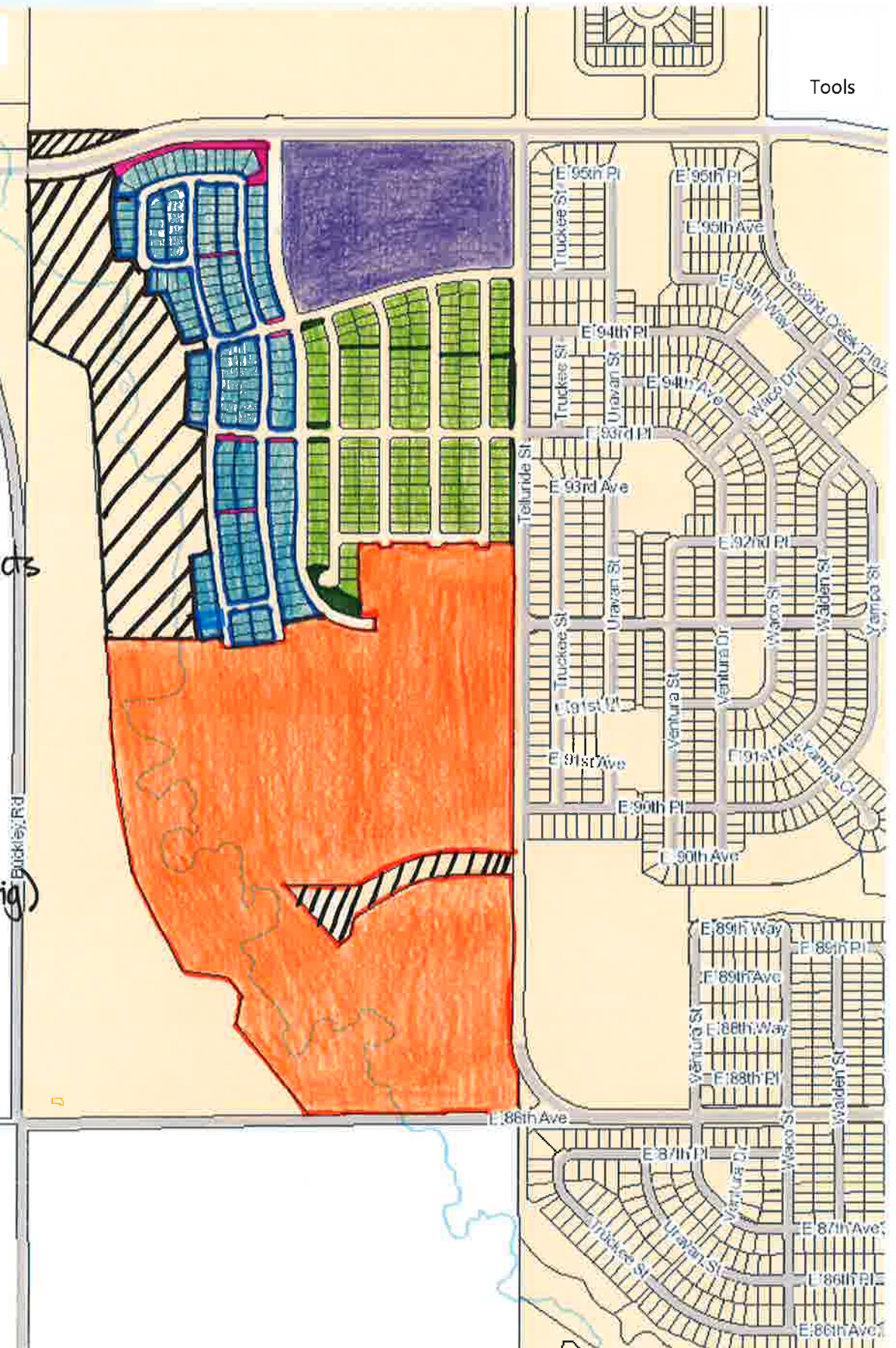
Search...

I want to...

Tools

Legend:

- Phase 1
Filing No. 1
• 165 Lots
- 8 District
Owned Tracts
- 3 City Owned Tracts
- Phase 2
Filing No. 2
• 184 Lots
- 11 Tracts
(1 to be replatted
in Filing No. 4)
- Phase 3
Filing No. 3 (Pending)
• 164 Lots
- Phase 4
• 306 Lots
(Replat from
Filing No. 2)



Hillshade...

0 500 1000ft

EXHIBIT B

District Unaudited Financial Statements

**Buffalo Highlands Metropolitan District
Financial Statements**

December 31, 2018

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Buffalo Highlands Metropolitan District

Management is responsible for the accompanying financial statements of each major fund of Buffalo Highlands Metropolitan District, as of and for the period ended December 31, 2018, which are comprised of the Balance Sheet and the related Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds and account groups for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the 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 financial statements 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 these financial statements.

Management has elected to omit the Statement of Net Position, Statement of Activities, Management Discussion and Analysis and all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Buffalo Highlands Metropolitan District because we performed certain accounting services that impaired our independence.

Simmons & Wheeler, P.C.

February 12, 2019
Englewood, Colorado

Buffalo Highlands Metropolitan District
Balance Sheet - Governmental Funds and Account Groups
December 31, 2018

See Accountant's Compilation Report

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Account Groups</u>	<u>Total All Funds</u>
Assets					
Current assets					
Checking	\$ 66,067	\$ 2,541	\$ 88,791	\$ -	\$ 157,399
Other Banks	3,947	-	-	-	3,947
UMB	-	1,832,131	3,442,875	-	5,275,006
Taxes due from County	125	-	462	-	587
Accounts Receivable	9,783	-	-	-	9,783
Prepaid expenses	350	-	-	-	350
	<u>80,272</u>	<u>1,834,672</u>	<u>3,532,128</u>	<u>-</u>	<u>5,447,072</u>
Other assets					
Fixed assets	-	-	-	13,725,286	13,725,286
Amount available in debt service fund	-	-	-	3,532,128	3,532,128
Amount to be provided for retirement of debt	-	-	-	17,764,858	17,764,858
	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,022,272</u>	<u>35,022,272</u>
	<u>\$ 80,272</u>	<u>\$ 1,834,672</u>	<u>\$ 3,532,128</u>	<u>\$ 35,022,272</u>	<u>\$ 40,469,344</u>
Liabilities and Equity					
Current liabilities					
Accounts payable	\$ 17,050	\$ 60,862	\$ -	\$ -	\$ 77,912
	<u>17,050</u>	<u>60,862</u>	<u>-</u>	<u>-</u>	<u>77,912</u>
Long Term liabilities					
General Obligation Bonds	-	-	-	20,597,000	20,597,000
Advances developer - capital	-	-	-	160,377	160,377
Advances developer - capital interest	-	-	-	2,391	2,391
Advances developer - operating	-	-	-	396,040	396,040
Advances developer - operating interest	-	-	-	141,178	141,178
	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,296,986</u>	<u>21,374,898</u>
Total liabilities	<u>17,050</u>	<u>60,862</u>	<u>-</u>	<u>21,296,986</u>	<u>21,374,898</u>
Fund Equity					
Investment in fixed assets	-	-	-	13,725,286	13,725,286
Fund balance (deficit)	63,222	1,773,810	3,532,128	-	5,369,160
	<u>63,222</u>	<u>1,773,810</u>	<u>3,532,128</u>	<u>13,725,286</u>	<u>19,094,446</u>
	<u>\$ 80,272</u>	<u>\$ 1,834,672</u>	<u>\$ 3,532,128</u>	<u>\$ 35,022,272</u>	<u>\$ 40,469,344</u>

Buffalo Highlands Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Governmental Funds
For the Twelve Months Ended December 31, 2018
General Fund

See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Property Taxes	\$ 17,091	\$ 17,091	\$ -
Specific Ownership taxes	1,025	1,397	372
Operations Fees	16,800	22,677	5,877
Working Capital Fees	-	46,000	46,000
Architectural Review Fees	-	2,050	2,050
Penalties	-	330	330
Interest Income	-	102	102
Developer Advances	42,564	88,805	46,241
	<u>77,480</u>	<u>178,452</u>	<u>100,972</u>
Expenditures			
Accounting	10,000	21,633	(11,633)
Management	10,000	31,679	(21,679)
Covenant Control	15,000	7,587	7,413
Election Expense	2,100	1,884	216
Audit	8,000	9,227	(1,227)
Insurance/SDA	3,300	3,358	(58)
Legal	15,000	31,588	(16,588)
Grounds Maintenance	10,000	-	10,000
Treasurer's Fees	256	258	(2)
Miscellaneous Expense	1,500	5,994	(4,494)
Contingency	-	-	-
Emergency reserve	2,324	-	2,324
	<u>77,480</u>	<u>113,208</u>	<u>(35,728)</u>
Excess (deficiency) of revenues over expenditures	-	65,244	65,244
Fund balance beginning	-	(2,022)	(2,022)
Fund balance ending	<u>\$ -</u>	<u>\$ 63,222</u>	<u>\$ 63,222</u>

Buffalo Highlands Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Governmental Funds
For the Twelve Months Ended December 31, 2018
Capital Projects Fund
See Accountant's Compilation Report

	Annual <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Bond Proceeds - 2018A	\$ -	\$ 18,145,000	\$ 18,145,000
Bond Proceeds - 2018B	-	2,452,000	2,452,000
Bond Premium - 2018A	-	55,458	55,458
Developer Advances	24,000	8,260,670	8,236,670
Interest Income	-	25,791	25,791
	<u>24,000</u>	<u>28,938,919</u>	<u>28,914,919</u>
Expenditures			
Bond Issuance Costs	-	659,491	(659,491)
Capital Outlay	-	8,259,262	(8,259,262)
Accounting	500	23,241	(22,741)
Management	3,500	26,902	(23,402)
Election Expense	-	72	(72)
Legal	-	3,072	(3,072)
Legal - Other	20,000	18,157	1,843
Transfer to other funds	-	9,934,921	(9,934,921)
Repay developer principal	-	8,187,701	(8,187,701)
Repay developer interest	-	58,932	(58,932)
	<u>24,000</u>	<u>27,171,751</u>	<u>(27,147,751)</u>
Excess (deficiency) of revenues over expenditures	-	1,767,168	1,767,168
Fund balance beginning	<u>-</u>	<u>6,642</u>	<u>6,642</u>
Fund balance (deficit) ending	<u>\$ -</u>	<u>\$ 1,773,810</u>	<u>\$ 1,773,810</u>

Buffalo Highlands Metropolitan District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Governmental Funds
For the Twelve Months Ended December 31, 2018
Debt Service Fund
See Accountant's Compilation Report

	Annual <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 62,985	\$ 62,985	\$ -
Specific Ownership Taxes	3,779	5,148	1,369
Facilities Fees	-	58,300	58,300
Interest Income	-	36,960	36,960
Transfer from other funds	-	9,934,921	9,934,921
	<u>66,764</u>	<u>10,098,314</u>	<u>10,031,550</u>
Expenditures			
Loan Principal	-	5,940,000	(5,940,000)
Loan Interest	65,819	300,000	(234,181)
Bond Principal 2018A	-	-	-
Bond Interest 2018A	-	354,688	(354,688)
Bond Principal 2018B	-	-	-
Bond Interest 2018B	-	-	-
Paying Agent Fees	-	-	-
Treasurer's Fees	945	951	(6)
	<u>66,764</u>	<u>6,595,639</u>	<u>(6,528,875)</u>
Excess (deficiency) of revenues over expenditures	-	3,502,675	3,502,675
Fund balance beginning	-	29,453	29,453
Fund balance (deficit) ending	<u>\$ -</u>	<u>\$ 3,532,128</u>	<u>\$ 3,532,128</u>

EXHIBIT C

2019 Budget

RESOLUTION NO. 2018 - 10 - 03

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

WHEREAS, the Board of Directors of the Buffalo Highlands 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 4, 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 Buffalo Highlands Metropolitan District:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Buffalo Highlands 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 4th day of October, 2018.




Secretary

EXHIBIT A
(Budget)

BUFFALO HIGHLANDS METROPOLITAN DISTRICT
2019
BUDGET MESSAGE

Attached please find a copy of the adopted 2019 budget for Buffalo Highlands Metropolitan District.

The Buffalo Highlands Metropolitan District has adopted budgets for three funds, a General Fund to provide for general operating expenditures; a Capital Projects Fund to provide for capital improvements to be built for the benefit of the district; and a Debt Service Fund to account for the repayment of principal and interest on the Series 2018 General Obligation Bonds.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the District in 2019 will be property taxes, developer advances and working capital fees. The District intends to impose a 70.277 mill levy on the property within the District in 2019, of which 15.000 mills will be dedicated to the General Fund and the balance of 55.277 mills will be allocated to the Debt Service Fund.

Buffalo Highlands Metropolitan District
Adopted Budget
General Fund
For the Year ended December 31, 2019

	Actual <u>2017</u>	Adopted Budget <u>2018</u>	Actual <u>9/30/2018</u>	Estimate <u>2018</u>	Adopted Budget <u>2019</u>
Beginning fund balance	\$ (8,411)	\$ -	\$ (2,022)	\$ (2,022)	\$ (4,044)
Revenues:					
Property Tax Revenue	832	17,091	15,629	17,091	56,621
Specific Ownership Taxes	85	1,025	723	1,025	3,397
Developer Advance	72,350	42,564	67,288	67,288	29,486
Miscellaneous Income	8	-	-	-	-
Operations/Maintenance Fee		16,800	5,915	5,915	16,800
Working Capital Fee		-	20,300	20,300	45,000
Design Approval Fee	-	-	1,100	1,100	1,000
Total revenues	<u>73,275</u>	<u>77,480</u>	<u>110,955</u>	<u>112,719</u>	<u>152,304</u>
Total funds available	<u>64,864</u>	<u>77,480</u>	<u>108,933</u>	<u>110,697</u>	<u>148,260</u>
Expenditures:					
Accounting	8,006	10,000	8,248	10,000	10,000
Audit	7,952	8,000	9,200	9,200	9,500
Election	41	2,100	1,884	2,000	-
Insurance/SDA Dues	3,071	3,300	3,112	3,300	3,500
Legal	26,394	15,000	48,320	57,985	25,000
Covenant Control	-	15,000	4,110	5,000	15,000
Grounds Maintenance	-	10,000	-	-	5,000
Snow Removal	-	-	-	-	5,000
Management	19,823	10,000	16,914	23,000	25,000
Miscellaneous Expense	1,587	1,500	2,795	4,000	5,000
Treasurer's Fees	12	256	234	256	849
O&M Reserve					41,296
Contingency	-	-	-	-	-
Emergency reserve (3%)	-	2,324	-	-	3,115
Total expenditures	<u>66,886</u>	<u>77,480</u>	<u>94,817</u>	<u>114,741</u>	<u>148,260</u>
Ending fund balance	\$ (2,022)	\$ -	\$ 14,116	\$ (4,044)	\$ -
Assessed Value (000's)	83,180	1,139,430	1,139,430		3,774,710
Mill Levy	<u>10.000</u>	<u>15.000</u>	<u>15.000</u>		<u>15.000</u>

Buffalo Highlands Metropolitan District
Adopted Budget
Debt Service Fund
For the Year ended December 31, 2019

	Actual <u>2017</u>	Adopted Budget <u>2018</u>	Actual <u>9/30/2018</u>	Estimate <u>2018</u>	Adopted Budget <u>2019</u>
Beginning fund balance	\$ 24,928	\$ -	\$ 29,453	\$ 29,453	\$ 3,789,092
Revenues:					
Property Taxes	4,159	62,985	57,598	57,598	208,654
Specific Ownership Taxes	428	3,779	2,663	2,663	9,851
Series 2018A Proceeds	-	-	18,145,000	18,145,000	-
Series 2018B Proceeds	-	-	2,452,000	2,452,000	-
Transfer from Capital Fund	-	-	-	-	-
Interest income	-	-	8,912	10,000	-
Facilities Fees	-	-	20,900	44,000	60,500
Total revenues	<u>4,587</u>	<u>66,764</u>	<u>20,687,073</u>	<u>20,711,261</u>	<u>279,005</u>
Total funds available	<u>29,515</u>	<u>66,764</u>	<u>20,716,526</u>	<u>20,740,714</u>	<u>4,068,097</u>
Expenditures:					
Loan Principal	-	-	5,940,000	5,940,000	-
Loan Interest	-	65,819	300,000	300,000	-
Series 2018A Principal	-	-	-	-	-
Series 2018A Interest	-	-	-	-	967,331
Bond Discount 2018A	-	-	362,900	362,900	-
Bond Discount 2018B	-	-	73,560	73,560	-
Cost of Issuance	-	-	223,031	223,031	-
Treasurer's fees	62	945	1,054	1,054	3,130
Transfer to Capital Fund	-	-	10,051,077	10,051,077	-
Total expenditures	<u>62</u>	<u>66,764</u>	<u>16,951,622</u>	<u>16,951,622</u>	<u>970,461</u>
Ending fund balance	\$ <u>29,453</u>	\$ <u>-</u>	\$ <u>3,764,904</u>	\$ <u>3,789,092</u>	\$ <u>3,097,636</u>
Net AV	83,180	1,139,430	1,139,430		3,774,710
Mill Levy	<u>50.000</u>	<u>55.278</u>	<u>55.278</u>		<u>55.277</u>
Required reserve				\$ <u>-</u>	

Buffalo Highlands Metropolitan District
Adopted Budget
Capital Project Fund
For the Year ended December 31, 2019

	Actual <u>2017</u>	Adopted Budget <u>2018</u>	Actual <u>9/30/2018</u>	Estimate <u>2018</u>	Adopted Budget <u>2019</u>
Beginning fund balance	\$ -	\$ -	\$ 6,642	\$ 6,642	\$ 1,679,887
Revenues:					
Developer advance	10,450	24,000	12,021	12,021	-
Series 2018A Proceeds	-	-	-	-	-
Series 2018B Proceeds	-	-	-	-	-
Series 2018A Bond Premium	-	-	-	-	-
Interest income	-	-	9,971	10,000	-
Transfer from Debt Service	-	-	10,051,077	10,051,077	-
Total revenues	<u>10,450</u>	<u>24,000</u>	<u>10,073,069</u>	<u>10,073,098</u>	<u>-</u>
Total funds available	<u>10,450</u>	<u>24,000</u>	<u>10,079,711</u>	<u>10,079,740</u>	<u>1,679,887</u>
Expenditures:					
Interest	-	-	26,177	26,177	-
Accounting	-	500	14,920	14,920	5,000
Election	-	-	46	46	-
Engineering	-	-	15,689	15,689	20,000
Legal	2,711	-	175	175	500
Legal - Other	-	20,000	11,655	20,000	10,000
Management	432	3,500	17,361	20,000	10,000
Miscellaneous	-	-	213	213	-
96th Avenue Project	665	-	-	-	-
Infrastructure	-	-	5,798,833	8,246,633	-
Transfer to Debt Service Fund	-	-	-	-	-
Contingency	-	-	-	-	148,206
96th Avenue Acceptance	-	-	-	56,000	-
Total expenditures	<u>3,808</u>	<u>24,000</u>	<u>5,885,069</u>	<u>8,399,853</u>	<u>193,706</u>
Ending fund balance	\$ <u>6,642</u>	\$ -	\$ <u>4,194,642</u>	\$ <u>1,679,887</u>	\$ <u>1,486,181</u>

I, Lisa A. Jacoby, hereby certify that I am the duly appointed Secretary of the Buffalo Highlands 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 Buffalo Highlands Metropolitan District held on October 4, 2018.

By: 

RESOLUTION NO. 2018 - 10 - 04

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BUFFALO HIGHLANDS METROPOLITAN DISTRICT
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Buffalo Highlands Metropolitan District ("District") has adopted the 2019 annual budget in accordance with the Local Government Budget Law on October 4, 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

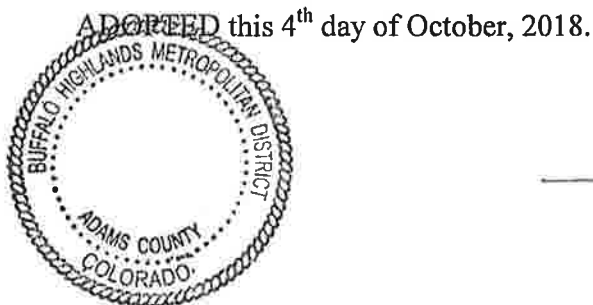
WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Buffalo Highlands 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 Adams 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.



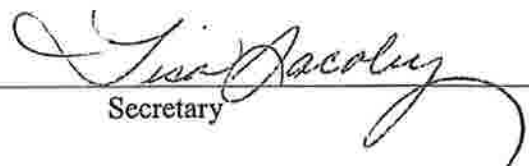

Secretary

EXHIBIT A
(Certification of Tax Levies)

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Adams County, Colorado.

On behalf of the Buffalo Highlands Metropolitan District,
(taxing entity)^A

the Board of Directors,
(governing body)^B

of the Buffalo Highlands Metropolitan District,
(local government)^C

Hereby officially certifies the following mills
to be levied against the taxing entity's GROSS \$ 3,774,710
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 \$ 3,774,710
calculated using the NET AV. The taxing entity's total (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
property tax revenue will be derived from the mill levy
multiplied against the NET assessed valuation of:

Submitted: 12/14/2019 for budget/fiscal year 2019
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>15.000</u> mills	\$ <u>56,621</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	15.000 mills	\$ 56,621
3. General Obligation Bonds and Interest ^J	<u>55.278</u> mills	\$ <u>208,658</u>
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	70.278 mills	\$ 265,279

Contact person: _____ Daytime
(print) Diane K Wheeler phone: (303) 689-0833
Signed: Diane K Wheeler Title: District Accountant

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) 866-2156.

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^J:

- | | | |
|----|-------------------|--|
| 1. | Purpose of Issue: | <u>\$18,145,000 General Obligation Refunding and Improvement Bonds</u> |
| | Series: | <u>2018A</u> |
| | Date of Issue: | <u>July 19, 2018</u> |
| | Coupon Rate: | <u>5.25% - 5.375%</u> |
| | Maturity Date: | <u>December 1, 2048</u> |
| | Levy: | <u>55.278</u> |
| | Revenue: | <u>\$208,658</u> |
| | | |
| 2. | Purpose of Issue: | <u>\$2,452,000 Subordinate General Obligation Refunding Bonds</u> |
| | Series: | <u>2018B</u> |
| | Date of Issue: | <u>July 19, 2018</u> |
| | Coupon Rate: | <u>7.625%</u> |
| | Maturity Date: | <u>December 15, 2046</u> |
| | Levy: | <u>0.000</u> |
| | Revenue: | <u>\$0</u> |

CONTRACTS^K:

- | | | |
|----|----------------------|---------|
| 3. | Purpose of Contract: | <u></u> |
| | Title: | <u></u> |
| | Date: | <u></u> |
| | Principal Amount: | <u></u> |
| | Maturity Date: | <u></u> |
| | Levy: | <u></u> |
| | Revenue: | <u></u> |
| | | |
| 4. | Purpose of Contract: | <u></u> |
| | Title: | <u></u> |
| | Date: | <u></u> |
| | Principal Amount: | <u></u> |
| | Maturity Date: | <u></u> |
| | Levy: | <u></u> |
| | Revenue: | <u></u> |

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