

BUDGET RESOLUTION

(2024)

CERTIFIED COPY OF RESOLUTION

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

At the special meeting of the Board of Directors of Cottonwood Greens Metropolitan District No. 2, City of Fort Lupton, County of Weld, Colorado, held at 10:00 AM on Thursday, October 26, 2023, at Fort Lupton Recreation Center, 203 South Harrison Ave, Fort Lupton, CO 80621, by videoconference at <https://zoom.us/j/97252473275?pwd=TjhXb1dxSmNVeGE4UEdyZWVmbE92dz09>, and by teleconference at (720) 707-2699, Meeting ID: 972 5247 3275, there were present:

Robert Eck II
Marvin Davis
Leslie Brown
Vacant
Vacant

Also present was Michael Davis and Marisa Davis of the Law Office of Michael E. Davis, LLC (“District Counsel”)

District Counsel reported that, prior to the meeting, legal counsel had notified each of the directors of the date, time and place of this meeting and the purpose for which it was called. District Counsel further reported that this is a special meeting of the Board of Directors of the District and that a notice of the meeting was posted on the District’s public website or at a public place within the boundaries of the District pursuant to applicable statutes and at the Weld County Clerk and Recorder’s Office, and to the best of their knowledge, remains posted to the date of this meeting.

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

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR TO HELP DEFRAY THE COSTS OF THE GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2, CITY OF FORT LUPTON WELD COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2024 AND ENDING ON THE LAST DAY OF DECEMBER, 2024.

WHEREAS, the Board of Directors (the “Board”) of the Cottonwood Greens Metropolitan District No. 2 (the “District”) has authorized its consultants, treasurer and legal counsel to prepare and submit a proposed budget to said governing body no later than October 15, 2023; and

WHEREAS, the proposed 2024 budget has been submitted to the Board for its consideration; and

WHEREAS, upon due and proper notice, posted in accordance with Colorado law and published on October 18, 2023 in the Fort Lupton Press, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 10:00 AM on Thursday, October 26, 2023, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; 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.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2, WELD COUNTY, COLORADO, AS FOLLOWS:

Section 1. Summary of 2024 Revenues and 2024 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2024, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, or as amended, and attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2024.

Section 3. 2024 Levy of General Property Taxes. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the General Fund for operating expenses is \$34,760, and that the 2023 valuation for assessment, as certified by the Weld County Assessor, is \$2,246,760. That for the purposes of meeting all general operating expenses of the District during the 2024 budget year, there is hereby levied a tax of 15.471 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2023.

Section 4. 2024 Levy of Debt Retirement Expenses. That the foregoing budget indicates that the amount of money from property tax revenue necessary to balance the budget for the Debt Service Fund for debt retirement expense is \$130,501 and that the 2023 valuation for assessment, as certified by the Weld County Assessor, is \$2,246,760. That for the purposes of meeting all debt retirement expenses of the District during the 2024 budget year, there is hereby levied a tax of 58.084 mills upon each dollar of the total valuation of assessment of all taxable property within the District during the year 2023.

Section 5. Certification to Board of County Commissioners. That the attorney, accountant or manager for the District is hereby authorized and directed to certify to the Weld County Board of County Commissioners, no later than December 15, 2023, the mill levies for the District hereinabove determined and set. That said certification shall be substantially in the same form as attached hereto and incorporated herein by this reference.

Section 6. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 7. Budget Certification. That the budget shall be certified by the Secretary/Treasurer of the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Eck.

RESOLUTION APPROVED AND ADOPTED ON OCTOBER 26, 2023.

COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2

By: Robert L. Eck II
Robert L. Eck II (Nov 10, 2023 14:21 MST)
Robert Eck II, President

ATTEST:

Marvin Davis
Marvin Davis (Nov 13, 2023 11:32 MST)
Marvin Davis, Secretary/Treasurer

APPROVED AS TO FORM:
LAW OFFICE OF MICHAEL E. DAVIS, LLC
As General Counsel to the District



STATE OF COLORADO
COUNTY OF WELD
COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2

I, Marvin Davis, hereby certify that I am a director and the duly elected and qualified Secretary/Treasurer of Cottonwood Greens Metropolitan District No. 2 (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 10:00 AM on Thursday, October 26, 2023, at Fort Lupton Recreation Center, 203 South Harrison Ave, Fort Lupton, CO 80621, by videoconference at <https://zoom.us/j/97252473275?pwd=TjhXb1dxSmNVeGE4UEdyZWVmbE92dz09>, and by teleconference at (720) 707-2699, Meeting ID: 972 5247 3275, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2024; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name on October 26, 2023.

Marvin Davis

Marvin Davis (Nov 13, 2023 11:32 MST)

Marvin Davis, Secretary/Treasurer

EXHIBIT A
2024 BUDGET DOCUMENT & BUDGET MESSAGE FOR
COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2

**COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2
2024 BUDGET**

SUMMARY OF SIGNIFICANT ASSUMPTIONS

COTTONWOOD GREENS METROPOLITAN DISTRICT NO. 2
2024 BUDGET MESSAGE

Cottonwood Greens Metropolitan District No.2 is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act and was formed in 2006. The District is located in the City of Fort Lupton, Colorado. The District was organized to provide construction, installation, financing and operation of certain public improvements and facilities, including streets, street lighting, traffic and safety controls, water improvements, sanitary sewer and storm drainage improvements, landscaping, and park and recreation improvements.

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

The budget is prepared on the modified accrual basis of accounting, which is consistent with the basis of accounting used in presenting the District's financial statements.

General Fund

Revenue

Budgeted income in the amount of \$175,346 consists of \$34,760 in property taxes generated from the 15.471 general operating mill levy and operating advances from the developer.

Expenses

The District's 2024 administrative and maintenance expenses are budgeted at \$175,346. Refer to the General Fund summary included with the budget.

Debt Service Fund

The District issued \$7,415,000 Series 2022A and \$2,305,000 Series 2022B Bonds in December, 2022. The 58.084 debt mill levy will generate \$130,501 in revenue for debt payments. *Due to the cash flow nature of the bonds, there are no scheduled principal payments.*

Capital Fund

Revenue

There is no budgeted income for 2024.

Expenses

The District's 2024 Capital Projects expense for public improvements is budgeted at \$0.

Fund Balance/Reserves

The District has provided for an emergency reserve fund equal to at least 3% of the fiscal year spending for 2024, as defined under TABOR. It is anticipated that the District will end the 2024 fiscal year with an ending fund balance of \$5.

Cottonwood Greens Metropolitan District No. 2

General Fund

	2022	2023	2023 Estimated	2024
Modified accrual basis	Actual	Budget	Actual	Budget
Beginning Balance	4,836	3,822	3,520	3,520
Income				
LGI Operating Advance	28,019	196,346	65,704	135,000
Property Taxes	7,096	10,673	10,673	34,760
Specific Ownership Tax	420	640	461	2,086
Tax Related Interest	6		251	-
Design Review Fees	650	3,500	3,500	3,500
Total Income	36,191	211,159	80,589	175,346
Expense				
Management & Accounting Services	5,299	24,000	24,000	30,000
Design Review Fees	650	3,500	3,500	3,500
Legal	23,642	25,000	15,000	7,500
Audit/Tax Prep	-	10,000	14,000	10,000
Election	358	5,000	-	-
Insurance	1,420	2,000	2,374	2,493
Treasurers Fees	103	160	164	521
Office	224	500	100	500
Dues & Subscriptions	195	205	451	474
Utilities/Water	3,566	7,500	16,000	16,000
Landscape and Grounds	-	123,846	-	94,515
Snow Removal	-	5,000	5,000	5,000
Contingency	2,050	4,000	-	4,843
Total Expense	37,507	210,711	80,589	175,346
Excess Revenue (Expenses)	(1,316)	448	-	-
Ending Fund Balance	3,520	4,270	3,520	3,520

Cottonwood Greens Metropolitan District No. 2

Debt Service

Modified accrual basis	2022 Actual	2023 Budget	2023 Estimated Actual	2024 Budget
Beginning Balance	-	-	-	333
Income				
Property Tax	-	40,070	40,070	130,501
Specific Ownership Tax	-	2,404	1,731	7,830
Interest Revenue	-	-	4	-
Tax Related Interest	-	-	941	-
Transfer In	-	-	75	-
Total Income	-	42,474	42,821	138,331
Expense				
Treasurers Fees	-	601	615	2,610
Paying Agent Fees	-	4,000	4,000	4,000
Principal - Bonds	-	-	-	-
Interest - Bonds	-	37,873	37,873	131,721
Total Expense	-	42,474	42,488	138,331
Ending Fund Balance	-	-	333	333

Capital Projects

Modified accrual basis	2022 Actual	2023 Budget	2023 Estimated Actual	2024 Budget
Beginning Balance	-	-	10,061	5
Income				
Developer Advance	9,720,000	11,000,000	-	-
Interest Revenue	61	-	19	-
Debt Proceeds	-	-	-	-
Total Income	9,720,061	11,000,000	19	-
Expense				
Costs of Issuance	316,455	385,000	10,000	-
Transfer Out	-	-	75	-
Capital Projects	9,393,545	10,615,000	-	-
Total Expense	9,710,000	11,000,000	10,075	-
Ending Fund Balance	10,061	-	5	5

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of WELD COUNTY, Colorado.

On behalf of the COTTONWOOD GREENS 2,
(taxing entity)^A
 the Board of Directors,
(governing body)^B
 of the COTTONWOOD GREENS 2,
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ \$2,246,760.00 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ \$2,246,760.00 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 01/10/2024 for budget/fiscal year 2024.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	15.471 mills	\$ 34759.62
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < 0 >
SUBTOTAL FOR GENERAL OPERATING:	15.471 mills	\$ 34759.62
3. General Obligation Bonds and Interest ^J	58.084 mills	\$ 130500.81
4. Contractual Obligations ^K	mills	\$ 0
5. Capital Expenditures ^L	mills	\$ 0
6. Refunds/Abatements ^M	mills	\$ 0
7. Other ^N (specify): _____	mills	\$
_____	mills	\$
TOTAL: <small>[Sum of General Operating Subtotal and Lines 3 to 7]</small>	73.555 mills	\$ 165260.43

Contact person: Dave Dressler Daytime phone: 9704840101
(print)
 Signed: David Dressler 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) 864-7720.

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

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

1.	Purpose of Issue:	<u>Finance of Public Improvements</u>
	Series:	<u>Limited Tax General Obligation Senior Bonds. Tax-Exempt Series 2022A</u>
	Date of Issue:	<u>12/15/2022</u>
	Coupon Rate:	<u>6.75%</u>
	Maturity Date:	<u>12/1/2062</u>
	Levy:	<u>58.084</u>
	Revenue:	<u>130501</u>
2.	Purpose of Issue:	<u>Finance of Public Improvements</u>
	Series:	<u>Limited Tax General Obligation Subordinate Bonds. Taxable Series 2022B</u>
	Date of Issue:	<u>12/15/2022</u>
	Coupon Rate:	<u>8%</u>
	Maturity Date:	<u>12/15/2062</u>
	Levy:	<u>58.084</u>
	Revenue:	<u>130501</u>

CONTRACTS^K:

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

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

Notes:

^A **Taxing Entity**—A jurisdiction authorized by law to impose ad valorem property taxes on taxable property located within its territorial limits (please see notes B, C, and H below). For purposes of the DLG 70 only, a *taxing entity* is also a geographic area formerly located within a *taxing entity*'s boundaries for which the county assessor certifies a valuation for assessment and which is responsible for payment of its share until retirement of financial obligations incurred by the *taxing entity* when the area was part of the *taxing entity*. For example: an area of excluded property formerly within a special district with outstanding general obligation debt at the time of the exclusion or the area located within the former boundaries of a dissolved district whose outstanding general obligation debt service is administered by another local government^C.

^B **Governing Body**—The board of county commissioners, the city council, the board of trustees, the board of directors, or the board of any other entity that is responsible for the certification of the *taxing entity*'s mill levy. For example: the board of county commissioners is the governing board ex officio of a county public improvement district (PID); the board of a water and sanitation district constitutes ex officio the board of directors of the water subdistrict.

^C **Local Government** - For purposes of this line on Page 1 of the DLG 70, the *local government* is the political subdivision under whose authority and within whose boundaries the *taxing entity* was created. The *local government* is authorized to levy property taxes on behalf of the *taxing entity*. For example, for the purposes of this form:

1. a municipality is both the *local government* and the *taxing entity* when levying its own levy for its entire jurisdiction;
2. a city is the *local government* when levying a tax on behalf of a business improvement district (BID) *taxing entity* which it created and whose city council is the BID board;
3. a fire district is the *local government* if it created a subdistrict, the *taxing entity*, on whose behalf the fire district levies property taxes.
4. a town is the *local government* when it provides the service for a dissolved water district and the town board serves as the board of a dissolved water district, the *taxing entity*, for the purpose of certifying a levy for the annual debt service on outstanding obligations.

^D **GROSS Assessed Value** - There will be a difference between gross assessed valuation and net assessed valuation reported by the county assessor only if there is a “tax increment financing” entity (see below), such as a downtown development authority or an urban renewal authority, within the boundaries of the *taxing entity*. The board of county commissioners certifies each *taxing entity*'s total mills upon the *taxing entity*'s *Gross Assessed Value* found on Line 2 of Form DLG 57.

^E **Certification of Valuation by County Assessor, Form DLG 57** - The county assessor(s) uses this form (or one similar) to provide valuation for assessment information to a *taxing entity*. The county assessor must provide this certification no later than August 25th each year and may amend it, one time, prior to December 10th. Each entity must use the **FINAL** valuation provided by assessor when certifying a tax levy.

^F **TIF Area**—A downtown development authority (DDA) or urban renewal authority (URA), may form plan areas that use “tax increment financing” to derive revenue from increases in assessed valuation (gross minus net, Form DLG 57 Line 3) attributed to the activities/improvements within the plan area. The DDA or URA receives the differential revenue of each overlapping *taxing entity*'s mill levy applied against the *taxing entity*'s gross assessed value after subtracting the *taxing entity*'s revenues derived from its mill levy applied against the net assessed value.

^G **NET Assessed Value**—The total taxable assessed valuation from which the *taxing entity* will derive revenues for its uses. It is found on Line 4 of Form DLG 57. **Please Note:** A downtown development authority (DDA) may be both a *taxing entity* and have also created its own *TIF area* and/or have a URA *TIF Area* within the DDA's boundaries. As a result DDAs may both receive operating revenue from their levy applied to their certified *NET assessed value* and also receive TIF revenue generated by any *tax entity* levies overlapping the DDA's *TIF Area*, including the DDA's own operating levy.

^H General Operating Expenses (DLG 70 Page 1 Line 1)—The levy and accompanying revenue reported on Line 1 is for general operations and includes, in aggregate, all levies for and revenues raised by a *taxing entity* for purposes not lawfully exempted and detailed in Lines 3 through 7 on Page 1 of the DLG 70. For example: a fire pension levy is included in general operating expenses, unless the pension is voter-approved, if voter-approved, use Line 7 (Other).

^I Temporary Tax Credit for Operations (DLG 70 Page 1 Line 2)—The Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction of 39-1-111.5, C.R.S. may be applied to the *taxing entity*'s levy for general operations to effect refunds. Temporary Tax Credits (TTCs) are not applicable to other types of levies (non-general operations) certified on this form because these levies are adjusted from year to year as specified by the provisions of any contract or schedule of payments established for the payment of any obligation incurred by the *taxing entity* per 29-1-301(1.7), C.R.S., or they are certified as authorized at election per 29-1-302(2)(b), C.R.S.

^J General Obligation Bonds and Interest (DLG 70 Page 1 Line 3)—Enter on this line the total levy required to pay the annual debt service of all general obligation bonds. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments. Title 32, Article 1 Special districts and subdistricts must complete Page 2 of the DLG 70.

^K Contractual Obligation (DLG 70 Page 1 Line 4)—If repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments.

^L Capital Expenditures (DLG 70 Page 1 Line 5)—These revenues are not subject to the statutory property tax revenue limit if they are approved by counties and municipalities through public hearings pursuant to 29-1-301(1.2) C.R.S. and for special districts through approval from the Division of Local Government pursuant to 29-1-302(1.5) C.R.S. or for any *taxing entity* if approved at election. Only levies approved by these methods should be entered on Line 5.

^M Refunds/Abatements (DLG 70 Page 1 Line 6)—The county assessor reports on the *Certification of Valuation* (DLG 57 Line 11) the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it may levy, in the subsequent year, a mill to collect the refund/abatement revenue. An abatement/refund mill levy may generate revenues up to, but not exceeding, the refund/abatement amount from Form DLG 57 Line 11.

1. Please Note: Pursuant to Article X, Section 3 of the Colorado Constitution, if the *taxing entity* is in more than one county, as with all levies, the abatement levy must be uniform throughout the entity's boundaries and certified the same to each county. To calculate the abatement/refund levy for a *taxing entity* that is located in more than one county, first total the abatement/refund amounts reported by each county assessor, then divide by the *taxing entity*'s total net assessed value, then multiply by 1,000 and round down to the nearest three decimals to prevent levying for more revenue than was abated/refunded. This results in an abatement/refund mill levy that will be uniformly certified to all of the counties in which the *taxing entity* is located even though the abatement/refund did not occur in all the counties.

^N Other (DLG 70 Page 1 Line 7)—Report other levies and revenue not subject to 29-1-301 C.R.S. that were not reported above. For example: a levy for the purposes of television relay or translator facilities as specified in sections 29-7-101, 29-7-102, and 29-7-105 and 32-1-1005 (1) (a), C.R.S.; a voter-approved fire pension levy; a levy for special purposes such as developmental disabilities, open space, etc.