

RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS

(2021)

The Board of Directors of Sterling Ranch Metropolitan District No. 2 (the “Board”), County of El Paso, Colorado (the “District”) held a special meeting held via Microsoft Team Meeting on Monday, December 7, 2020, at the hour of 9:30 A.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2021 BUDGET

AFFIDAVIT OF PUBLICATION

STATE OF COLORADO
COUNTY OF El Paso

I, Lorre Cosgrove, being first duly sworn, deposes and says that she is the Legal Sales Representative of The Colorado Springs Gazette, LLC., a corporation, the publishers of a daily/weekly public newspapers, which is printed and published daily/weekly in whole in the County of El Paso, and the State of Colorado, and which is called Colorado Springs Gazette; that a notice of which the annexed is an exact copy, cut from said newspaper, was published in the regular and entire editions of said newspaper **1 time(s) to wit 11/20/2020**

That said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of at least six consecutive months next prior to the first issue thereof containing this notice; that said newspaper has a general circulation and that it has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879 and any amendment thereof, and is a newspaper duly qualified for the printing of legal notices and advertisement within the meaning of the laws of the State of Colorado.



Lorre Cosgrove
Sales Center Agent

Subscribed and sworn to me this 01/28/2021, at said City of Colorado Springs, El Paso County, Colorado.
My commission expires March 30, 2022.



Sandra King
Notary Public
The Gazette

**SANDRA KING
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20184014369
MY COMMISSION EXPIRES MARCH 30, 2022**

NOTICE OF PUBLIC HEARING ON THE PROPOSED 2021 BUDGET AND NOTICE OF PUBLIC HEARING ON THE AMENDED 2020 BUDGET
NOTICE IS HEREBY GIVEN that proposed 2021 budgets have been submitted to the Boards of Directors (the "Boards") of the STERLING RANCH METROPOLITAN DISTRICT NOS. 1-3 (the "Districts"). A copy of each of the proposed budgets is on file in the office of Diversified Association Management, 4325 N. Nevada Ave #100, Colorado Springs, Colorado, where the same are open for public inspection.
NOTICE IS FURTHER GIVEN that amendments to the 2020 budgets may be submitted to the Districts. A copy of each of the proposed amended budgets, if any, will be on file in the office of Diversified Association Management, 4325 N. Nevada Ave #100, Colorado Springs, Colorado, where the same are open for public inspection.
Such proposed budgets and amended budgets will be considered at a public hearing during a joint meeting of the Districts to be held on Monday, December 7, 2020 at 9:30 A.M. Due to Executive Orders issued by Governor Polis and Public Health Orders implementing the Executive Orders issued by the Colorado Department of Public Health and Environment, and the threat posed by the COVID-19 coronavirus, this meeting will be held also via teleconferencing and can be joined through the directions below:
Microsoft Team Meeting
Call in Number: 1 (719) 423-7597
Phone Conference ID: 252 889 5278
Any interested elector of the Districts may file or register any objections to the proposed budgets or amended budgets at any time prior to final adoption of the budgets and amended budgets by the governing body of the Districts.
BY ORDER OF THE BOARDS OF DIRECTORS:
STERLING RANCH METROPOLITAN DISTRICT
NOS. 1-3
/s/ WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law
Published in the CS Gazette November 20, 2020

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2021 AND ENDING ON THE LAST DAY OF DECEMBER 2021.

WHEREAS, the Board has authorized its accountant and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

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

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 7, 2020, interested electors were given the opportunity to file or present any objections to said proposed budget at any time prior to final adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2021. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2021 budget year, there is hereby levied a tax of 11.132 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2021 budget year, there is hereby levied a tax of

55.663 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2021 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of El Paso County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

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

Section 8. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 9. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

[Remainder of page intentionally left blank.]

ADOPTED THIS 7TH DAY OF DECEMBER, 2020.

STERLING RANCH METROPOLITAN DISTRICT NO. 2



James F Morley (Jan 14, 2021 19:58 MST)

Officer of the District

ATTEST:



Charles Collins (Jan 14, 2021 20:11 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

STATE OF COLORADO
COUNTY OF EL PASO
STERLING RANCH METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held on Monday, December 7, 2020, held via Microsoft Team Meeting, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 7th day of December, 2020.



Charles Collins (Jan 14, 2021 20:11 MST)

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

Sterling Ranch Metropolitan District No. 2

2021 Budget

Budget Message/Summary of Assumptions

Attached is a copy of the forecasted budget of revenue, expenditures and fund balances for the 2021 budget for the Sterling Ranch Metropolitan District No. 2 (the District).

The District has adopted a General Fund for general operating expenses and a Debt Service Fund.

The budget utilize the modified accrual basis of accounting and have been adopted after proper notification and a public hearing thereon.

Services Provided

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for El Paso County, and recorded on March 7, 2011. The District operates under a Consolidated Service Plan with Sterling Ranch Metropolitan District Nos. 1 and 3.

The District was organized to provide financing, acquisition, construction and installation of public infrastructure as contemplated in the Consolidated Service Plan to support the needs of development within its boundaries and District Nos. 1 and 3.

Revenue

The District is in the development stage. The operating and administrative expenditures for 2021 are expected to be funded by a portion of the property taxes and possible developer advances. District formation and capital expenses were funded by the developer. Developer expenditures on behalf of benefiting the District (“advances”) are recorded as revenue for budget purposes with an obligation for future repayments when the District is financially able to make reimbursements. The District has levied property taxes for 2021 collection.

Expenditures

Administrative expenses have been estimated based upon the level of expenditures incurred by similar districts of comparable size and planned level of activity/development estimated to occur during 2021. Administrative expenditures include the services necessary to maintain the District’s administrative viability such as legal, accounting, insurance, meeting expenses and other administrative needs.

Capital outlay for District infrastructure is expected in 2021 by the District and private investors, although the developer may experience capital advances. The District closed on its General Obligation Limited Tax Bonds on December 18, 2015 in the amount of \$9,062,405.55.

Sterling Ranch Metropolitan District #2 - General Fund

Description	2019 Actual	2020 Actual Thru 11/30	2021 Budget
INCOME			
D2 - Property Taxes	1,369.93	15,095.42	34,114.09
D2 - Specific Ownership Tax	167.82	1,211.02	2,439.16
D2 - Delinquent Tax and Interest	53.80	120.08	
Other Fees (Open space, street lighting)	1,371.49	10,855.24	15,000.00
Interest Income	11.94		
Developer Advance	64,325.27	154,993.38	48,000.00
Total Income	67,300.25	182,275.14	99,553.25
EXPENSES			
Audit/Accounting	7,850.00	8,000.00	8,000.00
Bank Service/Finance Charges	902.44	0.03	150.00
Dues and Subscriptions	360.66	-	300.00
District Management	33,000.00	15,987.51	24,000.00
Insurance Expense	1,818.82	8,936.00	9,000.00
Legal Expense	23,324.43	23,780.35	20,000.00
Miscellaneous			5,000.00
Utilities		25,005.55	30,000.00
Treasurer's Collection Fees	43.90	228.22	17.00
Emergency Reserve 3 %			2,894.00
Total Expenses	67,300.25	81,937.66	99,361.00
Net Income/(Loss)	-	100,337.48	192.25

Sterling Ranch Metropolitan District #2 - Debt Service Fund

Description	2019 Actual	2020 Actual Thru 11/30	2021 Budget
INCOME			
D2 - Property Taxes	5,479.75	60,381.69	136,456.34
D2- Specific Ownership Tax	671.24	4,844.13	9,756.63
D2 - Delinquent Tax and Interest	215.21	480.30	
D2 - District Impact Fees	280,000.00	159,600.00	403,200.00

Interest Income	12.73	-	
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Total Income	286,378.93	225,306.12	549,412.97
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EXPENSES			
Interest Payment 06/01/2021			1,069,200.00
Less payments to trustee for 2019 and 2020 bond revenues			(528,892.00)
Bond Fee		3,500.00	4,500.00
Treasurer's Collection Fees	62.89	912.94	84.50
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Total Expenses	62.89	4,412.94	544,892.50
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Restricted Balance for Debt Service	\$ 286,316.04	\$ 220,893.18	\$ 4,520.47
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