

RESOLUTION
ADOPTING BUDGET, APPROPRIATING SUMS OF MONEY AND CERTIFYING
MILL LEVIES FOR THE CALENDAR YEAR 2025

The Board of Directors of Southlands Metropolitan District No. 2 (the “**Board**”), City of Aurora, Arapahoe County, Colorado (the “**District**”), held a regular meeting, via teleconference on November 14, 2024, at the hour of 3:30 p.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 2025 BUDGET

**Southlands Metropolitan District
No. 2
NOTICE CONCERNING 2024
BUDGET AMENDMENT
AND PROPOSED 2025 BUDGET**

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the Southlands Metropolitan District No. 2 (the "District"), will hold a meeting via Zoom on Thursday, November 14, 2024, at 3:30 p.m., for the purpose of conducting such business as may come before the Board including a public hearing on the 2025 proposed Budget (the "Proposed Budget"). The necessity may also arise for an Amendment to the 2024 Budget (the "Amended Budget"). This meeting can be joined using the following information: <https://zoom.us/j/7848826891>

Phone Number: 1 (719) 359-4580
Meeting ID: 784 882 6891
Passcode: 0000

NOTICE IS FURTHER GIVEN that the Proposed Budget and Amended Budget (if applicable) have been submitted to the District. A copy of the Proposed Budget and Amended Budget are on file at the District's office, 405 Urban Street, Suite 310, Lakewood, Colorado, where the same are open for public inspection. Any interested elector of the District may file any objections to the Proposed Budget and Amended Budget at any time prior to final adoption of the Proposed Budget or the Amended Budget by the Board.

Southlands
Metropolitan District No. 2
By /s/Ann Finn
District Manager

Publication: October 24, 2024
Sentinel

WHEREAS, the Board has appointed its accountant 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 available for inspection by the public at a designated place, a public hearing was held and interested electors of the District were provided a public comment period and given the opportunity to file any objections to the proposed budget prior to the 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 2025. 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 of Property Taxes. The Board does hereby certify the levy of property taxes for collection in 2025 as more specifically set out in the budget attached hereto.

Section 3. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut, or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 4. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant, or other designee to certify to the Board of County Commissioners of Arapahoe 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 5. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated from the revenue of each fund for the purposes stated.

Section 6. 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.

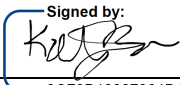
Section 7. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED NOVEMBER 14, 2024.

DISTRICT:

**SOUTHLANDS METROPOLITAN DISTRICT
NO. 2**, a quasi-municipal corporation and political
subdivision of the State of Colorado

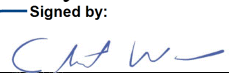
Signed by:

By: _____
9CF8D12387364DA
Officer of the District

ATTEST:

Signed by:
By:  _____
D8A7B76654324CB...

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Signed by:
 _____
6243946B8D7241A
General Counsel to the District

STATE OF COLORADO
COUNTY OF ARAPAHOE
SOUTHLANDS 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 via teleconference on Thursday, November 14, 2024, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 14th day of November, 2024.


Signed by:
 _____
Signature D8A7B76654324CB...

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2025

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SUMMARY
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 1,470,287	\$ 1,823,759	\$ 2,175,546
REVENUES			
Property taxes	1,066,631	1,051,328	1,065,633
Specific ownership taxes	71,073	61,500	63,938
SARIA revenue	17,695	20,439	18,288
Interest Income	101,062	120,000	68,000
Other Revenue	-	7,021	-
Total revenues	<u>1,256,461</u>	<u>1,260,288</u>	<u>1,215,859</u>
Total funds available	<u>2,726,748</u>	<u>3,084,047</u>	<u>3,391,405</u>
EXPENDITURES			
General and administrative	156,108	177,313	205,000
Operations and maintenance	313,285	283,000	320,000
Debt service	433,596	448,188	460,000
Total expenditures	<u>902,989</u>	<u>908,501</u>	<u>985,000</u>
Total expenditures and transfers out requiring appropriation	<u>902,989</u>	<u>908,501</u>	<u>985,000</u>
ENDING FUND BALANCES	<u>\$ 1,823,759</u>	<u>\$ 2,175,546</u>	<u>\$ 2,406,405</u>
EMERGENCY RESERVE	\$ 18,600	\$ 23,800	\$ 23,200
OPERATIONS AND MAINTENANCE RESERVE	200,000	500,000	500,000
MAXIMUM RESERVE - SERIES 2018	517,277	517,277	517,277
TOTAL RESERVE	<u>\$ 735,877</u>	<u>\$ 1,041,077</u>	<u>\$ 1,040,477</u>

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/22/25

ACTUAL	ESTIMATED	BUDGET
2023	2024	2025

ASSESSED VALUATION

Residential	\$ 11,668,800	\$ 13,406,030	\$ 13,406,030
State assessed	355,590	349,830	383,800
Vacant land	135,865	130,712	130,712
Personal property	1,514,179	1,573,831	1,750,526
Certified Assessed Value	\$ 13,674,434	\$ 15,460,403	\$ 15,671,068

MILL LEVY

General	38.000	43.000	43.000
Debt Service	40.000	25.000	25.000
SARIA	1.294	1.322	1.167
Total mill levy	79.294	69.322	69.167

PROPERTY TAXES

General	\$ 519,628	\$ 664,797	\$ 673,856
Debt Service	546,977	386,510	391,777
SARIA	17,695	20,439	18,288
Levied property taxes	1,084,300	1,071,746	1,083,921
Adjustments to actual/rounding	26	21	-
Budgeted property taxes	\$ 1,084,326	\$ 1,071,767	\$ 1,083,921

BUDGETED PROPERTY TAXES

General	\$ 519,641	\$ 664,810	\$ 673,856
Debt Service	546,990	386,518	391,777
SARIA	17,695	20,439	18,288
	\$ 1,084,326	\$ 1,071,767	\$ 1,083,921

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 729,998	\$ 886,952	\$ 1,217,809
REVENUES			
Property taxes	519,641	664,810	673,856
Specific ownership taxes	34,625	38,900	40,431
Interest Income	46,175	60,000	40,000
SARIA revenue	17,695	20,439	18,288
Other Revenue	-	7,021	-
Total revenues	<u>618,136</u>	<u>791,170</u>	<u>772,575</u>
Total funds available	<u>1,348,134</u>	<u>1,678,122</u>	<u>1,990,384</u>
EXPENDITURES			
General and administrative			
Accounting	24,942	28,000	30,000
Auditing	4,700	6,500	7,500
County Treasurer's Fee	7,800	9,972	10,108
County Treasurer's fee (SARIA)	266	307	274
Directors' fees	1,100	2,000	2,500
Dues and Membership	742	682	1,000
Insurance	24,310	26,566	28,000
District management	35,552	45,000	50,000
Legal	27,736	30,000	40,000
Miscellaneous	575	8,000	12,404
Payment to SARIA	17,430	20,133	18,014
Payroll taxes	84	153	200
Election	2,660	-	5,000
Operations and maintenance			
Repairs and maintenance	18,397	50,000	75,000
Landscaping	45,000	50,000	55,000
Landscape renovation	-	5,000	20,000
Landscape architect	7,515	-	-
Detention pond	14,166	15,000	45,000
Tree replacement/arborist/tree care program	23,765	20,000	20,000
Security	-	-	30,000
Monument	81,810	48,000	-
Murphy creek trail	-	50,000	-
Street Repair and Maintenance	101,298	-	10,000
Street lighting	1,772	-	10,000
Snow removal	8,021	20,000	25,000
Utilities	11,541	25,000	30,000
Total expenditures	<u>461,182</u>	<u>460,313</u>	<u>525,000</u>
Total expenditures and transfers out requiring appropriation	<u>461,182</u>	<u>460,313</u>	<u>525,000</u>
ENDING FUND BALANCES	<u>\$ 886,952</u>	<u>\$ 1,217,809</u>	<u>\$ 1,465,384</u>
EMERGENCY RESERVE	\$ 18,600	\$ 23,800	\$ 23,200
OPERATIONS AND MAINTENANCE RESERVE	200,000	500,000	500,000
TOTAL RESERVE	<u>\$ 218,600</u>	<u>\$ 523,800</u>	<u>\$ 523,200</u>

No assurance provided. See summary of significant assumptions.

SOUTHLANDS METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/22/25

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 740,289	\$ 936,807	\$ 957,737
REVENUES			
Property taxes	546,990	386,518	391,777
Specific ownership taxes	36,448	22,600	23,507
Interest Income	54,887	60,000	28,000
Total revenues	<u>638,325</u>	<u>469,118</u>	<u>443,284</u>
Total funds available	<u>1,378,614</u>	<u>1,405,925</u>	<u>1,401,021</u>
EXPENDITURES			
General and administrative			
County Treasurer's Fee	8,211	5,798	5,877
Contingency	-	-	11,737
Debt Service			
Loan Interest Series 2018A	86,688	81,522	76,146
Loan Interest Series 2018B	103,908	98,868	93,240
Loan Principal Series 2018A	123,000	128,000	133,000
Loan Principal Series 2018B	120,000	134,000	140,000
Total expenditures	<u>441,807</u>	<u>448,188</u>	<u>460,000</u>
Total expenditures and transfers out requiring appropriation	<u>441,807</u>	<u>448,188</u>	<u>460,000</u>
ENDING FUND BALANCES	<u>\$ 936,807</u>	<u>\$ 957,737</u>	<u>\$ 941,021</u>
MAXIMUM RESERVE - SERIES 2018	<u>\$ 517,277</u>	<u>\$ 517,277</u>	<u>\$ 517,277</u>
TOTAL RESERVE	<u>\$ 517,277</u>	<u>\$ 517,277</u>	<u>\$ 517,277</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The District was organized by court order dated December 3, 2002, to provide financing for the design, acquisition, construction and installation of essential public-purpose facilities such as water, streets, traffic and safety controls, parks, open space and recreation, and sewer and drainage facilities, and the operation and maintenance of the District. The District's service area is located entirely in Arapahoe County, Colorado in the City of Aurora.

The District operates under the Service Plan as approved by the City of Aurora.

On November 5, 2002, the electorate authorized general obligation debt in the amount of \$22,400,000. Debt is subject to the terms of the Service Plan. On November 5, 2002, the electorate also approved the removal of limitations imposed by the TABOR Amendment and any other law that purports to limit the District's revenue or expenditures and a \$630,000 annual property tax increase for operations.

Pursuant to the District's Service Plan, the amount of debt that can be issued is \$40,000,000.

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.

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 sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2025, SB22-238, SB23B-001, SB 24-233 and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

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 6% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on historical interest earnings.

Expenditures

Administrative and Operating Expenditures

Administrative and operating 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.

County Treasurer's Collection Fees

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

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Series 2018 Refunding Loan

On April 13, 2018, the District refunded its General Obligation Bonds, Series 2010A and Limited Tax Obligation Subordinate Bonds, Series 2010B, by the issuance of \$2,510,000 Taxable (convertible to tax-exempt on December 1, 2020) Refunding Loan, Series 2018A, and \$3,181,000 Tax-Exempt Refunding Loan, Series 2018B. Series 2018A Loan is due December 1, 2035, at interest rates of 5.200% through December 1, 2020 and 4.200% through December 1, 2035. Series 2018B Loan is due December 1, 2035, at an interest rate of 4.200%. The proceeds of Series 2018A were used to establish an irrevocable trust account (the "Refunding Escrow") to refund Series 2010A on December 1, 2020, which is the date they may be redeemed prior to their maturity. The proceeds of Series 2018B were used to pay the principal and interest on the Series 2010B at the call date of April 13, 2018.

Interest payments on Series 2018 Refunding Loan (the "Loan") are due June 1 and December 1 of each year, commencing June 1, 2018. All interest due and payable shall be calculated on the basis of a 360-day year of twelve 30-day months. Interest not paid when due shall compound on each June 1 and December 1 at the then-applicable interest rate. The District may prepay all or part of the principal of either or both of the Loan coming due on any December 1, upon two business days' prior written notice to NBH Bank (the "Lender") of the amount of such prepayment, plus payment of the applicable prepayment fee, if any, in minimum increments of \$500,000. A prepayment fee may be due as a condition of such prepayment, which shall be calculated pursuant to the Loan Agreement.

The Loan is payable from Pledged Revenues, including the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt service payments as well as a portion of specific ownership taxes collected by the District as a result of the imposition of the required mill levy; and other legally available moneys which the Board determines in its sole discretion. Required mill levy means an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of and interest on the Loan when due, and if necessary, an amount sufficient to fund or replenish the Reserve Fund to the amount of \$517,277 (the "Maximum Reserve Fund Amount"). For so long as the Reserve Fund is less than the Maximum Reserve Fund Amount, such mill levy shall not be less than 50.000 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation). The maximum required mill levy has been adjusted upwards to 58.356 mills.

Debt and Leases

The District's current debt service schedules are attached. The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2025, as defined under TABOR when actual revenue is received.

This information is an integral part of the accompanying budget.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$2,510,000 Taxable (Convertible to Tax-Exempt) Refunding Loan
Series 2018A
Dated April 14, 2018
Principal due December 1
Interest Rate 4.200% - 5.200% Payable
June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 133,000	\$ 76,146	\$ 209,146
2026	139,000	70,560	209,560
2027	144,000	64,722	208,722
2028	151,000	58,674	209,674
2029	157,000	52,322	209,322
2030	163,000	45,738	208,738
2031	170,000	38,892	208,892
2032	177,000	31,752	208,752
2033	185,000	24,318	209,318
2034	193,000	16,548	209,548
2035	201,000	8,442	209,442
	<u>\$ 1,813,000</u>	<u>\$ 488,114</u>	<u>\$ 2,301,114</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

**\$3,181,000 Tax-Exempt Refunding Loan
Series 2018B
Dated April 14, 2018
Principal due December 1
Interest Rate 4.200% Payable
December 15**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 140,000	\$ 93,240	\$ 233,240
2026	155,000	87,360	242,360
2027	162,000	80,850	242,850
2028	177,000	74,046	251,046
2029	184,000	66,612	250,612
2030	202,000	58,884	260,884
2031	210,000	50,400	260,400
2032	228,000	41,580	269,580
2033	237,000	32,004	269,004
2034	257,000	22,050	279,050
2035	268,000	11,256	279,256
	<u>\$ 2,220,000</u>	<u>\$ 618,282</u>	<u>\$ 2,838,282</u>

No assurance provided. See summary of significant assumptions.

**SOUTHLANDS METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 273,000	\$ 169,386	\$ 442,386
2026	294,000	157,920	451,920
2027	306,000	145,572	451,572
2028	328,000	132,720	460,720
2029	341,000	118,934	459,934
2030	365,000	104,622	469,622
2031	380,000	89,292	469,292
2032	405,000	73,332	478,332
2033	422,000	56,322	478,322
2034	450,000	38,598	488,598
2035	469,000	19,698	488,698
	<u>\$ 4,033,000</u>	<u>\$ 1,106,396</u>	<u>\$ 5,139,396</u>

No assurance provided. See summary of significant assumptions.