

RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2024

The Board of Directors of Canyon Creek Metropolitan District No. 2 (the “**Board**”), City of Colorado Springs, El Paso County, Colorado (the “**District**”), held a special meeting, via teleconference on December 20, 2023, at the hour of 10:15 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 2024 BUDGET

NOTICE OF PUBLIC HEARING ON THE AMENDED 2023 BUDGET
AND
NOTICE OF PUBLIC HEARING ON THE PROPOSED 2024 BUDGET

NOTICE IS HEREBY GIVEN that the Board of Directors (the “**Board**”) of the CANYON CREEK METROPOLITAN DISTRICT NO. 2 (the “**District**”), will hold a meeting via teleconference on December 20, 2023 at 10:15 a.m., for the purpose of conducting such business as may come before the Board including a public hearing on the 2024 proposed budget (the “**Proposed Budget**”). The necessity may also arise for an amendment to the 2023 budget (the “**Amended Budget**”). This meeting can be joined using the following teleconference information:

Link: <https://us06web.zoom.us/j/83732473185>

Meeting ID: 837 3247 3185

Call-In: 720-707-2699 or 719-359-4580

The Proposed Budget and Amended Budget are on file in the office of CliftonLarsonAllen, LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, CO 80111, 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. This meeting is open to the public and the agenda for any meeting may be obtained at <https://canyoncreekmetrodistricts.com/> or by calling (303) 858-1800.

BY ORDER OF THE BOARD OF DIRECTORS:

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

/s/ WHITE BEAR ANKELE TANAKA & WALDRON

Attorneys at Law

WHEREAS, the Board has designated 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 open for inspection by the public at a designated place, a public hearing was held, and interested electors were given the opportunity to register their protest to the proposed budget prior to the 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 2024. 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 2024 budget year, there is hereby levied a tax of 12.921 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 2024 budget year, there is hereby levied a tax of 38.765 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 2024 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 2024 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. 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 7. 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 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. 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 30th of the ensuing year.

Section 10. 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 DECEMBER 20, 2023.

DISTRICT:

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

By: James OSullivan
James OSullivan (Dec 21, 2023 09:50 MST)
Officer of the District

Attest:

By: Lisa Bolton
Lisa Bolton (Dec 21, 2023 10:42 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Bob Dh
General Counsel to the District

STATE OF COLORADO
COUNTY OF EL PASO
CANYON CREEK 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 Wednesday, December 20, 2023, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 21st day of December 2023.

Lisa Bolton
Lisa Bolton (Dec 21, 2023 10:42 MST)

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

CANYON CREEK METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2024

CANYON CREEK METROPOLITAN DISTRICT NO. 2
SUMMARY
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	55,179	53,668	71,265
Specific ownership taxes	6,504	6,614	9,244
Interest income	939	227	710
Developer advance	-	-	3,000,000
Other revenue	-	-	6,781
Total revenues	62,622	60,509	3,088,000
 Total funds available	 62,622	 60,509	 3,088,000
EXPENDITURES			
General Fund	15,654	15,113	23,000
Debt Service Fund	46,968	45,396	65,000
Capital Projects Fund	-	-	3,000,000
Total expenditures	62,622	60,509	3,088,000
 Total expenditures and transfers out requiring appropriation	 62,622	 60,509	 3,088,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

CANYON CREEK METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/22/24

ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
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ASSESSED VALUATION

Residential	\$ 751,400	\$ 1,060,650	\$ 1,509,710
Residential - Multi Family		17,600	-
Commercial	-	90	-
Vacant land	653,260	350,860	278,720
	1,404,660	1,429,200	1,788,430
Adjustments (TIF)	(178,580)	(257,720)	(409,620)
Certified Assessed Value	\$ 1,226,080	\$ 1,171,480	\$ 1,378,810

MILL LEVY

General	11.133	11.453	12.921
Debt Service	33.399	34.359	38.765
Total mill levy	44.532	45.812	51.686

PROPERTY TAXES

General	\$ 13,650	\$ 13,417	\$ 17,815
Debt Service	40,950	40,251	53,450
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ 54,600	\$ 53,668	\$ 71,265

BUDGETED PROPERTY TAXES

General	\$ 13,650	\$ 13,417	\$ 17,815
Debt Service	40,950	40,251	53,450
	\$ 54,600	\$ 53,668	\$ 71,265

CANYON CREEK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	13,794	13,417	17,815
Specific ownership taxes	1,626	1,654	2,311
Interest income	234	42	460
Other revenue	-	-	2,414
Total revenues	15,654	15,113	23,000
 Total funds available	 15,654	 15,113	 23,000
EXPENDITURES			
County Treasurer's fee	211	200	267
Transfer to District 1	15,443	14,913	20,319
Contingency	-	-	2,414
Total expenditures	15,654	15,113	23,000
 Total expenditures and transfers out requiring appropriation	 15,654	 15,113	 23,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

CANYON CREEK METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/22/24

	<div> <div>ACTUAL</div> <div>2022</div> </div>	<div> <div>ESTIMATED</div> <div>2023</div> </div>	<div> <div>BUDGET</div> <div>2024</div> </div>
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	41,385	40,251	53,450
Specific ownership taxes	4,878	4,960	6,933
Interest income	705	185	250
Other revenue	-	-	4,367
Total revenues	46,968	45,396	65,000
 Total funds available	46,968	45,396	65,000
EXPENDITURES			
County Treasurer's fee	630	600	802
Transfer to CSURA	46,338	44,796	59,831
Contingency	-	-	4,367
Total expenditures	46,968	45,396	65,000
 Total expenditures and transfers out requiring appropriation	46,968	45,396	65,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

CANYON CREEK METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
2024 BUDGET
WITH 2022 ACTUAL AND 2023 ESTIMATED
For the Years Ended and Ending December 31,

1/22/24

	ACTUAL 2022	ESTIMATED 2023	BUDGET 2024
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Developer advance	-	-	3,000,000
Total revenues	-	-	3,000,000
 Total funds available	-	-	3,000,000
EXPENDITURES			
General and Administrative			
Transfer to District 1	-	-	3,000,000
Total expenditures	-	-	3,000,000
 Total expenditures and transfers out requiring appropriation	-	-	3,000,000
ENDING FUND BALANCES	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

CANYON CREEK METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Canyon Creek Metropolitan District No.2 (the "District") and Canyon Creek Metropolitan District No 1 and Canyon Creek Metropolitan District No.3 (collectively, the "Districts") were formed under the Consolidated Service Plan approved by the City of Colorado Springs (the "City") on November 4, 2008. The Service Plan was approved by the City Council of the City of Colorado Springs on October 14, 2008.

The Districts' service area is located entirely within the City of Colorado Springs, El Paso County, Colorado. The District was organized to provide financing and construction for the street improvements and drainage with safety protection, portable water and wastewater system, mosquito control, limited covenant enforcement, parks and open space, transportation system, and the operation and maintenance of the District.

The Districts, collectively, are undertaking the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each District are clarified in an IGA between and among the Districts. The maximum term of such IGA is forty (40) years from its effective date. Such agreements are design to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Service Plan.

District voters approved authorization to increase property taxes up to \$3,000,000 annually, as necessary, to pay for the operations and maintenance expenditures of the District. Debt authorization was approved in the amount of \$20,000,000 for the execution of the Agreement and \$148,000,000 for repayment cost. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20, of the Colorado constitution or any other law.

Pursuant to the District's Service Plan, the amount of debt that can be issued is \$75,000,000 in Limited Tax General Obligation Bonds. Mill levies for debt are capped at 30 mills and operating and maintenance is capped at 10 mills. The total cap is 40 mills, the method of calculating assessed valuation may cause adjustments in the mill levies. All Debt will be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy for all Districts.

The District has no employees and all administrative functions are contractual.

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.

CANYON CREEK METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally 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 property taxes is reflected on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

For property tax collection year 2024, SB22-238 and SB23B-001 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 10% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5.00%.

CANYON CREEK METROPOLITAN DISTRICT NO. 2
2024 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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.

Transfer to Canyon Creek MD No.1

Transfer to Canyon Creek Metropolitan District (MD) No.1 is to provide funding for the overall administrative and operating costs, as well as capital infrastructure costs for the Districts.

Transfer to CSURA

In 2018, the Colorado Spring Urban Renewal Authority (CSURA) issued Bonds. Bond proceeds will be used to pay for South Nevada Ivywild Development Project.

Pursuant to an Agreement with CSURA, the District transfers pledged revenues from the Debt Service Fund for the payment of principal and interest on the CSURA 2018 Bonds.

Capital Outlay

The District plans to accept the costs of eligible public improvement costs paid for by the Developer, based on costs certified. The budgeted amounts are based on the estimate of those costs.

Debt and Leases

The District has no operating or capital leases.

Reserves

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all four Districts' operations and maintenance costs, an Emergency Reserve is not reflected in the District's budget.

This information is an integral part of the accompanying budget.