

HIGHLINE CROSSING METROPOLITAN DISTRICT

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
Fax: 303-987-2032

NOTICE OF A REGULAR MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Richard Cross	President	2020/May 2020
Michelle Trujillo	Treasurer	2022/May 2022
Michael Bird	Assistant Secretary	2020/May 2020
Glenn Nier	Assistant Secretary	2022/May 2022
Gary Fantasky	Assistant Secretary	2020/May 2020
Lisa A. Johnson	Secretary	

DATE: June 26, 2018

TIME: 6:00 P.M.

PLACE: Eloise May Library
1471 South Parker Road
Denver, Colorado 80231

I. ADMINISTRATIVE MATTERS

A. Present Conflict Disclosures.

B. Approve Agenda, confirm location of the meeting and posting of meeting notices and designate 24-hour posting location.

C. Discuss results of the May 8, 2017 Election (enclosure).

D. Consider appointment of Officers:

President _____
Treasurer _____
Secretary _____
Asst. Secretary _____
Asst. Secretary _____
Asst. Secretary _____

- E. Review and approve Minutes of the November 7, 2017 Special Meeting (enclosure).
-

II. FINANCIAL MATTERS

- A. Review and ratify the approval of the payment of claims as follows (enclosures):

Fund	Period Ending Dec. 7, 2017	Period Ending Jan. 19, 2018	Period Ending Feb. 9, 2018	Period Ending March 15, 2018
General	\$ 6,434.51	\$ 1,886.17	\$ 8,686.78	\$ 4,351.10
Debt	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Capital	\$	\$	\$	\$
Total	\$ 6,434.51	\$ 1,886.17	\$ 8,686.78	\$ 4,351.10

Fund	Period Ending April 9, 2018	Period Ending May 8, 2018	Period Ending June 12, 2018
General	\$ 3,397.80	\$ 3,622.54	\$ 4,982.30
Debt	\$ -0-	\$ -0-	\$
Capital	\$ -0-	\$ -0-	\$ -0-
Total	\$ 3,397.80	\$ 3,622.54	\$ 4,982.30

- B. Review and accept unaudited financial statements through the period ending May 31, 2018 (to be distributed at meeting).
-
- C. Ratify engagement of Schilling & Company, Inc. to perform the 2017 audit (enclosure).
-
- D. Consider approval of 2017 Audit and authorize execution of the Representations Letter (enclosures).
-
- E. Consider appointment of the District Accountant to prepare the 2019 Budget. Set date for a Public Hearing to adopt the 2019 Budget (November 27, 2018 at 6:00 p.m.).
-

III. LEGAL MATTERS

A. _____

IV. COVENANT CONTROL/COMMUNITY MANAGEMENT

A. Ratify approval of Rules and Regulations of the Highline Crossing Metropolitan District (enclosure).

B. Review and discuss Community Manager's Report (enclosure).

1. Review Operation and Maintenance delinquent account list. Discuss and give guidance on delinquent account collection procedure.

C. Discuss Landscape Maintenance responsibilities.

V. OTHER BUSINESS

A. _____

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR NOVEMBER 27, 2018 – BUDGET HEARING.**

**NOTICE OF CANCELLATION
and
CERTIFIED STATEMENT OF RESULTS**

§1-13.5-513(6), 32-1-104, 1-11-103(3) C.R.S.

NOTICE IS HEREBY GIVEN by the Highline Crossing Metropolitan District, Arapahoe County, Colorado, that at the close of business on the sixty-third day before the election, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates; therefore, the election to be held on May 8, 2018 is hereby canceled pursuant to section 1-13.5-513(6) C.R.S.

The following candidates are declared elected for the following terms of office:

<u>Name</u>	<u>Term</u>
Glenn Nier	Second Regular Election, May 2022
Michelle Trujillo	Second Regular Election, May 2022

/s/ Lisa A. Johnson
(Designated Election Official)

Contact Person for the District:	Lisa A. Johnson
Telephone Number of the District:	303-987-0835
Address of the District:	141 Union Boulevard, Suite 150, Lakewood, CO 80228
District Facsimile Number:	303-987-2032
District Email:	ljohnson@sdmsi.com

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
HIGHLINE CROSSING METROPOLITAN DISTRICT
HELD
NOVEMBER 7, 2017

A Special meeting of the Board of Directors of the Highline Crossing Metropolitan District (referred to hereafter as the "Board") was convened on Tuesday, November 7, 2017, at 11:00 a.m., at the offices of Meritage Homes of Colorado, 6892 S. Yosemite Court, Suite 1-201, Centennial, Colorado 80112. The meeting was open to the public.

Directors In Attendance Were:

Richard Cross
Michael Bird
Glenn Nier

Following discussion, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the absences of Gary Fantasky and Michele Trujillo were excused.

Also In Attendance Was:

Lisa A. Johnson; Special District Management Services, Inc.

Paula Williams, Esq.; McGeady Becher P.C.

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST**

Disclosure of Potential Conflicts of Interest: The Board noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Williams requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Williams noted for the record that there were no new disclosures made by the Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board Members prior to this meeting and in accordance with the statutes. It was noted that disclosure statements had been filed for all Directors.

**ADMINISTRATIVE
MATTERS**

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's special meeting.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote unanimously carried, the Agenda was approved.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. Following discussion, and upon motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within its boundaries, or within 20 miles of the District boundaries or within the county that the District is located to conduct this meeting, it was determined to conduct the meeting at the above-stated location. The Board further noted that notice of this location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within its boundaries.

Minutes: The Board reviewed the Minutes of the June 26, 2017 Special Meeting.

Following discussion, upon motion duly made by Director Cross, seconded by Director Bird and, upon vote, unanimously carried, the Minutes of the June 26, 2017 Special Meeting were approved.

2018 Regular Meeting Dates: The Board entered into discussion regarding Resolution No. 2017-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices.

Following discussion, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the Board adopted Resolution No. 2017-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices. A copy of the Resolution is attached hereto and incorporated herein by this reference.

FINANCIAL MATTERS

Ratify the approval of the payment of claims as follows:

RECORD OF PROCEEDINGS

	Period Ending Aug. 15, 2017	Period Ending Sept. 21, 2017	Period Ending Oct. 20, 2017
General	\$ 26,493.29	\$ 5,227.92	\$ 4,525.97
Debt	\$ -0-	\$ -0-	\$ -0-
Capital	\$ -0-	\$ -0-	\$ -0-
Total	\$ 26,493.29	\$ 5,227.92	\$ 4,525.97

Following discussion, upon a motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the Board ratified the payment of claims as presented.

September 30, 2017 Unaudited Financial Statements: Ms. Johnson presented to the Board the unaudited financial statements and statement of cash position for the period ending September 30, 2017.

Following review, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the Board accepted the unaudited financial statements and schedule of cash position for the period ending September 30, 2017.

2017 Audit: The Board discussed the need for a 2017 audit and directed Ms. Johnson to solicit proposals for the work and present to President Cross for approval.

Following discussion, upon motion duly made by Director Nier, seconded by Director Cross and, upon vote, unanimously carried, the Board authorized President Cross to review the proposals and execute an engagement letter related to the preparation of the 2017 audit.

2018 Budget: Following discussion, upon motion duly made by Director Cross, seconded by Director Bird and, upon vote, unanimously carried, the Board ratified the appointment of the District Accountant to prepare the 2018 budget.

2017 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2017 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2017 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. There were no comments from the public in attendance and the public hearing was closed.

RECORD OF PROCEEDINGS

Following review and discussion, it was determined that a 2017 Budget Amendment was not needed.

Resolution No. 2017-11-02, Authorizing the Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3: Attorney Williams presented Resolution No. 2017-11-02, Authorizing the Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3.

Following discussion, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the Board adopted Resolution No. 2017-11-02, Authorizing the Adjustment of the District Mill Levy in Accordance with the Colorado Constitution, Article X, Section 3. A copy of the Resolution is attached hereto and incorporated herein by this reference

2018 Budget: The President opened the public hearing to consider the proposed 2018 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2018 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.

No public comments were received and the public hearing was closed.

Ms. Johnson reviewed the estimated 2017 expenditures and the proposed 2018 expenditures.

Following discussion, the Board considered the adoption of Resolution No. 2017-11-03; Resolution to Adopt the 2018 Budget and Appropriate Sums of Money and Resolution No. 2017-11-04; Resolution to Set Mill Levies, for the General Fund at 14.000 mills, the Debt Service Fund at 55.277 mills and Other Funds at 1.106 mills, for a total mill levy of 70.383 mills. Upon motion duly made by Director Cross, seconded by Director Bird and, upon vote, unanimously carried, the Resolutions were adopted, as discussed subject to final assessed valuation, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of the final Certification of Assessed Valuation from the County on or before December 10, 2017. Ms. Johnson was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Arapahoe County and the Division of Local Government, not later than December

RECORD OF PROCEEDINGS

15, 2017. Ms. Johnson was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2018. Copies of the adopted Resolutions are attached to these minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

LEGAL MATTERS

Resolution No. 2017-11-05 Regarding Continuing Disclosure Policies and Procedures: Attorney Williams presented Resolution No. 2017-11-05 Regarding Continuing Disclosure Policies and Procedures.

Following discussion, upon motion duly made by Director Cross, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2017-11-05 Regarding Continuing Disclosure Policies and Procedures. A copy of the Resolution is attached hereto and incorporated herein by this reference.

Second Amendment to 2017 Operation Funding Agreement: The Board reviewed the Second Amendment to 2017 Operation Funding Agreement by and between the District and Meritage Homes of Colorado, Inc.

Following discussion, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote, unanimously carried, the Board approved the Second Amendment to 2017 Operation Funding Agreement by and between the District and Meritage Homes of Colorado, Inc.

Service Agreement for GIS Services: The Board reviewed a service agreement with Manhard Consulting for GIS Services.

Following discussion, upon motion duly made by Director Cross, seconded by Director Bird and, upon vote, unanimously carried, the Board approved a service agreement with Manhard Consulting for GIS Services.

RECORD OF PROCEEDINGS

2018 Regular Election for Directors: The Board entered into discussion regarding Resolution No. 2017-11-06; Resolution Calling a Regular Election for Directors on May 8, 2018, appointing the Designated Election Official (“DEO”) and authorizing the DEO to perform all tasks required for the conduct of a polling place or mail ballot election.

Following discussion, upon motion duly made by Director Cross, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2017-11-06; Resolution Calling a Regular Election for Directors on May 8, 2018, appointing the Designated Election Official (“DEO”) and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the Resolution is attached hereto and incorporated herein by this reference.

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2017: The Board discussed §32-1-809 C.R.S. reporting requirements and mode of eligible elector notification for 2017.

The Board determined to post the required transparency notice information on the Special District Association’s website and the District’s website.

**COVENANT
ENFORCEMENT/DE
SIGN REVIEW**

Community Manager Report: Ms. Johnson presented and the Board reviewed the Community Manager report.

**CONSTRUCTION
MATTERS**

2017 Development/Construction Outlook: Director Cross gave an update on development through 2017 and into 2018.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Cross, seconded by Director Nier and, upon vote unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

THESE MINUTES ARE APPROVED AS THE OFFICIAL NOVEMBER 7, 2017
MINUTES OF THE ASPEN RESERVE METROPOLITAN DISTRICT BY THE
BOARD OF DIRECTORS SIGNING BELOW:

Richard Cross

Michelle Trujillo

Michael Bird

Glen Nier

Gary Fantasky

RESOLUTION NO. 2017-11-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF
HIGHLINE CROSSING METROPOLITAN DISTRICT
ESTABLISHING REGULAR MEETING DATES, TIME AND LOCATION, AND
DESIGNATING LOCATIONS FOR POSTING OF 72-HOUR AND 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the place at which notice will be posted at least 24 hours prior to each meeting.

C. Pursuant to Section 32-1-903, C.R.S., special districts are required to post notices of regular and special meetings at three (3) public places within the district and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting.

D. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

E. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Highline Crossing Metropolitan District of the County of Arapahoe, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the "**District Board**") has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the Directors and consultants of the District in that they live and/or work outside the twenty (20) mile radius requirement.

3. That regular meetings of the District Board of the Highline Crossing Metropolitan District for the year 2018 shall be held on June 26 and November 27, 2018 at 6:00 p.m., at the Eloise May Library, 1471 South Parker Road, Denver, CO 80231

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each Director.

5. That, until circumstances change and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s), location(s) and any such objections shall be considered by the District Board in setting future meetings.

7. Notice of Meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District at least 24 hours prior to each meeting at the following location:

(a) See attached **Exhibit A**.

8. Notices of regular and special meetings required to be posted at three (3) public places within the District and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting shall be made pursuant to Section 32-1-903, C.R.S., at the following locations:

(a) See attached **Exhibit A**.

(b) See attached **Exhibit A**.

9. Special District Management Services, Inc., or his/her designee, is hereby appointed to post the above-referenced notices.

RESOLUTION APPROVED AND ADOPTED on November 7, 2017.

**HIGHLINE CROSSING METROPOLITAN
DISTRICT**

By: _____

President

Attest:

Secretary

**EXHIBIT A
Posting Map**

RESOLUTION NO. 2017-11-02

**RESOLUTION OF THE BOARD OF DIRECTORS OF HIGHLINE CROSSING
METROPOLITAN DISTRICT AUTHORIZING ADJUSTMENT OF THE DISTRICT
MILL LEVY IN ACCORDANCE WITH THE COLORADO CONSTITUTION,
ARTICLE X, SECTION 3**

A. Highline Crossing Metropolitan District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to Title 32, Colorado Revised Statutes.

B. The District operates pursuant to its Service Plan approved by the City Council of the City of Aurora on March 21, 2016 (the “**Service Plan**”), which provides the District with the authority to impose mill levies on taxable property. Such mill levies will be the primary source of revenue for repayment of debt service, public improvements, and operations and maintenance costs of the District.

C. The Service Plan authorizes a maximum debt mill levy of 50.000 mills (“**Maximum Debt Mill Levy**”).

D. The Service Plan and Article X, Section 3 of the Colorado Constitution (the “**Gallagher Adjustment**”) authorizes adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The Maximum Debt Mill Levy may be increased or decreased to reflect such changes. Such increases or decreases shall be determined by the Board in good faith (such determination to be binding and final) so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

E. The Service Plan and Gallagher Adjustment provide that, for purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

F. The Colorado General Assembly passed House Bill 17-1349, signed by the Governor of Colorado on June 15, 2017, which amends Section 39-1-104.2, C.R.S., setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property tax years commencing on and after January 1, 2017, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property.

G. The Board of Directors of the District (the “**Board**”) authorized by the Service Plan and the Gallagher Adjustment, determines it to be in the best interest of the District, its residents, users, property owners, and the public to adjust the Maximum Debt Mill Levy to reflect the statutory change in the ratio of valuation for assessment from 7.96% to 7.2%, so that actual tax revenues are neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment for residential real property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Highline Crossing Metropolitan District, Arapahoe County, Colorado:

1. The Board of the District hereby authorizes the adjustment of the Maximum Debt Mill Levy to reflect the statutory change in the ratio of valuation for assessment for residential real property to 7.2% (from 7.96%).

2. The Gallagher Adjustment allows for a total mill levy imposition of 55,277 for debt service (the "**Gallagherized Mill Levy**") so that District revenues shall be neither diminished nor enhanced as a result of the change in the ratio of valuation for assessment to 7.2%.


3. The Gallagherized Mill Levy shall be reflected in the District's Certification of Tax Levies to be submitted to the Arapahoe County Board of County Commissioners on or before December 15, 2017, for collection in 2018.

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO RESOLUTION AUTHORIZING ADJUSTMENT OF THE
DISTRICT MILL LEVY IN ACCORDANCE WITH THE COLORADO
CONSTITUTION, ARTICLE X, SECTION 3]**

RESOLUTION APPROVED AND ADOPTED ON November 7, 2017.

**HIGHLINE CROSSING METROPOLITAN
DISTRICT**



President

Attest:



Secretary

RESOLUTION NO. 2017 - 11 - 03

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE HIGHLINE CROSSING
METROPOLITAN DISTRICT
TO ADOPT THE 2018 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Highline Crossing Metropolitan District ("District") has appointed the District Accountant to prepare and submit a proposed 2018 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, 2017, 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 November 7, 2017, 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 Highline Crossing Metropolitan District:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the Highline Crossing Metropolitan District for the 2018 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 7th day of November, 2017.




Secretary

EXHIBIT A
(Budget)



Certified Public Accountants and Business Consultants

Accountant's Compilation Report

Board of Directors
Highline Crossing Metropolitan District
Arapahoe County, Colorado

Management is responsible for the accompanying budget of revenues, expenditures and fund balances of Highline Crossing Metropolitan District for the year ending December 31, 2018, including the estimate of comparative information for the year ending December 31, 2017, the actual comparative information for the year ending December 31, 2016, and the adopted budget for the year ending December 31, 2017 in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with 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 budget 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 the accompanying budget.

We draw attention to the Budget Message included in the budget submission to the State of Colorado which describes that the budgetary basis of accounting is the modified accrual basis in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Highline Crossing Metropolitan District.

Barnes Griggs & Associates, PC

Lakewood, Colorado
January 13, 2018

Barnes Griggs & Associates, PC

HIGHLINE CROSSING METROPOLITAN DISTRICT

2018 BUDGET MESSAGE

Introduction

Highline Crossing Metropolitan District is a quasi-municipal corporation formed in 2016 governed pursuant to provisions set forth in the Colorado Special District Act. The District was organized to provide essential facilities for public use and benefit. The District consists of approximately 15.2 acres located entirely within the City of Aurora (the “City”).

The 2018 budget was prepared in accordance with the Local Government Budget Law of Colorado. The budget reflects the projected spending plan for the 2018 fiscal year based on available revenues. This budget provides for the annual debt service on the District’s general obligation debt as well as the general operation of the District.

The Board of Directors authorized adjustment of the District mill levy in accordance with the Colorado Constitution, Article X, Section 3 (the “Gallagher Adjustment”). The Gallagher Adjustment and the District’s Service Plan authorize an adjustment of the Maximum Debt Mill Levy in the event that the method of calculating assessed valuation is changed after January 1, 2004, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut, or abatement. The adjustment to the Maximum Debt Mill Levy is determined by the Board so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. The Colorado General Assembly passed House Bill 17-1349 setting the ratio of valuation for assessment for real residential property at 7.2% (decreased from 7.96%) for property taxes commencing on and after January 1, 2017, until the next property tax year that the General Assembly determines to adjust the ratio of valuation for assessment for residential real property. The Gallagher Adjustment for the District allows for a total mill levy imposition, as noted in the following paragraph, so the District’s revenue is neither diminished nor enhanced.

The current District’s assessed value increased by 28.38% to \$591,861 for 2017. The District’s mill levy increased to 70.383 mills for tax collection in the 2018 fiscal year with 14.000 mills dedicated to the General Fund, 1.106 mills dedicated to contractual obligations and 55.277 mills dedicated to the Debt Service Fund.

Budgetary Basis of Accounting

The District uses funds to budget and report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions. The various funds determine the total District budget. The District’s General Fund is considered a Governmental Fund and is reported using the current financial resources and the modified accrual basis of accounting. The District’s Debt Fund and Capital Projects Fund are also reported using the current financial resources and the modified accrual basis of accounting. Revenues are recorded when earned and expenses recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Summaries

The **General Fund** is used to account for resources traditionally associated with government such as property taxes, specific ownership tax and expenditures which include district administration, legal services and other expenses related to statutory operations of a local government. The General Fund's primary sources of revenue are developer advances, transfer fees and property taxes.

The **Debt Service Fund** is used to account for property taxes and other revenues dedicated to pay the fiscal year's debt expense which includes administrative costs associated with debt issues. The primary source of revenue is property tax. In 2017, the District entered into two general obligation bond indentures that provided funding for capital projects. Below is a summary of the District's long-term debt obligation.

Loan Principal and Interest in the Year Ending December 31,	Highline Crossing Metropolitan District		
	2017A Senior Bonds, \$1,590,000 2017B Subordinate Bonds, \$336,000		
	Principal	Interest	Total
2018	\$ -	\$ 87,450	\$ 87,450
2019	-	87,450	87,450
2020	10,000	93,788	103,788
2021	15,000	116,424	131,424
2022	15,000	119,097	134,097
2023-2027	105,000	581,955	686,955
2028-2032	237,000	645,107	882,107
2033-2037	343,000	416,797	759,797
2038-2042	506,000	294,334	800,334
2043-2047	695,000	129,285	824,285
	<u>\$ 1,926,000</u>	<u>\$ 2,571,687</u>	<u>\$ 4,497,687</u>

The **Capital Projects Fund** is used to account for revenues and expenditures to complete capital projects such as new improvements and upgrades to existing infrastructure.

Emergency Reserve

As required by the TABOR amendment to the Colorado Constitution, the District has provided for an Emergency Reserve in the amount of 3% of the total fiscal year revenues in the General Fund.

HIGHLINE CROSSING METROPOLITIAN DISTRICT
Assessed Value, Property Tax and Mill Levy Information

2016 Actual	2017 Adopted Budget	2018 Adopted Budget
----------------	------------------------	------------------------

Assessed Valuation	\$	-	\$	461,013	\$	591,861
Mill Levy						
General Fund		-		65.000		14.000
ARI		-		-		1.106
Debt Service Fund		-		-		55.277
Temporary Mill Levy Reduction		-		-		-
Refunds and Abatements		-		-		-
Total Mill Levy		-		65.000		70.383
Property Taxes						
General Fund	\$	-	\$	29,966	\$	8,286
ARI		-		-		655
Debt Service Fund		-		-		32,716
Temporary Mill Levy Reduction		-		-		-
Refunds and Abatements		-		-		-
Actual/Budgeted Property Taxes	\$	-	\$	29,966	\$	41,657

HIGHLINE CROSSING METROPOLITIAN DISTRICT

**GENERAL FUND
2018 Adopted Budget
with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated**

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ 1,500	\$ -	\$ 6,612
REVENUE				
Property Tax Revenue	-	29,966	29,966	8,286
Specific Ownership Taxes	-	1,798	2,500	500
Developer Advance	5,270	25,135	25,136	40,045
Interest Income	-	-	700	700
Transfer fee	-	7,200	7,200	7,200
Operations Fee	-	-	1,466	1,470
Miscellaneous Income	-	-	51	60
Total Revenue	5,270	64,099	67,019	58,261
Total Funds Available	5,270	65,599	67,019	64,873
EXPENDITURES				
Accounting	1,996	10,000	10,000	10,000
Audit	-	-	-	4,000
Insurance/SDA Dues	-	4,000	2,018	2,500
Legal	-	25,000	10,000	10,000
District Engineer	-	5,000	1,500	1,500
Election	-	-	-	1,500
Management	-	18,000	32,000	15,000
Miscellaneous	3,274	1,500	1,500	1,500
Treasurer's Fees	-	599	449	124
Covenant Control	-	-	-	8,169
Billing	-	-	-	5,100
Operations and Maintenance Reserve	-	-	-	2,280
Repairs and Maintenance	-	-	-	1,000
Contingency	-	-	-	452
Total Expenditures	5,270	64,099	57,467	63,125
Transfers and Other Uses				
Emergency Reserve	-	-	-	1,748
Transfer to Capital Projects	-	-	2,940	-
Total Transfers and Other Uses	-	-	2,940	1,748
Total Expenditures Requiring Appropriation	5,270	64,099	60,407	64,873
ENDING FUND BALANCE	\$ -	\$ 1,500	\$ 6,612	\$ -

HIGHLINE CROSSING METROPOLITIAN DISTRICT

DEBT SERVICE FUND 2018 Adopted Budget with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated

	2016 Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ 303,110
REVENUE				
Property Tax Revenue	-	-	-	32,716
Property Tax Revenue - Aurora	-	-	-	655
Specific Ownership Tax	-	-	-	1,800
Transfer from Capital Projects	-	237,640	337,033	-
Interest Income/Other	-	25,000	1,100	1,100
Total Revenue	-	262,640	338,133	36,271
Total Funds Available	-	262,640	338,133	339,381
EXPENDITURES				
Bond Interest	-	70,056	33,523	87,450
Paying Agent Fees	-	1,500	1,500	1,500
Treasurer's Fees	-	-	-	491
Aurora Expense	-	-	-	645
Contingency	-	25,000	-	100
Total Expenditures	-	96,556	35,023	90,186
Total Expenditures Requiring Appropriation	-	96,556	35,023	90,186
ENDING FUND BALANCE	\$ -	\$ 403,724	\$ 303,110	\$ 249,195

This financial information should be read only in connection with the accompanying accountant's compilation report and budget message.

HIGHLINE CROSSING METROPOLITIAN DISTRICT

CAPITAL PROJECTS FUND

2018 Adopted Budget

with 2016 Actual, 2017 Adopted Budget, and 2017 Estimated

	2016 YTD Actual	2017 Adopted Budget	2017 Estimated	2018 Adopted Budget
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ 3,821
REVENUE				
Interest and Other Income	-	100,000	55	-
Transfer from General Fund	-	-	2,940	-
Bond Proceeds - Senior	-	1,565,000	1,590,000	-
Bond Proceeds - Subordinate	-	320,000	336,000	-
Total Revenue	-	1,985,000	1,928,995	-
Total Funds Available	-	1,985,000	1,928,995	3,821
EXPENDITURES				
Bond Issuance Costs	-	214,566	196,464	-
Legal	-	5,000	-	-
Management	-	10,000	-	-
Capital Outlay	-	1,407,794	-	-
Engineering	-	10,000	2,940	-
Contingency	-	100,000	-	-
Total Expenditures	-	1,747,360	199,404	-
Transfers and Other Uses				
Transfer to Debt Service Fund	-	237,640	337,033	-
Developer reimbursement	-	-	1,388,737	-
Total Transfers and Other Uses	-	237,640	1,725,770	-
Total Expenditures Requiring Appropriation	-	1,985,000	1,925,174	-
ENDING FUND BALANCE	\$ -	\$ -	\$ 3,821	\$ 3,821

This financial information should be read only in connection with the accompanying accountant's compilation report and budget message.

RESOLUTION NO. 2017 - 11 - 04

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE HIGHLINE CROSSING
METROPOLITAN DISTRICT
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the Highline Crossing Metropolitan District (“District”) has adopted the 2018 annual budget in accordance with the Local Government Budget Law on November 7, 2017; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2018 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 Highline Crossing Metropolitan District:

1. That for the purposes of meeting all general fund expenses of the District during the 2018 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 2018 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 Arapahoe 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.

ADOPTED this 7th day of November, 2017.




Secretary

EXHIBIT A
(Certification of Tax Levies)

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Arapahoe County, Colorado.

On behalf of the Highline Crossing Metropolitan District,
 (taxing entity)^A
 the Board of Directors,
 (governing body)^B
 of the Highline Crossing Metropolitan District,
 (local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 591,861 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: \$ 591,861 (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: 12/15/17 for budget/fiscal year 2018
 (no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY²	REVENUE²
1. General Operating Expenses ^H	<u>14.000</u> mills	\$ <u>8,286</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	14.000 mills	\$ 8,286
3. General Obligation Bonds and Interest ^J	<u>55.277</u> mills	\$ <u>32,716</u>
4. Contractual Obligations ^K	<u>1.106</u> mills	\$ <u>655</u>
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]	70.383 mills	\$ 41,657

Contact person: (print) Lisa A. Johnson Daytime phone: (303) 987-0835
 Signed: Eric S. Barnes 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:	General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds
	Series:	2017A
	Date of Issue:	July 13, 2017
	Coupon Rate:	5.5%
	Maturity Date:	December 1, 2047
	Levy:	55.277
	Revenue:	\$ 32,716

2.	Purpose of Issue:	Subordinate General Obligation Limited Tax Bonds
	Series:	2017B
	Date of Issue:	July 13, 2017
	Coupon Rate:	7.75%
	Maturity Date:	December 15, 2047
	Levy:	0.000
	Revenue:	\$ 0

CONTRACTS^K:

3.	Purpose of Contract:	Cost sharing of regional improvements
	Title:	Intergovernmental Agreement with the City of Aurora
	Date:	September 23, 2016
	Principal Amount:	N/A
	Maturity Date:	50 years
	Levy:	1.106
	Revenue:	655

4.	Purpose of Contract:	
	Title:	
	Date:	
	Principal Amount:	
	Maturity Date:	
	Levy:	
	Revenue:	

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

RESOLUTION NO. 2017-11-25

RESOLUTION OF THE BOARD OF DIRECTORS OF
HIGHLINE CROSSING METROPOLITAN DISTRICT REGARDING CONTINUING
DISCLOSURE POLICIES AND PROCEDURES

A. The Highline Crossing Metropolitan District, Arapahoe County, Colorado (the “District”) has entered into the continuing disclosure undertaking(s) set forth in Exhibit A attached hereto (referred to collectively herein, whether one or more than one, the “Continuing Disclosure Undertaking”).

B. The Board of Directors of the District (the “Board”) desires to adopt policies and procedures in an effort to ensure compliance by the District with its obligations set forth in the Continuing Disclosure Undertaking (the “Continuing Disclosure Policy”).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HIGHLINE CROSSING METROPOLITAN DISTRICT, ARAPAHOE COUNTY, COLORADO:

1. The Continuing Disclosure Policy, as hereby approved, adopted and made a part of the public records of the District, shall be to impose the procedures set forth in Exhibit B attached hereto (the “Compliance Procedures”).

2. The Board hereby delegates the tasks and responsibilities set forth in the Compliance Procedures to the responsible parties as set forth therein.

3. The Continuing Disclosure Policy is intended to supplement any previous post-issuance compliance procedures that may have been adopted by the District and any procedures evidenced in writing by any Official Statement or continuing disclosure undertaking heretofore or hereafter issued, entered into or executed and delivered by the District or on its behalf.

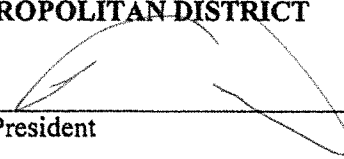
4. The Board may revise the Continuing Disclosure Policy from time to time as the Board deems necessary or desirable to comply with federal and state securities laws or otherwise as the Board may determine in its sole discretion.

5. Prior to the engagement of the responsible parties listed in the Compliance Procedure, and other consultants as may applicable with respect to the Continuing Disclosure Undertaking, such responsible parties and consultants shall be required to review and comply with the Continuing Disclosure Policy, including, without limitation, the responsibilities set forth in the Compliance Procedures.


6. Within thirty (30) days, or earlier if necessary, of entering into any new continuing disclosure undertaking and/or with respect to any changes or modifications to the Continuing Disclosure Undertaking, the responsible parties and consultants shall meet with bond counsel and disclosure counsel to review the continuing disclosure compliance requirements and develop a process for compliance with respect to such new and/or changed continuing disclosure undertaking.

RESOLUTION APPROVED AND ADOPTED on November 7, 2017.

**HIGHLINC CROSSING
METROPOLITAN DISTRICT**

By: 

President

Attest:
By: 

Secretary

EXHIBIT A

Continuing Disclosure Undertaking

CONTINUING DISCLOSURE AGREEMENT

\$1,590,000
HIGHLINE CROSSING METROPOLITAN DISTRICT
(IN THE CITY OF AURORA, COLORADO)
GENERAL OBLIGATION (LIMITED TAX CONVERTIBLE TO
UNLIMITED TAX) BONDS
SERIES 2017A

\$336,000
HIGHLINE CROSSING METROPOLITAN DISTRICT
(IN THE CITY OF AURORA, COLORADO)
SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS
SERIES 2017B

This Continuing Disclosure Agreement (this “**Agreement**”) is entered into on July 13, 2017, by and among Highline Crossing Metropolitan District (in the City of Aurora, Colorado) (the “**District**”), Meritage Homes of Colorado, Inc., an Arizona corporation (the “**Developer**”), and UMB Bank, n.a. Denver, Colorado, as trustee (the “**Trustee**”) under the Indentures (defined below) relating to the above-captioned bonds (the “**Bonds**”).

Section 1. Purpose. This Agreement is being executed and delivered by the parties hereto for the benefit of the holders of the Bonds and in consideration for the purchase by D.A. Davidson & Co. (the “**Underwriter**”) of the Bonds pursuant to the terms of a Bond Purchase Agreement between the Underwriter and the District dated June 26, 2017.

Section 2. Definitions. Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings set forth in the Indentures (defined below) and the Limited Offering Memorandum (defined below). The capitalized terms set forth below shall have the following respective meanings for purposes of this Agreement:

“*Audited Financial Statements*” means the most recent annual financial statements for the District prepared in accordance with generally accepted accounting principles (“**GAAP**”) for governmental units as prescribed by the Governmental Accounting Standards Board (“**GASB**”), which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Colorado.

“*Bond Resolution*” means the resolution or resolutions authorizing the issuance of the Bonds adopted by the Board of Directors of the District on June 26, 2017.

“*Development Completion Date*” has the meaning assigned to such term in Section 5 of this Agreement.

“*Quarterly Report*” has the meaning assigned to such term in Section 3 of this Agreement.

“*Indentures*” means the Indenture of Trust related to the Series 2017A Senior Bonds dated as of July 13, 2017 by and between the District and the Trustee and the Indenture of Trust related to the Series 2017B Subordinate Bonds dated as of July 13, 2017 by and between the District and the Trustee, as each such Indenture may be amended or supplemented from time to time.

“*Limited Offering Memorandum*” means the Limited Offering Memorandum prepared in connection with the offer and sale of the Bonds dated June 26, 2017.

“*MSRB*” means the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“*Person*” means an individual, partnership, joint venture, limited liability company, association, corporation, trust or any other legal entity.

“*Report Deadline*” has the meaning assigned to such term in Section 3 of this Agreement.

“*Trustee Filing Deadline*” has the meaning assigned to such term in Section 3 of this Agreement.

Section 3. Procedures for Providing Quarterly and Annual Reports.

(a) *Provision of Quarterly Information to Trustee.* The Developer, as to Section 1 of the Quarterly Report, and the District, as to Sections 2 through 6 of the Quarterly Report, hereby undertake and agree, respectively, to provide to the Trustee by no later than each May 15 (for the calendar quarter ending March 31), each August 15 (for the calendar quarter ending June 30), each November 15 (for the calendar quarter ending September 30) and each February 15 (for the calendar quarter ending December 31) (each, a “**Report Deadline**”), commencing with November 15, 2017 (for the calendar quarter ending on September 30, 2017), the information set forth in the form of the quarterly report appended as Appendix A hereto (each, a “**Quarterly Report**”). The District shall further provide its Audited Financial Statements by November 15 of each year as part of the September 30 Quarterly Report in such year. The information required to be provided by the District under Section 5 of the Quarterly Report may be provided as part of the Audited Annual Financial Statements of the District. Any or all of the items required to be updated in a Quarterly Report may be incorporated by reference from other documents, including official statements of debt issues which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Developer and the District, as applicable, shall clearly identify each such document incorporated by reference.

(b) *Provision of Quarterly Reports to the MSRB.* The Trustee shall provide to the MSRB (in an electronic format as prescribed by the MSRB) the Quarterly Report by no later than May 25 (for a calendar quarter ending on March 31), August 25 (for a calendar quarter ending on June 30), November 25 (for a calendar quarter ending on September 30) and February 25 (for a calendar quarter ending on December 31) (each, a “**Trustee Filing Deadline**”). Each Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3(a) above; provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Quarterly Report due on each November 25.

If the Developer or the District fails to provide to the Trustee the information in the Quarterly Report required to be provided by it at least ten (10) days prior to the applicable Report Deadline, then the Trustee shall provide notice to the Developer or the District (as applicable) that its respective portions of the Quarterly Report remain due, and shall indicate in such notice the applicable Report Deadline. If the Developer or the District fails to provide to the Trustee the information in the Quarterly Report required to be provided by it by the applicable Report Deadline, which results in the Trustee’s inability to provide a complete Quarterly Report to the MSRB by the applicable Trustee Filing Deadline, then, as soon as practicable after the Trustee Filing Deadline, the Trustee shall promptly file such portion of the Quarterly Report as has been provided to it as of such date, and shall file or cause to be filed a notice in substantially the form attached as Appendix B with the MSRB.

In addition to the foregoing, the Trustee shall, prior to the date of each filing of a Quarterly Report, determine the appropriate electronic format prescribed by the MSRB. After the Trustee files a Quarterly Report and/or the notice described in the preceding paragraph with the MSRB, the Trustee shall upon request send a report to the Developer and the District stating the date that such report or notice was filed and listing all the entities to which it was provided.

(c) *Means of Transmitting Information.* Subject to technical and economic feasibility, the Developer and the District shall employ such methods of information transmission as the Trustee shall reasonably request. All documents provided to the MSRB pursuant to this

Agreement shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

Section 4. Notice of Material Events. Whenever the District obtains actual knowledge of the occurrence of any of the following events, the District shall cause the Trustee to provide, in a timely manner, a notice of such event to the MSRB:

- i. The failure or refusal by the District to impose the Senior Required Mill Levy and the Subordinate Required Mill Levy or to collect and apply the other components of the Senior Pledged Revenue and the Subordinate Pledged Revenue as required by the applicable Indenture;
- ii. Any other Event of Default occurs under either Indenture, including a description of such default;
- iii. Any non-payment related default under either Indenture (if the District deems such default to be material to the Owners), including a description of such default;
- iv. A draw on the Reserve Fund;
- v. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- vi. Modifications to rights of Bond owners, if material;
- vii. Bond calls and tender offers; and
- viii. Defeasances.

Whenever the Trustee obtains actual knowledge of the occurrence of any of the aforementioned events, the Trustee shall promptly notify the District of such event. For purposes of this paragraph, "actual knowledge" of the Trustee means actual knowledge by an officer of the Trustee having responsibility for matters regarding the Indentures or the Bonds.

Section 5. Termination. The obligations of the District and the Trustee under this Agreement shall terminate at such time as none of the Bonds are Outstanding under the Indentures. The obligations of the Developer hereunder shall terminate on the date when the District certifies to the Trustee in writing that the City of Aurora has issued certificates of occupancy with respect to 57 single-family detached residences within in the Development (the "Development Completion Date").

Section 6. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may only be amended with the consent of the Owners holding in the aggregate the majority of the Bonds outstanding under the Indentures.

Section 7. Failure to Perform. Any failure by the District to perform in accordance with this Agreement shall not constitute an Event of Default under the Indentures, and the rights and remedies provided by the Indentures upon the occurrence of an Event of Default shall not apply to any such failure. If the District fails to comply with this Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations hereunder. If the Developer fails to comply with this Agreement, the District shall be obligated to provide the information which the Developer is obligated to provide hereunder, to the extent that such information is publicly available. Furthermore, if the Developer fails to comply with this Agreement, the sole remedy of Owners shall be an action in mandamus or for specific performance to compel the Developer, as applicable, to comply with its obligations hereunder, to the extent the District has not otherwise satisfied such obligations as provided above.

Section 8. Severability. If any section, paragraph, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Agreement, the intent being that the same are severable.

Section 9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

Section 10. Compensation. As compensation for its services under this Agreement, the Trustee shall be compensated or reimbursed by the District for its reasonable fees and expenses in performing the services specified under this Agreement.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the District, the Trustee and the Owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Trustee. The Trustee shall have only such duties as are specifically set forth in this Agreement, and the District agrees, to the extent permitted by law, to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim or liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The Trustee may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the District. The Trustee shall not be responsible in any manner for the content of any notice or report (including without limitation any Quarterly Report) prepared by the Developer or the District pursuant to this Continuing Disclosure Agreement. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 13. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their respective names, all as of the date first above written.

HIGHLINE CROSSING METROPOLITAN
DISTRICT (IN THE CITY OF AURORA,
COLORADO)

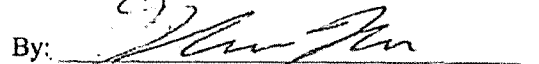
By



President

MERITAGE HOMES OF COLORADO, INC., an
Arizona corporation

By:

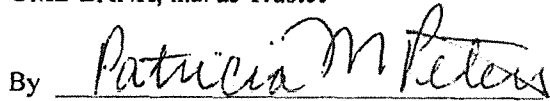


Name: Glenn Niel

Title: V.P. of Land Development

UMB BANK, n.a. as Trustee

By



Authorized Officer

APPENDIX A
(To Continuing Disclosure Agreement)

FORM OF QUARTERLY REPORT

\$1,590,000
HIGHLINE CROSSING METROPOLITAN DISTRICT
(IN THE CITY OF AURORA, COLORADO)
GENERAL OBLIGATION (LIMITED TAX CONVERTIBLE TO
UNLIMITED TAX) BONDS
SERIES 2017A

\$336,000
HIGHLINE CROSSING METROPOLITAN DISTRICT
(IN THE CITY OF AURORA, COLORADO)
SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS
SERIES 2017B

Date of Report: _____

All capitalized terms used and not otherwise defined in this report shall have the respective meanings assigned in the Continuing Disclosure Agreement (“Agreement”) entered into on July 13, 2017, by and among Highline Crossing Metropolitan District (in the City of Aurora, Colorado) (the “District”), Meritage Homes of Colorado, Inc., an Arizona corporation (the “Developer”), and UMB Bank, n.a. Denver, Colorado, as trustee (the “Trustee”) under the Indentures (defined in the Agreement) relating to the above-captioned bonds (the “Bonds”). Unless otherwise stated herein, capitalized terms shall have the meanings assigned them in the Limited Offering Memorandum dated June 26, 2017, pertaining to the Bonds, and all information contained herein is the most current information available as of the Date of Report specified above, and is provided with respect to development within the Development.

Section 1. Development [Developer to complete; to be updated each quarter until the Development Completion Date]. Provide the following information with respect to property within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds.

(a) *Residential Activity.* The number of single-family attached residences completed by the Developer and sold by the Developer to homeowners:

Last quarter: ____ completed; ____ sold

Cumulatively: ____ completed; ____ sold

(b) *Other Activity.* In the event that the Developer’s site development plan has changed materially from that described in the Limited Offering Memorandum, please describe such change in the Developer’s site development plan.

(c) *Zoning.* Describe any changes to the zoning of the property initiated by the Developer or of which the Developer has been given written notice by other owners of property within the Development since the last Quarterly Report (including any amendments to any final plat, sketch plat, preliminary development plans, or final development plans).

Section 2. Construction Activity. [District to complete; to be updated each quarter until the Development Completion Date.]

(a) Building Permits-Residential: State the number of residential building permits issued by the City of Aurora within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds:

Last Quarter: ____

Cumulatively: ____

(b) Certificates of Occupancy-Residential: State the number of residential certificates of occupancy issued by the City of Aurora within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds:

Last Quarter: ____

Cumulatively: ____

(c) Inclusions and Exclusions: Describe any property, by parcel designation and acreage, which has been included within or excluded from the boundaries of the District since the last Quarterly Report, if applicable.

Section 3. Fund Balances and Transfers [District to complete, based upon information received from the Trustee; to be updated each quarter.]

The amount on deposit in each of the following funds is as set forth below, as of ____ , 20__.

- (i) the amount on deposit in the Senior Project Fund is \$ _____;
- (ii) the amount on deposit in the Senior Bond Fund is \$ _____;
- (iii) the amount on deposit in the Reserve Fund is \$ _____;
- (iv) the amount on deposit in the Surplus Fund is \$ _____;
- (v) the amount on deposit in the Subordinate Project Fund is \$ _____; and
- (vi) the amount on deposit in the Subordinate Bond Fund is \$ _____.

Section 4. Assessed Value, Actual Value and Mill Levies [District to complete to be provided annually with the Quarterly Report due August 15, may be provided as part of the Audited Annual Financial Statements filed under Section 5 below].

- (a) The District shall complete and update the following tables:

History of Assessed Valuations and Mill Levies for the District

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Increase</u>	<u>Mill Levy</u>
2017	2018			
2018	2019			
2019	2020			
2020	2021			
2021	2022			
2022	2023			
2023	2024			

Future years as applicable

Source: Arapahoe County Assessor's Office

Property Tax Collections in the District

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Levied</u>	<u>Current Tax Collections(1)</u>	<u>Current Collections as a % of Tax Levied</u>
2017	2018			
2018	2019			
2019	2020			
2020	2021			
2021	2022			
2022	2023			
2023	2024			

Future years as applicable

(1) Figures are through _____, 20__.

Source: Arapahoe County Treasurer's Office

(b) The District shall update the following table included in the Limited Offering Memorandum:

Estimated Overlapping General Obligation Debt

Overlapping Public Entity ^{1,2}	20__ Assessed Valuation	Outstanding General Obligation Debt	Estimated Net Debt Chargeable to Properties in the District	
			Percent ²	Amount
Total				

¹ Other entities overlapping with the District have no reported general obligation debt outstanding.

² The percentage of each entity's outstanding debt chargeable to District property owners is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which District property owners are responsible will also change.

Source: County Assessor's Office and individual taxing entities.

Section 5. Annual District Financial Information [District to complete; to be provided with the Quarterly Report indicated below]. Each of the annual information items set forth below must be provided only once each year as indicated below. Audited Annual Financial Statements shall be provided with, and no later than, the appropriate Quarterly Report. The following information for which the appropriate box is checked is attached to this Quarterly Report:

Audited Annual Financial Statements of the District for the year ending _____.
(Must be provided with the Quarterly Report due November 15).

Annual budget of the District for fiscal year _____. Such annual budget has has not been adopted by the Board of Directors of the District. (Must be provided with the Quarterly Report due February 15).

Section 6. Authorized Denominations [District to complete; to be provided with Quarterly Report due February 15].

The Bonds are presently outstanding in Authorized Denominations of:

\$500,000 and any integral multiple of \$1,000 in excess thereof; or


Pursuant to paragraph (c) of the definition of Authorized Denomination in the Indentures, the Authorized Denominations were reduced to \$1,000 or any integral multiple thereof on _____ [insert date].

[Signature/Certification on Following Page]


The information contained in this Quarterly Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness.

The party executing this report on behalf of each of the District and the Developer hereby certifies that he/she is authorized to execute this report on behalf of the party on whose behalf he/she has so executed. The Developer hereby further certifies as to the information provided in Section 1 only of the foregoing report, the District hereby further certifies as to the information provided in Sections 2 through 6 only of the foregoing report, that such information is, to the best of its knowledge, true, accurate and complete. This report may be executed below on counterpart signature pages.

HIGHLINE CROSSING METROPOLITAN
DISTRICT (IN THE CITY OF AURORA,
COLORADO)

By  _____
President

MERITAGE HOMES OF COLORADO, INC., an
Arizona corporation

By:  _____
Name: Glenn Nief
Title: V.P. of Development

[Signature/Certification Page to Quarterly Report]

**APPENDIX B
(To Continuing Disclosure Agreement)**

NOTICE OF FAILURE TO FILE QUARTERLY REPORT

Name of District: Highline Crossing Metropolitan District (in the City of Aurora, Colorado)

Name of Bond Issue: Highline Crossing Metropolitan District (in the City of Aurora, Colorado), General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017A, in the original aggregate principal amount of \$1,590,000 and Highline Crossing Metropolitan District (in the City of Aurora, Colorado), Subordinate General Obligation Limited Tax Bonds, Series 2017B, in the original aggregate principal amount of \$336,000.

CUSIPS: 43110T AA1, 43110T AB9

Date of Issuance: July 13, 2017

NOTICE IS HEREBY GIVEN that the (check as appropriate) ___ District ___ Developer has not provided a portion of the information required for a Quarterly Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated July 13, 2017, between the District, the Developer and the Trustee. The (check as appropriate) ___ District ___ Developer anticipates that such information required by the Quarterly Report will be filed by _____.

Dated: _____, _____

UMB Bank, n.a., as Trustee

By: _____

Its: _____

EXHIBIT B

COMPLIANCE PROCEDURE

Highline Crossing Metropolitan District, Arapahoe County, Colorado
 \$1,590,000 General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds, Series 2017A and
 \$336,000 Subordinate General Obligation Limited Tax Bonds, Series 2017B

Subject to SEC Rule 15c2-12: NO

FINANCIAL DISCLOSURES	
Submittal Date to Trustee	Required Documentation Prepared By:
Quarterly Reports <ul style="list-style-type: none"> • February 15 • May 15 • August 15 • November 15 (commencing November 15, 2017)	Section 1 of the Quarterly Report: <i>Meritage Homes of Colorado, Inc.</i> ("Developer") to provide to <i>Special District Management Services, Inc.</i> ("SDMS") at least thirty (30) days prior to submittal date. <ul style="list-style-type: none"> • Number of single-family attached residences completed by the Developer and sold by the Developer to homeowners
	Section 2 of the Quarterly Report: <i>Developer/District</i> to provide to <i>SDMS</i> at least thirty (30) days prior to submittal date. <ul style="list-style-type: none"> • Building Permits (<i>Developer</i>) • Certificates of Occupancy (<i>Developer</i>) • Inclusions/Exclusions (<i>District</i>)
	Section 3 of the Quarterly Report: <i>UMB Bank, n.a.</i> to provide to the <i>SDMS</i> [typically provided ten (10) days prior to submittal date].
Annual Reporting Requirements (to be included in the Quarterly Reported noted)	Section 4 of the Quarterly Report: <i>SDMS</i> Due with August 15 Quarterly Report
	Section 5 of the Quarterly Report: <i>SDMS/District Auditor</i> <ul style="list-style-type: none"> • Annual Audited Financial Statements (August 15 Quarterly Report) • Annual Budget (February 15 Quarterly Report)
	Section 6 of the Quarterly Report: <i>District Accountant</i> <ul style="list-style-type: none"> • Authorized Denominations Due with February 15 Quarterly Report

Procedure:

1. SDMS will prepare first draft of the report due.
2. SDMS will transmit report to McGeady Becher to review and provide comment ten (10) days prior to submittal date.
3. McGeady Becher to transmit comments/revisions to report back to five (5) days prior to submittal date.
4. SDMS to submit report to UMB, Bank on applicable submittal date.

NOTICE OF MATERIAL EVENT		
Reporting / Submittal Deadlines	Responsible Party to Report Event of Default	Party Responsible to Notify Trustee of Event of Default
District shall cause the Trustee to provide, in a timely manner, a notice of an event of default	SDMS McGeady Becher, UMB Bank, or anyone who has actual knowledge of a material event	SDMS / McGeady Becher

RESOLUTION NO. 2017-11-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE HIGHLINE CROSSING METROPOLITAN DISTRICT
CALLING A REGULAR ELECTION FOR DIRECTORS
ON MAY 8, 2018 (THE "ELECTION")**

A. The terms of the offices to which Directors Glenn Nier and Michele Trujillo had previously been appointed expires upon their re-election, or the election of their successors at the Election, and upon such successors taking office.

B. In accordance with the provisions of the Special District Act ("Act") and the Uniform Election Code ("Code"), the Election must be conducted to elect two (2) Directors to serve until the second regular election, to occur May 3, 2022.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Highline Crossing Metropolitan District (the "**District**") of the County of Arapahoe, Colorado:

1. Date and Time of Election. The Election shall be held on May 8, 2018, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, two (2) Directors shall be elected to serve until the second regular election, to occur May 3, 2022.

2. Precinct. The District shall consist of one (1) election precinct for the convenience of the eligible electors of the District.

3. Conduct of Election. The Election shall be conducted as an independent mail ballot election in accordance with all relevant provisions of the Code. The Designated Election Official shall have on file, no later than fifty-five (55) days prior to the Election, a plan for conducting the independent mail ballot Election.

4. Designated Election Official. Lisa Johnson shall be the Designated Election Official and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code or other applicable laws. The Election shall be conducted in accordance with the Act, Code and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished.

5. Absentee Ballot Applications. NOTICE IS FURTHER GIVEN, pursuant to Section 1-13.5-1002, C.R.S., that applications for and return of absentee ballots may be filed with the Designated Election Official of the District, c/o Special District Management Services, Inc., 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228, between the hours of 8:00 a.m. and 5:00 p.m., until the close of business on the Tuesday immediately preceding the Election (May 1, 2018).

6. Self-Nomination and Acceptance Forms. Self-nomination and acceptance forms are available at the office of the Designated Election Official located at the above address. All

candidates must file a self-nomination and acceptance form with the Designated Election Official no earlier than January 1, 2018 and no later than the close of business on March 2, 2018.

7. Cancellation of Election. If the only matter before the electors is the election of Directors of the District and if, at the close of business on March 6, 2018 or at any time thereafter, there are not more candidates than offices to be filled at the Election, including candidates timely filing affidavits of intent, the Designated Election Official shall cancel the Election and declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with law.

8. Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair or invalidate the remaining provisions of this Resolution, it being the Board of Director's intention that the various provisions hereof are severable.

9. Repealer. All acts, orders and resolutions, or parts thereof, of the Board of Directors which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.

10. Effective Date. The provisions of this Resolution shall take effect as of the date adopted and approved by the Board of Directors of the District.

RESOLUTION APPROVED AND ADOPTED on November 7, 2017.

**HIGHLINE CROSSING METROPOLITAN
DISTRICT**

By:

President

Attest:

Secretary

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	A
1015							
12/07/2017	Aurora Media Group, LLC	89590	Miscellaneous	1-685	18.60	18.60	
Total 1015:						18.60	
1016							
12/07/2017	McGeady Bechers, P.C.	1303W 11/17	Legal	1-675	2,206.00	2,206.00	
Total 1016:						2,206.00	
1017							
12/07/2017	Special Dist Management	24945	Management	1-680	2,145.50	2,145.50	
12/07/2017	Special Dist Management	24945	Accounting	1-612	1,606.50	1,606.50	
12/07/2017	Special Dist Management	24945	Miscellaneous	1-685	171.32	171.32	
Total 1017:						3,923.32	
201704							
12/07/2017	Xpress Bill Pay	30668	Accounting	1-612	286.59	286.59	M
Total 201704:						286.59	
Grand Totals:						6,434.51	

Highline Crossing Metropolitan District
December-17

	General	Debt	Capital	Totals
Disbursements	\$ 6,434.51	-	-	\$ 6,434.51
<hr/>				
Total Disbursements	\$ 6,434.51	\$ -	\$ -	\$ 6,434.51

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	A
1018							
01/19/2018	McGeady Bechers, P.C.	1303W 12/17	Legal	1-675	35.00	35.00	
Total 1018:						35.00	
1019							
01/19/2018	Special Dist Management	27029	Management	1-680	1,243.00	1,243.00	
01/19/2018	Special Dist Management	27029	Accounting	1-612	567.00	567.00	
01/19/2018	Special Dist Management	27029	Miscellaneous	1-685	21.46	21.46	
Total 1019:						1,831.46	
201705							
01/19/2018	Xpress Bill Pay	31166	Accounting	1-612	19.71	19.71	M
Total 201705:						19.71	
Grand Totals:						1,886.17	

Highline Crossing Metropolitan District
January-18

	General	Debt	Capital	Totals
Disbursements	\$ 1,886.17	-	-	\$ 1,886.17
Total Disbursements	\$ 1,886.17	\$ -	\$ -	\$ 1,886.17

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	A
1920							
02/09/2018	McGeady Bechers, P.C.	1303W 1/18	Legal	1-675	300.50	300.50	
02/09/2018	McGeady Bechers, P.C.	PRIOR INVOCIES 1	Legal	1-675	6,339.47	6,339.47	
Total 1920:						6,639.97	
1921							
02/09/2018	Special Dist Management	27374	Management	1-680	1,096.00	1,096.00	
02/09/2018	Special Dist Management	27374	Accounting	1-612	726.10	726.10	
02/09/2018	Special Dist Management	27374	Audit	1-615	27.40	27.40	
02/09/2018	Special Dist Management	27374	Election	1-635	54.80	54.80	
02/09/2018	Special Dist Management	27374	Miscellaneous	1-685	116.83	116.83	
Total 1921:						2,021.13	
201706							
02/09/2018	Xpress Bill Pay	31704	Accounting	1-612	25.68	25.68	M
Total 201706:						25.68	
Grand Totals:						8,686.78	

Highline Crossing Metropolitan District
February-18

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 8,686.78	-	-	\$ 8,686.78
<hr/>				
Total Disbursements	\$ 8,686.78	\$ -	\$ -	\$ 8,686.78

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	A
1922							
03/15/2018	Aurora Media Group, LLC	90624	Election	1-635	26.52	26.52	
Total 1922:						26.52	
1923							
03/15/2018	McGeady Bechers, P.C.	1303W 2/18	Legal	1-675	122.50	122.50	
Total 1923:						122.50	
1924							
03/15/2018	Special Dist Management	28897	Management	1-680	677.00	677.00	
03/15/2018	Special Dist Management	28897	Election	1-635	150.70	150.70	
03/15/2018	Special Dist Management	28897	Accounting	1-612	1,315.20	1,315.20	
03/15/2018	Special Dist Management	28897	Audit	1-615	68.50	68.50	
03/15/2018	Special Dist Management	28897	Covenant Control	1-610	1,491.50	1,491.50	
03/15/2018	Special Dist Management	28897	Miscellaneous	1-685	229.07	229.07	
03/15/2018	Special Dist Management	28897	Insurance/SDA Dues	1-670	41.10	41.10	
Total 1924:						3,973.07	
1925							
03/15/2018	Special District Associati	2018022725053062	Insurance/SDA Dues	1-670	209.30	209.30	
Total 1925:						209.30	
201707							
03/15/2018	Xpress Bill Pay	32216	Accounting	1-612	19.71	19.71	M
Total 201707:						19.71	
Grand Totals:						4,351.10	

Highline Crossing Metropolitan District
March-18

	General	Debt	Capital	Totals
Disbursements	\$ 4,351.10	-	-	\$ 4,351.10
<hr/>				
Total Disbursements	\$ 4,351.10	\$ -	\$ -	\$ 4,351.10

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	A
1926							
04/09/2018	McGeady Bechers, P.C.	1303W 3/18	Legal	1-675	267.00	267.00	
04/09/2018	McGeady Bechers, P.C.	1303W 3/18	Legal	1-675	87.50	87.50	
Total 1926:						354.50	
1927							
04/09/2018	Special Dist Management	30607	Management	1-680	665.10	665.10	
04/09/2018	Special Dist Management	30607	Election	1-635	164.40	164.40	
04/09/2018	Special Dist Management	30607	Accounting	1-612	671.30	671.30	
04/09/2018	Special Dist Management	30607	Covenant Control	1-610	1,377.50	1,377.50	
04/09/2018	Special Dist Management	30607	Miscellaneous	1-685	40.64	40.64	
Total 1927:						2,918.94	
1928							
04/09/2018	Special District Associati	20512	Insurance/SDA Dues	1-670	104.65	104.65	
Total 1928:						104.65	
201708							
04/09/2018	Xpress Bill Pay	32733	Accounting	1-612	19.71	19.71	M
Total 201708:						19.71	
Grand Totals:						3,397.80	

Highline Crossing Metropolitan District
April-18

	General	Debt	Capital	Totals
Disbursements	\$ 3,397.80	-	-	\$ 3,397.80
Total Disbursements	\$ 3,397.80	\$ -	\$ -	\$ 3,397.80

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	A
1929							
05/08/2018	McGeady Bechers, P.C.	1303W 4/18	Legal	1-675	52.50	52.50	
Total 1929:						52.50	
1930							
05/08/2018	Special Dist Management	33150	Management	1-680	1,144.10	1,144.10	
05/08/2018	Special Dist Management	33150	Election	1-635	109.60	109.60	
05/08/2018	Special Dist Management	33150	Accounting	1-612	972.70	972.70	
05/08/2018	Special Dist Management	33150	Covenant Control	1-610	900.00	900.00	
05/08/2018	Special Dist Management	33150	Audit	1-615	95.90	95.90	
05/08/2018	Special Dist Management	33150	Miscellaneous	1-685	314.87	314.87	
Total 1930:						3,537.17	
201709							
05/08/2018	Xpress Bill Pay	33253	Accounting	1-612	32.87	32.87	M
Total 201709:						32.87	
Grand Totals:						3,622.54	

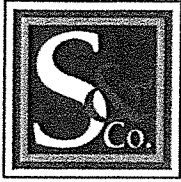
Highline Crossing Metropolitan District
May-18

	<u>General</u>	<u>Debt</u>	<u>Capital</u>	<u>Totals</u>
Disbursements	\$ 3,622.54	-	-	\$ 3,622.54
<hr/>				
Total Disbursements	\$ 3,622.54	\$ -	\$ -	\$ 3,622.54

Check No and Date	Payee	Invoice No	GL Account Title	GL Acct	Amount	Total	A
1931							
06/12/2018	Aurora Media Group, LLC	91353	Election	1-635	22.56	22.56	
Total 1931:						22.56	
1932							
06/12/2018	McGeady Bechers, P.C.	1303W 5/18	Legal	1-675	706.00	706.00	
Total 1932:						706.00	
1933							
06/12/2018	Special Dist Management	34460	Management	1-680	1,034.50	1,034.50	
06/12/2018	Special Dist Management	34460	Accounting	1-612	1,274.10	1,274.10	
06/12/2018	Special Dist Management	34460	Election	1-635	260.30	260.30	
06/12/2018	Special Dist Management	34460	Audit	1-615	520.60	520.60	
06/12/2018	Special Dist Management	34460	Covenant Control	1-610	900.00	900.00	
06/12/2018	Special Dist Management	34460	Miscellaneous	1-685	241.45	241.45	
Total 1933:						4,230.95	
201710							
06/12/2018	Xpress Bill Pay	33777	Accounting	1-612	22.79	22.79	M
Total 201710:						22.79	
Grand Totals:						4,982.30	

Highline Crossing Metropolitan District
June-18

	General	Debt	Capital	Totals
Disbursements	\$ 4,982.30	-	-	\$ 4,982.30
Total Disbursements	\$ 4,982.30	\$ -	\$ -	\$ 4,982.30



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

January 15, 2018

Board of Directors
Highline Crossing Metropolitan District
c/o Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228

Board of Directors:

We are pleased to confirm our understanding of the services we are to provide Highline Crossing Metropolitan District (District) for the year ended December 31, 2017. We will audit the financial statements of the governmental activities and each major fund including the related notes to the financial statements, which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited, if presented:

- Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- Summary of Assessed Valuation, Mill Levy and Property Taxes Collected

Audit Objective

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial

institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We understand that the financial statements and related notes to the financial statements of the District will be prepared by the District's accountants. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Dawn Schilling is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be \$4,500 which includes preparation of the audited financial statements and related footnotes. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The

above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If our report on the financial statements will be included in another document (for example, in connection with a bond offering), the procedures we may be asked to perform in connection therewith will be considered an engagement separate and distinct from the audit engagement, for which I will bill you separately at our standard hourly rate of \$160 per hour. Also, any calculations performed in connection with the District's TABOR compliance will be billed at our standard hourly rate.

In accordance with C.R.S. § 8-17.5-101, *et seq.*, the Schilling & Company, Inc. (Company) hereby certifies to the District that:

The Company hereby states to the District that the Company does not knowingly employ or contract with an illegal alien who will perform work under the Agreement and that it will participate in the E-Verify Program or Department Program (as defined in §8-17.5-101 C.R.S.) in order to confirm the employment eligibility of all employees of the Company who are newly hired to perform work under the Agreement.

In accordance with §8-17.5-102, C.R.S., the Company shall not:

- (a) Knowingly employ or contract with an illegal alien to perform work under the Agreement; or
- (b) Enter into a contract with a subcontractor that fails to certify to the Company that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under the Agreement.

The Company represents and warrants it has confirmed the employment eligibility of all of its employees who are newly hired for employment to perform work under the Agreement through participation in either the E-Verify Program or the Department Program.

The Company is prohibited from using the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while the Agreement is in effect.

If the Company obtains actual knowledge that a subcontractor performing work under the Agreement knowingly employs or contracts with an illegal alien, the Company shall:

- (a) Notify the subcontractor and the District within three days that the Company has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and
- (b) Terminate the subcontract with the subcontractor if within three days of receiving the notice the subcontractor does not stop employing or contracting with the illegal alien; except that the Company shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

The Company shall comply with any reasonable request by the Colorado Department of Labor and Employment made in the course of an investigation that the Department is undertaking, pursuant to the authority established in §8-17.5-102, C.R.S.

If the Company violates any provision of C.R.S. §8-17.5-102, *et seq.*, the District may terminate the Agreement immediately and the Company shall be liable to the District for actual and consequential damages of the District resulting from such termination, and the District shall report such violation by the Company to the Colorado Secretary of State, as required by law.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

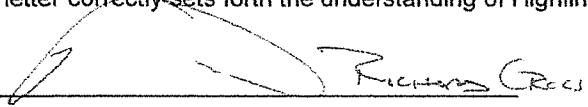
Very truly yours,

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.

RESPONSE:

This letter correctly sets forth the understanding of Highline Crossing Metropolitan District.

By:  Richard Greis

Title: Highline Crossing Metro District

Date: 2/15/18



SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

_____, 2018

To the Board of Directors
Highline Crossing Metropolitan District
Arapahoe County, Colorado

We have audited the financial statements of the governmental activities and the major funds of Highline Crossing Metropolitan District (District) for the year ended December 31, 2017, and have issued our report thereon dated _____, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit.

Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in the engagement letter dated January 15, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We generally communicate our significant findings at the conclusion of the audit. However, some matters may have been communicated sooner, particularly if significant difficulties were encountered during the audit where assistance was needed to overcome the difficulties or if the difficulties may have lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The audit was performed in June 2018, and we issued our report on _____, 2018.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no accounting estimates that are considered particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. See Exhibit I for corrected misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that there were no such disagreements during the course of the audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated _____, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with us to determine that the

consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We were engaged to report on supplementary information, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SCHILLING & COMPANY, INC.

Schilling & Company, Inc.

Highline Crossing Metropolitan District
Exhibit I
December 31, 2017

<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1-550	Developer advances	\$ 5,270.27	\$ -
1-680	Management	-	3,267.50
1-612	Accounting	-	1,996.00
1-685	Miscellaneous	-	6.77
		<u>\$ 5,270.27</u>	<u>\$ 5,270.27</u>

To remove 2016 expenses paid in 2017.

DRAFT 6/18/18

**HIGHLINE CROSSING
METROPOLITAN DISTRICT
Arapahoe County, Colorado**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

DRAFT 6/18/18

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SCHILLING & COMPANY, INC.

Certified Public Accountants

P.O. Box 631579
HIGHLANDS RANCH, CO 80163

PHONE: 720.348.1086
FAX: 720.348.2920

Independent Auditor's Report

Board of Directors
Highline Crossing Metropolitan District
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Highline Crossing Metropolitan District (District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BASIC FINANCIAL STATEMENTS

DRAFT 6/18/18

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
December 31, 2017**

ASSETS

Cash and investments - unrestricted	\$	19,939
Cash and investments - restricted		309,067
Cash with County Treasurer		445
Accounts receivable		1,200
Property taxes receivable		41,657
Prepaid expense		2,731
Capital assets, not being depreciated		1,388,737
Total assets		1,763,776

LIABILITIES

Accounts payable		8,366
Accrued interest payable		19,367
Bonds payable		
Due within one year		-
Due in more than one year		1,952,596
Total liabilities		1,980,329

DEFERRED INFLOWS OF RESOURCES

Property tax revenue		41,657
Total deferred inflows of resources		41,657

NET POSITION

Restricted for emergencies		1,500
Restricted for debt service		285,870
Unrestricted		(545,580)
Total net position		\$ (258,210)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General government	\$ 51,261	\$ 13,582	\$ -	\$ -	\$ (37,679)
Interest and fiscal charges	250,814	-	-	-	(250,814)
	<u>\$ 302,075</u>	<u>\$ 13,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(288,493)</u>

General revenues:

Taxes:

Property taxes 29,966

Specific ownership taxes 2,566

Net investment income 3,021

Total general revenues 35,553

Change in net position (252,940)

Net position - beginning (5,270)

Net position - ending \$ (258,210)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments - unrestricted	\$ 19,939	\$ -	\$ -	\$ 19,939
Cash and investments - restricted	-	305,237	3,830	309,067
Cash with County Treasurer	445	-	-	445
Accounts receivable	1,200	-	-	1,200
Property tax receivable	8,286	33,371	-	41,657
Prepaid expense	2,731	-	-	2,731
Due from other fund	-	-	-	-
TOTAL ASSETS	<u>\$ 32,601</u>	<u>\$ 338,608</u>	<u>\$ 3,830</u>	<u>\$ 375,039</u>
LIABILITIES				
Accounts payable	\$ 8,366	\$ -	\$ -	\$ 8,366
Total liabilities	<u>8,366</u>	<u>-</u>	<u>-</u>	<u>8,366</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	8,286	33,371	-	\$ 41,657
Total deferred inflows of resources	<u>8,286</u>	<u>33,371</u>	<u>-</u>	<u>41,657</u>
FUND BALANCES				
Nonspendable - prepaid items	2,731	-	-	2,731
Spendable:				
Restricted for:				
Emergencies	1,500	-	-	1,500
Debt service	-	305,237	-	305,237
Assigned for subsequent year's expenditures	4,864	-	-	4,864
Unassigned	6,854	-	3,830	10,684
Total fund balances	<u>15,949</u>	<u>305,237</u>	<u>3,830</u>	<u>325,016</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 32,601</u>	<u>\$ 338,608</u>	<u>\$ 3,830</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Some long-term assets used in governmental activities are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.

Capital assets 1,388,737

Some liabilities, including bonds payable, developer advances and other accrued payables, are not due and payable in the current period and, therefore, are not reported in the Balance Sheet - Governmental Funds.

General obligation bonds payable (1,926,000)
Developer advances (25,136)
Accrued interest payable - bonds (19,367)
Accrued interest payable - developer advances (1,460)
(1,971,963)

Net position of governmental activities \$ (258,210)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Property tax	\$ 29,966	\$ -	\$ -	\$ 29,966
Specific ownership tax	2,566	-	-	2,566
Net investment income	1,146	1,811	64	3,021
Working capital fee	8,700	-	-	8,700
Operations fee	4,582	-	-	4,582
Review fee	300	-	-	300
Total revenues	<u>47,260</u>	<u>1,811</u>	<u>64</u>	<u>49,135</u>
EXPENDITURES				
Current				
Management fees	24,994	-	-	24,994
Accounting	8,668	-	-	8,668
Legal	10,149	-	-	10,149
Insurance	2,059	-	-	2,059
Miscellaneous	1,900	84	-	1,984
County Treasurer's fees	467	-	-	467
Engineering	-	-	2,940	2,940
Developer reimbursement	-	-	1,388,737	1,388,737
Debt service				
Bond issuance costs	-	-	196,464	196,464
Bond interest	-	33,523	-	33,523
Total expenditures	<u>48,237</u>	<u>33,607</u>	<u>1,588,141</u>	<u>1,669,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(977)</u>	<u>(31,796)</u>	<u>(1,588,077)</u>	<u>(1,620,850)</u>
OTHER FINANCING SOURCES (USES)				
Developer advances	19,866	-	-	19,866
Bond proceeds	-	-	1,926,000	1,926,000
Transfer to other funds	(2,940)	-	(337,033)	(339,973)
Transfer from other funds	-	337,033	2,940	339,973
Total other financing sources (uses)	<u>16,926</u>	<u>337,033</u>	<u>1,591,907</u>	<u>1,945,866</u>
NET CHANGE IN FUND BALANCES				
	15,949	305,237	3,830	325,016
FUND BALANCES - BEGINNING OF YEAR				
	-	-	-	-
FUND BALANCES - END OF YEAR				
	<u>\$ 15,949</u>	<u>\$ 305,237</u>	<u>\$ 3,830</u>	<u>\$ 325,016</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in fund balances - Total governmental funds	\$ 325,016
<p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. Instead the cost of the asset is allocated over its estimated useful life, and recorded as depreciation expense in each of those years.</p>	
Capital outlay	1,388,737
<p>The issuance of long-term debt provides for current financial resources of governmental funds. However, it has no effect on net position.</p>	
Bond proceeds	(1,926,000)
Developer advances	(19,866)
	(1,945,866)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in accrued interest payable - bonds	(19,367)
Change in accrued interest payable - developer advances	(1,460)
	(20,827)
Change in net position - Governmental activities	\$ (252,940)

These financial statements should be read only in connection with the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2017**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property tax	\$ 29,966	\$ 29,966	\$ -
Specific ownership taxes	1,798	2,566	768
Net investment income	-	1,146	1,146
Working capital fee	7,200	8,700	1,500
Operations fee	-	4,582	4,582
Review fee	-	300	300
Total Revenues	<u>38,964</u>	<u>47,260</u>	<u>8,296</u>
EXPENDITURES			
Management fees	18,000	24,994	(6,994)
Accounting	10,000	8,668	1,332
Legal	25,000	10,149	14,851
Insurance	4,000	2,059	1,941
Miscellaneous	1,500	1,900	(400)
County Treasurer's fees	599	467	132
Engineering	5,000	-	5,000
Total Expenditures	<u>64,099</u>	<u>48,237</u>	<u>15,862</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,135)</u>	<u>(977)</u>	<u>24,158</u>
OTHER FINANCING SOURCES (USES)			
Developer advances	25,135	19,866	(5,269)
Transfer to other funds	-	(2,940)	(2,940)
Total other financing sources (uses)	<u>25,135</u>	<u>16,926</u>	<u>(8,209)</u>
NET CHANGE IN FUND BALANCE	-	15,949	15,949
FUND BALANCE - BEGINNING OF YEAR	1,500	-	(1,500)
FUND BALANCE - END OF YEAR	<u>\$ 1,500</u>	<u>\$ 15,949</u>	<u>\$ 14,449</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 – DEFINITION OF REPORTING ENTITY

Highline Crossing Metropolitan District (District), a quasi-municipal corporation, is governed pursuant to the provisions of the Colorado Special District Act. The District's service area is located in Arapahoe County, Colorado. The District was established to provide financing for the acquisition, construction, installation and/or operation of street improvements, water, sanitation, safety protection, park and recreation and transportation services. All facilities constructed by the District have been conveyed to the City of Aurora for perpetual maintenance except certain common-area, street-scape and median landscape areas and monument signs.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, being reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property and specific ownership taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition and construction of capital equipment and facilities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

The District amended its annual budget in the Capital Projects Fund for the year ended December 31, 2017.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each funds' average equity balance in total cash.

Capital Assets

Capital assets, which include infrastructure improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in process and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Any construction in process that will be dedicated to another entity is not depreciated. At December 31, 2017, the District had no depreciable assets.

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 30 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.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are property taxes levied for the ensuing year.

Debt Issue Costs and Original Issue Discount/Premium

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method, with the unamortized amount included as a component of the debt. Debt issuance costs are treated as a period cost and expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances – Governmental Funds

The District's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.

Unassigned fund balance—amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Directors has provided otherwise in its commitment or assignment actions.

Operations and Transfer Fees

The District has imposed an Operations Fee in the amount of \$600 per year on each residential lot within the District. The Operations Fee is billed in quarterly amounts of \$150 and is to be used for operations and maintenance costs.

The District has imposed a Transfer Fee in order to offset administrative costs associated with a transfer of ownership of any unit located within the District. The Transfer Fee is \$300 per lot and is due and payable at the time of any sale, transfer or re-sale of any single-family dwelling which has a certificate of occupancy.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Cash and investments - unrestricted	\$ 19,939
Cash and investments - restricted	<u>309,067</u>
	<u><u>\$ 329,006</u></u>

Cash and investments as of December 31, 2017 consist of the following:

Deposits with financial institutions	\$ 19,939
Investments	<u>309,067</u>
	<u><u>\$ 329,006</u></u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, the District's cash deposits had a bank balance of \$17,324 and carrying balance of \$19,939.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities and the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Certain reverse repurchase agreements
- . Certain securities lending agreements
- . Certain corporate bonds
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

At December 31, 2017, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Carrying Value</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted average under 60 days	\$ <u>309,067</u>

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST is rated AAAM by Standard and Poor's. A designated custodial bank serves as custodian for COLOTRUST's portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for COLOTRUST's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. As of December 31, 2017 the District had \$309,067 invested in COLOTRUST held directly by the District. Information related to COLOTRUST, including the annual audited financial statements, can be found at the COLOTRUST website at www.colotruster.com.

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at yearend for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1.00 per share.

Restricted Cash and Investments

At December 31, 2017, cash and investments in the amount of \$305,237 are restricted for debt service in accordance with the indenture of trust related to the Series 2017A and B General Obligation Bonds (See Note 5).

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

<u>Governmental Activities</u>	<u>Balance at January 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2017</u>
Capital assets, not being depreciated:				
Construction in process	\$ -	\$ 1,388,737	\$ -	\$ 1,388,737
Total capital assets, not being depreciated	<u>-</u>	<u>1,388,737</u>	<u>-</u>	<u>1,388,737</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 1,388,737</u>	<u>\$ -</u>	<u>\$ 1,388,737</u>

It is anticipated that the assets will be conveyed to the City of Aurora.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2017:

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

	Balance at December 31, 2016	Additions	Retirements	Balance at December 31, 2017	Due Within One Year
GO Bonds					
2017A	\$ -	\$ 1,590,000	\$ -	\$ 1,590,000	\$ -
2017B	-	336,000	-	336,000	-
Developer Advances	5,270	19,866	-	25,136	-
Accrued interest on Developer advances	-	1,460	-	1,460	-
	<u>\$ 5,270</u>	<u>\$ 1,947,326</u>	<u>\$ -</u>	<u>\$ 1,952,596</u>	<u>\$ -</u>

The detail of the District's long-term debt is as follows:

General Obligation Limited Tax Bonds, Series 2017A and 2017B

Series 2017A

On July 13, 2017, the District issued \$1,590,000 General Obligation Limited Tax (Convertible to Unlimited Tax) Bonds, Series 2017A, (2017A Bonds), with interest of 5.50%. Proceeds of the Bonds were used for issuance costs and to reimburse the developer for capital construction costs. The Bonds mature on December 1, 2047 with mandatory sinking fund payments each year beginning December 1, 2020 in varying amounts. Interest is due each June 1 and December 1, commencing December 1, 2017. The 2017A Bonds are subject to optional redemption, as a whole or in integral multiples of \$1,000 on any date, upon payment of par and accrued interest plus a redemption premium in varying rates beginning on December 1, 2022.

The bonds are payable from pledged revenue, which includes the District's covenant to levy the required mill levy on all taxable property within the District to pay for debt scheduled payments, specific ownership taxes, capital fees and any other revenues designated as such and pledged to the payment of the bonds by a resolution adopted by the Board. Prior to the Conversion Date (first date on which both the debt to assessed ratio is 50% or less; and no amounts of principal or interest on the 2017A Bonds are due but unpaid), the District is required to impose a mill levy sufficient to pay principal and interest on the bonds as they come due, and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (1) not in excess of 50.000 mills, and (2) for so long as the Surplus Fund is less than the Maximum Surplus Amount, not less than 50.000 mills; provided, however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2004, any change in law, change in method of calculation, the minimum and maximum mill levies shall be increased or decreased to reflect such changes. On and after the Conversion Date, the District is to impose a mill levy in an amount sufficient to pay the principal and interest on the bonds as they come due.

Pursuant to the Bond Resolution, the District is required to establish a Reserve Fund for the Series 2017A bonds with bond proceeds in the amount of \$129,525. At December 31, 2017, the balance was \$129,650.

Pledged revenue not required for the payment of the bonds or the Reserve Fund shall be credited to the Surplus Fund in a maximum amount of \$159,000. At December 31, 2017, the balance was \$0.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Series 2017B

On April 21, 2017 the District issued \$336,000 Subordinate General Obligation Limited Tax Bonds, Series 2017B (2017B Bonds), with interest of 7.75%. Proceeds of the Bonds were used for issuance costs and to reimburse the developer for capital construction costs. The Bonds mature on December 15, 2047. Interest is payable on December 15 of each year, commencing on December 15, 2017. Unpaid interest shall compound annually on December 15 of each year.

The 2017B Bonds are only payable in any particular year to the extent that there are amounts available in the Subordinate Pledged Revenue Fund. The Subordinate Pledged Revenue Fund is to be funded from the Subordinate Required Mill Levy, specific ownership taxes, capital fees and any other revenues designated as such and pledged to the payment of the bonds by a resolution adopted by the Board. The Subordinate Required Mill Levy is 50.000 mills less the 2017A mill levy.

2016 Operations Funding Agreement

The District and Meritage Homes of Colorado, Inc (the Developer) entered into an Operation Funding Agreement on September 23, 2016. The agreement provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2016 in an amount not to exceed \$50,000. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation of the District to reimburse the Developer shall expire on December 31, 2056.

2017 Operations Funding Agreement

On December 8, 2016 (effective January 1, 2017), the District entered into the 2017 Operation Funding Agreement with the Developer. The agreement provides for the Developer to advance funds for ongoing operating expenses incurred by the District through December 31, 2017 in an amount not to exceed \$56,300. On November 1, 2017, the agreement was amended to increase the maximum advance to \$60,000 through December 31, 2018. The District agrees to repay any advances received from any funds available after the payment of its annual debt service obligations and annual operations and maintenance expenses, which repayment is subject to annual budget and appropriation. Interest shall accrue at 8% per annum. Any obligation for the District to reimburse the Developer shall expire on December 31, 2058.

At December 31, 2017, the District owed a total of \$25,136 in principal and \$1,460 in accrued interest under the OFA Agreements.

Facilities Funding and Acquisition Agreement

The District and Meritage Homes of Colorado, Inc entered into a Facilities Funding and Acquisition Agreement (FFA Agreement) on September 23, 2016, effective August 16, 2016.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Organization Costs

According to the terms of the FFA Agreement, the District shall reimburse the Developer for organization expenses incurred. Simple interest accrues on the organization expenses at a rate of 8% from the District's organization date or the date the cost was incurred by the Developer, whichever is later.

Construction Costs

The parties to the FFA Agreement acknowledge that the District will incur construction related expenses in connection with the construction of certain public improvements in reliance upon the Developer's commitment to provide funding. In addition, the Developer has or will design, construct and complete certain improvements for District acquisition upon completion. To the extent that the public improvements are not designed, constructed and completed by the Developer for the District's acquisition upon completion, the Developer shall advance funds to the District necessary to fund the construction related expenses up to \$12,000,000 less the aggregate amount of verified construction costs incurred by the Developer through December 31, 2020. Simple interest accrues from the date the costs are incurred by the Developer at a rate of 8%. The District anticipates payment of the developer advances and/or verified costs to be from the proceeds of debt incurred by the District. Any obligation of the District to reimburse the Developer shall expire on December 31, 2056.

At December 31, 2017, the District had no outstanding obligations under the FFA Agreement.

The District's 2017A General Obligation Bonds will mature as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ -	\$ 87,450	\$ 87,450
2019	-	87,450	87,450
2020	10,000	87,450	97,450
2021	15,000	86,900	101,900
2022	15,000	86,075	101,075
2023-2027	105,000	416,075	521,075
2028-2032	170,000	380,050	550,050
2033-2037	260,000	323,950	583,950
2038-2042	375,000	240,625	615,625
2043-2047	640,000	123,475	763,475
	<u>\$ 1,590,000</u>	<u>\$ 1,919,500</u>	<u>\$ 3,509,500</u>

Annual debt service requirements of the District's Subordinate General Obligation Limited Tax Bonds, Series 2017B are not currently determinable since they are payable only from funds available from Subordinate Pledged Revenue.

NOTE 6 – DEBT AUTHORIZATION

At December 31, 2017, the District had the following authorized by unissued indebtedness:

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

	Authorized May 3, 2016 Election	Authorization Used	Remaining at December 31, 2017
Streets	\$ 10,000,000	\$ 1,066,619	\$ 8,933,381
Parks and recreation	10,000,000	-	10,000,000
Water	10,000,000	216,482	9,783,518
Sanitation	10,000,000	642,899	9,357,101
Public transportation	10,000,000	-	10,000,000
Mosquito control	10,000,000	-	10,000,000
Safety Protection	10,000,000	-	10,000,000
Fire Protection	10,000,000	-	10,000,000
TV relay	10,000,000	-	10,000,000
Security services	10,000,000	-	10,000,000
Operations	10,000,000	-	10,000,000
Refunding	10,000,000	-	10,000,000
IGA Debt	10,000,000	-	10,000,000
	<u>\$ 130,000,000</u>	<u>\$ 1,926,000</u>	<u>\$ 128,074,000</u>

The District's service plan limits the total debt issued to \$10,000,000.

NOTE 7 – AGREEMENTS

Intergovernmental Agreement with Aurora

The District and the City of Aurora are parties to an intergovernmental agreement (City IGA) dated September 23, 2016, pursuant to the requirements of the Service Plan. Under the City IGA, the District covenants to dedicate certain public improvements to the City or other appropriate jurisdiction, and covenants that all improvements will be constructed in compliance with the City's standards and specifications. The agreement states that the District is not authorized to operate and maintain improvements, other than park and recreation improvements and landscape, access and drainage are improvements within certain tracts, unless otherwise agreed to by the City. The District is required to impose a mill levy for Aurora regional improvements (the ARI Mill Levy). The ARI Mill Levy is defined in the Service Plan as: (i) for the first 20 years (beginning in the first year of collection of a debt service mill levy by the District), one mill; (ii) for the next 20 years, five mills; and (iii) for the next 10 years, a mill levy equal to the average debt service mill levy imposed by the District in the 10 years prior to the date of repayment of the debt it issued to construct nonregional improvements. The District has levied 1.000 mill levy for collection in 2018.

NOTE 8 – FUND EQUITY

At December 31, 2017, the District reported the following classifications of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$2,731 is comprised of prepaid amounts which are not in spendable form.

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$1,500 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12). The restricted fund balance in the Debt Service Fund in the amount of \$305,237 is to be used exclusively for debt service requirements (see Note 5).

Assigned Fund Balance

The assigned fund balance in the General Fund in the amount of \$4,864 is comprised of amounts assigned by the Board of Directors by a resolution to eliminate the projected budgetary deficit in the subsequent year's budget.

NOTE 9 - NET POSITION

The District's net position consists of two components – restricted and unrestricted.

The restricted portion of net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District's restricted net position at December 31, 2017 is as follows:

Restricted net position:

Emergency reserves (see Note 12)	\$ 1,500
Debt Service	<u>285,870</u>
	<u><u>\$ 287,370</u></u>

The District's unrestricted net position at December 31, 2017 totaled \$(545,580). This deficit amount was a result of the District being responsible for repayment of bonds issued for public improvements conveyed to other governmental entities.

NOTE 10 – RELATED PARTIES

The property with the District is being developed by the Developer. During 2017, all of the members of the Board of Directors were officers or employees for, or otherwise associated with the Developer and may have conflicts of interest in matters involving the District.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2017. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed

**HIGHLINE CROSSING METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 3, 2016, the District's electors authorized the District to increase taxes \$10,000,000 annually or by a lesser annual amount as may be necessary to pay the District's operations and maintenance and other expenses without limitation of rate. Further the District's electors authorized the District to collect, keep and expend all District revenues received in 2016 and each year thereafter, of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

DRAFT 6/18/18

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2017**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Net investment income	\$ 25,000	\$ 1,811	\$ (23,189)
Total Revenues	<u>25,000</u>	<u>1,811</u>	<u>(23,189)</u>
EXPENDITURES			
Bond interest	70,056	33,523	36,533
Paying agent and other fees	1,500	-	1,500
Miscellaneous	-	84	(84)
Contingency	25,000	-	25,000
Total Expenditures	<u>96,556</u>	<u>33,607</u>	<u>62,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(71,556)</u>	<u>(31,796)</u>	<u>39,760</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	237,640	337,033	99,393
Total other financing sources (uses)	<u>237,640</u>	<u>337,033</u>	<u>99,393</u>
NET CHANGE IN FUND BALANCE	166,084	305,237	139,153
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 166,084</u>	<u>\$ 305,237</u>	<u>\$ 139,153</u>

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2017**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Net investment income	\$ 100,000	\$ 100,000	\$ 64	\$ (99,936)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>64</u>	<u>(99,936)</u>
EXPENDITURES				
Management fees	10,000	10,000	-	10,000
Legal	5,000	5,000	-	5,000
Engineering	10,000	10,000	2,940	7,060
Developer reimbursement	1,407,794	1,407,794	1,388,737	19,057
Bond issuance costs	214,566	214,566	196,464	18,102
Contingency	100,000	115,000	-	115,000
Total Expenditures	<u>1,747,360</u>	<u>1,762,360</u>	<u>1,588,141</u>	<u>174,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,647,360)</u>	<u>(1,662,360)</u>	<u>(1,588,077)</u>	<u>74,283</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	1,885,000	1,900,000	1,926,000	26,000
Transfers to other funds	(237,640)	(237,640)	(337,033)	(99,393)
Transfers from other funds	-	-	2,940	2,940
Total other financing sources (uses)	<u>1,647,360</u>	<u>1,662,360</u>	<u>1,591,907</u>	<u>(70,453)</u>
NET CHANGE IN FUND BALANCE	-	-	3,830	3,830
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,830</u>	<u>\$ 3,830</u>

OTHER INFORMATION

DRAFT 6/18/18

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION , MILL LEVY
AND PROPERTY TAXES COLLECTED
Year Ended December 31, 2017**

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied			Property Taxes		Percentage Collected to Levied
		General	Debt	Total	Levied	Collected	
2017	\$ 461,013	65.000	0.000	65.000	\$ 29,966	\$ 29,966	100.0%
Estimated for year ending December 31, 2018	\$ 591,861	14.000	56.383	70.383	\$ 41,657		

NOTE: Property taxes collected in any one year may include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

DRAFT 6/18/18

**HIGHLINE CROSSING METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2017**

**\$1,590,000 General Obligation Limited Tax
(Convertible to Unlimited Tax) Bonds, Series 2017A
Dated April 21, 2017
Interest Rate of 5.500%
Principal Due December 1**

Year Ending December 31,	Interest Due June 1 and December 1		
	Principal	Interest	Total
2018	\$ -	\$ 87,450	\$ 87,450
2019	-	87,450	87,450
2020	10,000 *	87,450	97,450
2021	15,000 *	86,900	101,900
2022	15,000 *	86,075	101,075
2023	15,000 *	85,250	100,250
2024	20,000 *	84,425	104,425
2025	20,000 *	83,325	103,325
2026	25,000 *	82,225	107,225
2027	25,000 *	80,850	105,850
2028	30,000 *	79,475	109,475
2029	30,000 *	77,825	107,825
2030	35,000 *	76,175	111,175
2031	35,000 *	74,250	109,250
2032	40,000 *	72,325	112,325
2033	45,000 *	70,125	115,125
2034	50,000 *	67,650	117,650
2035	50,000 *	64,900	114,900
2036	55,000 *	62,150	117,150
2037	60,000 *	59,125	119,125
2038	65,000 *	55,825	120,825
2039	70,000 *	52,250	122,250
2040	75,000 *	48,400	123,400
2041	80,000 *	44,275	124,275
2042	85,000 *	39,875	124,875
2043	90,000 *	35,200	125,200
2044	95,000 *	30,250	125,250
2045	100,000 *	25,025	125,025
2046	110,000 *	19,525	129,525
2047	245,000	13,475	258,475
	<u>\$ 1,590,000</u>	<u>\$ 1,919,500</u>	<u>\$ 3,509,500</u>

* sinking fund redemptions

HIGHLINE CROSSING METROPOLITAN DISTRICT

_____, 2018

Schilling & Company, Inc.
PO Box 631579
Highlands Ranch, CO 80163

This representation letter is provided in connection with your audit of the financial statements of Highline Crossing Metropolitan District, which comprise the respective financial position of the governmental activities and each major fund as of December 31, 2017, and the respective changes in financial for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of the Independent Auditor's Report the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 15, 2018.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units, if any, required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We have reviewed the attached Exhibit I of corrected misstatements and are in agreement with them. We have directed that these correcting entries be posted to the accounting records of the District.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - a) Management,
 - b) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented, if any.
- 21) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
- 32) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 34) Components of net position (restricted and unrestricted), and components of fund balance (nonspendable, restricted, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments are properly valued.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 43) The Management's Discussion and Analysis which is required supplementary information (RSI) has been omitted from the financial statements. We are aware that such information is required by accounting principles generally accepted in the United States.
- 44) With respect to the Supplementary Information as listed in the table of contents:
 - a) We acknowledge our responsibility for presenting the Supplementary Information in accordance with accounting principles generally accepted in the United States of America, and we believe the Supplementary Information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Supplementary Information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the Supplementary Information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 45) The District understands that TABOR (Section 20 of Article X of the Colorado Constitution) is complex and subject to interpretation and that many of the provisions will require judicial interpretation. We have reviewed the various provisions and interpretations and believe to the best of our knowledge at this time, the District is in compliance.

46) We have directed that all banking and savings and loan institutions be notified of our assigned number which identifies that our deposits are subject to the respective Public Deposit Protection Act.

HIGHLINE CROSSING METROPOLITAN DISTRICT

Member of the Board of Directors

District Accountant

Highline Crossing Metropolitan District
Exhibit I
December 31, 2017

<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1-550	Developer advances	\$ 5,270.27	\$ -
1-680	Management	-	3,267.50
1-612	Accounting	-	1,996.00
1-685	Miscellaneous	-	6.77
		<u>\$ 5,270.27</u>	<u>\$ 5,270.27</u>

To remove 2016 expenses paid in 2017.

**AMENDED & RESTATED RULES AND
REGULATIONS
OF
HIGHLINE**

Adopted by the Board of Directors of the District on March 9, 2017

Amended and Restated by the Board of Directors of the District on March 7, 2018

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Exhibit A Required Fencing and Stain Formula
Appendix A Architectural Review Request Form

1 **INTRODUCTION**

1.1 Basis for Rules and Regulations

These Rules and Regulations (the “**Rules**”) are intended to assist Owners living in the Highline Community (the “**Community**”). Pursuant to the Declaration of Covenants, Conditions and Restrictions of Highline (“**Declaration**”), recorded at Reception No. D7031771 on March 21, 2017, the Highline Crossing Metropolitan District (“**District**”) is authorized to adopt rules and regulations for the Community.

1.2 Definitions

All capitalized words and phrases used in these Rules shall have the meaning provided in the Declaration unless otherwise defined herein.

1.3 Contents of Rules

In addition to the introductory material, these Rules contain (A) a summary of procedures for obtaining approval from the ARC (see Section 2); and (B) a listing of specific types of improvements that Owners might wish to make with specific information as to each of these types of improvements (see Section 3).

1.4 Architectural Review Committee or Representative

The ARC consists of persons, representatives or a committee appointed to review requests for approval of architectural or site changes.

1.5 ARC Contact Information

The contact information of the ARC, persons, committee or representative authorized to administer the architectural review process is:

COMPANY NAME	OFFICE	FAX	E-MAIL
--------------	--------	-----	--------

1.6 Effect of Declaration

The Declaration governs the Community. Each Owner should review and become familiar with the Declaration. Nothing in these Rules supersedes or alters the provisions or requirements of the Declaration and, if there is any conflict or inconsistency, the Declaration will control.

1.7 Effect of Governmental and Other Regulations

Use of property within the Community and any Improvements must comply with any applicable building codes and other governmental requirements and regulations. Owners are encouraged to contact Arapahoe County (“County”) and the City of Aurora (“City”) for further information and requirements for Improvements they wish to make.

APPROVAL BY THE ARC DOES NOT CONSTITUTE ASSURANCE THAT IMPROVEMENTS COMPLY WITH APPLICABLE GOVERNMENTAL REQUIREMENTS OR REGULATIONS OR THAT A PERMIT OR APPROVALS ARE NOT ALSO REQUIRED FROM APPLICABLE GOVERNMENTAL BODIES.

1.8 Interference with Utilities

In making Improvements to property, Owners are responsible for locating all water, sewer, gas, electrical, cable television, or other utility lines or easements. Owners should not construct any Improvements over such easements without the consent of the utility involved, and Owners will be responsible for any damage to any utility lines. All underground utility lines and easements can be located by contacting:

**Utility Notification Center of Colorado
1-800-922-1987**

1.9 Goal of Rules

Compliance with these Rules and the provisions of the Declaration will help preserve the inherent architectural and aesthetic quality of the Community. It is the responsibility of the ARC to ensure that all proposed Improvements meet or exceed the requirements of these Rules and to promote the highest quality design for the neighborhood. It is important that Improvements to property be made in harmony with and not detrimental to the rest of the Community. A spirit of cooperation with the ARC and neighbors will go far in creating an optimum environment, which will benefit all Owners. By following these Rules and obtaining prior written approval for Improvements to property from the ARC, Owners will be protecting their financial investment and will help insure that Improvements to property are compatible with standards established for the Community. If a question ever arises as to the correct interpretation of any terms, phrases or language contained in these Rules, the ARC’s interpretation shall be final and binding.

2 PROCEDURES FOR ARC APPROVAL

2.1 General

The procedures set forth in this Article 2 are intended to clarify the terms, provisions and requirements of Article 4 of the Declaration. In the event of any conflict between these rules and the Declaration, the terms of Article 4 in the Declaration shall control. As indicated in Section 3 of these Rules, there are some cases in which advance written approval of the ARC is not required if the Rules with respect to that specific type of Improvement are followed. In a few cases, as indicated in Section 3, a specific type of Improvement is not permitted under any

circumstances. In all other cases, including Improvements not included in Section 3, advance, or prior written approval by the ARC is required before an Improvement to property is commenced.

2.2 Drawings or Plans

Owners are required to submit to the ARC a completed Architectural Review Request Form (“**ARR**”), which forms are available from the person or entity listed in Section 1.5, and complete plans and specifications, in duplicate, (said plans and specifications to show exterior design, height, materials, color, location of the structure or addition to the structure, plotted horizontally and vertically, location and size of driveways, general plan of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required) prior to commencement of work on any Improvement to property. In most cases, the materials to be submitted will *not* have to be professionally prepared by an architect, a landscape architect, or draftsman, and a simple drawing with dimensions and description will be sufficient. In the case of major improvements, such as room additions, structural changes or accessory building construction, detailed plans and specifications, prepared by a licensed architect, may be required. Whether done by the Owner, or professionally, the following guidelines should be followed in preparing drawings or plans:

A. The drawing or plan should be done to scale and shall depict the property lines of your Lot and the outside boundary lines of the home as located on the Lot. If you have a copy of an improvement survey of your Lot obtained when you purchased it, this survey would be an excellent base from which to start.

B. Existing Improvements, in addition to your home, should be shown on the drawing or plan and identified or labeled. Such existing Improvements include driveways, walks, decks, trees, shrubs, fences, etc. The proposed Improvements should be shown on the plan and labeled. Either on the plan or on an attachment, there should be a brief description of the proposed Improvement, including the materials to be used and the colors. For Example: Redwood deck, ten (10) feet by twelve (12) feet with two inch by four inch (2”x4”) decking and natural stain.

C. The plan or drawing and other materials should include the name of the Owner, the address of the home, the lot, block and filing number of the Lot, and the e-mail address and telephone number where the Owner can be reached.

D. The proposed Improvements must take into consideration the easements, building location restrictions and sight distance limitations at intersections.

E. Owners should be aware that many Improvements require a permit from the County, the City or other governmental entity. The ARC reserves the right to require a copy of such permit as a condition of its approval.

F. In some instances, elevation drawings of the proposed Improvement will be required. The elevation drawings should indicate materials.

G. Photographs of existing conditions and of proposed materials and colors are encouraged to be included, and are helpful to convey the intended design, but should not be used solely to describe the proposed changes.

2.3 Submission of Drawings and Plans

Two copies of the drawing or plans (minimum acceptable size 8.5" x 11") must be submitted to the ARC along with a completed ARR. Color photographs, brochures, paint swatches, etc. will help expedite the approval process. Specific dimensions and locations are required.

Any costs incurred by the ARC for review of submittals shall be borne by the Owner and shall be payable prior to final approval. Any reasonable engineering consultant fees or other fees incurred by the ARC in reviewing any submission will be assessed to the Owner requesting approval of the submission.

2.4 Action by ARC

The ARC will meet as required to review plans submitted for approval. The ARC may require submission of additional information or material, and the request will be deemed denied until all required information and materials have been submitted. The ARC will act upon all requests in writing within forty-five (45) days after the complete submission of plans, specifications, and other materials and information as requested by the ARC. If the ARC fails to review and approve in writing (which may be with conditions and/or requirements) or disapprove, a request for architectural approval within forty-five (45) days after the complete submission of the plans, specifications, materials and other information with respect thereto, such request is deemed approved by the ARC.

2.5 Revisions and Additions to Approved Plans

Any revisions and/or additions to approved plans made by the Owner or as required by any governmental agency, must be re-submitted for approval by the ARC. The revised plans must follow the requirements as outlined above.

2.6 Completion of Work

After approval (which may be with conditions and/or requirements) of any proposed Improvement by the ARC, the proposed Improvement shall be completed and constructed as promptly and diligently as possible, and in complete conformity with all conditions and requirements of the approval. Failure to complete the proposed Improvement within one year from the date of the approval or such other date as may be set forth in the approval or as set forth in the Declaration (the "**Completion Deadline**"), shall constitute noncompliance; provided, however, that the ARC may grant extensions of time to individual Owners for completion of any proposed Improvements, either (a) at the time of initial approval of such Improvements, or (b) upon the request of any Owner, provided such request is delivered to the ARC in writing and the Owner is diligently prosecuting completion of the subject Improvements or other good cause exists at the time such request is made.

2.7 Requirements for Initial Installation of Backyard Landscaping & Fencing

Fencing and landscaping shall be completed within (9) months after initial conveyance of the property to the owner, with consideration given to planting seasons. Should an extension be foreseen due to time of year, written notice must be made to the ARC (Architectural Review Committee) prior to the 9 month expiration, at which time; the ARC will issue a new time requirement to the owner, but in no case later than 12 months after conveyance.

Two copies of the drawing or plans (minimum acceptable size 8.5" x 11") must be submitted to the ARC along with a completed ARR prior to installation of backyard landscaping and fencing. The Owner should ensure submittal of these plans will allow for the review period of up-to forty five (45) days for approval in accordance with the deadline for installation. Though an ARR (Architectural Review Request) may have been submitted, if it has not been approved and the installation completed by the deadline, the property may be sited for non-compliance.

2.8 Inspection of Work

The ARC, or its duly authorized representative, shall have the right to inspect any Improvement at any time, including prior to or after completion, in order to determine whether or not the proposed Improvement is being completed or has been completed in compliance with the approval granted pursuant to this Section.

2.9 Notice of Non-Compliance

If, as a result of inspections or otherwise, the ARC determines that any Improvement has been done without obtaining all required approvals (which may be with conditions and/or requirements), or was not done in substantial compliance with the approval that was granted, or has not been completed by the Completion Deadline, subject to any extensions of time granted pursuant to Section 2.6 hereof, then the ARC shall notify the District, and the District shall then notify the applicant in writing of the non-compliance (the "**Notice of Non-Compliance**"). The Notice of Non-Compliance shall specify the particulars of the non-compliance.

2.10 Correction of Non-Compliance

If the ARC determines that non-compliance exists, the Person responsible for such non-compliance shall remedy or remove the same within not more than forty-five (45) days from the date of receipt of the Notice of Non-Compliance. If such Person does not comply with the ruling within such period, the ARC shall notify the District, and the District may, at its option and if allowed by applicable law, record a notice of non-compliance against the Lot on which the non-compliance exists, may impose fines, penalties and interest, may remove the non-complying Improvement, or may otherwise remedy the non-compliance in accordance with the Declaration and applicable law. The Person responsible for such non-compliance shall reimburse the District, upon demand, for all costs and expenses, as well as anticipated costs and expenses, with respect thereto.

2.11 Amendment

These Rules may at any time, from time to time, be added to, deleted from, repealed, amended, and modified, reenacted, or otherwise changed by the ARC, with the approval of the Person authorized to appoint the ARC, as changing conditions and/or priorities dictate.

2.12 Questions

If you have any questions about the foregoing procedures, feel free to call the ARC at the phone number and address listed in the Section 1.5 of these Rules.

3 SPECIFIC TYPES OF IMPROVEMENTS / SITE RESTRICTIONS

3.1 General

The following is a listing, in alphabetical order, of a wide variety of specific types of Improvements which Owners typically consider installing, with pertinent information as to each. Unless otherwise specifically stated, drawings or plans for a proposed Improvement must be submitted to the ARC and written approval of the ARC obtained before the Improvements are made. In some cases, where it is specifically so noted, an Owner may proceed with the Improvements without advance approval if the Owner follows the stated guideline. In some cases, where specifically stated, some types of Improvements are prohibited. ARC review and approval is required on any external items not be listed below.

3.1.1 Variances

Approval of any proposed plans by the granting of a variance from compliance with any of the provisions of these Rules is at the sole discretion of the ARC when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require.

3.1.2 No Unsightliness

All unsightly conditions, structures, facilities, equipment, and objects, including snow removal equipment and garden or maintenance equipment, when not in actual use, must be enclosed within a structure.

3.1.3 Waivers; No Precedent

The approval or consent of the ARC to any application for approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent as to any application or other matters whatsoever, as to which approval or consent may subsequently or additionally be required. Nor shall any such approval or consent be deemed to constitute a precedent in any other matter.

3.1.4 Liability

The ARC and the members thereof shall not be liable in damages to any person submitting requests for approval or to any approval, or failure to approve or disapprove in regard to any matter within its jurisdiction. The ARC shall not bear any responsibility for ensuring structural integrity or soundness of approved construction or modifications, or for ensuring compliance with building codes and other governmental requirements. The ARC will not make any investigation into title, ownership, easements, rights-of-way, or other rights appurtenant to property with respect to architectural requests and shall not be liable for any disputes relating to the same.

3.2 Accessory Buildings

Approval is required. Approval will be based upon, but not limited to, the following criteria:

A. Storage sheds and/or accessory buildings must be aesthetically compatible and consistent with the style and character of the home and other homes in the same general area of the Community. Storage sheds and/or any accessory buildings shall not be more than ten (10) feet by ten (10) feet, and shall not be more than eleven (11) feet high at the peak. The roof pitch must be complementary to the existing roof on the home, unless otherwise approved by the ARC. Such storage sheds and/or accessory buildings must be permanent in nature.

B. Siding, roofing, paint and trim materials must match those on the home, unless otherwise approved by the ARC. Metal, plastic, PVC and other materials not consistent with original construction by the Builder are not permitted. TREX and engineered composite wood type products consistent with original Builder construction are permitted.

C. Smaller Lots may not have a suitable location for a storage shed. In any case, no more than one (1) storage shed and one (1) playhouse (see Section 3.47, Playhouses) shall be permitted per Lot.

D. The ARC, in reviewing and approving or denying an application for approval of a storage shed or accessory building, shall take into consideration lot size, square footage of the home, the existing grading, fence locations, landscape screenings, etc.

E. Any utilities serving the storage shed or accessory building shall be underground.

F. A playhouse or play structure shall not be considered an accessory building.

G. Existing setbacks required of the home must be observed when placing storage sheds, accessory buildings, gazebos and playhouses. A copy of the home's plot plan filed with the location of the proposed accessory building is required with the ARR.

3.3 Additions and Expansions

Approval is required. Additions or expansions must be constructed of wood, masonite, glass, brick, stone, or other material as used in construction of the exterior of the home. The

design must be the same or generally recognized as a complimentary architectural style and meet all design guidelines as may be applicable. Colors must be the same as that of the residence. Patios may not be more than twenty five percent (25%) of the entire rear yard of the Lot unless otherwise approved by the ARC.

3.4 Address Numbers

Approval is required to replace, alter or relocate existing address numbers, unless the address numbers are replaced using the same style, color and type of number currently on the residence.

3.5 Air Conditioning Equipment

Approval is required for all air conditioning equipment including evaporative coolers (swamp coolers) and attic ventilators installed after the initial construction.

Approval is not required for replacement of existing air conditioning equipment with like equipment located in the same location as the equipment being replaced.

No heating, air conditioning, air movement (e.g. swamp coolers) or refrigeration equipment shall be placed or installed on rooftops, or extended from windows. Ground mounted or exterior wall air conditioning equipment installed in the side yard must be installed in a manner so as to minimize visibility from the street and minimize any noise to adjacent property Owners.

3.6 Antennae/Satellite Dishes

3.6.1 General Provisions

“**Permitted Antennas**” are defined as: (a) an antenna which is less than one meter in diameter and is used to receive direct broadcast satellite service, including direct-to-home satellite services, or is used to receive or transmit fixed wireless signals via satellite; (b) an antenna which is less than one meter in diameter and is used to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instruction television fixed services, and local multipoint distribution services or is used to receive or transmit fixed wireless signals other than via satellite; (c) an antenna which is designed to receive broadcast television broadcast signals; or (d) other antennas which are expressly permitted under applicable federal statutes or regulations. In the event a Permitted Antenna is no longer expressly permitted under applicable federal statutes or regulations, such antenna will no longer be a Permitted Antenna for purposes of this Section. Installation of Permitted Antennas shall not require the approval of the ARC.

A. All Permitted Antennas shall be installed with emphasis on being as unobtrusive as possible to the Community. To the extent that reception is not substantially degraded or costs unreasonably increased, all Permitted Antennas shall be screened from view from any street and nearby Lots to the maximum extent possible, and placement shall be made in the following order of preference:

- (1) Inside the structure of the house, not visible from the street
- (2) Rear yard or side yard, behind and below the fence line
- (3) Rear yard or side yard, mounted on the house, in the least visible location
below roofline
- (4) Side yard in front of wing fence, screened by and integrated into landscaping
- (5) Back rooftop
- (6) Front yard screened by and integrated into landscaping

B. If more than one (1) location on the Lot allows for adequate reception without imposing unreasonable expense or delay, the order of preference described above shall be used, and the least visible site shall be selected.

C. Permitted Antennas shall not encroach upon common areas or any other Owner's property.

3.6.2 Installation of Antennae/Satellite Dishes

A. All installations must comply with all applicable building codes and other governmental regulations, and must be secured so they do not jeopardize the safety of residents or cause damage to adjacent properties. Any installation must strictly comply with FCC guidelines.

B. All Permitted Antennas shall be no larger, nor installed more visibly, than is necessary for reception of an acceptable signal.

C. Owners are responsible for all costs associated with the Permitted Antenna, including but not limited to costs to install, replace, repair, maintain, relocate, or remove the Permitted Antenna.

D. All cabling must be run internally when feasible, must be securely attached, and must be as inconspicuous as possible. Permitted Antennas, masts and any visible wiring may be required to be painted to match the color of the structure to which they are attached. The Owner should check with the installer/vendor for the appropriate type of paint.

E. All other antennas, not addressed above, are prohibited.

3.7 Awnings

Approval is required and Owners must comply with all requirements of the County and the City. Awnings should be an integral part of the house or patio design. The color shall be complimentary to the exterior of the residence.

See Section 3.39, Overhangs/Sunshades/Awnings – Cloth or Canvas.

3.8 Backyard Sport Pads.

Approval is required. Backyard, concrete pads for “sport” type courts must be approved by the ARC. The ARC will consider backyard sport courts based on pad size, Lot size and proximity to other Lots. Sport equipment installed or stored on or around the pad must be maintained at all times in a neat and clean manner.

3.9 Balconies

See Section 3.17, Decks.

3.10 Barbecue/Gas Grills

Approval is not required. All barbecue grills, smokers, etc. must be stored in the rear yard or within an enclosed structure, not visible from the front of the home.

3.11 Basketball Backboards

Approval is not required, subject to the following limitations. No basketball backboards shall be attached to the garage. Only portable basketball backboards shall be allowed if the following guidelines are met:

- A. Portable units cannot be placed in the public rights of way, streets, sidewalks or street lawns.
- B. Location must be in the driveway, at least half of the length of the driveway away from the street, or in the side or rear yard.
- C. Portable basketball backboards may be left out when not in use only if the backboard, hoop, and net are in good repair. Portable basketball backboards that are not in good repair, including the hoop and net, must be stored out of sight when not in use and may not be left out for more than 24 hours.
- D. Permanent garage or pole mounted basketball hoops are not permitted.

3.12 Birdbaths

Approval is not required, subject to the following limitations. Placement in front or side yard is not allowed. Birdbaths are only permitted in the rear yard.

See Section 3.66, Statues or Fountains.

3.13 Birdhouses and Bird Feeders

Approval is not required, subject to the following limitations. If installed in the rear yard and the size is limited to one foot by two feet, no approval is required. No more than three of each of a birdhouse or bird feeder shall be installed on any Lot. Birdhouses or bird feeders may be mounted on a pole, provided the pole shall not exceed five (5) feet in height.

3.14 Carports

Approval will not be granted.

3.15 Clothes Lines and Hangers

Approval is not required, subject to the following limitations. Clotheslines may only be placed in the rear yard. Fixed clotheslines and hangers are not permitted. Temporary drying structures will be permitted so long as such structures are used solely in the rear yard of a lot and are immediately removed from sight after each use. Retractable clotheslines with permanent fixtures require approval.

3.16 Cloth or Canvas Overhangs

See Section 3.39, Overhangs/Sunshades/Awnings – Cloth or Canvas.

3.17 Decks

Approval is required. The deck must be harmonious (in configuration, detail, material and color) with the architecture of the house. Modifications or additions to Builder installed decks must incorporate the same materials, colors and detailing as the Builder's or approved existing deck. TREX or similar engineered composite wood type products are the preferred material for construction. Plastic, PVC or similar materials are prohibited.

The appropriate governmental permits are also required.

The deck should be located so as not to create an unreasonable level of noise for adjacent property Owners.

Changes in grade or drainage pattern must not adversely affect adjoining properties and shall comply with drainage change requirements of the Declaration.

Upper-level decks shall be attached directly to the house. Only ground level decks may be approved as freestanding decks. Decks shall not extend beyond the Lot boundaries into any common area. Depending on Lot location and orientation, decks should not project beyond the side walls of the house. The side walls of the house are defined as the major (structural) side walls and do not include bay windows, chimney enclosures, porches or other such projections. In certain situations, stairs and some portions of the deck may extend up to 4' beyond the side walls.

A solid trim board shall be provided on any open side of the deck to conceal the joists and cut ends of the decking. Underdeck screening should be compatible with the architecture of the house and deck. Any lattice must be properly framed and recessed.

Railings and other features such as privacy screens for attached housing must match the approved Builder design.

3.18 Dog Houses

Approval is required. Dog houses are restricted to ten (10) square feet and must be located in a fenced back yard or dog run. Dog houses must be installed at ground level, and must not be visible above the fence. Dog houses must also match the colors and materials of the exterior of the home. Limit of one dog house per Lot.

3.19 Dog Runs

Approval is required. Dog runs must be located in the rear or side yard, abutting the home and substantially screened from view by planting fast-growing or mature trees or shrubs. Dog runs will be limited to two hundred (200) square feet, unless a variance is granted by the ARC. Dog run fences should be left natural in color and sealed to prevent weathering. Dog runs must be made of wood. The ARC may adopt approved heights, stains and configurations for fencing. Covers (ex: tarps, sheets, blankets, etc.) on dog runs are not allowed.

3.20 Doors

Approval is not required for an already existing main entrance door to a home or an accessory building if the material matches or is similar to existing doors on the house and if the color is generally accepted as a complimentary color to that of existing doors on the house. Complementary colors would be the body, trim or accent colors of the house or white (for storm/screen doors).

A. Storm Doors. Approval is not required for storm doors as long as the door is complimentary with the color scheme of the home. Owners wishing to utilize a different color must first obtain approval.

B. Security Doors and Windows. All security or security-type doors and windows must be approved prior to installation.

3.21 Drainage

The Declaration requires that there be no interference with the established drainage pattern over any property. The established drainage pattern means the drainage pattern which exists at the time final grading of a Lot by the Declarant or a Builder is completed. When installing your landscaping, it is very important to insure that water drains away from the foundation of the house and that the flow patterns prevent water from flowing under or against the house foundation, walkways, sidewalks, and driveways into the street. The ARC may require a report from a drainage engineer as part of landscaping or improvement plan approval. Landscaping and all drainage from downspouts off the house should conform to the established drainage pattern. Sump pump drainage should be vented a reasonable distance from the property line, on the Owner's property, to allow for absorption. Adverse effects to adjacent properties, including District lands, sidewalks and streets, will not be tolerated.

3.22 Driveways

Approval is required for any changes or alterations to driveways. This includes construction of a pull-off area to the side of the driveway and/or concrete driveway extensions. Only clear sealant may be used on the driveway (no colors) and Owners will be required to maintain the driveways against oil spills, spalling/peeling/etc.

3.23 Evaporative Coolers

Approval is required. No rooftop or window mount installations are allowed.

See Section 3.5, Air Conditioning Equipment.

3.24 Exterior Lighting

See Section 3.37, Lights and Lighting.

3.25 Fences

3.25.1 General Statement

Fences constructed by the Developer or Builder along or abutting property lines, arterial streets, collector streets, and local streets may not be removed, replaced, painted a different color or altered, including, adding a gate, without approval of the ARC. If any such fences constructed by the Developer or Builder which are located upon an Owner's property are damaged or destroyed, the Owner shall repair or recondition the same at the Owner's expense.

3.25.2 [Intentionally Deleted]

3.25.3 Fence Designs

Fencing and landscaping shall be completed within (9) months after initial conveyance of the property to the owner, with consideration given to planting seasons. Should an extension be foreseen due to time of year, written notice must be made to the ARC (Architectural Review Committee) prior to the 9 month expiration, at which time; the ARC will issue a new time requirement to the owner, but in no case later than 12 months after conveyance.

All rear or side yard fences along property lines require approval of the ARC and shall comply with any fence specifications adopted by the ARC. Double fencing of property lines shall not be permitted. Please see **Exhibit A** for examples of required fencing per the ARC.

3.25.4 Maintenance/Staining

All fences constructed on a Lot shall be maintained in good condition and repair by the Owner. All staining and sealing of fences will be in a color and in a manner approved by or adopted by the ARC. Fence stain required is Sherwin Williams, 3507 Riverwood. Please see **Exhibit A** for formula details.

3.25.5 [Intentionally Deleted]

3.25.6 Prior Approved Fencing

Replacement of any existing fencing must comply with the then current guidelines or ARC adopted standards related to fencing.

3.25.7 Pet Fencing

Pet fencing may include any invisible fence on or within the perimeter boundary of an Owner's site per the above fencing standards. Wire mesh fencing may be permitted subject to ARC approval on the inside of ARC approved fencing.

See Section 3.18, Dog Houses and Section 3.19, Dog Runs.

3.26 Fire Pits

Approval is required for all permanent or built-in structures. Approval is not required for portable units.

3.27 Firewood Storage

All firewood must be located in the side or rear yard, must be neatly stacked, shall not be visible from any street or the ground level of any other Lot, and must not be located so as to block established drainage patterns.

3.28 Flags/Flagpoles

Approval is required for any freestanding flagpole.

Approval is not required for flagpoles mounted to the front of the residence provided that the flags displayed thereon (if other than an American Flag) are temporary in nature and are only displayed on holidays or in celebration of specific events. They must not be placed earlier than thirty (30) days prior to the start of the particular holiday/event or celebration and must be removed no later than thirty (30) days following the particular holiday/event or celebration. Under no circumstance may the height of the flagpole exceed the height of the roofline of the residence. Flag size cannot exceed five (5) feet in length and three (3) feet in width.

American Flags: Owners shall be permitted to display an American flag in accordance with the Federal Flag Code and as follows:

- A. The flag shall be no larger than three (3) feet by five (5) feet.
- B. The flag may be displayed in a window or from a flagpole projecting horizontally from a location on the front of the dwelling.
- C. Flags and/or flagpoles shall be replaced as necessary in order to prevent wear and tear.

D. Flags may not be illuminated without prior written approval of the ARC. Any request for lighting must detail the type and location of lighting. Lighting shall be placed so as not to disturb Owners of neighboring Lots.

An Owner or resident may display a service flag bearing a star denoting the Owner's or resident's or his family member's active or reserve U.S. military service during a time of war or armed conflict. The flag may be displayed on the inside of a window or door of the home on the Lot. The flag may not be larger than nine (9) inches by sixteen (16) inches.

3.29 Gardens – Flower or Vegetable

Approval is not required for flower or vegetable gardens that do not exceed one hundred fifty (150) total square feet. All flower gardens must be weeded, cared for and maintained. Vegetable gardens shall be located in the rear or side yard.

3.30 Gazebos

Approval is required. A gazebo must be an integral part of the rear yard landscape plan and must be similar in material and design to the residence. The color must be generally accepted as a complementary color to the exterior of the residence.

3.31 Grading and Grade Changes

See Section 3.21, Drainage.

3.32 Greenhouses

Approval is required. Generally, greenhouses are discouraged due to the extensive maintenance required. Approval will be based upon but not limited to general aesthetics, quality and permanence of materials used. Adequate screening will be required.

3.33 Hanging of Clothes

See Section 3.15, Clothes Lines and Hangers.

3.34 Hot Tubs and Jacuzzis

Approval is required. Hot tubs and Jacuzzis must be an integral part of the deck or patio area and of the rear yard landscaping, and be installed in such a way that it is not immediately visible to adjacent property Owners and that it does not create an unreasonable level of noise for adjacent property Owners. In some instances, additional plant material around the hot tub may be required for screening. Non-vegetative screening materials should match or complement the house or deck structure. Prefabricated hot tub enclosures will be evaluated on a case-by-case basis, and may require additional plant material screening.

3.35 Kennels

Approval will not be granted. Breeding or maintaining animals for a commercial purpose is prohibited.

Also see Section 3.19, Dog Runs.

3.36 Landscaping

Fencing and landscaping shall be completed within (9) months after initial conveyance of the property to the owner, with consideration given to planting seasons. Should an extension be foreseen due to time of year, written notice must be made to the ARC (Architectural Review Committee) prior to the 9 month expiration, at which time; the ARC will issue a new time requirement to the owner, but in no case later than 12 months after conveyance.

Approval is required. All Owners must comply with any applicable landscaping requirements of the County and the City. The plot plan of the residence and yard must be provided at a measurable scale. All organic materials (plants, shrubs, trees, etc.), building materials (stone, wood, edging, etc.), must be clearly labeled in detail.

The ARC may adopt approved landscape requirements and standards, and all new landscape installations and improvements must meet said requirements. Owners are responsible for compliance with all applicable laws.

3.37 Lights and Lighting

Approval is not required for replacing existing lighting, including coach lights, with the same or similar lighting style and color as originally installed.

Approval is required to modify or add exterior lighting.

Approval is required to install motion detector spotlights, spotlights, floodlights or ballasted fixtures (sodium, mercury, multi-vapor, fluorescent, metal halide, etc.).

A. Considerations will include, but may not be limited to, the visibility, style and location of the fixture.

B. Exterior lighting for security and/or other uses must be directed at the ground and house, whereby the light cone stays within the property boundaries and the light source does not cause glare to other properties (bullet type light fixtures are recommended).

C. Ground lighting along walks must be maintained in a working and sightly manner. Low- voltage or solar powered ground lighting fixtures which are typically affixed by stakes or similar posts are to be maintained in good aesthetic repair, be functional, not be a tripping or other physical hazard along pedestrian pathways, and remain generally vertical in their presentation.

D. Holiday lighting and decorations do not require approval. It is required that they not be installed more than thirty (30) days prior to the holiday. They shall be removed within thirty (30) days following the holiday.

3.38 Ornaments/Art - Landscape/Yard

Approval is not required for yard ornaments which are installed in the rear yard and which are of a height less than three (3) feet.

Up to three (3) small (less than 12 inches in height) front yard ornaments may be installed in the front yard without approval, as long as the ornament is installed at ground level and the color and design integrate into the landscape.

Approval is required for any other yard ornaments.

See Section 3.66, Statues or Fountains.

3.39 Overhangs/Sunshades/Awnings- Cloth or Canvas

Approval is required. An overhang should be an integral part of the house or patio design. The color must be the same as, or generally recognized as, a complementary color to the exterior of the residence. A swatch of material to be used must be provided with the review submittal.

See Section 3.41, Patio Covers.

3.40 Painting

Approval is not required if color and/or color combinations are identical to the original manufacturer color established on the home and/or accessory improvement. Any changes to the color scheme must be submitted for approval and must conform to the general scheme of the Community.

3.41 Patio Covers

Approval is required. Patio covers must be constructed of material consistent with the home and be similar or generally recognized as complementary in color to the colors on the house. Freestanding patio covers may be permitted as well as extensions of the roof.

3.42 Patios - Enclosed

See Section 3.3, Additions and Expansions.

3.43 Patios - Open

Approval is required. Open patios must be an integral part of the landscape plan and must be located so as not to create an unreasonable level of noise for adjacent property Owners. In some instances, additional plant material around the patio may be required for screening or integration into the landscape design. The patio and materials must be similar or generally accepted as a complementary color and design to the residence.

See Section 3.17, Decks.

3.44 Paving

Approval is required, regardless of whether for walks, driveways, patio areas or other purposes, and regardless of whether concrete, asphalt, brick, flagstones, stepping stones, pre-cast patterned, or exposed aggregate concrete pavers are used as the paving material.

See Section 3.11, Driveways.

3.45 Pipes

Approval is required for all exterior pipes, conduits and equipment. Adequate screening may also be required.

3.46 Play Structures and Sports Equipment

Approval is required. Consideration will be given to adjacent properties (a minimum five (5) foot setback from the property line, is required for trampolines, swing sets, fort structures, etc.) so as not to create an undue disturbance. In some instances, additional plant material around the equipment may be required for screening. Wood structures must be constructed of pressure treated or other weather resistant materials. All play equipment must be maintained in a good and slightly manner. The use of multi-colored cloth/canvas tarps will not be approved. Height of any play structure or sports equipment may not exceed twelve (12) feet.

3.47 Playhouses

Approval is not required if a structure is less than twenty four (24) square feet and less than six (6) feet high, from highest point to the ground.

Approval is required for structures greater than twenty four (24) square feet and/or greater than six (6) feet high, from the highest point to the ground.

See Section 3.2, Accessory Buildings.

3.48 Poles

See Section 3.28, Flags/Flagpoles.

3.49 Ponds and Water Features

Approval is required. Considerations by the ARC will include, but not be limited to, the following criteria:

- A. Must be integrated into landscape scheme.
- B. Setback shall be a minimum of five (5) feet from all property lines.
- C. Must not affect existing drainage on the lot or off the property.

D. Must be maintained at all times.

3.50 Pools

Approval is required. Pools must be placed in the rear yard and be an integral part of the deck or patio area. They should be located in such a way that they are not immediately visible to adjacent property Owners (i.e. screened with plant material). Above ground pools and temporary pools are prohibited. One (1) wading pool, if less than eighteen (18) inches high and eight (8) feet in diameter, per Lot, is permitted on a temporary basis without prior approval, if placed in the rear yard.

See Section 3.34, Hot Tubs and Jacuzzis.

3.51 Radio Antennae

See Section 3.6, Antennae/Satellite Dishes.

3.52 Radon Mitigation Systems

Approval is required. Equipment must be painted a color similar or generally accepted as complimentary to the exterior of the house. All equipment shall be installed so as to minimize its visibility.

3.53 Roofing Materials

Approval is required for all roofing materials other than those originally used by the Builder. All buildings constructed on a Lot should be roofed with the same or greater quality and type of roofing material as originally used by the Builder.

Approval is not required for repairs to an existing roof with the same building material that exist on the building.

3.54 Rooftop Equipment

Approval is required. Equipment must be painted a color similar or generally accepted as complimentary to the roofing material of the house. All rooftop equipment shall be installed so as to minimize its visibility.

See Section 3.64, Solar Energy Devices.

3.55 Satellite Dishes

See Section 3.6, Antennae/Satellite Dishes.

3.56 Saunas

See Section 3.2, Accessory Buildings.

3.57 Screen Doors

See Section 3.20, Doors.

3.58 Seasonal Decorations

Approval is not required if installed on a lot within thirty (30) days of a holiday, provided that an Owner is keeping with the Community standards, and provided that the decorations are removed within thirty (30) days of the holiday.

See Section 3.37, Lights and Lighting.

3.59 Security Devices.

Approval is not required. Security devices, including cameras and alarms, must be selected, located and installed so as to be an integral part of the house and not distract from the home's architecture and appearance. Cameras and housing sirens, speaker boxes, conduits and related exterior elements should be unobtrusive and inconspicuous. Such devices should be located where not readily visible and should be a color that blends with or matches the surface to which it is attached.

3.60 Sheds

See Section 3.2, Accessory Buildings.

3.61 Shutters - Exterior

Approval is required. Shutters should be appropriate for the architectural style of the home and be of the appropriate proportion to the windows they frame. Shutters should be the same color as the "accent" color of the home (typically the same as the front door or other accent details).

3.62 Siding

Approval is required.

3.63 Signs

Approval is not required for one (1) temporary sign advertising property for sale or lease or one (1) open house sign, which shall be no larger than five (5) square feet and which are conservative in color and style; one (1) yard/garage sale signs which is no larger than 36" x 48"; and/or burglar alarm notification signs, ground staked or window mounted which are no larger than 8" x 8" Such signs may be installed in the front yard or on the back yard fence of the Lot.

Political signs (defined as signs that carry a message intended to influence the outcome of an election, including supporting or opposing the election of a candidate, the recall of a public official, or the passage of a ballot issue) may be displayed within the boundaries of an Owner's or resident's Lot without approval, political signs shall not exceed 36" by 48" in size.

Approval is required for all other signs. No lighted sign will be permitted unless utilized by the Developer and/or a Builder.

3.64 Solar Energy Devices

Approval is required in order to review aesthetic conditions. Photovoltaic (PV) Solar panels must lay flat on the roof, meet all applicable safety, building codes and electrical requirements, including solar panels for thermal systems (solar water heaters). The ARC is allowed to request changes as long as they don't significantly increase the cost or decrease the efficiency of the proposed device and panels. Please also see Colorado Law C.R.S. 38-30-168, which governs the review and the Owner's installation of such devices.

3.65 Spas

See Section 3.34, Hot Tubs and Jacuzzis.

3.66 Statues or Fountains

Approval is not required if statues or fountains are installed in the rear yard and are not greater than four (4) feet in height from the highest point, including any pedestal.

Approval is required if the statue or fountain is proposed for the front yard. Statue or fountain location in the front yard should be located close to the main entrance of the house.

See Section 3.12, Birdbaths and Section 3.38, Ornaments/Art – Landscape/Yard

3.67 Storage Sheds

See Section 3.60, Sheds and Section 3.2, Accessory Buildings.

3.68 Sunshades

See Section 3.39, Overhangs/Awnings – Cloth or Canvas and Section 3.41, Patio Covers.

3.69 Swamp Coolers

See Section 3.5, Air Conditioning Equipment, Section 3.23, Evaporative Coolers, and Section 3.54, Rooftop Equipment.

3.70 Swing Sets

See Section 3.46, Play Structures and Sports Equipment.

3.71 Television Antennae

See Section 3.6, Antennae/Satellite Dishes.

3.72 Trash and Recycling Containers

Trash and recycling containers, including trash bags used for overflow trash, cannot be placed at the curb until the day preceding the trash pick-up and must be removed by the end of the day following trash pickup.

3.73 Tree Houses

Approval will not be granted. Tree houses are not permitted.

3.74 Vanes

See Section 3.77, Weather Vanes and Directionals.

3.75 Vents

See Section 3.54, Rooftop Equipment.

3.76 Walls

See Section 3.25, Fences and Section 3.76, Walls, Retaining.

3.77 Walls, Retaining

Approval is required except that an Owner may replace a builder-installed wall with like material.

New or old creosote treated timber railroad ties are prohibited.

3.78 Weather Vanes and Directionals

Approval is required.

3.79 Wind Electric Generators

Approval is required. In addition to ARC approval, windmills and any other type of fixture, which fall under the criteria of a wind generator, or are used to generate power etc., must meet the requirement of the C.R.S. 40-2-124 and any applicable regulations of the Colorado Public Utilities Commission.

3.80 Windows Replacement

Approval is required. Considerations will include, but may not be limited to, size, color, existing and proposed window style and style of home.

3.81 Windows: Tinting, Security Bars, Well Covers, etc.

Approval is not required for window well covers that are manufactured with metal or plexiglass. All others will require ARC approval.

Approval is required for any visible window tinting. Highly reflective and/or dark tinting is considered too commercial for residential applications and is not permitted.

Approval is required for security bars and may not be approved on second story windows and other windows visible to the street.

3.82 [Intentionally Deleted]

3.83 Xeriscape

Approval is required. Using drought tolerant plantings and other water conservation methods of landscaping is encouraged; however, the design must be approved. Xeriscape uses much less water than typical suburban residential landscape, but it does not mean that large areas of river rock or mulch will be allowed in place of green, growing plant material.

Remainder of page intentionally left blank.

**Highline Crossing Metropolitan District
Community Management Report
June 26, 2018**

Architectural Reviews

- 17 architectural forms for landscape have been submitted and reviewed year to date. All were approved, with two being denied initially before the homeowner re-submitted plans. One was due to the plan showing all rock with no plant material, and one was concrete being installed too close to the fence.
- 16 architectural forms for fences have been submitted and reviewed year to date. All were approved.

Inspections

Inspections were conducted on February 2nd, February 13th, March 6th, April 20th, May 10th, May 24th, June 13th.

Compliance Update

As the community is new, communications regarding violations of the rules have been sent via e-mail to make sure the homeowners are aware of what the rules are. I have also sent out a couple of community-wide e-mails regarding tall weeds in yards not completed and trash cans. I am saving the e-mails and any responses to the homeowner's files so we have that as documentation.

I have been tracking landscape architectural forms submitted and landscape and installation each time I do an inspection. As of the last inspection on June 13, 2018, there are 14 homes with landscape installed and 7 additional homes with approved landscape architectural forms. The current map is enclosed.

Landscape Installation:

1. 10590.02- Deadline to install was 4/22/2018. The homeowner had to go through several reviews of the ARR form as he is the one who wanted all rock. His lot is also eroding dirt onto the common area behind the house. I have reached out via e-mail and will follow up with the violation process if no response. He is eligible for an extension to one-year from the date of closing if he responds.
2. 10150.02- Deadline to install was 5/8/2018. The homeowner responded to the e-mail I sent and indicated it will be done by the end of June.

Fence Installation:

1. 10410.02- Fence was installed at 6 feet instead of five. An e-mail and letter have gone out to the homeowner asking them to bring it into compliance. There was no response so a Notice of Non-Compliance has been sent.

2. 10560.02- Fence was installed at 6 feet instead of five. An e-mail and letter have gone out to the homeowner asking them to bring it into compliance. There was no response so a Notice of Non-Compliance has been sent.

Unapproved Architectural Change

1. 10560.02- The landscape was installed without approval. It looks good, but there is a retaining wall that I would like to ensure is not messing up the drainage. Please note that this is also the lot that is in violation for fence installation as well.

Delinquency Update

The delinquency list is attached. There are currently 3 delinquent accounts for a total of \$1,155. Per the Districts Resolution regarding Imposition of District fees, accounts 60 days past due may be sent Intent to Lien. All of the accounts on the list will be getting the Intents to Lien at the end of June.

Report Criteria:

Standard payment customers
 Current period: 06/30/2018 - Transactions included through: 06/30/2018
 Delinquent minimum of \$15.01 compared to delinquent balance
 Customer.Customer Number = All
 Customer.Name = All
 Customer.Cycle = All
 Group Code.Group Code = All
 Customer Type.Customer Type = All
 Customer.Account Balance = All

Customer Number	Balance	Non-Delinq	04/30/2018	03/31/2018	02/28/2018	Last Pmt Date	Last Pmt Amount
10150.02	330.00	-	15.00	150.00	165.00	12/12/2017	300.00
10390.02	330.00	-	15.00	150.00	165.00	12/05/2017	300.00
10480.02	495.00	-	15.00	150.00	330.00	08/07/2017	300.00
Grand Totals:							
	1,155.00	-	45.00	450.00	660.00		

Customer Number	Name	Eql Pmt Amount	Payment Expected	Delinquent Payments	Last Pmt Date	Last Pmt Amount
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Report Criteria:

Standard payment customers

Current period: 06/30/2018 - Transactions included through: 06/30/2018

Delinquent minimum of \$15.01 compared to delinquent balance

Customer.Customer Number = All

Customer.Name = All

Customer.Cycle = All

Group Code.Group Code = All

Customer Type.Customer Type = All

Customer.Account Balance = All
