

**ROCKINGHORSE METROPOLITAN DISTRICT NOS. 1 AND 2**

**2015 ANNUAL REPORT  
TO  
THE CITY OF AURORA**

Pursuant to the Amended and Restated Consolidated Service Plan for Rockinghorse Metropolitan District Nos. 1 and 2 (the “**Districts**”), the Districts are responsible for submitting an annual report to the City of Aurora (the “**City**”), the report is to include information concerning matters which occurred during the prior fiscal year.

For the year ending December 31, 2015, the Districts make the following report:

- A. Boundary changes made or proposed to the Districts’ boundary as of December 31 of the prior year.

None.

- B. Intergovernmental Agreements with other governmental entities entered into or Proposed as of December 31 of the prior year.

See attached **Exhibit A.**

- C. Copies of the Districts’ rules and regulations, as of December 31 of the prior year.

See attached **Exhibit B.**

- D. A summary of any litigation which involves the Districts’ Public Improvements as of December 31 of the prior year.

The Districts have no knowledge of any litigation involving the Districts’ Public Improvements.

- E. Status of the Districts’ construction of the Public Improvements as of December 31 of prior year.

No change from prior year

- F. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City of as December 31 of the prior year.

No change from prior year.

G. The assessed valuation of the Districts for the current year.

The Districts received certifications of valuation from the Arapahoe County Assessor that report taxable assessed valuation for 2015 as follows:

Rockinghorse Metropolitan District No. 1 - \$8,700

Rockinghorse Metropolitan District No. 2 - \$11,691,450

H. Current year budget including a description of the Public Improvements to be constructed in such year.

The 2016 budget for District No. 2 is attached as **Exhibit C**. No improvements are intended to be constructed by the Districts this year.

I. Audit of the Districts' financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The audit for the year ending December 31, 2015 for District No. 2 is not currently available and will be filed when it is completed.

J. Notice of any uncured events of default by the Districts which continue beyond a ninety (90) day period, under any Debt instrument.

There were no uncured events of default by the Districts which continued beyond a ninety (90) day period under any Debt instrument.

K. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

None.

## **EXHIBIT A**

### **Intergovernmental Agreements**

1. INTERGOVERNMENTAL AGREEMENT entered into and dated as of December 21, 2004, by and between the City of Aurora and Rockinghorse Metropolitan District Nos. 1 and 2. Purpose: Provides for the uniform operation of special districts within the boundaries of the City of Aurora. Term: Indefinite.
2. DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT entered into and dated as of June 1, 2005, by and between Rockinghorse Metropolitan District No. 1 and Rockinghorse Metropolitan District No. 2. Purpose: Provides for the operation, maintenance, construction and funding of improvements with in the Districts and the administration of the daily affairs of the Districts. Term: Indefinite.
3. AURORA REGIONAL IMPROVEMENT AUTHORITY NO. 1 ESTABLISHMENT AGREEMENT between the City of Aurora and Rockinghorse Metropolitan District Nos. 1 and 2 entered into and dated as of August 28, 2006. Purpose: Establishes the Aurora Regional Improvement Authority (“ARI”) organized for implementing the ARI Master Plans. Term: Indefinite.
4. WATER TRANSMISSION REIMBURSEMENT AGREEMENT dated August 25, 2008 by and among Rockinghorse Metropolitan District No. 1 and the CITY OF AURORA. Purpose: Reimburse district for capital outlays. Term: 20 years from the date of the agreement.
5. PROJECT COMMITTEE AGREEMENT between Adonea Metropolitan District No. 2, Cross Creek Metropolitan District No. 2, and Rockinghorse Metropolitan District No. 1 entered into and dated as of November 9, 2011. Purpose: to develop and coordinate plans, present and future, for the Regional Improvements and to develop strategies to promote the public welfare. Term indefinite.
6. TERMINATION AGREEMENT AS TO DISTRICT FACILITIES CONTRUCTION AND SERVICES AGREEMENT between Rockinghorse Metropolitan District Nos. 1 and 2 entered into and dated as of January 6, 2014.

**EXHIBIT B**  
**Rules and Regulations**

## Policies and Procedures for Acquisition of Public Improvements

1. General. The RockingHorse Metropolitan District No. 2 (“District”) will acquire public infrastructure, improvements and services, as described in the Special District Act, within and without its boundaries (collectively, the “**Public Improvement(s)**”), as authorized and in accordance with the Service Plan for the District, upon the District’s acceptance of the Public Improvements, subject to the procedures set forth below.

2. Application for Acquisition/Preliminary Acceptance. Upon completion of any Public Improvements (or portion thereof which, in the reasonable opinion of the District based upon advice from its engineers and legal counsel, constitutes a discrete subsystem or component of a larger improvement or structure that may be separately acquired), the developer shall submit a request for preliminary acceptance including the following materials in form and substance reasonably satisfactory to the District:

(a) A description of the Public Improvements to be acquired and the costs of construction, excluding any sales or use tax.

(b) Copies of all invoices, statements and evidence of payment thereof equal to the construction costs, including lien waivers from all suppliers and subcontractors, as applicable.

(c) Evidence that any and all real property interests necessary to permit the District’s use and occupancy of the Public Improvements have been granted.

(e) A bill of sale or other instrument of conveyance (in form and substance acceptable to the District in its reasonable discretion) by which the Public Improvements (or component part or subsystem) will be conveyed to or at the direction of the District.

(f) An engineer or other appropriate design professional shall inspect the Public Improvements for compliance with applicable design and construction standards, and review all supporting material, and shall issue an engineer’s certification in form and substance reasonably acceptable to the District stating that the Public Improvements are fit for their intended purpose, that they (or their individual components and/or subsystems, if applicable) were constructed substantially in accordance with their design and the Public Improvements are fully operational and available to be utilized for their intended purpose (the “**Engineer’s Certification**”).

(g) A signed warranty agreement with the District, which shall include an assignment of all warranties for materials, and from subcontractors and material suppliers.

(h) Such additional information as the District may reasonably require.

(i) The District’s engineer or accountant will then issue a cost certification in form and substance reasonably acceptable to the District declaring the total amount of District Eligible Costs associated with the Public Improvements proposed for

acquisition (the “**Cost Certification**”), along with any other information reasonably required by the District.

The District shall also be entitled to inspect the Public Improvements for compliance with applicable design and construction standards, and review all supporting material; provided, however, that the responsibilities and obligations of the developer, developer’s engineer or other appropriate design professional selected by the developer shall not be relieved or affected in any respect by the presence of any agent, consultant, sub-consultant or employee of the District, including, but not limited to, the District’s engineer. The District shall be entitled to rely upon the representations and certifications provided by the developer’s engineer or the developer, and the developer shall be bound by the same.

Subject to the receipt of a satisfactory Cost Certification and Engineer’s Certification, as set forth above, and satisfaction of any other conditions reasonably required by the District, the District shall evidence its acceptance of the Public Improvements by adopting a resolution providing that all information required to be received by the District has been so received, (or specifying any applicable waivers that have been granted), and shall set forth certain findings of the Board with respect to the acquisition of Public Improvements.

## Section 6.1 Parks and Open Space Rules

- A. The control of dogs in parks and open space is regulated by the Aurora City Code Section \_\_\_\_ and is punishable as set out in Aurora City Code Section \_\_\_\_.
- B. Dog owners must leash and pick-up after dogs.
- C. No motorized vehicles are allowed in parks or open space.
- D. Glass containers, littering, dumping and misuse of public property are prohibited.
- E. Fires are permitted only where grills are provided.
- F.
  - 1. Firearms are defined as any pistol, revolver, rifle, or other weapon of any description from which a shot, projectile, arrow or bullet may be discharged. This includes and is not limited to compressed air guns, CO2 and battery operated guns, BB guns, pellet guns, air soft pellet guns, paintball guns, and slingshots. Archery equipment is defined as any bow includes, but not limited to, a crossbow, longbow or compound bow, which shoots arrows or other projectiles. Model rockets and airplanes are defined as any craft that is propelled off the ground by a gas or electric engine, CO2, compressed air or any other form of power. Only model gliders propelled by humans and airplanes propelled by elastic bands are permitted.
  - 2. Possessing fireworks, firearms, archery equipment, model rockets and airplanes on any District owned or managed properties is prohibited, except as provided by Section 18-12-102, C.R.S.
  - 3. Firing or shooting any firearm or archery equipment in or into any District owned or managed properties is prohibited.
- G. Parks and open space are open from sunrise to sunset daily, unless authorized in writing by the District.
- H. Hitting golf balls in or into District owned or managed properties is prohibited.
- I. Amplified sound systems are prohibited unless specifically authorized in writing by District.
- J. Disorderly conduct as defined in Section 18-9-106, C.R.S. is prohibited.
- K. Harassment of wildlife as defined in Section 33-6-128, C.R.S. is prohibited. All of this statute will apply as a parks and open space rule except sub-section (3).
- L. Violations of Rules B through K above are punishable as provided in Section 18-9-117, C.R.S.

## Section 6.2 Land Use Rules – Open Space

- A. Private property may not be accessed through open space.

- B. Dumping and littering of any kind is prohibited. This includes grass clippings, sod, soil, trash, debris, landscape materials, and dog waste.
- C. Recreation amenities such as playgrounds, tetherball, volley ball courts, ball fields, trampolines, horseshoe pits, tree houses, rope swings and archery ranges not constructed by The District are prohibited.
- D. Extended landscaping including gardens, mowing on public open space, trees, shrubs, flowering plants, timber walls, dog houses, irrigation systems, sod, bird houses, baths and feeders and structural supports for improvements located on private property are prohibited.
- E. Storage of any kind including wood, utility-trailers and materials is prohibited.
- F. Dog Off-Leash Areas (DOLA's) hours are from 7:00 A.M. until sunset year-round. These hours can be enforced under Section 18-9-117, C.R.S.
- G. Violations of these rules are punishable as provided in Section 18-9-117, C.R.S.

### Section 6.3 Operation of Motor Vehicles and Equipment in Parks and Open Space

The Operation of any motor vehicle or equipment on or through parks and open space owned and maintained by The District is prohibited except for the following:

- A. District vehicles and equipment.
- B. Police/Sheriff's vehicles and equipment.
- C. Aurora Fire Department vehicles and equipment.
- D. Vehicles and equipment operated at the direction of public agencies when being used by such entities to install or maintain facilities located in their easements or rights-of-way or emergency situations.
- E. Vehicles and equipment operated by contractors of District.
- F. Vehicles and equipment operated by contractors that have obtained an access permit from District.

### Section 6.4 Violations of Article VI

Violations of Sections 6.1 and 6.2 are class 3 misdemeanors punishable by a fine from \$50 to \$750 or six months imprisonment or both, as provided in the Colorado Revised Statutes.

### Section 6.5 Other Remedies of District

- A. Any violation of Sections 6.2(A) and (B) adjacent to private property shall be deemed to have been placed by the owner of the adjacent property and that property owner shall be responsible for the correction of the violation.
- B. In addition to any penalties provided by the Colorado Revised Statutes, The District may correct violations of Sections 6.2(B), (C), (D), (E) and 6.3.

C. Prior to correcting any violation, The District shall give the party responsible 10 days prior written notice.

D. In the event The District corrects any such violation, the responsible party shall be assessed a fee equal to the amount required to correct the violation plus 20% for administrative expenses. Any such fee shall be collected by The District as provided by law. If the responsible party is a property owner in the District, the fee shall become a lien on the property.

Any party aggrieved by this section may appeal as provided in \_\_\_\_\_.

## **Exhibit C**

### **ROCKINGHORSE METROPOLITAN DISTRICT NO. 2 2016 BUDGET MESSAGE**

Attached please find a copy of the adopted 2016 budget for the RockingHorse Metropolitan District No. 2.

The RockingHorse Metropolitan District No. 2 has adopted two separate funds, a General Fund to provide for the payment of general operating and maintenance expenditures; and a Debt Service Fund to provide for payments on the outstanding general obligation debt.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary sources of revenue for the District in 2016 will be property taxes, development fees and assessment fees. In 2016, the District intends to impose a 61.000 mill levy on property within the District, of which 10.000 mills will be dedicated to the General Fund and the balance of 51.000 mills will be allocated to the Debt Service Fund. 1.000 mill of the 51.000 mills is restricted for regional improvements per an intergovernmental agreement with the City of Aurora.

**RockingHorse Metropolitan District No. 2**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2016**

	Actual <u>2014</u>	Adopted Budget <u>2015</u>	Actual <u>9/30/2015</u>	Estimate <u>2015</u>	Adopted Budget <u>2016</u>
Beginning fund balance	\$ 1,030	\$ 319	\$ 20,657	\$ 20,657	\$ 15,476
Revenues:					
Property taxes	51,227	87,322	87,332	87,322	116,914
Specific ownership taxes	6,453	5,676	6,264	8,400	8,185
Transfer from Dist #1	56,989	-	-	-	-
Assessment fees - homeowners (1)	106,394	168,480	101,317	137,173	216,168
Assessment fees - builders (2)	35,317	21,084	20,472	26,232	74,076
Developer advances	-	76,051	-	-	40,942
Working capital	44,000	13,500	23,500	25,000	25,000
Late and legal fees	1,495	300	450	725	300
Interest income	1,992	86	-	-	95
Total revenues	<u>303,867</u>	<u>372,499</u>	<u>239,335</u>	<u>284,852</u>	<u>481,680</u>
Total funds available	<u>304,897</u>	<u>372,818</u>	<u>259,992</u>	<u>305,509</u>	<u>497,156</u>
Expenditures:					
Accounting / audit	22,937	20,000	8,216	20,000	20,000
Insurance	8,511	10,000	7,018	7,018	10,000
Legal/Election	52,498	40,000	30,141	40,000	45,000
Professional Svcs	25,405	24,000	13,500	24,000	18,000
Administrative supplies	2,529	4,600	2,005	4,000	4,870
Miscellaneous	339	-	379	450	-
Treasurer fees	757	1,310	1,315	1,315	1,754
Activities	6,178	8,400	2,476	3,600	16,850
Operational gas/electric	1,477	8,800	1,224	1,650	14,200
Pool operations	-	30,800	-	-	36,280
Utilities IRR water	56,487	85,400	65,312	73,000	85,400
Landscape renovations	3,629	8,000	-	-	-
Landscape Contract	69,108	82,000	45,608	60,000	162,760
Landscape repair and maintenance	-	-	-	-	8,000
Contract maintenance/supplies	8,883	9,000	12,130	15,000	15,900
Landscape maintenance/irrigation	3,495	4,800	6,998	7,000	8,000
Snow Contract	-	-	30	3,000	-
Trash disposal services	22,007	32,400	21,915	30,000	35,662
Contingency	-	311	-	-	-
Emergency reserve (3%)	-	2,997	-	-	14,480
Total expenditures	<u>284,240</u>	<u>372,818</u>	<u>218,267</u>	<u>290,033</u>	<u>497,156</u>
Ending fund balance	<u>\$ 20,657</u>	<u>\$ -</u>	<u>\$ 41,725</u>	<u>\$ 15,476</u>	<u>\$ -</u>
Assessed valuation		<u>\$8,732,230</u>			<u>\$11,691,450</u>
Mill Levy		<u>10.000</u>			<u>10.000</u>

**RockingHorse Metropolitan District No. 2**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2016**

	Actual <u>2014</u>	Adopted Budget <u>2015</u>	Actual <u>9/30/2015</u>	Estimate <u>2015</u>	Adopted Budget <u>2016</u>
Beginning fund balance	\$ 2,781	\$ (95,783)	\$ (94,517)	\$ (94,517)	\$ 14,038
Revenues:					
Property taxes	256,135	436,612	436,660	436,600	584,573
Abated Taxes	-	-	-	-	-
Specific ownership taxes	32,266	30,563	31,321	41,000	40,920
Development fees	220,500	150,000	28,000	28,000	704,000
Property taxes - ARI	5,124	8,732	8,733	8,732	11,691
Specific ownership taxes - ARI	645	611	626	800	818
Other	-	-	1,782	2,000	-
Bond proceeds	<u>40,412,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>40,927,168</u>	<u>626,518</u>	<u>507,122</u>	<u>517,132</u>	<u>1,342,002</u>
Total funds available	<u>40,929,949</u>	<u>530,735</u>	<u>412,605</u>	<u>422,615</u>	<u>1,356,040</u>
Expenditures:					
Interest expense Series 2010	6,832,499	-	-	-	-
Bond principal	30,648,000	-	-	-	-
Treasurer's fees	3,783	6,549	6,573	6,549	8,769
Treasurer's fees - ARI	76	131	131	131	175
Regional mill levy	5,614	9,212	9,258	9,401	12,334
Cost of issuance	599,444	-	-	-	-
Capital note principal	369,298	-	-	-	-
Capital note interest	85,049	-	-	-	-
Trustee fees	500	-	8,750	15,000	15,001
Transfer to Capital Projects fund	2,104,537	-	-	-	-
Principal 2014 A-1 A-2 and A-3	217,000	360,000	-	220,000	1,160,000
Interest 2014 A-1 A-2 and A-3	154,917	152,100	78,748	157,496	140,000
Miscellaneous	<u>3,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>41,024,466</u>	<u>527,992</u>	<u>103,460</u>	<u>408,577</u>	<u>1,336,279</u>
Ending fund balance	<u>\$ (94,517)</u>	<u>\$ 2,743</u>	<u>\$ 309,145</u>	<u>\$ 14,038</u>	<u>\$ 19,761</u>
Assessed valuation		<u>\$8,732,230</u>			<u>\$11,691,450</u>
Mill Levy		<u>50.000</u>			<u>50.000</u>
ARI Mill levy		<u>1.000</u>			<u>1.000</u>
Total Mill Levy		<u>61.000</u>			<u>61.000</u>