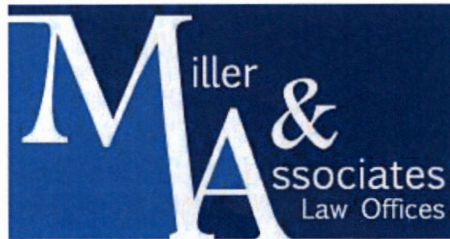


Dianne D. Miller
Admitted in Colorado and
New Mexico



Bradley T. Neiman
Admitted in Colorado
and Georgia

Michael E. Davis
Admitted in Colorado

Richard K. Sans Soucy
Admitted in Colorado

September 1, 2017

Douglas County Clerk and Recorder
301 Wilcox Street
Castle Rock, CO 80104

RE: Hillside at Castle Rock Metropolitan District

To Whom It May Concern:

Enclosed for your records is the annual report for 2016 for the above captioned district. Please contact me with any questions or concerns.

Sincerely,

MILLER & ASSOCIATES LAW OFFICES, LLC

A handwritten signature in blue ink that reads 'Marisa Davis'. The signature is written in a cursive, flowing style.

Marisa Davis
Paralegal

Enclosure

**HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT
TOWN OF CASTLE ROCK, STATE OF COLORADO**

ANNUAL REPORT FOR FISCAL YEAR 2016

Pursuant to the Service Plan for the Hillside at Castle Rock Metropolitan District (the "District"), the District is required to provide an annual report to the Town of Castle Rock (the "Town") with regard to the following matters:

- A. A narrative summary of the progress of the District in implementing its Service Plan for the report year;
- B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the report year;
- C. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year;
- D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the District in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year;
- E. The District's budget for the calendar year following the year in which the annual report is submitted;
- F. A summary of the commercial development which has occurred within the District for the report year;
- G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year;
- H. Certification of the Board that no action, event or condition enumerated in Section 11.02.060 of the Town of Castle Rock Municipal Code has occurred in the report year;

- I. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board.

For the year ending December 31, 2016, the District makes the following report:

- A. A narrative summary of the progress of the District in implementing its service plan for the report year;

The District was formed on December 14, 2016. No progress was made in implementing the service plan in calendar year 2016.

- B. Except when an exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e. balance sheet) as of December 31 of the report year and the statement of operations (i.e. revenues and expenditures) for the report year;

An exemption from audit has been requested for the year ending 12/31/16.

- C. Unless disclosed within a separate schedule to the financial statements a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year ;

No capital expenditures in the development of public facilities were incurred by the District in 2016. The District anticipates constructing or acquiring the public improvements, consisting of water, sewer, storm drainage, street, safety protection, and park and recreation facilities, and the developer anticipates four phases of construction of the improvements to be completed in approximately 30 months following the commencement of construction. As of 12/31/16 no construction start date had been established.

- D. Unless disclosed within a separate schedule to the financial statement, a summary of the financial obligations of the District at the end of the report year, including:

- (i) The amount of outstanding indebtedness

The District had no outstanding debt as of 12/31/16.

- (ii) The amount and terms of any new District indebtedness or long term obligations issued in the report year;

The District issued no new debt in 2016.

- (iii) The amount of payment of retirement of existing indebtedness of the District in the report year;

The District retired no debt in 2016.

(iv) The total assessed valuation of all taxable properties within the District as of January 1 of the report year; and

The assessed valuation of the District for the report year is \$0.

(v) The current mill levy of the District pledged to debt retirement in the report year;

The mill levy of the District pledged to debt retirement in 2016 was -0-.

E. The District's budget for the calendar year 2017;

The budget resolution for 2017 is attached hereto as **Exhibit A**.

F. A summary of the commercial development in the District for the report year;

There was no commercial development of the District in 2016.

G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year;

There were no fees, charges or assessments imposed by the District during the report year.

H. Certification by the Board that no action, event or condition enumerated in Section 11.02.060 of the Town of Castle Rock Municipal Code, as amended, has occurred in the report year;

No activity, event or condition enumerated in Section 11.02.060 of the Town of Castle Rock Municipal Code occurred in the report year.

I. The name, business address and telephone number of each board member and the Board's chief administrative officer and general counsel, together with the date, place and time of regular Board meeting.

President	Miles Grant 9116 West Bowles Ave. #15 Littleton, CO 80123	(W): 303.979.9858 x113 (C): 303.944.1827 (F): 720.240.2890 or 303.979.9858 Email: mgrant@trail-ridge.com
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Secretary/ Treasurer	Ronald J. Snow 2159 South Parfet Court Lakewood, CO 80227	(W): 303.785.1670 (C): 303.601.8552 Email: rsnow@joneskeller.com
Assistant Secretary	Steven R. Schulz 3414 S Race St Englewood, CO 80113	(W): 303.944.1784 Email: steve.schulz@usa.net
Assistant Secretary	Charles Wendell Ayers 26800 County Road 5 Elizabeth, CO 80107	(W): 303.888.2676 Email: Wendell@paragoneng.com
General Counsel	Dianne Miller Miller & Associates Law Offices, LLC 1641 California Street, Suite 300 Denver, CO 80202	(W): 303.285.5320 Email: dmiller@ddmalaw.com

The District meets on second Tuesday of May and November at 9:00 A.M. at 1641 California Street, Suite 300, Denver, CO 80202.

The District hereby certifies that the information provided herein is true and accurate and, as of the date hereof, the District is in full compliance with the District's Service Plan.

Respectfully submitted this 1st day of September, 2017.

HILLSIDE AT CASTLE ROCK
METROPOLITAN DISTRICT

**HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT
NOTICE OF ORGANIZATIONAL MEETING
AND
NOTICE AS TO PROPOSED 2017 BUDGET
January 30, 2017**

NOTICE IS HEREBY GIVEN that the Boards of Directors (individually, a "Board" and collectively, the "Boards") of the **HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT** (the "District") Town of Castle Rock, County of Douglas, Colorado, will hold organizational meetings at 10:30 A.M. on Monday, January 30, 2017, at 7995 E. Prentice Avenue, Suite 103E, Greenwood Village, CO 80111-2710 for the purpose of conducting such business as may come before the Board.

FURTHER, NOTICE IS HEREBY GIVEN that proposed budget has been submitted to the District for 2017. Copies of the proposed budget have been filed in the office of Miller & Associates Law Offices, LLC, 1641 California Street, Suite 300, Denver, CO 80202, where the same are open for public inspection. Such proposed budget will be considered at the organizational meeting of the District to be held at 10:30 A.M. on Monday, January 30, 2017. Any interested elector within the District may inspect the proposed budget and file or register any objections at any time prior to the final adoption of the 2017 budget.

The meeting is open to the public.

BY ORDER OF THE BOARD OF DIRECTORS
HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

By: /s/ MILLER & ASSOCIATES LAW OFFICES, LLC

Agenda

- 1) Call to Order
- 2) Declaration of Quorum
- 3) Disclosure Matters
 - i) Discuss conflict questionnaire
 - ii) File annual disclosures with Secretary of State
- 4) Organizational Items
 - a) Election of Board Officers
 - b) Consider 2017 Annual Administrative Resolution
 - c) Consider Resolution Designating Meeting Location Outside the Boundaries of the District
 - d) Director Matters
 - i) Consider Indemnification Resolution
 - ii) Directors'/Treasurer's Surety Bonds
 - e) Budget Hearing – 2017
 - i) Conduct Public Hearing on Budget
 - ii) Adopt 2017 Budget Resolution
 - f) Financial Matters
 - i) Federal Identification Number
 - ii) Colorado State Tax Exemption Number
 - iii) PDPA Numbers
 - iv) SDA Membership
 - g) Insurance Coverage
 - i) Public Officials' Liability
 - ii) General Liability
 - iii) Workers' Compensation
 - iv) Crime Coverage
 - h) Appointment of Consultants
 - i) Legal engagement letter
 - ii) Accounting
 - iii) Management
 - iv) Engineering
- 5) Consider CORA Policy Resolution
- 6) Discuss and Consider Approval of Master Intergovernmental Agreement with the Town of Castle Rock
- 7) Consider Advance and Reimbursement Agreement with
- 8) Consider Infrastructure Acquisition Agreement with
- 9) Adoption of District seal
- 10) Other Business
- 11) Adjourn

Thereupon, Director Snow introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2017 AND ENDING ON THE LAST DAY OF DECEMBER, 2017.

WHEREAS, the Board of Directors (the "Board") of the Hillside at Castle Rock Metropolitan District (the "District") has authorized its treasurer and legal counsel to prepare and submit a proposed budget to said governing body at the proper time; and

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

WHEREAS, upon due and proper notice, posted in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held at 10:30 A.M. on Monday, January 30, 2017, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of § 29-1-301, C.R.S., and Article X, § 20 of the Colorado Constitution; 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.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, COLORADO, AS FOLLOWS:

Section 1. Summary of 2017 Revenues and 2017 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2017, as more specifically set forth in the budget attached hereto as Exhibit A, are accepted and approved.

Section 2. Adoption of Budget. That the budget as submitted, amended and attached hereto and incorporated herein, is approved and adopted as the budget of the District for fiscal year 2017.

Section 3. Certification to County Commissioners. That the District's attorney is hereby authorized and directed to immediately certify to the Board of County Commissioners of the Town of Castle Rock, County of Douglas, the mill levy for the District hereinabove determined and set. That said certification shall be in substantially the following form:

CERTIFICATION OF TAX LEVY

TO THE BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, COLORADO.

Dear Commissioners:

For the year 2017, the Board of Directors of Hillside at Castle Rock Metropolitan District hereby certifies a total levy of 0.000 mills to be extended by you upon the total assessed valuation of \$0 to produce \$0.00 in revenue.

The levies and revenues are for the following purposes:

	PURPOSE	LEVY	REVENUE
1.	General Operating Expenses	-0- mills	\$ -0-
2.	(Minus) Temporary Property Tax Credit/Temporary Mill Levy Rate Reduction	-0- mills	\$ -0-
	SUBTOTAL	-0- mills	\$ -0-
3.	General Obligation Bonds and Interest *	-0- mills	\$ -0-
4.	Contractual Obligations approved at elections	-0- mills	\$ -0-
5.	Capital Expenditures levied pursuant to § 29-1-302 (1.5), C.R.S.	-0- mills	\$ -0-
6.	Refunds/Abatements	-0- mills	\$ -0-
7.	Other	-0- mills	\$ -0-
	TOTAL	-0- mills	\$ -0-

* § 32-1-1603, C.R.S., requires special districts to "certify separate mill levies to the Board of County Commissioners, one each for funding requirements of each debt".


Contact Person: Dianne Miller

Daytime Phone: (303) 285-5320

By: Dianne Miller, Attorney for District

NOTE: Certification must be to three decimal places only. If you are located in more than one county, please list all counties here: N/A

IN WITNESS WHEREOF, I have hereunto set my hand on Monday, JANUARY
30, 2017.


Dianne Miller, Attorney for District

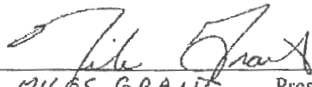
Section 4. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 5. Budget Certification. That the budget shall be certified by the Secretary/Treasurer of the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director SCHULZ.

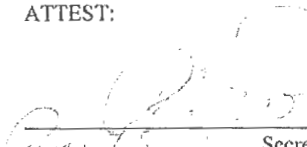
ADOPTED AND APPROVED this 30th day of January, 2017.

HILLSIDE AT CASTLE ROCK
METROPOLITAN DISTRICT



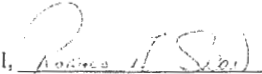
MILES GRANT, President

ATTEST:

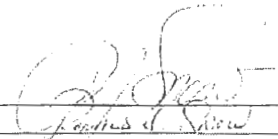


Secretary/Treasurer

STATE OF COLORADO
TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS
HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT

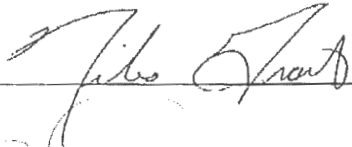
I, , hereby certify that I am a director and the duly elected and qualified Secretary/Treasurer of the Hillside at Castle Rock Metropolitan District (the "District"), and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District adopted at a meeting of the Board of Directors of the District held at 10:30 A.M. on Monday, January 30, 2017, at 7995 E. Prentice Avenue, Suite 103E, Greenwood Village, CO 80111-2710, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2017; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

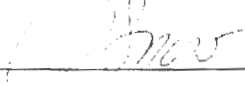
IN WITNESS WHEREOF, I have hereunto subscribed my name this 30th day of January, 2017.

, Secretary/Treasurer

ACKNOWLEDGEMENT OF NOTICE AND
APPROVAL OF RECORD OF PROCEEDINGS

We, the undersigned members of the Board of Directors of the Hillside at Castle Rock Metropolitan District, Town of Castle Rock, County of Douglas, Colorado, do hereby acknowledge receipt of proper notice of the meeting of the Board held at 10:30 A.M. on Monday, January 30, 2017, at 7995 E. Prentice Avenue, Suite 103E, Greenwood Village, CO 80111-2710, informing of the date, time and place of the meeting and the purpose for which it was called, and we do hereby approve said record of proceedings and the actions taken by the Board as stated therein.








EXHIBIT A
BUDGET DOCUMENT
HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT
2017 BUDGET

	<u>Actual 2015*</u>	<u>Estimated 2016*</u>	<u>Proposed 2017</u>
Beginning Funds Available	\$ -0-	\$ -0-	\$ -0-
Revenue:			
Property Taxes	-0-	-0-	-0-
Services	-0-	-0-	-0-
Refund	-0-	-0-	-0-
Other/Miscellaneous (Contributions)	-0-	-0-	-0-
Specific Ownership Taxes	-0-	-0-	-0-
Developer Advances	-0-	-0-	45,000
Total Revenue	<u>-0-</u>	<u>-0-</u>	<u>45,000</u>
Total Funds Available	<u>-0-</u>	<u>-0-</u>	<u>45,000</u>
Expenditures			
County Treasurer's Collection Fees	-0-	-0-	-0-
Insurance and Bonds	-0-	-0-	2,800
Accounting and Legal	-0-	-0-	40,850
Election Costs	-0-	-0-	-0-
Capital Improvements	-0-	-0-	-0-
Utilities (Public Service)	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-
Directors' Fees	-0-	-0-	-0-
Total Expenditures	<u>-0-</u>	<u>-0-</u>	<u>43,650</u>
Ending Funds Available	<u>-0-</u>	<u>-0-</u>	1,350
Emergency Reserve	-0-	-0-	1,350
MILL LEVY			
Certified Assessed Valuation	\$ -0-	-0-	-0-
Mill Levy-General	-0-	0.000	0.000
Property Taxes (est.)	-0-	-0-	-0-

*Note: Hillside at Castle Rock Metropolitan District was organized on December 19, 2016.

**HILLSIDE AT CASTLE ROCK METROPOLITAN DISTRICT
2017 BUDGET**

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

Through its Service Plan, the Hillside at Castle Rock Metropolitan District (the "District") is authorized to finance certain streets, street lighting, traffic and safety controls, sewer improvements, landscaping, and park and recreation improvements.

Revenue

Developer Advance

The primary source of funds for 2017 is developer advances.

Expenditures

Administrative Expenses

Administrative expenses have been primarily for legal services, insurance and accounting costs.

Funds Available

The District's budget exists from the developer's advances to cover the District's operations, including its administrative functions.

Accounting Method

The District prepares its budget on the modified accrual basis of accounting.