

HAMILTON CREEK METROPOLITAN DISTRICT
RESOLUTION TO ADOPT BUDGET AND APPROPRIATE REVENUES

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE HAMILTON CREEK METROPOLITAN DISTRICT, COLORADO, SETTING THE MILL LEVY AND APPROPRIATING SUMS OF MONEY FOR THE 2026 CALENDAR YEAR.

WHEREAS, the Board of Directors of the Hamilton Creek Metropolitan District has appointed Tom Oberheide, District Administrator, to prepare and submit a proposed budget to the Board of Directors at the proper time; and;

WHEREAS, Mr. Oberheide has submitted a proposed budget to this Board on September 9th, 2025, for its consideration, and;

WHEREAS, the 2025 valuation for assessment for the Hamilton Creek Metropolitan District as certified by the County Assessor, subject to a final certification adjustment by December 10th, 2025, is \$18,595,470 (adjusted to \$18,562,840 on December 10th, 2025) and;

WHEREAS, upon due and proper notice, published in accordance with the law, the proposed budget was open for inspection by the public at a public place, a public hearing was held on November 11th, 2025, and interested taxpayers were given the opportunity to file or register any objections to the proposed budget.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HAMILTON CREEK METROPOLITAN DISTRICT, COLORADO:

Section 1. That the budget as submitted and attached is approved and adopted as the budget of the Hamilton Creek Metropolitan District for 2026.

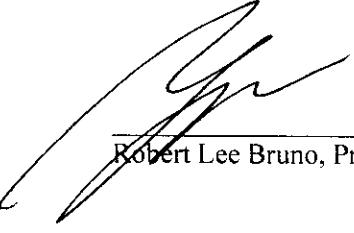
Section 2. That the budget approved and adopted shall be signed by the President of the District and made a part of the public records of the District.

Section 3. That for the purpose of meeting all bonds and interest and operating costs of the Hamilton Creek Metropolitan District during the 2026 budget year, there is levied a tax of 40.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District.

Section 4. That the President is hereby authorized and directed to immediately certify to the County Commissioners of Summit County, Colorado, the above mill levies for the Hamilton Creek Metropolitan District.

Section 5. That the sums set forth in the budget are appropriated from the revenue of each fund, to each fund, for purposes stated.

Adopted November 11th, 2025.


Robert Lee Bruno, President

Attest:



HAMILTON CREEK METROPOLITAN DISTRICT

2026 FINAL Budget Message

The Hamilton Creek Metropolitan District operates under a court approved bankruptcy plan agreed to by all bondholders in January 1990 and effective on February 1, 1990. Under the Plan, all revenues collected from ad valorem taxes, water taps, user fees, development fees and interest income go toward the payment of interest on the "New Bonds" after the District has first paid its operating expenses, bond principal and contribution to capital reserves. The principal on the Bonds was paid off December 1, 2004. There are no interest payment dates after December 1, 2004.

The District takes the position that the Tabor Amendment is a retrospective law and is not retroactive on the District's Amended Plan for Adjustment of Debt. It is the District's understanding that the spirit and intent of the Tabor Amendment is to prevent governmental entities from unnecessarily raising taxes and creating excessive and unwarranted burdens upon taxpayers. The District shares this philosophy. The District wishes to continue to provide service to its taxpayers in the most efficient and cost effective way possible without placing an unnecessary burden on them. The only viable means of promoting the health and welfare of the District is to proceed under the terms of the Plan.

Services to be delivered. The Hamilton Creek Metropolitan District is organized as a Colorado Special District. The 2026 budget includes funding to provide water service, septic system pumping, forest maintenance, road maintenance, and snow plowing.

System of accounting. The District utilizes a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual, i.e., both measurable and available. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

Fund accounting. The District reports only a General Fund. The General Fund is the District's operating fund and accounts for all financial resources of the District. The Board approved a policy to keep \$200,000 minimum in cash reserves for emergencies.

Property taxes. The mill levy for 2026 is 40 mills, the amount set by the 1990 bankruptcy ruling. The District is unsure at this time regarding how long the mill levy imposed by the ruling will apply as the principal of the bonds has been paid off and the documentation (bonds) returned by the holders.

The assessed valuation of the District is \$18,595,470 as certified by the County Assessor, subject to a final certification adjustment on December 10th, of \$18,562,840. Based on the mill levy this will realize \$743,818.80 in tax revenue (\$742,513.60 as adjusted per the final certification). The Summit County Treasurer collection fee of 5% will be \$37,190.94 (\$37,125.68 as adjusted per the final certification).

Development fees. A fee of \$5,000 is collected on the original sale of property from the developer.

A \$5,000 fee is also collected on any property on which an accessory unit (as defined and/or approved by Summit County) is built. The last developer lot was sold in 2014 and the development fee collected.

Water tap fees. Tap fees are collected prior to authorizing a building permit. Tap fees for 2026 are \$10,000. The District has 111 improved lots. There are 9 unimproved lots. The District cannot assume all of these properties will be built on as owners may abandon lot lines (subject to approval by Summit County Government), or not build on lots to provide more open space around their property. The District does not budget for any new tap fees for construction to be sold in 2026.

Bond interest and principal. The District has no outstanding bond principal after the principal payment on December 1, 2004. The principal payment was funded by US Treasury Strips purchased in 1985 from proceeds from the original bond. The 1990 bankruptcy ruling allowed the District to first pay operating expenses, bond principal and reserve a capital fund amount prior to any interest payment. Interest not paid to the bondholders is referred to as accrued interest and is paid prior to any current interest payments. As the 1990 bankruptcy ruling allows the District to operate on a "cash flow" basis, the 10th Circuit Court of Appeals held the District would never be in default as long as it operated in accordance with the plan. Language in the opinion stated the debt was perpetually escapable from contingencies in the Plan. The District no longer accrues or reflects accrued interest as a payable per the legal interpretation of the court rulings.

User fees. District customers in 2026 will be billed in arrears. The quarterly rates per residence are:

Base rate	\$ 130	
Usage from 0 to 15,000 gallons	\$ 3	per 1,000 gallons
Usage from 15,001 to 25,000 gallons	\$ 5	per 1,000 gallons
Usage from 25,001 to 40,000 gallons	\$ 10	per 1,000 gallons
Usage over 40,000 gallons	\$ 15	per 1,000 gallons

The District will provide service to 111 homes and is projected to realize \$65,000 in user fees for 2026.

Interest. All District funds are held in interest bearing accounts. Funds are transferred to a non-interest-bearing checking account as payment checks are issued. Interest is paid to the District from Summit County collection of past due property taxes.

Snow removal. The District contracts for snow removal on the main roads and designated side roads within the District. The 2026 budget for snow removal is \$80,000.

Road maintenance. The District will include all road improvement costs under the Capital Roads Expenses in 2026.

Water system maintenance. The District contracts operation of the water system to a licensed water operator. The contract includes routine water testing as required by the State of Colorado and overall supervision of the operation of the District's wells, water tank and distribution system. Maintenance work required beyond the contracted services is an additional cost. The District has used surface water from Hamilton Creek as the exclusive source of water since August 2003.

Major water system maintenance projects budgeted for 2026 include \$30,000 for routine maintenance and testing.

Forest Maintenance. Substantial portions of the area served by the Metropolitan District are forested. The District will rely on the County's chipping program to dispose of deadfall gathered by community volunteers. The budget allocated \$750 for materials for weed control which is expected to be completed by volunteers.

Utilities. The utility billing is for the cost of electricity to run the well pump and heat the pump house. The cost will fluctuate based on the water volume used by the District and the season.

Septic pumping. The District is following a schedule of pumping individual septic systems on a three-year cycle. It is anticipated this schedule may be modified in the future to reflect the year round occupancy of some District residents. There are 40 systems scheduled for pumping in 2026.

Administration. Services provided by the administrator include financial management, budget preparation and the general supervision of District operations.

Bookkeeping. Services provided by the bookkeeper include billing and financial statements.

Audit. The CPA firm of McMahan & Associates prepared the 2024 audit for the District.

Director fees. The District compensates directors \$100 for each board meeting attended. There are five directors and quarterly meetings.

Insurance. The District is a member of the Special District insurance pool that provides competitive rates on property, content, liability and public officer insurance.

Office supplies and postage. Costs are for billing, correspondence postage, Consumer Confidence Report preparation, web site maintenance and office supplies. All records of the District are being scanned and stored electronically. The District web site has public information available including budgets, board minutes and the annual audit.

Membership dues. The District belongs to the Special Districts Association of Colorado. The Association provides newsletters, seminars and lobbying efforts on behalf of special districts. Also, the insurance for the District is through a liability pool organized by the Special District Association. Membership cost is based on the District budget. The District also belongs to the Rural Water Association. This Association provides specialized information for small public water suppliers, training seminars and an annual trade show attended by representatives of the District. The District also shares cost with other entities to maintain the meter reading system infrastructure and online mapping capabilities.

Miscellaneous expenses. Bank fees and other minor expenses not allocated to other areas.

Capital Fund and Notes Payable. The District completed construction of a new water treatment facility in 2014. The facility utilizes microfiltration for water treatment. The facility was funded by existing reserves and \$600,000 in loans from residents. The loans from the residents were paid

annually with a final payment in 2018.

Capital Projects. Capital projects for 2025 include \$85,000 for water tank valve engineering and \$30,000 for water plant control upgrades. The District has appropriated \$600,000 to capital road improvement projects for 2026.

HAMILTON CREEK METRO DISTRICT
FINAL 2026 BUDGET

EXHIBIT A

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	2024 Annual Actual	2025 (Jan-Sep) Actual	2025 (Oct-Dec) Forecast	2025 Annual Budget	2025 Annual Bud to Act	2026 Preliminary Annual Budget	NOTES
Ordinary Income/Expense							
<i>Income</i>							
Legal Settlement Income	2,481.95	1,441.00	0.00	0.00	1,441.00	0.00	
Insurance Claim	0.00	0.00	0.00	0.00	0.00	0.00	
Property Tax Income	682,003.72	671,579.65	8,000.00	679,975.36	-395.71	742,513.60	Revised 11/25/2025 per final Certification of Valuation
Specific Ownership Tax Income	26,559.13	21,621.50	1,000.00	21,000.00	1,621.50	21,000.00	
Tap Fees	20,000.00	30,000.00	0.00	0.00	30,000.00	0.00	
User Fees	67,919.09	52,396.60	12,000.00	65,000.00	-603.40	65,000.00	assumes no rate increase for 2026
Late Fee Income	1,150.00	975.00	0.00	0.00	975.00	0.00	
Status Request Fees	0.00	0.00	0.00	0.00	0.00	0.00	
Total Income	800,113.89	778,013.75	21,000.00	765,975.36	33,038.39	828,513.60	
<i>Expense</i>							
<i>Administration Expense</i>							
Bookkeeping	6,808.75	5,512.50	1,611.75	7,124.25	0.00	8,400.00	
Administrator	34,375.92	26,271.90	8,757.24	35,029.14	0.00	35,764.75	2.1% increase based on July/July CPI for Denver
Office Supplies/Expenses	575.03	1,015.51	200.00	1,300.00	-84.49	1,300.00	
Bank Fees	141.00	90.00	90.00	200.00	-20.00	200.00	
Director Fees	1,900.00	1,400.00	500.00	2,000.00	-100.00	2,000.00	
Total Insurance Expense	8,151.00	8,252.00	0.00	9,000.00	-748.00	9,000.00	
Membership Dues	921.57	935.15	0.00	1,400.00	-464.85	1,400.00	
Miscellaneous	1,179.68	334.17	0.00	500.00	-165.83	500.00	
Engineering	165.00	0.00	5,000.00	5,000.00	0.00	5,000.00	
Audit	8,200.00	8,600.00	0.00	9,000.00	-400.00	9,000.00	
Legal	-1,934.50	2,353.00	1,000.00	8,000.00	-4,647.00	8,000.00	
Litigation	0.00	0.00	0.00	0.00	0.00	0.00	
Summit Co Treasurer Fees	34,092.04	33,528.73	0.00	33,998.77	-470.04	37,125.68	5% of prop tax income
<i>Operations Expense</i>							
Forest Maintenance	0.00	0.00	0.00	750.00	-750.00	750.00	
Road Maintenance	-2,103.26	0.00	0.00	0.00	0.00	0.00	all road costs moved to Capital Road expenses for 2026
Septic System Cleaning	14,010.00	25,610.00	0.00	20,000.00	5,610.00	30,000.00	based on 40 homes to be serviced in 2026
Snow Removal	99,153.50	55,996.00	25,000.00	80,000.00	996.00	80,000.00	
Internet & Telephone	2,311.12	1,852.65	1,000.00	2,700.00	152.65	2,700.00	
Utilities	11,253.61	8,938.12	4,200.00	13,000.00	138.12	13,000.00	
Maintenance	124,880.59	40,566.26	5,000.00	30,000.00	15,566.26	35,000.00	for routine operations/maintenance
Manager	59,033.52	47,943.33	14,758.34	60,804.48	1,897.19	62,628.61	3% increase per WSI current contract (which needs revision)
Total Expense	403,114.57	269,199.32	67,117.33	319,806.64	16,510.07	341,769.04	
Net Ordinary Income	396,999.32	508,814.43	-46,117.33	446,168.72	16,528.38	486,744.56	
<i>Other Income/Expense</i>							
<i>Other Income</i>							
Interest Income	62,966.82	52,139.32	10,000.00	20,000.00	42,139.32	50,000.00	
Total Other Income	62,966.82	52,139.32	10,000.00	20,000.00	42,139.32	50,000.00	
<i>Other Expense</i>							
Capital Expense							
Water System Capital	10,222.71	0.00	5,000.00	85,000.00	-80,000.00	115,000.00	\$85 Kwater tank valve engineering and repair, \$30K for Controls upgr
Road System Capital	0.00	14,925.00	300,000.00	600,000.00	-285,075.00	600,000.00	pending roads capital improvement plan
Total Capital Expense	10,222.71	14,925.00	305,000.00	685,000.00	-365,075.00	715,000.00	
Total Other Expense	10,222.71	14,925.00	305,000.00	685,000.00	-365,075.00	715,000.00	
Net Other Income	52,744.11	37,214.32	-295,000.00	-665,000.00	407,214.32	-665,000.00	
Net Income	449,743.43	546,028.75	-341,117.33	-218,831.28	423,742.70	-178,255.44	

HAMILTON CREEK METRO DISTRICT
FINAL 2026 BUDGET

EXHIBIT A

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	2024 Annual Actual	2025 (Jan-Sep) Actual	2025 (Oct-Dec) Forecast	2025 Annual Budget	2025 Annual Bud to Act	2026 Preliminary Annual Budget	NOTES
Beginning Fund Balance		1,351,254.00	1,897,282.75	613,988.18		1,556,165.42	
Ending Fund Balance	1,351,254.00	1,897,282.75	1,556,165.42	395,156.90		1,377,909.98	