

**2008 ANNUAL REPORT**

**FOR**

**BASE VILLAGE METROPOLITAN DISTRICT**

**NOS. 1-2**

**William P. Ankele, Jr.**  
**White Bear & Ankele**  
**Professional Corporation**  
**1805 Shea Center Drive**  
**Suite 100**  
**Highlands Ranch, CO 80129**

## BASE VILLAGE METROPOLITAN DISTRICT NOS. 1 - 2

### 2008 ANNUAL REPORT

Pursuant to the Amended and Restated Consolidated Service Plan for Base Village Metropolitan District No. 1 and Base Village Metropolitan District No. 2 dated October 17, 2006 (the "Service Plan"), and § 32-1-207(3), C.R.S., the Districts are required to file this Annual Report with the Town of Snowmass Village, the Division of Local Government and the State Auditor. This report shall also be deposited with the office of the Pitkin County Clerk & Recorder for public inspection.

A. District Boundaries. On April 16, 2008 the Pitkin County District Court issued an Order of Inclusion of Real Property into the boundaries of District No. 2. On June 9, 2008 the Pitkin County District Court issued an Order of Inclusion of Real Property into the boundaries of District No. 1. On June 9, 2008 the Pitkin County District Court issued an Order Excluding Real Property from the boundaries of District No. 1. On December 30, 2008 the Districts filed a current map with the Division of Local Government and Pitkin County Assessor reflecting such boundary adjustments.

B. Intergovernmental Agreements. The Districts are authorized under the Service Plan to enter into Intergovernmental Agreements with other governmental entities. During 2008, the Districts entered into the following agreements:

1. Base Village Metropolitan Districts Nos. 1 and 2 entered into an Amended and Restated District Public Improvements and Joint Financing Construction and Service Agreement dated June 25, 2008.

2. Intergovernmental Agreement by and between Base Village Metropolitan District No. 1 and Town of Snowmass Village, Colorado entered into as of May 15, 2008.

3. Amended and Restated Infrastructure Acquisition and Reimbursement Agreement entered into as of June 25, 2008 by and between Base Village Metropolitan District no. 1, Base Village Owner LLC and Base Village Metropolitan District No. 2.

4. Operations Guarantee Agreement effective July 1, 2008 by and among Base Village Metropolitan District No. 1, Base Village Metropolitan District No. 2 and Base Village Owner LLC.

5. Capital Pledge Agreement dated as of July 1, 2008 by and among Base Village Metropolitan District No. 1, Base Village Metropolitan District No. 2 and U.S. Bank National Association.

6. Letter of Credit Reimbursement Agreement (Series 2008A) dated as of July 1, 2008 by and among Base Village Metropolitan District No. 1, Base Village Metropolitan District No. 2 and U.S. Bank National Association.

7. Letter of Credit Reimbursement Agreement (Series 2008B) dated as of July 1, 2008 by and among Base Village Metropolitan District No. 1, Base Village Metropolitan District No. 2 and U.S. Bank National Association.

C. The Districts' Policies and Operations. During 2008 there were no major modifications to the policies and operations of the District.

D. Litigation. Since their inception, neither of the Districts has been involved in any litigation. Further, neither of the Districts is anticipating any litigation at the time of the submittal of this report.

E. Material Changes in Financial Status. In 2008, District No. 2 issued two series of bonds (2008 Series A Bonds and 2008 Series B Bonds) in the total amount of \$47,750,000 (the "Bonds"), pursuant to an Indenture of Trust whereby District No. 2 pledged certain revenue to the payment of the Bonds. District No. 1, District No. 2, and the Trustee for the Bonds entered into a Capital Pledge Agreement in connection with the issuance of the Bonds, whereby District No. 1 also pledged certain revenue to the payment of the Bonds.

F. Proposed Plans for 2009. With the successful issuance of 2008 Bonds, numerous components of the public infrastructure were initiated, funded and/or reimbursed in 2008, with further expenditures planned for 2009. The improvements include the following, representing in the aggregate, public expenditures for which the District budgeted a total of \$37,444,892.00:

- Skier bridges: Funnel Bridge and Skiway under Wood Road
- Trails and sidewalks: Pedestrian sidewalks
- Storm drainage improvements
- Transit center
- Conference center
- Day skier parking

G. Construction of Public Improvements. As of December 31, 2008, the Districts had reimbursed the Developer a total of \$31,705,431 for certain public improvements that were Developer funded and constructed.

H. Budget Information. The Districts have adopted budgets for the 2009 year. The Budgets, as adopted by the Boards of Directors of the Districts are attached as Exhibit A.

The foregoing Annual Report and accompanying exhibits are submitted this 1<sup>st</sup> day of April, 2009.

White, Bear & Ankele  
Professional Corporation

By 

William P. Ankele, Jr., Esq.

**EXHIBIT A**  
**2009 BUDGETS FOR**  
**BASE VILLAGE METROPOLITAN**  
**DISTRICT NOS. 1 & 2**



## Accountant's Report

Board of Directors  
Base Village Metropolitan District No. 1  
Pitkin County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures and fund balance of the Base Village Metropolitan District No. 1 for the General Fund and Capital Projects Fund for the year ending December 31, 2009, including the forecasted estimate of comparative information for the year ending December 31, 2008, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2007 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2007, as prepared by Wagner, Burke & Barnes, LLP dated September 15, 2008, wherein an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to Base Village Metropolitan District No. 1.

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
November 14, 2008

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1**

**SUMMARY**

**FORECASTED 2009 BUDGET AS ADOPTED**

**WITH 2007 ACTUAL AND 2008 ESTIMATED**

For the Years Ended and Ending December 31,

11/14/2008

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCES	\$ 14,430	\$ 113,968	\$ 67,705
REVENUE			
Transfer from Base Village #2	413,104	36,877,337	2,832,500
Investment income	10,462	9,500	4,000
Developer advance - operations	21,101	-	-
Developer advance - capital	1,054,287	37,902,793	-
Parking garage user fees	-	-	225,000
Total revenue	<u>1,498,954</u>	<u>74,789,630</u>	<u>3,061,500</u>
TRANSFERS IN	145,752	212,848	-
Total funds available	<u>1,659,136</u>	<u>75,116,446</u>	<u>3,129,205</u>
EXPENDITURES			
General			
Accounting	40,890	56,000	50,000
Audit	-	4,142	10,000
Engineering	-	90,000	20,000
Financial modeling	21,823	-	-
Insurance	4,409	9,147	20,000
Legal	232,451	306,000	130,000
Conference center operating costs	-	169,977	152,935
Parking garage maintenance	-	14,332	177,517
Organization costs	168,685	-	-
Bond issue costs	40,130	-	-
Repay developer advance	-	31,705,431	-
Repay developer advance - interest	-	117,575	-
Miscellaneous	4,605	2,000	5,000
Contingency	-	2,554	86,548
Capital outlay	886,423	42,358,735	2,100,000
Total expenditures	<u>1,399,416</u>	<u>74,835,893</u>	<u>2,752,000</u>
TRANSFERS OUT	145,752	212,848	-
Total expenditures and transfers out requiring appropriation	<u>1,545,168</u>	<u>75,048,741</u>	<u>2,752,000</u>
ENDING FUND BALANCES	\$ 113,968	\$ 67,705	\$ 377,205

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1**  
**PROPERTY TAX SUMMARY INFORMATION**  
**For the Years Ended and Ending December 31,**

11/14/2008

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ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
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**ASSESSED VALUATION**

Pitkin County			
Residential	\$ -	\$ -	\$ -
Commercial	-	2,087,650	-
State assessed	-	-	-
Vacant land	13,920	-	2,087,650
Personal property	-	-	-
	13,920	2,087,650	2,087,650
Adjustments	-	-	-
Certified Assessed Value	\$ 13,920	\$ 2,087,650	\$ 2,087,650

**MILL LEVY**

General	0.000	0.000	0.000
Debt Service	0.000	0.000	0.000
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000
Refund and abatements	0.000	0.000	0.000
Total mill levy	0.000	0.000	0.000

**PROPERTY TAXES**

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
Levied property taxes	-	-	-
Adjustments to actual/rounding	-	-	-
Budgeted property taxes	\$ -	\$ -	\$ -

**BUDGETED PROPERTY TAXES**

General	\$ -	\$ -	\$ -
Debt Service	-	-	-
	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1**  
**GENERAL FUND**  
**FORECASTED 2009 BUDGET AS ADOPTED**  
**WITH 2007 ACTUAL AND 2008 ESTIMATED**  
**For the Years Ended and Ending December 31,**

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ 14,430	\$ 113,968	\$ 67,705
<b>REVENUE</b>			
Investment income	10,462	9,500	4,000
Developer advance - operations	21,101	-	-
Transfer from Base Village #2	413,104	494,237	662,500
Parking garage user fees	-	-	225,000
Total revenue	444,667	503,737	891,500
Total funds available	459,097	617,705	959,205
<b>EXPENDITURES</b>			
Accounting	24,839	35,000	30,000
Audit	-	4,142	10,000
Insurance	4,409	9,147	20,000
Legal	165,524	100,000	100,000
Conference center operating costs	-	169,977	152,935
Parking garage maintenance	-	14,332	177,517
Miscellaneous	4,605	2,000	5,000
Contingency	-	2,554	86,548
Total expenditures	199,377	337,152	582,000
<b>TRANSFERS OUT</b>			
Capital Projects Fund	145,752	212,848	-
Total transfers out	145,752	212,848	-
Total expenditures and transfers out requiring appropriation	345,129	550,000	582,000
ENDING FUND BALANCE	\$ 113,968	\$ 67,705	\$ 377,205
EMERGENCY RESERVE	\$ 13,000	\$ 15,000	\$ 20,000

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
FORECASTED 2009 BUDGET AS ADOPTED  
WITH 2007 ACTUAL AND 2008 ESTIMATED  
For the Years Ended and Ending December 31,**

11/14/2008

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Transfer from Base Village #2	-	36,383,100	2,170,000
Developer advance - captial	1,054,287	37,902,793	-
Total revenue	1,054,287	74,285,893	2,170,000
TRANSFERS IN			
General Fund	145,752	212,848	-
Total transfers in	145,752	212,848	-
Total funds available	1,200,039	74,498,741	2,170,000
EXPENDITURES			
General			
Accounting	16,051	21,000	20,000
Legal	66,927	206,000	30,000
Engineering	-	90,000	20,000
Financial modeling	21,823	-	-
Organization costs	168,685	-	-
Bond issue costs	40,130	-	-
Repay developer advance	-	31,705,431	-
Repay developer advance - interest	-	117,575	-
Capital outlay	886,423	42,358,735	2,100,000
Total expenditures	1,200,039	74,498,741	2,170,000
Total expenditures and transfers out requiring appropriation	1,200,039	74,498,741	2,170,000
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1**  
**2009 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District was organized by Court Order in December 2004, to provide financing for the design, acquisition, installation and construction of streets, drainage, traffic and safety controls, park and recreation, transportation, and mosquito and pest control. The District's service area is located entirely within the Town of Snowmass Village (the "Town"), in Pitkin County, Colorado. Under the Consolidated Service Plan, the District is the Service District and is related to Base Village Metropolitan District No. 2 (Base Village No. 2), which serves as the Financing District. The Service District is responsible for management of the construction of all facilities and improvements and for operation and maintenance of all improvements not conveyed to the Town. The Financing District provides the funding for infrastructure improvements and the tax base needed to support ongoing operations.

The District entered into a funding agreement on July 27, 2005 with the Developer to fund operating and administrative costs and capital costs until other revenues are available to the District. The advances recognized under this agreement will bear simple interest at a rate of 8%. The construction of District facilities is expected to be financed by the issuance of bonded debt.

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

**Revenue**

**Transfer from Base Village No. 2**

Under the intergovernmental agreement, the Financing District is obligated to transfer revenues to the Service District to provide for administrative, debt service, and capital infrastructure costs.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 3%.

**Parking Garage User Fees**

Parking garage user fees have been estimated at \$225,000 for 2009. These fees are collected to offset the associated expenditures for operations and maintenance of the parking garage.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
2009 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**(Continued)**

**Expenditures**

**Administrative Expenditures**

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, insurance and other administrative expenses.

**Capital Outlay**

Anticipated expenditures for capital outlay in 2009 are detailed on page 6 of the budget.

**Debt and Leases**

The District has no outstanding debt nor any operating or capital leases.

**Reserve Funds**

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2009, as defined under TABOR.

**This information is an integral part of the accompanying forecasted budget.**



## Accountant's Report

Board of Directors  
Base Village Metropolitan District No. 2  
Pitkin County, Colorado

We have compiled the accompanying forecasted budget of revenue, expenditures, and fund balance of the Base Village Metropolitan District No. 2 for the General Fund, Debt Service Fund and Capital Projects Fund for the year ending December 31, 2009, including the forecasted estimate of comparative information for the year ending December 31, 2008, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying budget of revenue, expenditures, and fund balance or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events or circumstances occurring after the date of this report.

The actual historical information for the year 2007 is presented for comparative purposes only. Such information is taken from the Application for Exemption from Audit prepared for the year ended December 31, 2007.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to Base Village Metropolitan District No. 2.

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
November 14, 2008

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**

**SUMMARY**

**FORECASTED 2009 BUDGET AS ADOPTED  
WITH 2007 ACTUAL AND 2008 ESTIMATED**

**For the Years Ended and Ending December 31,**

11/14/2008

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCES	\$ -	\$ -	\$ 8,912,284
REVENUE			
Property taxes	414,973	495,450	662,400
Specific ownership tax	18,864	23,560	33,120
Bond Issuance	-	47,750,000	-
Investment income	17	150,000	210,100
Capital facility fee	-	396,550	23,585
Total revenue	<u>433,854</u>	<u>48,815,560</u>	<u>929,205</u>
TRANSFERS IN	-	7,350,682	-
Total funds available	<u>433,854</u>	<u>56,166,242</u>	<u>9,841,489</u>
EXPENDITURES			
General			
County Treasurer's fees	20,750	24,773	33,120
Bond issue costs	-	1,926,218	-
Contingency	-	-	9,000
Debt Service			
Paying agent fees	-	40,000	110,000
Bond principal	-	-	-
Bond interest	-	594,702	1,423,000
Letter of credit fees	-	440,246	1,053,000
Transfer to Base Village #1	413,104	36,877,337	2,832,500
Total expenditures	<u>433,854</u>	<u>39,903,276</u>	<u>5,460,620</u>
TRANSFERS OUT	-	7,350,682	-
Total expenditures and transfers out requiring appropriation	<u>433,854</u>	<u>47,253,958</u>	<u>5,460,620</u>
ENDING FUND BALANCES	\$ -	\$ 8,912,284	\$ 4,380,869

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**For the Years Ended and Ending December 31,**

11/14/2008

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ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
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**ASSESSED VALUATION**

<b>Pitkin County</b>			
Residential	\$ -	\$ 1,445,430	\$ 7,656,160
Commercial	-	3,209,450	8,133,110
State assessed	-	-	27,650
Vacant land	14,066,870	12,140,050	6,640,540
Personal property	-	-	-
	14,066,870	16,794,930	22,457,460
Adjustments	-	-	-
Certified Assessed Value	\$ 14,066,870	\$ 16,794,930	\$ 22,457,460

**MILL LEVY**

General	29.500	29.500	29.500
Debt Service	0.000	0.000	0.000
Temporary Mill Levy Reduction (pursuant to C.R.S.39-5-121)	0.000	0.000	0.000
Refund and abatements	0.000	0.000	0.000
Total mill levy	29.500	29.500	29.500

**PROPERTY TAXES**

General	\$ 414,973	\$ 495,450	\$ 662,495
Debt Service	-	-	-
Temporary Mill Levy Reduction	-	-	-
Refund and abatements	-	-	-
Levied property taxes	414,973	495,450	662,495
Adjustments to actual/rounding	-	-	(95)
Budgeted property taxes	\$ 414,973	\$ 495,450	\$ 662,400

**BUDGETED PROPERTY TAXES**

General	\$ 414,973	\$ 495,450	\$ 662,400
Debt Service	-	-	-
	\$ 414,973	\$ 495,450	\$ 662,400

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**FORECASTED 2009 BUDGET AS ADOPTED**  
**WITH 2007 ACTUAL AND 2008 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/14/2008

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
Property taxes	414,973	495,450	662,400
Specific ownership tax	18,864	23,560	33,120
Investment income	17	-	100
Total revenue	433,854	519,010	695,620
TRANSFERS IN			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers in	-	-	-
Total funds available	433,854	519,010	695,620
EXPENDITURES			
County Treasurer's fees	20,750	24,773	33,120
Transfer to Base Village #1	413,104	494,237	662,500
Total expenditures	433,854	519,010	695,620
TRANSFERS OUT			
Capital Projects Fund	-	-	-
Debt Service Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	433,854	519,010	695,620
ENDING FUND BALANCE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**FORECASTED 2009 BUDGET AS ADOPTED**  
**WITH 2007 ACTUAL AND 2008 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/14/2008

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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 6,752,284
REVENUE			
Investment income	-	80,000	200,000
Capital facility fee	-	396,550	23,585
Total revenue	-	476,550	223,585
TRANSFERS IN			
Capital Projects Fund	-	7,350,682	-
Total transfers in	-	7,350,682	-
Total funds available	-	7,827,232	6,975,869
EXPENDITURES			
Paying agent/Remarketing fees	-	40,000	110,000
Bond principal	-	-	-
Bond interest	-	594,702	1,423,000
Letter of credit fees	-	440,246	1,053,000
Contingency	-	-	9,000
Total expenditures	-	1,074,948	2,595,000
TRANSFERS OUT			
Capital Projects Fund	-	-	-
General Fund	-	-	-
Total transfers out	-	-	-
Total expenditures and transfers out requiring appropriation	-	1,074,948	2,595,000
ENDING FUND BALANCE	\$ -	\$ 6,752,284	\$ 4,380,869

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**CAPITAL PROJECTS FUND**  
**FORECASTED 2009 BUDGET AS ADOPTED**  
**WITH 2007 ACTUAL AND 2008 ESTIMATED**  
**For the Years Ended and Ending December 31,**

11/14/2008  
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	ACTUAL 2007	ESTIMATED 2008	ADOPTED 2009
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 2,160,000
REVENUE			
Bond Issuance	-	47,750,000	-
Investment income	-	70,000	10,000
Total revenue	-	47,820,000	10,000
TRANSFERS IN			
Debt Service Fund	-	-	-
General Fund	-	-	-
Total transfers in	-	-	-
Total funds available	-	47,820,000	2,170,000
EXPENDITURES			
General			
Bond issue costs	-	1,926,218	-
Transfer to Base Village #1	-	36,383,100	2,170,000
Total expenditures	-	38,309,318	2,170,000
TRANSFERS OUT			
Debt Service Fund	-	7,350,682	-
General Fund	-	-	-
Total transfers out	-	7,350,682	-
Total expenditures and transfers out requiring appropriation	-	45,660,000	2,170,000
ENDING FUND BALANCE	\$ -	\$ 2,160,000	\$ -

This financial information should be read only in connection with the accompanying accountant's report and the summary of significant assumptions.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**2009 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Services Provided**

The District was organized by Court Order in December 2004, to provide financing for the design, acquisition, installation and construction of streets, drainage, traffic and safety controls, park and recreations, transportation, and mosquito control. The District's service area is located entirely within the Town of Snowmass Village (the "Town"), in Pitkin County, Colorado. Under the Consolidated Service Plan, the District is the Financing District related to Base Village Metropolitan District No. 1 (Base Village No. 1), which serves as the Service District. The Service District is responsible for management of the construction of all facilities and improvements and for operation and maintenance of all improvements not conveyed to the Town. The Financing District provides the funding for infrastructure improvements and the tax base needed to support ongoing operations.

Operations and administrative costs of the District are funded by the Service District pursuant to an intergovernmental agreement between the two Districts. Under the intergovernmental agreement, the Service District is also responsible for coordinating the funding and construction of public improvements for the District. The District will provide the primary revenue stream for any bonds or other obligations issued to fund the public improvements.

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

**Revenue**

**Property Taxes**

Per the executed Intergovernmental Agreement (the "Agreement") between the Snowmass Village GID, Base Village No. 1 and the District, the District will levy 29.5 mills for collection year 2009 and not more than 6 mills for O&M thereafter. Any or all of the O&M mill levy can be used for the payment of debt service.

**Specific Ownership Taxes**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 5% of the property taxes collected.

**Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 3.0%.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2009 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**(Continued)**

**Capital facility fee**

A fee of \$5,150 will be collected upon the sale of each residential living unit and used to pay interest on the Bonds.

**Expenditures**

**Administrative Expenditures**

District No. 1 records all operational and administrative expenditures for the Districts.

**District No. 1 – IGA reimbursement**

Pursuant to an intergovernmental agreement between the District and District No. 1, revenues collected by the District, including net property taxes and specific ownership in the General Fund will be remitted to District No. 1. Net property taxes and specific ownership taxes remitted to District No. 1 will be used to pay operations and maintenance costs.

**Debt Service**

On July 1, 2008, the District issued Limited Tax Variable Rate Bonds Series A and B in the amount of \$47,750,000. The bonds are term bonds due on December 1, 2038, with mandatory redemption principal payments starting at \$750,000 on December 1, 2012. The Series 2008 A & B Bonds are variable rate bonds in the weekly mode that adjust based on the BMA Municipal Swap Index.

The bonds are subject to redemption prior to maturity at the option of the District on the first calendar day of any month at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the redemption date, if any, without premium. The bonds are currently remarketed in the weekly mode. Interest is payable on the first business day of each calendar month. The District may effect a change in mode to a daily, monthly, semi-annual, annual, or flexed pricing mode by giving proper notice in accordance with the provisions in the Indenture.

The bonds are secured and payable from the Pledged Revenue consisting of monies derived by the District from the following sources, net of any collection costs: (1) property tax revenues, (2) specific ownership tax revenues, (3) capital fees, (4) interest rate exchange agreement payments and (5) any other legally available moneys which the District determines, in its absolute discretion, to credit to the revenue fund. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property in the District each year in an amount sufficient to pay the principal and interest on the bonds as the same become due and payable. The maximum Required Mill Levy is 37.500 mills, adjusted for changes in the ratio of actual value to assessed value of property within the District. As of December 31, 2008, the adjusted maximum mill levy is 37.500 mills.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2009 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**(Continued)**

**Letter of Credit**

Concurrently with the issuance of the 2008A bonds and 2008B bonds, the District established an irrevocable direct pay Letter of Credit in the stated amounts of \$15,341,590 and \$32,853,206 respectively. The District is responsible for paying a semiannual facility fee for the letter of credit as defined by the terms in the Indenture and the Reimbursement Agreement.

**Interest Rate Exchange Agreement**

On July 1, 2008, the District entered into an interest rate exchange (the swap) agreement in order to hedge interest rates and protect against rising interest rates. The interest rate swap is in connection with the Series 2008 A Limited Tax Variable Rate Bonds. The terms of the swap, as set by the Master Agreement, include a fixed payment of 2.395% from the District to US Bank and a variable payment tied to the Municipal Swap Index from US Bank to the District. Payments are based on a notional amount equal to the outstanding principal balance of the Series 2008 A Limited Tax Variable Rate Bonds. The swap will terminate on June 18, 2011.

**Interest Rate Cap**

On July 1, 2008, the District entered into an interest rate cap agreement in order to hedge interest rates and protect against rising interest rates. The interest rate cap is in connection with the Series 2008 B Limited Tax Variable Rate Bonds. The terms of the cap, as set by an ISDA Master Agreement, include a cap on the variable interest rate of 5.5%. The interest rate cap will terminate on February 18, 2011.

**Capital Outlay**

Anticipated expenditures for capital outlay in 2009 are shown on page 6 of the budget.

**Debt and Leases**

The District's current debt service schedule is attached. The District has no operating or capital leases.

**Reserve Funds**

Pursuant to the intergovernmental agreement, as noted above, the revenue is remitted to District No. 1, which has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2009, as defined under TABOR.

**This information is an integral part of the accompanying forecasted budget.**

**BASE VILLAGE METROPOLITAN DISTRICT  
DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	\$ 15,200,000 Limited Tax Variable Rate Senior Bonds - Series 2008A Dated June 19, 2008 SWAP Fixed Rate 2.935% Interest Payable Monthly			\$ 32,550,000 Limited Tax Variable Rate Junior Bonds - Series 2008B Dated June 19, 2008 Variable Interest, Capped at 5.5% Interest Payable Monthly			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	-	446,120	446,120	-	976,500	976,500	-	1,422,620	1,422,620
2010	-	446,120	446,120	-	976,500	976,500	-	1,422,620	1,422,620
2011	-	446,120	446,120	-	976,500	976,500	-	1,422,620	1,422,620
2012	240,000	446,120	686,120	510,000	976,500	1,486,500	750,000	1,422,620	2,172,620
2013	255,000	439,076	694,076	540,000	961,200	1,501,200	795,000	1,400,276	2,195,276
2014	270,000	431,592	701,592	570,000	945,000	1,515,000	840,000	1,376,592	2,216,592
2015	285,000	423,667	708,667	610,000	927,900	1,537,900	895,000	1,351,567	2,246,567
2016	300,000	415,303	715,303	645,000	909,600	1,554,600	945,000	1,324,903	2,269,903
2017	320,000	406,498	726,498	685,000	890,250	1,575,250	1,005,000	1,296,748	2,301,748
2018	340,000	397,106	737,106	725,000	869,700	1,594,700	1,065,000	1,266,806	2,331,806
2019	360,000	387,127	747,127	765,000	847,950	1,612,950	1,125,000	1,235,077	2,360,077
2020	380,000	376,561	756,561	815,000	825,000	1,640,000	1,195,000	1,201,561	2,396,561
2021	405,000	365,408	770,408	860,000	800,550	1,660,550	1,265,000	1,165,958	2,430,958
2022	425,000	353,521	778,521	915,000	774,750	1,689,750	1,340,000	1,128,271	2,468,271
2023	450,000	341,047	791,047	975,000	747,300	1,722,300	1,425,000	1,088,347	2,513,347
2024	480,000	327,840	807,840	1,025,000	718,050	1,743,050	1,505,000	1,045,890	2,550,890
2025	510,000	313,752	823,752	1,090,000	687,300	1,777,300	1,600,000	1,001,052	2,601,052
2026	540,000	298,783	838,783	1,155,000	654,600	1,809,600	1,695,000	953,383	2,648,383
2027	570,000	282,934	852,934	1,225,000	619,950	1,844,950	1,795,000	902,884	2,697,884
2028	605,000	266,205	871,205	1,300,000	583,200	1,883,200	1,905,000	849,405	2,754,405
2029	640,000	248,448	888,448	1,380,000	544,200	1,924,200	2,020,000	792,648	2,812,648
2030	680,000	229,664	909,664	1,460,000	502,800	1,962,800	2,140,000	732,464	2,872,464
2031	720,000	209,706	929,706	1,545,000	459,000	2,004,000	2,265,000	668,706	2,933,706
2032	765,000	188,574	953,574	1,640,000	412,650	2,052,650	2,405,000	601,224	3,006,224
2033	810,000	166,121	976,121	1,740,000	363,450	2,103,450	2,550,000	529,571	3,079,571
2034	860,000	142,348	1,002,348	1,840,000	311,250	2,151,250	2,700,000	453,598	3,153,598
2035	910,000	117,107	1,027,107	1,950,000	256,050	2,206,050	2,860,000	373,157	3,233,157
2036	965,000	90,398	1,055,398	2,070,000	197,550	2,267,550	3,035,000	287,948	3,322,948
2037	1,025,000	62,075	1,087,075	2,190,000	135,450	2,325,450	3,215,000	197,525	3,412,525
2038	1,090,000	31,992	1,121,992	2,325,000	69,750	2,394,750	3,415,000	101,742	3,516,742
	\$ 15,200,000	\$ 9,097,326	\$ 24,297,326	\$ 32,550,000	\$ 19,920,450	\$ 52,470,450	\$ 47,750,000	\$ 29,017,776	\$ 76,767,776

This financial information should be read only in connection with the accompanying accountant's report and summary of significant assumptions.