

**2009 ANNUAL REPORT**

**FOR**

**BASE VILLAGE METROPOLITAN DISTRICT**  
**NOS. 1-2**

**April 1, 2010**

## BASE VILLAGE METROPOLITAN DISTRICT NOS. 1 - 2

### 2009 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. There were no District boundary adjustments in 2009.
- B. Intergovernmental Agreements. During 2009, the Districts entered into the following agreements:
1. First Amendment to Intergovernmental Agreement by and between Base Village Metropolitan District No. 1 and Town of Snowmass Village, Colorado entered into as of June 11, 2009 (Gap Section Reimbursement to Town).
  2. Occupancy Assessment Agreement by and between Base Village Metropolitan District No.1 and Town of Snowmass Village, Colorado entered into as of November 5, 2009.
- C. The Districts' Policies and Operations. The Districts adopted rules and regulations concerning use of the conference center in 2009. No other major changes to policies or operations occurred.
- D. Litigation. Since their inception, neither of the Districts has been involved in any litigation. None is anticipated at this time.
- E. Material Changes in Financial Status. The 2009 annual audit is in process; however, no material changes in the Districts' financial status are expected to be reported.
- F. Proposed Plans for 2010. The existing snowmelt system was recommissioned during 2010. Final payment on the completion of Bridge No. 2 was made in the summer of 2009.
- G. Construction of Public Improvements. As of December 31, 2009, the Districts had reimbursed the Developer approximately \$32,000,000 for public improvements that were Developer funded and constructed by Base Village Owner, LLC.
- H. Budget Information. The Districts have adopted budgets for the 2010 year. The Budgets, as adopted by the Boards of Directors of the Districts are attached as Exhibit A.

I. Further Information. For further information, please contact:

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

**EXHIBIT A**

**2010 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, 2010, including the forecasted estimate of comparative information for the year ending December 31, 2009, 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 2008 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2008, as prepared by Wagner, Burke & Barnes, LLP dated June 26, 2009, 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  
December 9, 2009

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1**  
**SUMMARY**  
**FORECASTED 2010 BUDGET AS ADOPTED**  
**WITH 2008 ACTUAL AND 2009 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ 113,968	\$ 341,035	\$ 445,175
REVENUES			
Developer advance	37,902,793	-	-
Interest income	8,425	1,800	1,800
Intergovernmental revenue	35,743,798	4,218,933	1,877,700
Parking fees	12,572	97,900	254,520
Conference Center income	-	2,744	65,180
Total revenues	<u>73,667,588</u>	<u>4,321,377</u>	<u>2,199,200</u>
TRANSFERS IN	120,677	-	-
Total transfers in	<u>120,677</u>	<u>-</u>	<u>-</u>
Total funds available	<u>73,902,233</u>	<u>4,662,412</u>	<u>2,644,375</u>
EXPENDITURES			
General and administration			
Accounting	56,522	79,000	50,000
Audit	4,142	8,844	9,500
Conference center operating costs	-	158,000	141,145
Contingency	-	-	100,651
Engineering	75,645	48,000	10,000
Financial modeling	3,795	11,000	5,000
Insurance	10,249	22,493	24,000
Legal	279,439	182,000	100,000
Miscellaneous	19,221	1,900	2,100
Parking garage maintenance	14,470	314,000	266,604
Repay Developer advance	31,705,431	-	-
Repay Developer advance - interest	117,575	-	-
Capital projects			
Capital outlay	41,154,032	3,392,000	1,548,900
Total expenditures	<u>73,440,521</u>	<u>4,217,237</u>	<u>2,257,900</u>
TRANSFERS OUT	120,677	-	-
Total transfers out	<u>120,677</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>73,561,198</u>	<u>4,217,237</u>	<u>2,257,900</u>
ENDING FUND BALANCES	<u>\$ 341,035</u>	<u>\$ 445,175</u>	<u>\$ 386,475</u>

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

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

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
<b>ASSESSED VALUATION - PITKIN</b>			
Residential	\$ -	\$ -	\$ 101,750
Commercial	-	-	4,344,390
Vacant land	2,087,650	2,087,650	-
	<u>2,087,650</u>	<u>2,087,650</u>	<u>4,446,140</u>
Certified Assessed Value	<u>\$ 2,087,650</u>	<u>\$ 2,087,650</u>	<u>\$ 4,446,140</u>
<b>MILL LEVY</b>			
GENERAL FUND	0.000	0.000	0.000
Total Mill Levy	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ -	\$ -	\$ -
Levied property taxes	-	-	-
Budgeted Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>BUDGETED PROPERTY TAXES</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
GENERAL FUND  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ 113,968	\$ 341,035	\$ 445,175
<b>REVENUES</b>			
Interest Income	8,425	1,800	1,800
Intergovernmental revenue	491,801	658,933	233,800
Parking fees	12,572	97,900	254,520
Conference Center income	-	2,744	65,180
Total revenues	<u>512,798</u>	<u>761,377</u>	<u>555,300</u>
Total funds available	<u>626,766</u>	<u>1,102,412</u>	<u>1,000,475</u>
<b>EXPENDITURES</b>			
General and administration			
Accounting	40,878	40,000	40,000
Audit	4,142	8,844	9,500
Conference center operating costs	-	158,000	141,145
Contingency	-	-	100,651
Insurance	10,249	22,493	24,000
Legal	92,688	112,000	30,000
Miscellaneous	2,627	1,900	2,100
Parking garage maintenance	14,470	314,000	266,604
Total expenditures	<u>165,054</u>	<u>657,237</u>	<u>614,000</u>
<b>TRANSFERS OUT</b>			
CAPITAL PROJECTS FUND	120,677	-	-
Total transfers out	<u>120,677</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>285,731</u>	<u>657,237</u>	<u>614,000</u>
ENDING FUND BALANCES	<u>\$ 341,035</u>	<u>\$ 445,175</u>	<u>\$ 386,475</u>
EMERGENCY RESERVE	<u>\$ 16,000</u>	<u>\$ 22,900</u>	<u>\$ 16,700</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
CAPITAL PROJECTS FUND  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Developer advance	37,902,793	-	-
Intergovernmental revenue	35,251,997	3,560,000	1,643,900
Total revenues	<u>73,154,790</u>	<u>3,560,000</u>	<u>1,643,900</u>
TRANSFERS IN			
GENERAL FUND	120,677	-	-
Total transfers in	<u>120,677</u>	<u>-</u>	<u>-</u>
Total funds available	<u>73,275,467</u>	<u>3,560,000</u>	<u>1,643,900</u>
EXPENDITURES			
General and administration			
Accounting	15,644	39,000	10,000
Engineering	75,645	48,000	10,000
Financial modeling	3,795	11,000	5,000
Legal	186,751	70,000	70,000
Miscellaneous	16,594	-	-
Repay Developer advance	31,705,431	-	-
Repay Developer advance - interest	117,575	-	-
Capital projects			
Capital outlay	41,154,032	3,392,000	1,548,900
Total expenditures	<u>73,275,467</u>	<u>3,560,000</u>	<u>1,643,900</u>
Total expenditures and transfers out requiring appropriation	<u>73,275,467</u>	<u>3,560,000</u>	<u>1,643,900</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
2010 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 to be financed by the issuance of bonded debt.

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

**Revenue**

**Intergovernmental revenue**

Under the intergovernmental agreement, Base Village No. 2 is obligated to transfer revenues to the Service District to provide for administrative 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 .05%.

**Parking Garage User Fees**

Parking garage user fees have been estimated at \$254,520 for 2010. These fees are collected to offset the associated expenditures for operations and maintenance of the parking garage.

**Conference Center Income**

Conference Center income has been estimated at \$65,180 for 2010. The revenue will be used to offset the associated expenditures for operations and maintenance of the conference center.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
2010 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 2010 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 2010, 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, 2010, including the forecasted estimate of comparative information for the year ending December 31, 2009, 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 2008 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2008, as prepared by Wagner, Burke & Barnes, LLP dated June 26, 2009, 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. 2.

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
December 9, 2009

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
SUMMARY  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ -	\$ 10,394,934	\$ 5,852,493
<b>REVENUES</b>			
Property taxes	495,200	662,400	1,637,200
Specific ownership taxes	21,348	22,253	81,870
System development fees	386,250	7,000	-
Interest income	119,899	51,400	40,000
Other income	-	180	-
Bond issuance	47,750,000	-	-
Total revenues	<u>48,772,697</u>	<u>743,233</u>	<u>1,759,070</u>
TRANSFERS IN	7,752,547	1,606,512	-
Total transfers in	<u>7,752,547</u>	<u>1,606,512</u>	<u>-</u>
Total funds available	<u>56,525,244</u>	<u>12,744,679</u>	<u>7,611,563</u>
<b>EXPENDITURES</b>			
General and administration			
County Treasurer's fees	24,774	33,120	11,300
Intergovernmental expenditure	35,743,798	4,218,933	1,877,700
Debt Service			
Bond interest	534,717	672,212	771,620
Contingency	-	-	7,210
County Treasurer's fees	-	-	70,570
Letter of credit fees	132,340	217,409	184,100
Paying agent/Rating fees	-	30,500	31,000
Remarketing fees	15,917	95,500	95,500
Capital projects			
Bond issue costs	1,926,217	18,000	-
Total expenditures	<u>38,377,763</u>	<u>5,285,674</u>	<u>3,049,000</u>
TRANSFERS OUT	7,752,547	1,606,512	-
Total transfers out	<u>7,752,547</u>	<u>1,606,512</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>46,130,310</u>	<u>6,892,186</u>	<u>3,049,000</u>
ENDING FUND BALANCES	<u>\$ 10,394,934</u>	<u>\$ 5,852,493</u>	<u>\$ 4,562,563</u>

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

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

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
<b>ASSESSED VALUATION - PITKIN</b>			
Residential	\$ 1,445,430	\$ 7,656,160	\$ 19,223,500
Commercial	3,209,450	8,133,110	12,252,270
Vacant land	12,140,050	6,640,540	6,108,730
State Assessed	-	27,650	53,170
	<u>16,794,930</u>	<u>22,457,460</u>	<u>37,637,670</u>
Certified Assessed Value	<u>\$ 16,794,930</u>	<u>\$ 22,457,460</u>	<u>\$ 37,637,670</u>
<b>MILL LEVY</b>			
GENERAL FUND	29.500	29.500	6.000
DEBT SERVICE FUND	0.000	0.000	37.500
Total Mill Levy	<u>29.500</u>	<u>29.500</u>	<u>43.500</u>
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 495,450	\$ 662,495	\$ 225,826
DEBT SERVICE FUND	-	-	1,411,413
Levied property taxes	495,450	662,495	1,637,239
Adjustments to actual/rounding	(250)	(95)	(39)
Budgeted Property Taxes	<u>\$ 495,200</u>	<u>\$ 662,400</u>	<u>\$ 1,637,200</u>
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 495,200	\$ 662,400	\$ 225,800
DEBT SERVICE FUND	-	-	1,411,400
	<u>\$ 495,200</u>	<u>\$ 662,400</u>	<u>\$ 1,637,200</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**FORECASTED 2010 BUDGET AS ADOPTED**  
**WITH 2008 ACTUAL AND 2009 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
<b>REVENUES</b>			
Property taxes	495,200	662,400	225,800
Specific ownership taxes	21,348	22,253	11,300
Interest Income	27	7,400	8,000
Total revenues	<u>516,575</u>	<u>692,053</u>	<u>245,100</u>
Total funds available	<u>516,575</u>	<u>692,053</u>	<u>245,100</u>
<b>EXPENDITURES</b>			
General and administration			
County Treasurer's fees	24,774	33,120	11,300
Intergovernmental expenditure	491,801	658,933	233,800
Total expenditures	<u>516,575</u>	<u>692,053</u>	<u>245,100</u>
Total expenditures and transfers out requiring appropriation	<u>516,575</u>	<u>692,053</u>	<u>245,100</u>
ENDING FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**FORECASTED 2010 BUDGET AS ADOPTED**  
**WITH 2008 ACTUAL AND 2009 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ -	\$ 6,720,882	\$ 4,216,593
<b>REVENUES</b>			
Property taxes	-	-	1,411,400
Specific ownership taxes	-	-	70,570
System development fees	386,250	7,000	-
Interest Income	68,789	28,500	24,000
Other income	-	180	-
Total revenues	<u>455,039</u>	<u>35,680</u>	<u>1,505,970</u>
<b>TRANSFERS IN</b>			
CAPITAL PROJECTS FUND	7,350,682	41,082	-
Total transfers in	<u>7,350,682</u>	<u>41,082</u>	<u>-</u>
Total funds available	<u>7,805,721</u>	<u>6,797,644</u>	<u>5,722,563</u>
<b>EXPENDITURES</b>			
Debt Service			
Bond interest	534,717	672,212	771,620
Contingency	-	-	7,210
County Treasurer's fees	-	-	70,570
Letter of credit fees	132,340	217,409	184,100
Paying agent/Rating fees	-	30,500	31,000
Remarketing fees	15,917	95,500	95,500
Total expenditures	<u>682,974</u>	<u>1,015,621</u>	<u>1,160,000</u>
<b>TRANSFERS OUT</b>			
CAPITAL PROJECTS FUND	401,865	1,565,430	-
Total transfers out	<u>-</u>	<u>1,565,430</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,084,839</u>	<u>2,581,051</u>	<u>1,160,000</u>
ENDING FUND BALANCES	<u>\$ 6,720,882</u>	<u>\$ 4,216,593</u>	<u>\$ 4,562,563</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
CAPITAL PROJECTS FUND  
FORECASTED 2010 BUDGET AS ADOPTED  
WITH 2008 ACTUAL AND 2009 ESTIMATED  
For the Years Ended and Ending December 31,**

12/9/2009

	ACTUAL 2008	ESTIMATED 2009	ADOPTED 2010
BEGINNING FUND BALANCES	\$ -	\$ 3,674,052	\$ 1,635,900
REVENUES			
Interest Income	51,083	15,500	8,000
Bond issuance	47,750,000	-	-
Total revenues	<u>47,801,083</u>	<u>15,500</u>	<u>8,000</u>
TRANSFERS IN			
DEBT SERVICE FUND	401,865	1,565,430	-
Total transfers in	<u>401,865</u>	<u>1,565,430</u>	<u>-</u>
Total funds available	<u>48,202,948</u>	<u>5,254,982</u>	<u>1,643,900</u>
EXPENDITURES			
General and administration			
Intergovernmental expenditure	35,251,997	3,560,000	1,643,900
Capital projects			
Bond issue costs	1,926,217	18,000	-
Total expenditures	<u>37,178,214</u>	<u>3,578,000</u>	<u>1,643,900</u>
TRANSFERS OUT			
DEBT SERVICE FUND	7,350,682	41,082	-
Total transfers out	<u>-</u>	<u>41,082</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>44,528,896</u>	<u>3,619,082</u>	<u>1,643,900</u>
ENDING FUND BALANCES	<u>\$ 3,674,052</u>	<u>\$ 1,635,900</u>	<u>\$ -</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2010 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 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**

The calculation of the taxes levied is displayed on page 3 of the Budget at the adopted mill levy of 43.50 mills.

**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.

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately .05%.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2010 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

**System Development 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.

**Intergovernmental expenditure**

Pursuant to an intergovernmental agreement between the District and Base Village No. 1, revenues collected by the District, including net property taxes and specific ownership taxes collected in the General Fund will be remitted to District No. 1. Bond proceeds are also transferred to Base Village No. 1 to fund capital improvement costs.

**Debt Service**

On June 19, 2008, the District issued \$47,750,000 in General Obligation Bonds dated June 19, 2008 for streets, park and recreation, fire protection and public transportation.

**\$47,750,000 General Obligation Variable Rate Bonds (Limited Tax Convertible to Unlimited Tax), Series 2008A and B, dated June 19, 2008.** 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 2008A and B Bonds are variable rate bonds in the weekly mode that adjust based on the Securities Industry and Financial Markets Association (SIFMA) 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 from the "Required Mill Levy", (2) specific ownership tax revenues, (3) capital fees, (4) interest rate exchange agreement payments; (5) amounts received from the Capital Pledge Agreement;

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2010 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**(Continued)**

(6) amounts received from the interest rate cap agreement and (7) any other legally available moneys which the District determines, in its absolute discretion, to credit to the revenue fund.

The term "Required Mill Levy" includes both a debt service mill levy and an operations mill levy component. For collections during fiscal year 2008 (derived from the levy made in December 2007), the debt service mill levy was -0- and the operations mill levy was 29.5 mills. These mill levies remained at this level for levies made in December 2008 that are collected during 2009. Beginning with the December 2009 levies to be collected in 2010, the Required Mill Levy is 37.5 mills for debt services and 6.0 mills for operations. The Required Mill Levy is subject to adjustment for changes in the ratio of actual value to assessed value of property within the District. The Consolidated Service Plan establishes certain limitations on the maximum mill levy that the District may impose for debt service, and the terms of the Bonds are subject to these limitations.

**Letter of Credit**

Concurrently with the issuance of the 2008A bonds, the District established an irrevocable direct pay Letter of Credit with U.S. Bank National Association in the stated amount of \$15,341,590. The District is responsible for paying a semiannual facility fee for the letter of credit as defined by the terms in the Indenture of Trust dated July 1, 2008 and the Letter of Credit Reimbursement Agreement dated July 1, 2008. The Letter of Credit for the 2008A bonds expires June 30, 2011.

**Swap 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 (Cap) in order to hedge and protect against rising interest rates on its Series 2008B Limited Tax Variable Rate Bonds. The terms of the Cap include an interest rate cap of 5.5%. The Cap will terminate on February 18, 2011.

**Capital Outlay**

Anticipated expenditures for capital outlay in 2010 are shown on page 6 of the budget.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2010 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**(Continued)**

**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 Base Village No. 1, which has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2010, as defined under TABOR.

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
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 2.9359% Interest Payable Monthly Principal Payable December 1			\$ 32,550,000 Limited Tax Variable Rate Junior Bonds - Series 2008B Dated June 19, 2008 Variable Interest, Capped at 5.5% Interest Payable Monthly Principal Payable December 1			Total	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
2010	-	446,120	446,120	-	325,500	325,500	-	771,620
2011	-	446,120	446,120	-	325,500	325,500	-	771,620
2012	340,000	446,120	686,120	510,000	325,500	835,500	750,000	1,571,620
2013	255,000	439,076	694,076	540,000	320,400	860,400	795,000	1,554,476
2014	270,000	431,592	701,592	570,000	315,000	885,000	840,000	1,586,592
2015	285,000	423,667	708,667	610,000	309,300	919,300	895,000	1,627,967
2016	300,000	415,303	715,303	645,000	303,200	948,200	945,000	1,663,503
2017	320,000	406,498	726,498	685,000	296,750	981,750	1,005,000	1,708,248
2018	340,000	397,106	737,106	725,000	289,900	1,014,900	1,065,000	1,752,006
2019	360,000	387,127	747,127	765,000	282,650	1,047,650	1,135,000	1,794,777
2020	380,000	376,561	756,561	815,000	275,000	1,090,000	1,195,000	1,846,561
2021	405,000	365,408	770,408	860,000	266,850	1,126,850	1,265,000	1,897,258
2022	425,000	353,521	778,521	915,000	258,250	1,173,250	1,340,000	1,951,771
2023	450,000	341,047	791,047	975,000	249,100	1,224,100	1,425,000	2,015,147
2024	480,000	327,840	807,840	1,025,000	239,350	1,264,350	1,505,000	2,072,190
2025	510,000	313,752	823,752	1,090,000	229,100	1,319,100	1,600,000	2,142,852
2026	540,000	298,783	838,783	1,155,000	218,200	1,373,200	1,695,000	2,211,983
2027	570,000	282,934	852,934	1,225,000	206,650	1,431,650	1,795,000	2,284,584
2028	605,000	266,205	871,205	1,300,000	194,400	1,494,400	1,905,000	2,365,605
2029	640,000	248,448	888,448	1,380,000	181,400	1,561,400	2,020,000	2,449,848
2030	680,000	229,664	909,664	1,460,000	167,600	1,627,600	2,140,000	2,537,264
2031	720,000	209,706	929,706	1,545,000	153,000	1,698,000	2,265,000	2,627,706
2032	765,000	188,574	953,574	1,640,000	137,550	1,777,550	2,405,000	2,731,124
2033	810,000	166,121	976,121	1,740,000	121,150	1,861,150	2,550,000	2,837,271
2034	860,000	142,348	1,002,348	1,840,000	103,750	1,943,750	2,700,000	2,946,098
2035	910,000	117,107	1,027,107	1,950,000	83,350	2,033,350	2,860,000	3,062,457
2036	965,000	90,398	1,055,398	2,070,000	65,850	2,135,850	3,035,000	3,191,248
2037	1,025,000	62,075	1,087,075	2,190,000	45,150	2,235,150	3,215,000	3,322,225
2038	1,090,000	31,992	1,121,992	2,325,000	23,250	2,348,250	3,415,000	3,470,242
	\$ 15,200,000	\$ 8,651,206	\$ 23,851,206	\$ 32,550,000	\$ 6,314,650	\$ 38,864,650	\$ 47,750,000	\$ 14,965,856
								\$ 62,715,856

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