

2010 ANNUAL REPORT

FOR

BASE VILLAGE METROPOLITAN DISTRICT

NOS. 1-2

April 1, 2011

BASE VILLAGE METROPOLITAN DISTRICT NOS. 1 - 2

2010 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 2010.
- B. Intergovernmental Agreements. During 2010, the Districts entered into the following agreements:
1. Lease Agreement (Transit Center) by and between Base Village Owner and Base Village Metropolitan District No. 1 entered into and effective as of October 28, 2010.
 2. Transit Center Joint Operating Agreement by and between Base Village Metropolitan District No. 1 and Town of Snowmass Village, Colorado entered into as of November 1, 2010.
 3. First Amendment to Letter of Credit Reimbursement Agreement by and between Base Village Metropolitan District No. 1, Base Village Metropolitan District No. 2 and U.S. Bank National Association entered into as of December 22, 2010.
- C. The Districts' Policies and Operations. No material changes to the Districts' policies and operations occurred during 2010.
- D. Litigation. The Districts were not parties to any litigation matters in 2010.
- E. Material Changes in Financial Status. The 2010 annual audit is in process; however, no material changes in the Districts' financial status are expected to be reported.
- F. Proposed Plans for 2011. The Districts will continue to operate existing retained facilities and otherwise conduct its affairs in accordance with the adopted 2011 Budget
- G. Construction of Public Improvements. Minor work on Temporary Building 7 was completed by the Districts in 2010 in accordance with discussions with the Town of Snowmass Village. In 2010 the District financially contributed to the Viceroy-to-Plaza walkway.
- H. Budget Information. The Districts have adopted budgets for the 2011 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
2154 East Commons Avenue, Suite 2000
Centennial, CO 80122
(303) 858-1800

EXHIBIT A
2011 BUDGETS FOR
BASE VILLAGE METROPOLITAN
DISTRICT NOS. 1 & 2



Accountant's Compilation Report

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

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the Base Village Metropolitan District No. 1 for the General Fund and Capital Projects Fund for the year ending December 31, 2011, including the forecasted estimate of comparative information for the year ending December 31, 2010, 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 audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. 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 and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2009 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2009, as prepared by Wagner Barnes, PC dated June 21, 2010, 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 29, 2010

Offices in 17 states and Washington, DC



BASE VILLAGE METROPOLITAN DISTRICT NO. 1
SUMMARY
FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 341,035	\$ 438,684	\$ 37,641
REVENUES			
1 Property taxes	-	-	176,277
2 Specific ownership taxes	-	-	5,290
3 Developer advance	15,980	-	55,000
4 Net investment income	1,511	400	300
5 Intergovernmental	4,109,569	594,041	1,610,651
6 Conference center revenue	2,744	14,000	40,000
7 Parking garage user fees	97,391	160,000	200,000
8 Transit center	-	1,900	8,200
Total revenues	<u>4,227,195</u>	<u>770,341</u>	<u>2,095,718</u>
Total funds available	<u>4,568,230</u>	<u>1,209,025</u>	<u>2,133,359</u>
EXPENDITURES			
General and administration			
9 Accounting	73,347	59,500	45,000
10 Audit	8,844	8,659	9,500
11 Bank service charges	-	800	800
12 Conference center operating costs	173,432	137,000	139,000
13 Contingency	-	-	7,890
14 County Treasurer's fees	-	-	8,810
15 Engineering	55,500	13,000	-
16 Financial modeling	10,449	9,000	-
17 Insurance	22,493	19,627	28,000
18 Legal	165,998	158,000	100,000
19 Meeting expenses	-	2,000	3,000
20 Miscellaneous	946	900	-
21 Parking garage operating costs	312,241	424,000	266,000
22 Professional fees	-	12,000	20,000
23 Transit center	-	26,898	113,000
Capital projects			
24 Capital outlay	3,306,296	300,000	1,366,161
Total expenditures	<u>4,129,546</u>	<u>1,171,384</u>	<u>2,107,161</u>
Total expenditures and transfers out requiring appropriation	<u>4,129,546</u>	<u>1,171,384</u>	<u>2,107,161</u>
ENDING FUND BALANCES	<u>\$ 438,684</u>	<u>\$ 37,641</u>	<u>\$ 26,198</u>
EMERGENCY RESERVE	<u>\$ 20,000</u>	<u>\$ 11,300</u>	<u>\$ 20,300</u>
TOTAL RESERVE	<u>\$ 20,000</u>	<u>\$ 11,300</u>	<u>\$ 20,300</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,**

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
ASSESSED VALUATION - PITKIN			
Residential	\$ -	\$ 101,750	\$ -
Commercial	-	4,344,390	4,049,460
Vacant land	2,087,650	-	-
State Assessed	-	-	2,890
Certified Assessed Value	<u>\$ 2,087,650</u>	<u>\$ 4,446,140</u>	<u>\$ 4,052,350</u>
MILL LEVY			
GENERAL FUND	0.000	0.000	43.500
Total Mill Levy	<u>0.000</u>	<u>0.000</u>	<u>43.500</u>
PROPERTY TAXES			
GENERAL FUND	\$ -	\$ -	\$ 176,277
Budgeted Property Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,277</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ -	\$ -	\$ 176,277
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,277</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 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 341,035	\$ 438,684	\$ 37,641
REVENUES			
1 Property taxes	-	-	176,277
2 Specific ownership taxes	-	-	5,290
3 Developer advance	-	-	55,000
4 Net investment income	1,511	400	300
5 Intergovernmental	655,604	199,541	244,490
6 Conference center revenue	2,744	14,000	40,000
7 Parking garage user fees	97,391	160,000	200,000
8 Transit center	-	1,900	8,200
Total revenues	<u>757,250</u>	<u>375,841</u>	<u>729,557</u>
Total funds available	<u>1,098,285</u>	<u>814,525</u>	<u>767,198</u>
EXPENDITURES			
General and administration			
9 Accounting	41,267	45,000	45,000
10 Audit	8,844	8,659	9,500
11 Bank service charges	-	800	800
12 Conference center operating costs	173,432	137,000	139,000
13 Contingency	-	-	7,890
14 County Treasurer's fees	-	-	8,810
15 Insurance	22,493	19,627	28,000
16 Legal	100,378	100,000	100,000
17 Meeting expenses	-	2,000	3,000
18 Miscellaneous	946	900	-
19 Parking garage operating costs	312,241	424,000	266,000
20 Professional fees	-	12,000	20,000
21 Transit center	-	26,898	113,000
Total expenditures	<u>659,601</u>	<u>776,884</u>	<u>741,000</u>
Total expenditures and transfers out requiring appropriation	<u>659,601</u>	<u>776,884</u>	<u>741,000</u>
ENDING FUND BALANCES	<u>\$ 438,684</u>	<u>\$ 37,641</u>	<u>\$ 26,198</u>
EMERGENCY RESERVE	<u>\$ 20,000</u>	<u>\$ 11,300</u>	<u>\$ 20,300</u>
TOTAL RESERVE	<u>\$ 20,000</u>	<u>\$ 11,300</u>	<u>\$ 20,300</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 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Developer advance	15,980	-	-
2 Intergovernmental	3,453,965	394,500	1,366,161
Total revenues	<u>3,469,945</u>	<u>394,500</u>	<u>1,366,161</u>
Total funds available	<u>3,469,945</u>	<u>394,500</u>	<u>1,366,161</u>
EXPENDITURES			
General and administration			
3 Accounting	32,080	14,500	-
4 Engineering	55,500	13,000	-
5 Financial modeling	10,449	9,000	-
6 Legal	65,620	58,000	-
Capital projects			
7 Capital outlay	3,306,296	300,000	1,366,161
Total expenditures	<u>3,469,945</u>	<u>394,500</u>	<u>1,366,161</u>
Total expenditures and transfers out requiring appropriation	<u>3,469,945</u>	<u>394,500</u>	<u>1,366,161</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
2011 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 entered into an Intergovernmental Agreement with Base Village No. 2 on July 25, 2007 to coordinate the construction, operation, and maintenance and financing of facilities that are intended to benefit both the District and Base Village No. 2. Serving as the Service District, the District agrees to construct, manage the financing, and operate and maintain the public facilities that the District will own.

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 estimate is based on a ratio of prior year's specific ownership taxes to property taxes as experienced by Base Village No. 2. The forecast assumes that the District's share will be equal to approximately 3% of the property taxes collected.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

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 0.5%.

Parking Garage User Fees

Parking garage user fees have been estimated at \$200,000 for 2011. These fees are collected to offset the associated expenditures for operations and maintenance of the parking garage.

Conference Center Revenue

Conference Center income has been estimated at \$40,000 for 2011. The revenue will be used to offset the associated expenditures for operations and maintenance of the conference center.

Transit Center

Transit Center income has been estimated at \$8,200 for 2011. The revenue will be used to offset the associated expenditures for operations and maintenance of the transit center.

Expenditures

Administrative and Operating Expenditures

Administrative and operating 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. Operating expenditures include the necessary costs to operate and maintain the conference center and parking garage, including management fees.

County Treasurer's Fees

County Treasurer's fees have been computed at 5% of property tax collections.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Capital Outlay

Expenditures for capital outlay are displayed on page 5 of the budget.

Debt and Leases

The District has no outstanding debt and no 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 2011, as defined under TABOR.

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



Accountant's Compilation Report

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

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances 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, 2011, including the forecasted estimate of comparative information for the year ending December 31, 2010, 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 audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. 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 and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2009 is presented for comparative purposes only. Such information is taken from the audit report of the District for the year ended December 31, 2009, as prepared by Wagner Barnes, PC dated June 21, 2010, 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
November 29, 2010

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

**FORECASTED 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,**

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 10,394,934	\$ 5,938,503	\$ 5,834,045
REVENUES			
1 Property taxes	657,713	1,450,193	1,768,009
2 Specific ownership taxes	21,344	43,581	53,040
3 Facility fees	5,150	-	-
4 Net investment income	47,726	27,630	7,000
5 Other income	180	-	-
6 Delinquent property taxes	-	-	5,000
Total revenues	<u>732,113</u>	<u>1,521,404</u>	<u>1,833,049</u>
TRANSFERS IN	<u>1,581,513</u>	-	-
Total funds available	<u>12,708,560</u>	<u>7,459,907</u>	<u>7,667,094</u>
EXPENDITURES			
General and administration			
7 County Treasurer's fees	32,995	10,131	12,193
8 Intergovernmental	4,109,569	594,041	1,610,651
Debt Service			
9 Bond interest - 2008 A	446,120	446,120	446,120
10 Bond interest - 2008 B	158,466	89,785	325,500
11 Contingency	-	-	39,176
12 County Treasurer's fees	-	63,267	76,204
13 Letter of credit fees	319,894	319,018	320,000
14 Paying agent / rating fees	8,000	8,000	8,000
15 Remarketing fees	95,500	95,500	95,500
Capital projects			
16 Bond issue costs	18,000	-	-
Total expenditures	<u>5,188,544</u>	<u>1,625,862</u>	<u>2,933,344</u>
TRANSFERS OUT	<u>1,581,513</u>	-	-
Total expenditures and transfers out requiring appropriation	<u>6,770,057</u>	<u>1,625,862</u>	<u>2,933,344</u>
ENDING FUND BALANCES	<u>\$ 5,938,503</u>	<u>\$ 5,834,045</u>	<u>\$ 4,733,750</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,

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
ASSESSED VALUATION - PITKIN			
Residential	\$ 7,656,160	\$ 19,223,500	\$ 22,785,910
Commercial	8,133,110	12,252,270	11,757,490
Vacant land	6,640,540	6,108,730	6,031,520
State Assessed	27,650	53,170	68,980
Certified Assessed Value	<u>\$ 22,457,460</u>	<u>\$ 37,637,670</u>	<u>\$ 40,643,900</u>
MILL LEVY			
GENERAL FUND	29.500	6.000	6.000
DEBT SERVICE FUND	-	37.500	37.500
Total Mill Levy	<u>29.500</u>	<u>43.500</u>	<u>43.500</u>
PROPERTY TAXES			
GENERAL FUND	\$ 662,495	\$ 225,826	\$ 243,863
DEBT SERVICE FUND	-	1,411,413	1,524,146
Levied property taxes	662,495	1,637,239	1,768,009
Adjustments to actual/rounding	(4,782)	-	-
Refund and abatements	-	(187,046)	-
Budgeted Property Taxes	<u>\$ 657,713</u>	<u>\$ 1,450,193</u>	<u>\$ 1,768,009</u>
BUDGETED PROPERTY TAXES			
GENERAL FUND	\$ 657,713	\$ 200,027	\$ 243,863
DEBT SERVICE FUND	-	1,250,166	1,524,146
	<u>\$ 657,713</u>	<u>\$ 1,450,193</u>	<u>\$ 1,768,009</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 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
1 Property taxes	657,713	200,027	243,863
2 Specific ownership taxes	21,344	6,015	7,320
3 Net investment income	9,542	3,630	500
4 Delinquent property taxes	-	-	5,000
Total revenues	688,599	209,672	256,683
Total funds available	688,599	209,672	256,683
EXPENDITURES			
General and administration			
5 County Treasurer's fees	32,995	10,131	12,193
6 Intergovernmental	655,604	199,541	244,490
Total expenditures	688,599	209,672	256,683
Total expenditures and transfers out requiring appropriation	688,599	209,672	256,683
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 6,720,882	\$ 4,181,342	\$ 4,469,384
REVENUES			
1 Property taxes	-	1,250,166	1,524,146
2 Specific ownership taxes	-	37,566	45,720
3 Facility fees	5,150	-	-
4 Net investment income	25,459	22,000	5,000
5 Other income	180	-	-
Total revenues	<u>30,789</u>	<u>1,309,732</u>	<u>1,574,866</u>
TRANSFERS IN			
CAPITAL PROJECTS FUND	19,582	-	-
Total transfers in	<u>19,582</u>	<u>-</u>	<u>-</u>
Total funds available	<u>6,771,253</u>	<u>5,491,074</u>	<u>6,044,250</u>
EXPENDITURES			
Debt Service			
6 Bond interest - 2008 A	446,120	446,120	446,120
7 Bond interest - 2008 B	158,466	89,785	325,500
8 Contingency	-	-	39,176
9 County Treasurer's fees	-	63,267	76,204
10 Letter of credit fees	319,894	319,018	320,000
11 Paying agent / rating fees	8,000	8,000	8,000
12 Remarketing fees	95,500	95,500	95,500
Total expenditures	<u>1,027,980</u>	<u>1,021,690</u>	<u>1,310,500</u>
TRANSFERS OUT			
CAPITAL PROJECTS FUND	1,561,931	-	-
Total transfers out	<u>1,561,931</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>2,589,911</u>	<u>1,021,690</u>	<u>1,310,500</u>
ENDING FUND BALANCES	<u>\$ 4,181,342</u>	<u>\$ 4,469,384</u>	<u>\$ 4,733,750</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 2011 BUDGET AS ADOPTED
WITH 2009 ACTUAL AND 2010 ESTIMATED
For the Years Ended and Ending December 31,

11/29/2010

	ACTUAL 2009	ESTIMATED 2010	ADOPTED 2011
BEGINNING FUND BALANCES	\$ 3,674,052	\$ 1,757,161	\$ 1,364,661
REVENUES			
1 Investment income	12,725	2,000	1,500
Total revenues	<u>12,725</u>	<u>2,000</u>	<u>1,500</u>
TRANSFERS IN			
DEBT SERVICE FUND	1,561,931	-	-
Total transfers in	<u>1,561,931</u>	<u>-</u>	<u>-</u>
Total funds available	<u>5,248,708</u>	<u>1,759,161</u>	<u>1,366,161</u>
EXPENDITURES			
General and administration			
2 Intergovernmental	3,453,965	394,500	1,366,161
Capital projects			
3 Bond issue costs	18,000	-	-
Total expenditures	<u>3,471,965</u>	<u>394,500</u>	<u>1,366,161</u>
TRANSFERS OUT			
DEBT SERVICE FUND	19,582	-	-
Total transfers out	<u>19,582</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>3,491,547</u>	<u>394,500</u>	<u>1,366,161</u>
ENDING FUND BALANCES	<u>\$ 1,757,161</u>	<u>\$ 1,364,661</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
2011 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 the Intergovernmental Agreement dated July 25, 2007 between the two Districts. Under the 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 43.500 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 estimate is based on a ratio of prior year's specific ownership taxes to property taxes. The forecast assumes that the District's share will be equal to approximately 3% 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 0.5%.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2011 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.

County Treasurer's Fees

County Treasurer's fees are approximately 5% of property tax collections.

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

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; (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. Beginning with the December 2009 levies (to be collected in 2010), the Required Mill Levy is 37.5 mills for debt service 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 and 2008B bonds, the District established an irrevocable direct pay Letter of Credit with U.S. Bank National Association 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 of Trust dated July 1, 2008 and the Letter of Credit Reimbursement Agreement dated July 1, 2008. The Letter of Credit expires on June 30, 2011 for the 2008A bonds and February 18, 2011 for the 2008B bonds.

Swap Agreement

On July 1, 2008, the District entered into an interest rate swap agreement in order to lock in interest rates and protect against rising interest rates. The interest rate swap is in connection with the Series 2008A General Obligation Bonds. The terms of the swap, as set by the Master Agreement, include a fixed payment of 2.935% from the District to U.S. Bank and a variable payment tied to the Municipal Swap Index from U.S. Bank to the District. Payments are based on a notional amount equal to the outstanding principal balance of the Series 2008A General Obligation 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 Pledge Agreement

On July 1, 2008, the District entered into an agreement (the Capital Pledge Agreement) with Base Village No. 1 and U.S. Bank in connection with the issuance of the District's Series 2008A and 2008B bonds. Subject to certain conditions, including the levy by the District of the

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2011 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

(Continued)

Required Mill Levy associated with the bonds, the Capital Pledge Agreement requires the levy by District No. 1 of up to 43.5 mills annually to support debt service on the bonds. For the year ended December 31, 2011, the District does not require a capital levy from District No. 1 to support debt service based on the current forecast. Should District No. 1 be required to impose a capital levy, the amount of revenue generated from 43.5 mills is approximately \$176,000.

Remarketing Fees

In connection with the Series 2008A and 2008B bonds, the District pays remarketing fees. The anticipated fees for 2011 are \$30,400 and \$65,100 for the 2008A and 2008B bonds, respectively.

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 2011, as defined under TABOR.

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS
\$15,200,000 Limited Tax General Obligation
Variable Rate Bonds, Series 2008A
Based on SWAP Fixed Rate of 2.935%

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 446,120	\$ 446,120
2012	240,000	446,120	686,120
2013	255,000	439,076	694,076
2014	270,000	431,592	701,592
2015	285,000	423,667	708,667
2016	300,000	415,303	715,303
2017	320,000	406,498	726,498
2018	340,000	397,106	737,106
2019	360,000	387,127	747,127
2020	380,000	376,561	756,561
2021	405,000	365,408	770,408
2022	425,000	353,521	778,521
2023	450,000	341,047	791,047
2024	480,000	327,840	807,840
2025	510,000	313,752	823,752
2026	540,000	298,783	838,783
2027	570,000	282,934	852,934
2028	605,000	266,205	871,205
2029	640,000	248,448	888,448
2030	680,000	229,664	909,664
2031	720,000	209,706	929,706
2032	765,000	188,574	953,574
2033	810,000	166,121	976,121
2034	860,000	142,348	1,002,348
2035	910,000	117,107	1,027,107
2036	965,000	90,398	1,055,398
2037	1,025,000	62,075	1,087,075
2038	1,090,000	31,992	1,121,992
	<u>\$ 15,200,000</u>	<u>\$ 8,205,086</u>	<u>\$ 23,405,086</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
SCHEDULE OF DEBT SERVICE REQUIREMENTS
\$32,550,000 Limited Tax
Variable Rate Bonds, Series 2008B
Based on interest rate of 1%

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 325,500	\$ 325,500
2012	510,000	325,500	835,500
2013	540,000	320,400	860,400
2014	570,000	315,000	885,000
2015	610,000	309,300	919,300
2016	645,000	303,200	948,200
2017	685,000	296,750	981,750
2018	725,000	289,900	1,014,900
2019	765,000	282,650	1,047,650
2020	815,000	275,000	1,090,000
2021	860,000	266,850	1,126,850
2022	915,000	258,250	1,173,250
2023	975,000	249,100	1,224,100
2024	1,025,000	239,350	1,264,350
2025	1,090,000	229,100	1,319,100
2026	1,155,000	218,200	1,373,200
2027	1,225,000	206,650	1,431,650
2028	1,300,000	194,400	1,494,400
2029	1,380,000	181,400	1,561,400
2030	1,460,000	167,600	1,627,600
2031	1,545,000	153,000	1,698,000
2032	1,640,000	137,550	1,777,550
2033	1,740,000	121,150	1,861,150
2034	1,840,000	103,750	1,943,750
2035	1,950,000	85,350	2,035,350
2036	2,070,000	65,850	2,135,850
2037	2,190,000	45,150	2,235,150
2038	2,325,000	23,250	2,348,250
	<u>\$ 32,550,000</u>	<u>\$ 5,989,150</u>	<u>\$ 38,539,150</u>

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