

**2016 ANNUAL REPORT**

**FOR**

**BASE VILLAGE METROPOLITAN DISTRICT**

**NOS. 1-2**

**May, 2017**

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

### **2016 ANNUAL REPORT**

Pursuant to the Amended and Restated Consolidated Service Plan for Base Village Metropolitan District No. 1 (“District No. 1”) and Base Village Metropolitan District No. 2 (“District No. 2”) (collectively, “the Districts”) 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 Pitkin County Board of County Commissioners, 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. This report is being submitted after the standard April 1<sup>st</sup> submittal date per a requested extension approved by Town staff.

A. District Boundaries. The Districts have previously obtained District Court Orders providing for the designation of commercial condominium units to be taxed within District No. 1, upon recordation of condominium maps following completion of construction. The Building 13 Condominium Map (for the Viceroy) was recorded in the Pitkin County Records on November 4, 2010, as amended by a First Amendment recorded in the Pitkin County Records on December 10, 2012. On December 8, 2016, Court Orders were issued declaring the commercial condominium units within Building 13 to be within the taxing boundaries of District No. 1.

B. Intergovernmental Agreements. The Districts had previously entered into that certain Amended and Restated District Public Financing, Construction and Service Agreement, dated June 28, 2008, (the “Prior IGA”) which set forth the relationship between the Districts in relation to the construction of public improvements within the Districts, as well as the operation and maintenance of the public improvements and the administration of the Districts. In 2016, District No. 2 restructured and refinanced its existing indebtedness, and related to such restructuring, the Districts terminated the Prior IGA and entered into that certain Operation, Maintenance and Administrative Services agreement by and between District No. 1 and District No. 2, dated November 28, 2016 to reflect the restructured financial obligations of the Districts which resulted from the restructuring and refinancing of District No.2’s indebtedness.

The Districts further entered into that certain Capital Pledge Agreement, dated December 22, 2016, pursuant to which District No. 1 is obligated to levy certain ad valorem property taxes and pay the proceeds thereof to District No. 2 for payment of a portion of its obligations under its restructured debt.

District No. 1 and District No. 2 also entered into that certain Exclusion Agreement, dated November 28, 2016, by and among District No. 1, District No. 2 and Snowmass Ventures, LLC, which sets forth obligations on the part of the parties related cooperation and coordination to ensure that future commercial condominium units are assigned to the taxing boundary of District No. 1 as contemplated by the common plan of finance between the Districts.

C. The Districts' Policies and Operations. During 2016, the Districts’ policies and operations remained substantially in accord with prior years. See additional discussion regarding ongoing funding of operations and administrative costs in Part E hereof.

D. Litigation. The Districts were not parties to any litigation matters in 2016. A recall effort was initiated by certain District No. 2 property owners in late fall 2016 seeking to recall the Board members on the District No. 1 and District No. 2 Board. Prior to the filing of a recall petition, East West Partners, representing the purchasers of the project, had represented their intention to transfer all seats on the District No. 2 Board to eligible electors within District No. 2 (District No. 2 property owners were ineligible to occupy seats on the District No. 1 Board). One petition was filed, but it was not signed by an eligible elector of District No. 2 and was rejected. On February 22, 2017, the last existing Board member of District No. 2 resigned, following the appointment of one eligible elector who had expressed an interest in serving on the Board. Efforts continue to locate other District No. 2 eligible electors to fill additional vacancies on the District No. 2 Board.

E. Material Changes in Financial Status. The 2016 annual audit is in process and the Audit Report will be furnished following approval. See **Exhibit A** for a copy of the Districts' 2017 budgets.

District No. 2 issued its General Obligation Limited Tax Refunding Bonds, Series 2016A, in the amount of \$31,360,000 and its Subordinate General Obligation Limited Tax Refunding Bonds, Series 2016B in the amount of \$13,330,000, both on December 22, 2016, to restructure and refinance District No.2's debt existing at that time.

The Series 2016A Bonds mature on December 1, 2046 and bear interest ranging from 5.5% to 5.75%. The Series 2016B Bonds mature on December 15, 2048 and bear interest at the rate of 6.5%. Any amounts due and unpaid on the 2016B Bonds at the maturity date are discharged.

As part of the restructure of District No. 2's debt, District No. 1 assumed sole responsibility for the repayment of \$9,226,576 (as of December 20, 2016) in previously-incurred public infrastructure costs, relieving District No. 2 from any obligation to fund such costs. Additionally, District No. 1 will become solely obligated to fund operations and administrative costs at such time as District No. 1 can fund such costs from a mill levy of 43.5 mills. Prior to that time, District No. 2 is obligated to levy a maximum of 6 mills (less if the District No. 1 mill levy generates enough revenue to allow the District No. 2 levy to be reduced).

For a comparison of the debt structure before the restructuring and after, please see **Exhibit B** attached hereto.

F. Proposed Plans for 2017. The Districts will continue to conduct its affairs in accordance with the adopted 2017 Budget. As discussed above in Part E, the objective is for District No. 1 to become self-sufficient relative to funding of operations and administrative costs and for District No. 2 to be relieved from these costs.

G. Construction of Public Improvements. The Districts undertook no construction projects in 2016.

H. Budget Information. The Districts have adopted budgets for the 2017 year. The Budgets, as adopted by the Boards of Directors of the Districts are attached as **Exhibit A**. Note

that, to the extent District No. 1 does not have sufficient revenue to fund operations and administrative costs when combined with 6 mills from District No. 2, the developer is obligated to fund any such shortfalls. See page 4 of District No. 1's budget, attached hereto as **Exhibit A**. For District No. 2, it is anticipated that any shortfalls in its ability to meet its debt service requirement for 2017 will be funded through payments made out of the surplus fund established as part of the closing of the 2016 bonds, in accordance with the District's financing plan. See page 5 of District No. 2's budget.

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

Sarah Hunsche, CPA, Sr. Manager  
CliftonLarsonAllen, LLP  
8390 E. Crescent Parkway, Suite 500  
Greenwood Village, CO 80111  
303-779-5710  
[Sarah.hunsche@claconnect.com](mailto:Sarah.hunsche@claconnect.com)

**EXHIBIT A**  
**2017 BUDGETS FOR**  
**BASE VILLAGE METROPOLITAN**  
**DISTRICT NOS. 1 & 2**



**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
CLAAconnect.com

**Accountant's Compilation Report**

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

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Base Village Metropolitan District No. 1 for the year ending December 31, 2017, including the estimate of comparative information for the year ending December 31, 2016, and the actual comparative information for the year ending December 31, 2015, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

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

Greenwood Village, Colorado  
January 24, 2017

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
SUMMARY  
2017 BUDGET AS ADOPTED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

1/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 211,511	\$ 139,108	\$ 5,996
REVENUES			
1 Property taxes	124,328	114,600	112,268
2 Specific ownership taxes	3,954	3,440	3,370
3 Developer advance	85,000	176,000	143,000
4 Net investment income	1,244	1,675	2,000
5 Other income	541	-	-
6 Intergovernmental - D#2	220,106	217,701	215,956
7 Transit center	181	607	15,929
8 Parking garage user fees	421,965	407,741	419,973
9 Conference Center	25,000	25,000	25,000
Total revenues	<u>882,319</u>	<u>946,764</u>	<u>937,496</u>
Total funds available	<u>1,093,830</u>	<u>1,085,872</u>	<u>943,492</u>
EXPENDITURES			
10 General and administration			
11 Accounting	31,429	42,000	38,000
12 Administrative fee	25,000	25,000	25,750
13 Audit	9,300	9,700	10,000
14 Bank service charges	547	700	700
15 Conference center operating charges	120,185	117,966	126,788
16 Contingency	-	-	8,946
17 County Treasurer's fees	6,216	5,730	5,613
18 Insurance	41,471	43,110	45,200
19 Legal	52,314	73,000	40,000
20 Miscellaneous	-	76	-
21 Parking garage operating costs	400,141	428,718	401,525
22 Transit center	180,068	208,256	207,478
23 Utilities	3,051	8,000	8,000
24 Debt service			
25 Repay developer advance	85,000	-	-
26 Capital projects			
27 Parking system	-	117,620	-
Total expenditures	<u>954,722</u>	<u>1,079,876</u>	<u>918,000</u>
Total expenditures and transfers out requiring appropriation	<u>954,722</u>	<u>1,079,876</u>	<u>918,000</u>
ENDING FUND BALANCES	<u>\$ 139,108</u>	<u>\$ 5,996</u>	<u>\$ 25,492</u>
EMERGENCY RESERVE	<u>\$ 24,000</u>	<u>\$ 23,200</u>	<u>\$ 23,900</u>
TOTAL RESERVE	<u>\$ 24,000</u>	<u>\$ 23,200</u>	<u>\$ 23,900</u>

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

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

1/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
<b>ASSESSED VALUATION - PITKIN</b>			
Commercial	\$ 2,854,680	\$ 2,631,070	\$ 2,576,140
State Assessed	3,440	3,410	4,740
Certified Assessed Value	\$ 2,858,120	\$ 2,634,480	\$ 2,580,880
<b>MILL LEVY</b>			
GENERAL FUND	43.500	43.500	43.500
Total Mill Levy	43.500	43.500	43.500
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 124,328	\$ 114,600	\$ 112,268
Budgeted Property Taxes	\$ 124,328	\$ 114,600	\$ 112,268
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 124,328	\$ 114,600	\$ 112,268
	\$ 124,328	\$ 114,600	\$ 112,268

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1**  
**GENERAL FUND**  
**2017 BUDGET AS ADOPTED**  
**WITH 2015 ACTUAL AND 2016 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 8,891	\$ 21,488	\$ 5,996
<b>REVENUES</b>			
1 Property taxes	124,328	114,600	112,268
2 Specific ownership taxes	3,954	3,440	3,370
3 Developer advance	85,000	176,000	143,000
4 Net investment income	1,244	1,675	2,000
5 Other income	541	-	-
6 Intergovernmental - D#2	220,106	217,701	215,956
7 Transit center	181	607	15,929
8 Parking garage user fees	421,965	407,741	419,973
9 Conference Center	25,000	25,000	25,000
Total revenues	882,319	946,764	937,496
Total funds available	891,210	968,252	943,492
<b>EXPENDITURES</b>			
General and administration			
10 Accounting	31,429	42,000	38,000
11 Administrative fee	25,000	25,000	25,750
12 Audit	9,300	9,700	10,000
13 Bank service charges	547	700	700
14 Conference center operating charges	120,185	117,966	126,788
15 Contingency	-	-	8,946
16 County Treasurer's fees	6,216	5,730	5,613
17 Insurance	41,471	43,110	45,200
18 Legal	52,314	73,000	40,000
19 Miscellaneous	-	76	-
20 Parking garage operating costs	400,141	428,718	401,525
21 Transit center	180,068	208,256	207,478
22 Utilities	3,051	8,000	8,000
Total expenditures	869,722	962,256	918,000
Total expenditures and transfers out requiring appropriation	869,722	962,256	918,000
ENDING FUND BALANCES	\$ 21,488	\$ 5,996	\$ 25,492
EMERGENCY RESERVE	\$ 24,000	\$ 23,200	\$ 23,900
TOTAL RESERVE	\$ 24,000	\$ 23,200	\$ 23,900

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1**  
**CAPITAL PROJECTS FUND**  
**2017 BUDGET AS ADOPTED**  
**WITH 2015 ACTUAL AND 2016 ESTIMATED**  
**For the Years Ended and Ending December 31,**

1/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 202,620	\$ 117,620	\$ -
REVENUES			
Total revenues	-	-	-
Total funds available	202,620	117,620	-
EXPENDITURES			
General and administration			
1 Contingency	-	-	-
Debt Service			
2 Repay developer advance	85,000	-	-
Capital projects			
3 Parking system	-	117,620	-
Total expenditures	85,000	117,620	-
Total expenditures and transfers out requiring appropriation	85,000	117,620	-
ENDING FUND BALANCES	\$ 117,620	\$ -	\$ -

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
2017 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. Together, the Districts are parties to an Operation, Maintenance and Administrative Services Agreement (the "Operations Agreement") dated as of November 28, 2016 and effective as of the date of issuance of Base Village No. 2 Series 2016A and Series 2016B Bonds on December 22, 2016.

The Operations Agreement replaces an Amended and Restated District Public Improvements Joint Financing, Construction, and Service Agreement dated June 25, 2008. The Operations Agreement establishes certain rights and obligations of the Districts with respect to the provision of operations, maintenance and administrative services of the Districts. The Operations Agreement obligates District No. 1 to continue to serve as the administrative agent for District No. 2 with respect to statutory annual requirements that are required of District No. 2, and also to operate and maintain public infrastructure owned by District No. 1 and/or as to which District No. 1 has operations and maintenance responsibilities pursuant to easements or other property interests. The Operations Agreement will obligate District No. 2 to levy six mills until such time as the District No. 1 mill levy is sufficient to meet a single year's operations, maintenance and administrative expenses, at which point District No. 2 will no longer be obligated to fund any such expenses.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

**Revenues**

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

For collection year 2017, the District adopted a total mill levy of 43.500 mills for operations. The calculation of the taxes levied is displayed on page 3 of the budget.

**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 the District. The budget assumes that the District's share will be equal to approximately 3% of the property taxes collected.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 1  
2017 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

**Intergovernmental Revenue**

Under the Operations Agreement, Base Village No. 2 is anticipated to transfer revenues to the District to provide for administrative and operations costs.

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.50%.

**Parking Garage User Fees**

These fees are collected to offset the associated expenditures for operations and maintenance of the parking garage.

**Conference Center Revenue**

The revenue will be used to offset the associated expenditures for operations and maintenance of the conference center.

**Transit Center**

The revenue will be used to offset the associated expenditures for operations and maintenance of the transit center.

**Developer Advance**

In 2017, Developer advances are expected to fund a portion of the general fund expenditures. Developer advances are to be recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to issue bonds to reimburse the Developer.

**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  
2017 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases**

**Capital Pledge Agreement**

The District entered into a Capital Pledge Agreement with Base Village No. 2 on December 22, 2016 by which the District has pledged the Capital Levy Revenue to the District for payment of District No. 2's Bonds (subject to the limitations of the Capital Pledge Agreement). The District will impose a capital levy each year in the number of mills necessary to produce the Capital Levy Revenue in an amount at least equal to the amount required to cover the annual Shortfall (defined below) through a pledge of the Capital Levy Revenue to Base Village No. 2. The Capital Levy shall not exceed 43.5 mills, as adjusted. The Capital Levy Revenue includes the property tax revenue derived from the imposition of the Capital Levy plus specific ownership tax revenue allocable to such Capital Levy, less costs of collection.

The pledge of the Capital Levy Revenue secures the obligation of the District to make Shortfall payments (defined below) in accordance with the Capital Pledge Agreement. The annual Shortfall is determined when the sum of the District No. 2 Required Mill Levy, the proportionate share of Specific Ownership Taxes, the Capital Facility Fees received, and the moneys in the Surplus Fund in excess of \$1,000,000, are less than the Senior Debt Service Requirements for the same Bond Year. Such insufficiency shall constitute a "Shortfall" and a Shortfall shall be deemed to occur with respect to such Bond Year. No Shortfall payment is anticipated from the District in 2017.

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 2017, as defined under TABOR.

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



**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
CLAconnect.com

**Accountant's Compilation Report**

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

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Base Village Metropolitan District No. 2 for the year ending December 31, 2017, including the estimate of comparative information for the year ending December 31, 2016, and the actual comparative information for the year ending December 31, 2015, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

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

Greenwood Village, Colorado  
January 24, 2017



An independent member of Nexia International

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**SUMMARY**  
**2017 BUDGET AS ADOPTED**  
**WITH 2015 ACTUAL AND 2016 ESTIMATED**  
**For the Years Ended and Ending December 31,**

01/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 1,258,879	\$ 1,269,357	\$ 12,384,866
REVENUES			
1 Property taxes	1,616,778	1,609,281	1,596,878
2 Specific ownership taxes	56,607	48,280	47,910
3 Net investment income	5,124	8,670	15,100
4 Bond issuance	-	44,590,000	-
5 Capital facility fees	72,100	30,900	175,100
6 Bond premium	-	60,567	-
Total revenues	<u>1,750,609</u>	<u>46,347,698</u>	<u>1,834,988</u>
Total funds available	<u>3,009,488</u>	<u>47,617,055</u>	<u>14,219,854</u>
EXPENDITURES			
7 General and administration			
8 County Treasurer's fees	11,167	11,099	11,013
9 Intergovernmental	220,106	217,701	215,956
10 Debt service			
11 Bond interest 2016A	-	-	1,664,855
12 Contingency	-	-	3,314
13 Cost of issuance	-	1,241,984	-
14 County Treasurer's fees	69,798	69,366	68,831
15 Loan interest 2013 A	600,850	581,940	-
16 Loan interest 2013 B	215,210	-	-
17 Loan principal 2013 A	620,000	635,000	-
18 Paying agent fees	3,000	6,000	8,000
19 Refunding payment - 2013A	-	18,477,817	-
20 Refunding payment - 2013B	-	13,991,282	-
Total expenditures	<u>1,740,131</u>	<u>35,232,189</u>	<u>1,971,969</u>
Total expenditures and transfers out requiring appropriation	<u>1,740,131</u>	<u>35,232,189</u>	<u>1,971,969</u>
ENDING FUND BALANCES	<u>\$ 1,269,357</u>	<u>\$ 12,384,866</u>	<u>\$ 12,247,885</u>
2013A LOAN RESERVE	\$ 1,246,000	\$ -	\$ -
2016A BOND RESERVE	-	654,168	654,168
2016 PROCEEDS - FUTURE RFND 2013B	-	9,686,535	9,686,535
SURPLUS FUND	-	2,000,000	1,907,182
TOTAL RESERVE	<u>\$ 1,246,000</u>	<u>\$ 12,340,703</u>	<u>\$ 12,247,885</u>

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

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

01/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
<b>ASSESSED VALUATION - PITKIN</b>			
Residential	\$ 18,420,770	\$ 17,757,550	\$ 17,759,500
Commercial	11,420,830	11,912,710	11,624,720
Industrial	-	460	10
Vacant Land	7,231,500	7,230,260	7,230,260
Personal Property	94,220	93,970	95,350
Certified Assessed Value	<u>\$ 37,167,320</u>	<u>\$ 36,994,950</u>	<u>\$ 36,709,840</u>
<b>MILL LEVY</b>			
GENERAL FUND	6.000	6.000	6.000
DEBT SERVICE FUND	37.500	37.500	37.500
Total Mill Levy	<u>43.500</u>	<u>43.500</u>	<u>43.500</u>
<b>PROPERTY TAXES</b>			
GENERAL FUND	\$ 223,004	\$ 221,970	\$ 220,259
DEBT SERVICE FUND	1,393,775	1,387,311	1,376,619
Levied property taxes	<u>1,616,779</u>	<u>1,609,281</u>	<u>1,596,878</u>
Adjustments to actual/rounding	(1)	-	-
Budgeted Property Taxes	<u>\$ 1,616,778</u>	<u>\$ 1,609,281</u>	<u>\$ 1,596,878</u>
<b>BUDGETED PROPERTY TAXES</b>			
GENERAL FUND	\$ 223,115	\$ 221,970	\$ 220,259
DEBT SERVICE FUND	1,393,663	1,387,311	1,376,619
	<u>\$ 1,616,778</u>	<u>\$ 1,609,281</u>	<u>\$ 1,596,878</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
GENERAL FUND  
2017 BUDGET AS ADOPTED  
WITH 2015 ACTUAL AND 2016 ESTIMATED  
For the Years Ended and Ending December 31,**

01/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
<b>REVENUES</b>			
1 Property taxes	223,115	221,970	220,259
2 Specific ownership taxes	7,808	6,660	6,610
3 Net investment income	350	170	100
Total revenues	231,273	228,800	226,969
Total funds available	231,273	228,800	226,969
<b>EXPENDITURES</b>			
General and administration			
4 County Treasurer's fees	11,167	11,099	11,013
5 Intergovernmental	220,106	217,701	215,956
Total expenditures	231,273	228,800	226,969
Total expenditures and transfers out requiring appropriation	231,273	228,800	226,969
ENDING FUND BALANCES	\$ -	\$ -	\$ -

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2017 BUDGET AS ADOPTED**  
**WITH 2015 ACTUAL AND 2016 ESTIMATED**  
**For the Years Ended and Ending December 31,**

01/24/2017

	ACTUAL 2015	ESTIMATED 2016	ADOPTED 2017
BEGINNING FUND BALANCES	\$ 1,258,879	\$ 1,269,357	\$ 12,384,866
<b>REVENUES</b>			
1 Property taxes	1,393,663	1,387,311	1,376,619
2 Specific ownership taxes	48,799	41,620	41,300
3 Net investment income	4,774	8,500	15,000
4 Bond issuance	-	44,590,000	-
5 Capital facility fees	72,100	30,900	175,100
6 Bond premium	-	60,567	-
Total revenues	<u>1,519,336</u>	<u>46,118,898</u>	<u>1,608,019</u>
Total funds available	<u>2,778,215</u>	<u>47,388,255</u>	<u>13,992,885</u>
<b>EXPENDITURES</b>			
Debt service			
7 Bond interest 2016A	-	-	1,664,855
8 Contingency	-	-	3,314
9 Cost of issuance	-	1,241,984	-
10 County Treasurer's fees	69,798	69,366	68,831
11 Loan interest 2013 A	600,850	581,940	-
12 Loan interest 2013 B	215,210	-	-
13 Loan principal 2013 A	620,000	635,000	-
14 Paying agent fees	3,000	6,000	8,000
15 Refunding payment - 2013A	-	18,477,817	-
16 Refunding payment - 2013B	-	13,991,282	-
Total expenditures	<u>1,508,858</u>	<u>35,003,389</u>	<u>1,745,000</u>
Total expenditures and transfers out requiring appropriation	<u>1,508,858</u>	<u>35,003,389</u>	<u>1,745,000</u>
ENDING FUND BALANCES	<u>\$ 1,269,357</u>	<u>\$ 12,384,866</u>	<u>\$ 12,247,885</u>
2013A LOAN RESERVE	\$ 1,246,000	\$ -	\$ -
2016A BOND RESERVE	-	654,168	654,168
2016 PROCEEDS - FUTURE RFND 2013B	-	9,686,535	9,686,535
SURPLUS FUND	-	2,000,000	1,907,182
TOTAL RESERVE	<u>\$ 1,246,000</u>	<u>\$ 12,340,703</u>	<u>\$ 12,247,885</u>

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**2017 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. Together, the Districts are parties to an Operation, Maintenance and Administrative Services Agreement (the "Operations Agreement") dated as of November 28, 2016 and effective as of the date of issuance of the District's Series 2016A and Series 2016B Bonds on December 22, 2016.

The Operations Agreement replaces an Amended and Restated District Public Improvements Joint Financing, Construction, and Service Agreement dated June 25, 2008. The Operations Agreement establishes certain rights and obligations of the Districts with respect to the provision of operations, maintenance and administrative services of the Districts. The Operations Agreement obligates District No. 1 to continue to serve as the administrative agent for District No. 2 with respect to statutory annual requirements that are required of District No. 2, and also to operate and maintain public infrastructure owned by District No. 1 and/or as to which District No. 1 has operations and maintenance responsibilities pursuant to easements or other property interests. The Operations Agreement will obligate District No. 2 to levy six mills until such time as the District No. 1 mill levy is sufficient to meet a single year's operations, maintenance and administrative expenses, at which point District No. 2 will no longer be obligated to fund any such expenses.

The District has no employees and all administrative functions are contracted.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105.

**Revenues**

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

For collection year 2016, the District adopted a total mill levy of 43.500 mills of which 6.000 mills is for operations and 37.500 mills is for debt service. The calculation of the taxes levied is displayed on page 3 of the budget.

**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 budget assumes that the District's share will be equal to approximately 3% of the property taxes collected.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2017 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenues - (continued)**

**Net Investment Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.50%.

**Capital Facility Fees**

A fee of \$5,150 will be collected upon the initial sale of each residential unit.

**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 the Operations Agreement between the District and Base Village No. 1, General Fund revenues collected by the District, including net property taxes and specific ownership taxes will be remitted to District No. 1.

**Debt Service**

The District anticipates making its annual debt service payment on its Series 2016A Bonds. A debt to maturity schedule is attached.

**Debt and Leases**

The District issued its Series 2016A Bonds and Series 2016B Bonds on December 22, 2016, in the amounts of \$31,260,000 and \$13,330,000, respectively. The proceeds from the sale of the 2016A Bonds and a prior reserve fund were used to: (i) refund, on a current refunding basis: (a) all of the District's Senior Limited Tax Refunding Loan, Series 2013A (the "2013A Loan"); (b) a portion of the District's Subordinate Limited Tax Revenue Refunding Bonds, Series 2013B (the "2013B Bonds" and together with the 2013A Loan, the "Refunded Bonds"); (ii) fund the Reserve Fund; (iii) partially fund the Surplus Fund; and (iv) pay the costs of issuing the Bonds. The proceeds from the sale of the 2016B Bonds will be used to refund a portion of the Refunded Bonds.

The 2016A Bonds bear interest at rates ranging from 5.50% to 5.75% payable semi-annually on June 1 and December 1, beginning on June 1, 2017. Annual mandatory sinking fund principal payments on the 2016A Bonds are due on December 1, beginning on December 1, 2020. The 2016A Bonds mature on December 1, 2046.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
2017 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases - continued**

The 2016A Bonds are also subject to redemption prior to maturity, at the option of the District, on any date on or after December 1, 2021, as follows:

Redemption Date	Redemption Premium
December 1, 2021 to and including November 30, 2022	3.0%
December 1, 2022 to and including November 30, 2023	2.0
December 1, 2023 to and including November 30, 2024	1.0
December 1, 2024 and thereafter	0.0

The 2016B Bonds are assumed to be issued at the rate of 6.5% per annum and payable annually on December 15, but only to the extent of available Subordinate Pledged Revenue. The 2016B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the 2016B Bonds compounds annually on each December 15. In the event any amounts due and owing on the 2016B Subordinate Bonds remain outstanding on December 15, 2048, such amounts shall be extinguished and no longer be due and outstanding.

The 2016B Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or integral multiples of \$1,000, on December 15, 2021, and on any date thereafter, upon payment of par and accrued interest, at the following price.

Redemption Date	Redemption Premium
December 1, 2021 to and including November 30, 2022	3.0%
December 1, 2022 to and including November 30, 2023	2.0
December 1, 2023 to and including November 30, 2024	1.0
December 1, 2024 and thereafter	0.0

The 2016A Bonds are secured by and payable solely from and to the extent of Pledged Revenue which is defined generally in the 2016A Indenture as:

- (a) the Required Mill Levy;
- (b) the Specific Ownership Tax Revenue;
- (c) the Capital Facility Fee Revenue;
- (d) the Capital Levy Revenue (from which Shortfalls shall be paid – see Capital Pledge Agreement);
- (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue;

If Pledged Revenue is insufficient to pay the debt service requirement on the 2016A Bonds in any year, a different flow of funds and associated funding requirements will apply as determined by the Levels defined in the 2016A Indenture.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**2017 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – continued**

The Required Mill Levy of the District under the 2016A Indenture is limited to a maximum of 37.5 mills, as adjusted, during certain periods, and to a maximum of 43.5 mills, as adjusted, during certain other periods. The Capital Levy of District No. 1 under the Capital Pledge Agreement is also limited to a maximum of 43.5 mills, as adjusted. Such mill levies are subject to adjustment per the Gallagher Amendment from October 23, 2006.

The 2016A Bonds are further secured by the Reserve Fund, which will initially be funded in the amount of \$654,168 and by the Surplus Fund, which will initially be funded in the Maximum Surplus Amount of \$2,000,000. At such time as the Senior Debt to Assessed Ratio is equal to or less than 50%, the Maximum Surplus Amount is reduced to \$1,000,000. During certain periods described in the 2016A Indenture, amounts on deposit in the Surplus Fund in excess of \$1,000,000, if any, are to be applied to the Annual Debt Service Requirements. All remaining amounts in the Surplus Fund may also be used to pay Annual Debt Service Requirements during certain other periods described in the 2016A Indenture.

The 2016B Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue, which includes monies derived from the following, net of costs of collection:

- (a) the Subordinate Required Mill Levy;
- (b) the portion of the Specific Ownership Tax Revenue which is collected as a result of imposition of the Subordinate Required Mill Levy;
- (c) the Subordinate Capital Facility Fee Revenue;
- (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue;

The Subordinate Indenture defines the Subordinate Required Mill Levy as a mill levy imposed equal to 37.5 mills, as adjusted, less the Senior Bond Mill Levy.

**Capital Pledge Agreement**

The District entered into a Capital Pledge Agreement with District No. 1 on December 22, 2016 by which District No. 1 has pledged the Capital Levy Revenue to the District for payment of the Bonds (subject to the limitations of the Capital Pledge Agreement). District No. 1 will impose a capital levy each year in the number of mills necessary to produce the Capital Levy Revenue in an amount at least equal to the amount required to cover the annual Shortfall (defined below) through a pledge of the Capital Levy Revenue to the District. The Capital Levy shall not exceed 43.5 mills, as adjusted. The Capital Levy Revenue includes the property tax revenue derived from the imposition of the Capital Levy plus specific ownership tax revenue allocable to such Capital Levy, less costs of collection.

The pledge of the Capital Levy Revenue secures the obligation of District No. 1 to make Shortfall payments (defined below) in accordance with the Capital Pledge Agreement. The annual Shortfall is determined when the sum of the District No. 2 Required Mill Levy, the proportionate share of Specific Ownership Taxes, the Capital Facility Fees received, and the moneys in the Surplus Fund in excess of \$1,000,000, are less than the Senior Debt Service Requirements for the same Bond Year. Such insufficiency shall constitute a "Shortfall" and a Shortfall shall be deemed to occur with respect to such Bond Year. No Shortfall payment is anticipated from District No. 1 in 2017.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2**  
**2017 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – continued**

The District has no operating or capital leases.

**Reserve Funds**

**Emergency Reserves**

Pursuant to the Operations 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 2017, as defined under TABOR.

**Reserve Fund**

As discussed above under Debt and Leases, the District maintains a reserve fund in connection with its 2016A Bonds in the amount of \$654,168.

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

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2  
SCHEDULE OF DEBT SERVICE REQUIREMENTS**

**\$31,260,000**

**General Obligation Limited Tax Refunding Bonds, Series 2016A**

**Dated December 22, 2016**

**Principal Payable December 1**

**Interest at 5.50 - 5.75%**

**Payable June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 1,664,855	\$ 1,664,855
2018	-	1,767,988	1,767,988
2019	-	1,767,988	1,767,988
2020	85,000	1,767,988	1,852,988
2021	285,000	1,763,313	2,048,313
2022	385,000	1,747,637	2,132,637
2023	410,000	1,726,463	2,136,463
2024	475,000	1,703,912	2,178,912
2025	500,000	1,677,788	2,177,788
2026	570,000	1,650,287	2,220,287
2027	600,000	1,618,938	2,218,938
2028	680,000	1,585,937	2,265,937
2029	715,000	1,548,538	2,263,538
2030	800,000	1,509,213	2,309,213
2031	845,000	1,465,212	2,310,212
2032	940,000	1,418,738	2,358,738
2033	990,000	1,367,037	2,357,037
2034	1,090,000	1,312,587	2,402,587
2035	1,150,000	1,252,637	2,402,637
2036	1,265,000	1,189,388	2,454,388
2037	1,330,000	1,119,812	2,449,812
2038	1,455,000	1,043,338	2,498,338
2039	1,540,000	959,674	2,499,674
2040	1,680,000	871,125	2,551,125
2041	1,775,000	774,524	2,549,524
2042	1,930,000	672,462	2,602,462
2043	2,040,000	561,488	2,601,488
2044	2,210,000	444,188	2,654,188
2045	2,335,000	317,113	2,652,113
2046	3,180,000	182,850	3,362,850
	<u>\$ 31,260,000</u>	<u>\$ 38,453,017</u>	<u>\$ 69,713,017</u>

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

**EXHIBIT B**  
**DEBT RESTRUCTURING SUMMARY**

	<b>Prior Debt</b>	<b>Post Refunding/Restructuring Debt</b>
Senior Debt	\$18.445mm - 2013A - 3.05% with balloon maturity 12/2/20 - converts to 11.05% if not refunded	\$31.26mm - 2016A - 5.66% arb yield / blended rate
Sub Debt	\$23.76mm 2013B - 6.5% interest - discharge 12/15/43	\$13.33mm - 2016B - 6.5% interest - discharge 12/15/48
Jr Sub Debt	\$1.278mm 2011 Guarantor Bond - 10% interest - discharge 12/1/43	Forgiven
Jr Jr Sub Debt	\$5.43mm Reimbursement Agreements - 8.0% rate - never discharges	Transferred to District 1
Accrued Interest	\$14.81mm (2013B, 2011 Guarantor and Reimbursement Agreement)	\$3.818mm transferred to District 1, \$0 accrued on D2 balance sheet
<b>Total Debt and Accrued Interest</b>	<b>\$63.72mm</b>	<b>\$44.59mm</b>
<b>Average Interest Rate</b>	<b>~6.2%* (simple weighted average)</b>	<b>~5.9% (arb yield/ blended rate)</b>
Senior Debt Owner	U.S. Bank	Institutional Investors
Sub Debt Owner	Related/Deutsche Bank	Development Joint Venture
Jr Sub Debt Owner	Related/Deutsche Bank	NA
Jr Jr Sub Debt Owner	Related	Transferred to District 1 - Development Joint Venture
Total Projected District 2 Debt Service**	\$89,126,246	\$87,977,597
Total Projected District 2 Operations Funding**	\$18,450,264	\$492,167
Total Projected District 2 Funding**	\$107,576,510	\$88,469,764
2017 Projected Debt Service***	\$1,493,932	\$1,493,932
2020 Projected Operations Funding***	\$215,109	\$0
Present Value Savings - 1% inflation	NA	12.00% / \$5,598,010
Present Value Savings - 3% inflation	NA	3.09% / \$1,435,527

\* Average interest rate is a simple weighted average of outstanding principal only assuming 5.5% rate post 2013A balloon maturity. 5.5% is assumed to be the refunding rate at the balloon. Assuming 3.05% through the 2043 amortization, the weighted average rate would be 5.45%.

\*\* Total Debt Service (principal and interest) and Operations Funding assume 1% annual inflation on Assessed Values which is the 2% biennial inflation in North Slope's Report. Totals through 2056.

\*\*\* Sourced from the North Slope Report, 2% biennial reassessment table