

BASE VILLAGE METROPOLITAN DISTRICT NO. 2

2018 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 (the “District” or “District No. 2”) dated October 17, 2006 (the “Service Plan”), and § 32-1-207(3), C.R.S., the District is 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.

A. District Boundaries. There have been no boundary changes in 2018. No boundary changes are proposed.

B. Intergovernmental Agreements. The District did not enter into any intergovernmental agreements in 2018. No intergovernmental agreements are proposed.

C. The District’s Policies and Operations. There have been no changes in the District’s policies and operations in 2018.

D. Material Changes in Financial Status. The 2018 annual audit is in process and the Audit Report will be furnished following approval. See **Exhibit A** for a copy of the District’s 2019 budget.

As reported in the District’s 2017 Annual Report, District No. 2 issued its General Obligation Limited Tax Refunding Bonds, Series 2016A, in the amount of \$31,260,000 and its Subordinate General Obligation Limited Tax Refunding Bonds, Series 2016B in the amount of \$13,330,000, 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.

E. Litigation. As reported in the District’s 2017 Annual Report, on December 1, 2017, the District filed a complaint in the Pitkin County District Court, Case No. 2017 CV 30137, against the Related Companies, LP, a New York limited partnership; Related Westpac, LLC, a Delaware limited company; Base Village Owner, LLC, a Delaware limited liability company; Snowmass Acquisition Company, LLC, a Delaware limited liability company; Snowmass Related Holdco, LLC, a Delaware limited liability company; Snowmass Holdco BV, a Delaware limited liability company; Related Colorado Real Estate, LLC, a Delaware limited liability company; Hypo Real Estate Capital Corporation, a Delaware corporation; Snowmass BV Holdco, LLC, a Delaware limited liability company; US Bank National Association, a national banking association organized and existing under the laws of the United States; White, Bear, Ankele, Tanaka & Waldron, a Colorado professional corporation; DA Davidson & Co., a New York corporation; Clifton Larson Allen, LLP; North Slope

Capital Advisors, a Colorado corporation; Lowe Enterprises Real Estate Services, Inc., a California Corporation; and Destination Snowmass Services, Inc., a Colorado corporation, alleging claims pursuant to the Colorado Organized Crime Control Act, Sections 18-17-101 *et seq.*, C.R.S., securities fraud in violation of Section 11-51-501, C.R.S., breach of fiduciary duty, aiding and abetting breach of fiduciary duty, conspiracy, unjust enrichment, fraudulent concealment, and negligent misrepresentation. The District requested a jury trial on all triable issues and seeks to recover damages and other relief. On July 24, 2018, the District filed its First Amended Complaint. Defendants in the lawsuit have filed motions to dismiss, which the District has opposed, and which the district court judge has not yet decided.

F. Proposed Plans for 2019. The District will continue to conduct its affairs in accordance with the adopted 2019 Budget.

G. Construction of Public Improvements. The District did not construct any public improvements in 2018.

H. Budget Information. The Board of Directors of the District has adopted a budget for the 2019 year. The Budget is attached as **Exhibit A**.

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

Alan Pogue
Icenogle Seaver Pogue, P.C.
4725 S. Monaco St., Suite 360
Denver, CO 80237
303-867-3006
APogue@ISP-Law.com

The foregoing Annual Report and accompanying exhibit are submitted 1st day of April, 2019.

Sincerely,

ICENOGL SEAVR POGUE
A Professional Corporation

By: 
Alan D. Pogue, Legal Counsel

EXHIBIT A
2019 BUDGET FOR
BASE VILLAGE METROPOLITAN DISTRICT NO. 2

STATE OF COLORADO
COUNTY OF PITKIN
BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2019 BUDGET RESOLUTION

The Board of Directors (the "Board") of Base Village Metropolitan District No. 2, Town of Snowmass Village, Pitkin County, Colorado, held a special meeting at the Capital Peak Conference Center, 110 Carriage Way, Snowmass Village, Colorado, on Wednesday, the 10th day of October, 2018.

The following members of the Board of Directors were present:

Thomas Kosich, President

Also present: Alan D. Pogue, Esq., Icenogle Seaver Pogue, P.C. (via telephone); East West Representatives.

The President reported that, prior to the meeting, notification was provided to the Directors of the date, time, and place of the meeting and the purpose for which it was called. It was further reported that the meeting is a special meeting of the Board and that a Notice of Special Meeting was posted at three places within the boundaries of the District and at the Pitkin County Clerk and Recorder's Office in Pitkin County, Colorado, and to the best of his knowledge remained posted to the date of this meeting.

At the Board's special meeting held on October 10, 2018, the President stated that proper publication was made to allow the Board to conduct a public hearing on the District's 2019 budget. The President opened the public hearing on the District's proposed 2019 budget for public comment, if any, and then the public hearing was closed. Upon discussion of the District's proposed 2019 budget by members of the Board, Director Kosich moved that the Board adopt the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET, APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN, AND LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2019 TO HELP DEFRAID THE COSTS OF GOVERNMENT, FOR BASE VILLAGE METROPOLITAN DISTRICT NO. 2, TOWN OF SNOWMASS, PITKIN COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE 1ST DAY OF JANUARY, 2019, AND ENDING ON THE LAST DAY OF DECEMBER, 2019.

WHEREAS, the Board of Directors (the "Board") of Base Village Metropolitan District No. 2 (the "District") has authorized its staff to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board for its consideration; and

WHEREAS, due and proper notice was published on Wednesday, October 3, 2018 in *The Snowmass Sun*, indicating (i) the date and time of the hearing at which the adoption of the proposed budget will be considered; (ii) that the proposed budget is available for inspection by the public at a designated place; and (iii) that any interested elector of the District may file any objections to the proposed budget at any time prior to the final adoption of the budget by the District; and

WHEREAS, a public hearing on the proposed budget was opened on Wednesday, October 10, 2018 at which time any objections of the electors of the District were considered; and

WHEREAS, the budget being adopted by the Board has been prepared based on the best information available to the Board regarding the effects of Article X, Section 20 of the Colorado Constitution; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BASE VILLAGE METROPOLITAN DISTRICT NO. 2 OF PITKIN COUNTY, COLORADO:

Section 1. Summary of 2019 Revenues and 2019 Expenditures. That the estimated revenues and expenditures for each fund for fiscal year 2019, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. That the budget attached hereto as Exhibit A and incorporated herein by this reference, is approved and adopted as the budget of Base Village Metropolitan District No. 2 for fiscal year 2019. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization.

Section 3. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

Section 4. Budget Certification. That the budget shall be certified by Director Kosich, President of the District, and made a part of the public records of the District, and a certified copy of the approved and adopted budget shall be filed with the Colorado Department of Local Affairs Division of Local Government.

Section 5. 2019 Levy of General Property Taxes. That the foregoing budget indicates that the amount of property taxes necessary to be collected from property located within the District's boundaries in Pitkin County for the General Fund representing general operating expenses of the District is \$218,543, and that the 2018 valuation for assessment for property located within the District's boundaries in Pitkin County, as certified by the Pitkin County Assessor, is \$36,423,750. That for the purposes of meeting all general operating expenses of the District during the 2019 budget year, there is hereby levied a tax of 6.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District located in Pitkin County for the year 2019.

Section 6. 2019 Levy of Debt Retirement Expenses. That the amount of property taxes required to be collected from property located within the District's boundaries in Pitkin County for payment of Debt Service is \$1,442,599, and that the 2018 valuation for assessment for property located within the District's boundaries in Pitkin County, as certified by the Pitkin County Assessor, is \$36,423,750. That for the purposes of meeting all debt retirement expenses of the District during the 2019 budget year, there is hereby levied a tax of 39.606 mills upon each

dollar of the total valuation of assessment of all taxable property within the District located in Pitkin County for the year 2019.

Section 7. Certification to County Commissioners. That General Counsel is hereby authorized and directed to certify to the County Commissioners of Pitkin County, the mill levies for the District hereinabove determined and set. That said certification shall be in substantially the following form:

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.]

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Pitkin County, Colorado

On behalf of the Base Village Metropolitan District No. 2

(taxing entity)^A

the Board of Directors

(governing body)^B

of the Base Village Metropolitan District No. 2

(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 36,423,750 assessed valuation of:

(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ 36,423,750

(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/13/2018 for budget/fiscal year 2019
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE <small>(see end notes for definitions and examples)</small>	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	6.000 mills	\$ 218,543
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	6.000 mills	\$ 218,543
3. General Obligation Bonds and Interest ^J	39.606 mills	\$ 1,442,599
4. Contractual Obligations ^K	0.000 mills	\$ 0.00
5. Capital Expenditures ^L	0.000 mills	\$ 0.00
6. Refunds/Abatements ^M	0.000 mills	\$ 0.00
7. Other ^N (specify): _____	0.000 mills	\$ 0.00
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	45.606 mills	\$ 1,661,142

Contact person: Alan D. Pogue Daytime phone: 303-292-9100
 Signed:  Title: General Counsel

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|--|
| 1. | Purpose of Issue: | Refunding of Previous Debt |
| | Series: | \$31,260,000 General Obligation Limited Tax Refunding Bonds,
Series 2016A |
| | Date of Issue: | December 22, 2016 |
| | Coupon Rate: | 5.50% to 5.75% |
| | Maturity Date: | December 1, 2048 |
| | Levy: | 39.606 |
| | Revenue: | \$1,442,599 |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Title: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

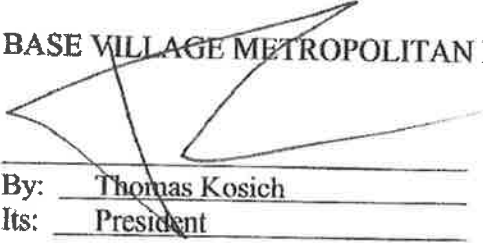
- | | | |
|----|-------------------|-------|
| 1. | Purpose of Issue: | _____ |
| | Title: | _____ |
| | Date of Issue: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Title: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

The foregoing Resolution was seconded by Director Kosich.

ADOPTED AND APPROVED THIS 10TH DAY OF OCTOBER, 2018.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2

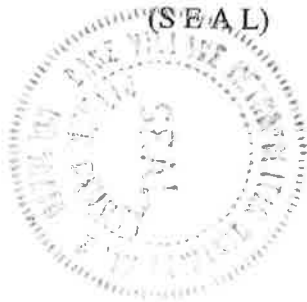


By: Thomas Kosich
Its: President

STATE OF COLORADO
COUNTY OF PITKIN
BASE VILLAGE METROPOLITAN DISTRICT NO. 2

I, Thomas Kosich, hereby certify that I am a Director and the duly elected and qualified President of Base Village Metropolitan District No. 2, and that the foregoing constitutes a true and correct copy of the record of proceedings of the Board of Directors of said District, heard at a special meeting of the Board of Directors of Base Village Metropolitan District No. 2 held on Wednesday, October 10, 2018, at 3:00 p.m., at the Capital Peak Conference Center, 110 Carriage Way, Snowmass Village, Colorado, as recorded in the official record of the proceedings of the District, insofar as said proceedings relate to the budget hearing for fiscal year 2019; that said proceedings were duly had and taken; that the meeting was duly held; and that the persons were present at the meeting as therein shown.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the official seal of the District this 10th day of October, 2018.



By: Thomas Kosich
Its: President

EXHIBIT A
Budget Message
Budget Document

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2019 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 Operations, Maintenance and Administrative Services Agreement (the "Operations Agreement") dated November 28, 2016 and effective December 22, 2016.

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 Base Village No. 1 to continue to serve as the administrative agent for the District with respect to statutory annual requirements that are required of the District, and also to operate and maintain public infrastructure owned by the Base Village No. 1 and/or as to which the District has operations and maintenance responsibilities pursuant to easements or other property interests. The Operations Agreement obligates the District to levy six mills as adjusted until such time as Base Village No. 1's mill levy (in the amount of 43.5 mills less the Capital Levy under the Capital Pledge Agreement) is sufficient to meet a single year's operations, maintenance and administrative expenses, at which point, the District 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.

The District adopted a total mill levy as displayed on the property tax page of the budget. The Debt service mill levy has been adjusted for the change in the residential assessment ratio which decreased from 7.96% to 7.20%. The District has adjusted its mill levy to offset the decrease in valuation for the residential portion of its assessed value.

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 4% of the property taxes collected.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2019 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 1.00%.

Capital Facility Fees

A fee of \$5,150 will be collected upon the initial sale of each residential living 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, net investment income, 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
2019 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 (prepayment penalty)
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 (prepayment penalty)
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
2019 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 (41.583), during certain periods, and to a maximum of 43.5 mills, as adjusted (48.091), 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. In 2017, the Colorado legislature changed the residential assessment ration from 7.96% to 7.2%. Based on this change, 43.5 mills as a maximum mill levy is adjusted to 48.091 mills. The District will determine annually the appropriate mill levy to impose in order to offset the change in the assessment ratio based on the proportionate share of residential value.

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 (41.583), 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 as outlined in the 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 (48.091). 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.

**BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

The pledge of the Capital Levy Revenue secures the obligation of District No. 1 to make Shortfall payments in accordance with the Capital Pledge Agreement. The annual Shortfall is determined when the sum of the District Required Mill Levy, the proportionate share of Specific Ownership Taxes, the Capital Facility Fees received, and

Debt and Leases – continued

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.

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, 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 TO MATURITY
December 31, 2016

\$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 Debt Service</u>
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
	\$	31,260,000	\$	36,788,163	\$ 68,048,163

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
SUMMARY
2019 BUDGET AS PROPOSED
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2017	BUDGET 2018	ACTUAL 8/31/2018	ESTIMATED 2018	PROPOSED 2019
BEGINNING FUND BALANCES	12,400,326	6,666,338	6,701,756	6,701,756	2,175,921
REVENUES					
1 Property Taxes	1,601,032	1,474,542	1,468,203	1,469,485	1,661,142
2 Specific ownership taxes	58,405	58,980	32,116	48,000	50,000
3 Net investment income	21,459	16,000	31,616	35,000	16,000
4 Capital facility fees	72,100	77,250	185,400	185,400	50,000
Total revenues	1,752,997	1,626,772	1,717,336	1,737,885	1,777,142
Total funds available	14,153,323	8,293,110	8,419,091	8,439,640	3,953,062
EXPENDITURES					
5 General and administration					
6 County Treasurer's fees	11,052	9,700	9,664	9,700	10,927
7 Intergovernmental - District No. 1	219,543	193,053	188,230	190,618	217,357
8 Debt Service					
9 Bond interest 2016A	1,664,855	1,767,988	883,994	1,767,988	1,767,988
10 Contingency		4,053	-	-	4,443
11 County Treasurer's fees	69,066	64,027	63,791	64,027	72,130
12 Paying agent fees	120	6,100	-	6,100	6,100
13 Release of Supplemental Funds	5,486,932	4,220,904	4,225,287	4,225,287	-
Total expenditures	7,451,567	6,265,825	5,370,965	6,263,720	2,078,945
Change in Net Assets	(5,698,571)	(4,639,053)	(3,653,629)	(4,525,835)	(301,803)
Total expenditures and transfers out requiring appropriation	7,451,567	6,265,825	5,370,965	6,263,720	2,078,945
ENDING FUND BALANCES	6,701,756	2,027,285	3,048,126	2,175,921	1,874,117
CSAFE ACCOUNT	319		9,871	300	300
ACCOUNTS RECEIVABLE/PAYABLE, net	40,061		92,309	-	-
2016A BOND FUND/REVENUE	-	-	870,394	-	-
2016A BOND RESERVE	654,168	654,168	656,195	753,122	753,122
2016 PROCEEDS - SUPPLEMENTAL FUND	4,210,905	-	-	-	-
SURPLUS FUND	1,796,303	1,373,117	1,419,356	1,422,499	1,120,695
TOTAL RESERVE	6,701,756	2,027,285	3,048,126	2,175,921	1,874,117

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

	ACTUAL 2017	BUDGET 2018	ACTUAL 8/31/2018	ESTIMATED 2018	PROPOSED 2019
CERTIFIED ASSESSED VALUE	36,709,840	32,332,190	32,332,190	32,332,190	36,423,750
MILL LEVY					
GENERAL FUND	6.000	6.000	6.000	6.000	6.000
DEBT SERVICE FUND	37.500	39.606	39.606	39.606	39.606
Total Mill Levy	43.500	45.606	45.606	45.606	45.606
PROPERTY TAXES					
GENERAL FUND	220,259	193,993	193,993	193,993	218,543
DEBT SERVICE FUND	1,376,619	1,280,549	1,280,549	1,280,549	1,442,599
Levied Property Taxes	1,596,878	1,474,542	1,474,542	1,474,542	1,661,142
Adjustments to actual/rounding	4,154		(6,339)	(5,057)	
Budgeted Property Taxes	1,601,032	1,474,542	1,468,203	1,469,485	1,661,142
BUDGETED PROPERTY TAXES					
GENERAL FUND	220,960	193,993	193,159	193,328	218,543
DEBT SERVICE FUND	1,380,072	1,280,549	1,275,044	1,276,157	1,442,599
	1,601,032	1,474,542	1,468,203	1,469,485	1,661,142

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
 GENERAL FUND
 2019 BUDGET AS PROPOSED
 WITH 2017 ACTUAL AND 2018 ESTIMATED
 For the Years Ended and Ending December 31,

	ACTUAL 2017	BUDGET 2018	ACTUAL 8/31/2018	ESTIMATED 2018	PROPOSED 2019
BEGINNING FUND BALANCES	-	-	-	-	-
REVENUES					
1 Property Taxes	220,960	193,993	193,159	193,328	218,543
2 Specific ownership taxes	8,095	7,760	4,225	6,240	8,742
3 Net investment income	1,539	1,000	509	750	1,000
Total revenues	230,595	202,753	197,894	200,318	228,284
Total funds available	230,595	202,753	197,894	200,318	228,284
EXPENDITURES					
4 General and administration					
5 County Treasurer's fees	11,052	9,700	9,664	9,700	10,927
6 Intergovernmental - District No. 1	219,543	193,053	188,230	190,618	217,357
Total expenditures	230,595	202,753	197,894	200,318	228,284
Change in Net Assets	-	(0)	-	(0)	0
Total expenditures and transfers out requiring appropriation	230,595	202,753	197,894	200,318	228,284
ENDING FUND BALANCES	-	(0)	-	(0)	0

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2019 BUDGET AS PROPOSED
WITH 2017 ACTUAL AND 2018 ESTIMATED
 For the Years Ended and Ending December 31,

	ACTUAL 2017	BUDGET 2018	ACTUAL 8/31/2018	ESTIMATED 2018	PROPOSED 2019
BEGINNING FUND BALANCES	12,400,326	6,666,338	6,701,756	6,701,756	2,175,921
REVENUES					
1 Property Taxes	1,380,072	1,280,549	1,275,044	1,276,157	1,442,599
2 Specific ownership taxes	50,310	51,220	27,891	41,760	41,258
3 Net investment income	19,920	15,000	31,107	34,250	15,000
5 Capital facility fees	72,100	77,250	185,400	185,400	50,000
Total revenues	1,522,402	1,424,019	1,519,442	1,537,567	1,548,857
Total funds available	13,922,728	8,090,357	8,221,198	8,239,323	3,724,779
EXPENDITURES					
6 Debt Service					
7 Bond interest 2016A	1,664,855	1,767,988	883,994	1,767,988	1,767,988
8 Contingency	-	4,053	-	-	4,443
9 County Treasurer's fees	69,066	64,027	63,791	64,027	72,130
10 Paying agent fees	120	6,100	-	6,100	6,100
11 Release of Supplemental Funds	5,486,932	4,220,904	4,225,287	4,225,287	-
Total expenditures	7,220,973	6,063,072	5,173,072	6,063,401	1,850,661
Change in Net Assets	(5,698,571)	(4,639,053)	(3,653,629)	(4,525,834)	(301,803)
Total expenditures and transfers out requiring appropriation	7,220,973	6,063,072	5,173,072	6,063,401	1,850,661
ENDING FUND BALANCES	6,701,756	2,027,285	3,048,126	2,175,921	1,874,118