

**RESOLUTION
ADOPTING BUDGET, IMPOSING MILL LEVY AND APPROPRIATING FUNDS**

(2017)

The Board of Directors of Base Village Metropolitan District No. 2 (the "Board"), of Pitkin County, Colorado (the "District") held a regular meeting at 110 Carriage Way, Snowmass Village, Colorado on Wednesday, October 26, 2016, at the hour of 1:00 P.M.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with §29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2017 BUDGET

Ad Name: 12433232A

Customer: WHITE BEAR ANKELE TANAKA & WAL-
DRON WHITE

Your account number is: 1009752

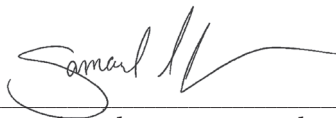
PROOF OF PUBLICATION

Snowmass Sun
STATE OF COLORADO, COUNTY OF PITKIN

I, Samantha Johnston, do solemnly swear that I am General Manager of the **Snowmass Sun**, that the same weekly newspaper printed, in whole or in part and published in the County of Pitkin, State of Colorado, and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said County of Pitkin for a period of more than fifty-two consecutive weeks next prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as a second class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

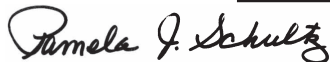
That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said weekly newspaper for the period of **1** consecutive insertions; and that the first publication of said notice was in the issue of said newspaper dated **10/19/2016** and that the last publication of said notice was dated **10/19/2016** in the issue of said newspaper.

In witness whereof, I have here unto set my hand this **01/27/2017**.



Samantha Johnston, General Manager

Subscribed and sworn to before me, a notary public in and for the County of Garfield, State of Colorado this **01/27/2017**.



Pamela J. Schultz, Notary Public
My Commission expires: November 1, 2019.

**NOTICE OF PUBLIC HEARING
ON THE PROPOSED 2017 BUDGET
AND
NOTICE OF PUBLIC HEARING ON THE
AMENDED 2016 BUDGET**

NOTICE IS HEREBY GIVEN that proposed 2017 budgets have been submitted to the Boards of Directors (the "Boards") of the BASE VILLAGE METROPOLITAN DISTRICT NOS. 1-2 (the "Districts"). Copies of the proposed budgets are on file in the office of CliftonLarsonAllen at 8390 East Crescent Parkway, Suite 600, Greenwood Village, Colorado, where the same are open for public inspection.

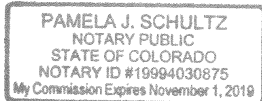
NOTICE IS FURTHER GIVEN that amendments to the 2016 budgets have been submitted to the Districts. Copies of the proposed amended budgets are on file in the office of CliftonLarsonAllen at 8390 East Crescent Parkway, Suite 600, Greenwood Village, Colorado, where the same are open for public inspection.

Such proposed budgets and amended budgets will be considered at a public hearing during a joint meeting of the Districts to be held at 110 Carriage Way, Snowmass Village, Colorado, on Wednesday, October 26, 2016 at 1:00 P.M. Any interested elector of the Districts may file any objections to the proposed budgets or amended budgets at any time prior to final adoption of the budgets and amended budgets by the governing body of the District.

BY ORDER OF THE BOARD OF DIRECTORS:
BASE VILLAGE METROPOLITAN DISTRICT
NOS. 1-2

/s/ WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Published in: The Snowmass Sun
Published on: October 19, 2016
Published in the Snowmass Sun October 19, 2016.
(12433232)



Thereupon, Director Steve Sewell introduced and moved the adoption of the following Resolution:

RESOLUTION

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET AND APPROPRIATING SUMS OF MONEY TO EACH FUND IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE DISTRICT FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2017 AND ENDING ON THE LAST DAY OF DECEMBER 2017.

WHEREAS, the Board has authorized its treasurer, accountant and/or legal counsel to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

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

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 26, 2016, interested electors were given the opportunity to file or register any objections to said proposed budget and no written objections were filed prior to the public hearing; 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 § 29-1-101, *et seq.*, C.R.S., as applicable, and Article X, § 20 of the Colorado Constitution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Summary of 2017 Revenues and 2017 Expenditures. The estimated revenues and expenditures for each fund for fiscal year 2017, as more specifically set forth in the budget attached hereto, are accepted and approved.

Section 2. Adoption of Budget. The budget as submitted, amended, attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year

2017. 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. Any such modification to the budget or certification as contemplated by this Section 2 shall be deemed ratified by the Board.

Section 3. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2017 budget year, there is hereby levied a tax of six (6.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2017 budget year, there is hereby levied a tax of thirty-seven and one-half (37.500) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2017 budget year, there is hereby levied a tax of zero (0.000) mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of Pitkin County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto and incorporated herein, are hereby appropriated for the purposes thereof and no other.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

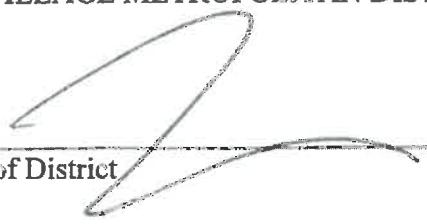
Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

The foregoing Resolution was seconded by Director Jim D'Agostino ____.

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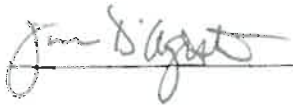
ADOPTED THIS 26TH DAY OF OCTOBER, 2016.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2



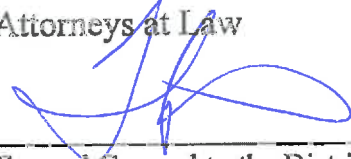
Officer of District

ATTEST:



APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

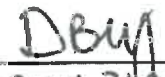
STATE OF COLORADO

COUNTY OF PITKIN

BASE VILLAGE METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Wednesday, October 26, 2016, at 110 Carriage Way, Snowmass Village, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 26th day of October, 2016.



DAWN BLASBERG

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE



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.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP'.

Greenwood Village, Colorado
January 24, 2017

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	1,750,609	46,347,698	1,834,988
Total funds available	3,009,488	47,617,055	14,219,854
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	1,740,131	35,232,189	1,971,969
Total expenditures and transfers out requiring appropriation	1,740,131	35,232,189	1,971,969
ENDING FUND BALANCES	\$ 1,269,357	\$ 12,384,866	\$ 12,247,885
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	\$ 1,246,000	\$ 12,340,703	\$ 12,247,885

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
ASSESSED VALUATION - PITKIN			
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>
MILL LEVY			
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>
PROPERTY TAXES			
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>
BUDGETED PROPERTY TAXES			
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	\$ -	\$ -	\$ -
REVENUES			
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
EXPENDITURES			
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
REVENUES			
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	1,519,336	46,118,898	1,608,019
Total funds available	2,778,215	47,388,255	13,992,885
EXPENDITURES			
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	1,508,858	35,003,389	1,745,000
Total expenditures and transfers out requiring appropriation	1,508,858	35,003,389	1,745,000
ENDING FUND BALANCES	\$ 1,269,357	\$ 12,384,866	\$ 12,247,885
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	\$ 1,246,000	\$ 12,340,703	\$ 12,247,885

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.