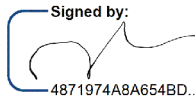


CERTIFICATION OF BUDGET FOR
BASE VILLAGE METROPOLITAN DISTRICT NO. 2

TO: THE DIVISION OF LOCAL GOVERNMENT

This is to certify that the budget, attached hereto, is a true and accurate copy of the budget for Base Village Metropolitan District No. 2, for the budget year ending December 31, 2025, as adopted on November 21, 2024.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Base Village Metropolitan District No. 2 in Pitkin County, Colorado, this 30th day of November 2024.

Signed by:


4871974A8A654BD...
Thomas Kosich, Chairman

BASE VILLAGE METROPOLITAN DISTRICT NO. 2

**SNOWMASS VILLAGE
PITKIN COUNTY, COLORADO**



2025 Budget

Public Budget Hearing Date: November 21, 2024



8354 Northfield Blvd
Building G, Suite 3700
Denver, Colorado 80238
Telephone (720) 541-7725

Accountant's Report

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

The accompanying forecasted budget of revenues, expenditures and fund balances of the Base Village Metropolitan District No.2 for the General Fund, Debt Service Fund and Capital Project Fund for the year ending December 31, 2025 and the forecasted estimate of comparative information for the year ending December 31, 2024 were not subjected to an audit, review, or compilation engagement by me and, accordingly, I do not express an opinion, a conclusion, nor provide any assurance on them.

Substantially all of the disclosures required by accounting principles generally accepted in the United States of America have been omitted. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the District's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

Charles Wolfersberger, CPA
District Manager

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
SUMMARY
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 1,923,025	\$ 2,513,485	\$ 3,103,600
REVENUES			
Property taxes	2,367,997	3,297,400	3,711,800
Specific ownership taxes	83,558	98,200	111,400
Capital facilities fees	329,600	51,500	51,500
Interest income	119,509	163,015	130,400
Total Revenues	2,900,664	3,610,115	4,005,100
Interfund transfers	128,200	449,409	-
Total Funds Available	4,951,889	6,573,009	7,108,700
EXPENDITURES			
General and administration	14,105	-	-
Debt service			
a) Bond principal – Series 2016A Bonds	410,000	475,000	500,000
b) Bond interest – Series 2016A Bonds	1,726,461	1,703,900	1,677,800
c) Bond interest – Series 2016B Bonds	-	607,000	1,556,500
d) Direct and indirect collection costs	159,638	234,100	270,800
Total Expenditures Requiring Appropriation	2,310,204	3,020,000	4,005,100
OTHER FINANCING USES			
Transfers to BVMD1	-	-	-
Inter-fund transfers	128,200	449,409	-
Total expenditures and transfers out requiring appropriation	2,438,404	3,469,409	4,005,100
ENDING FUND BALANCE	\$ 2,513,485	\$ 3,103,600	\$ 3,103,600
EMERGENCY RESERVE	\$ -	\$ -	\$ -
SERIES 2016A BONDS – RESERVE FUND	654,200	654,200	654,200
SERIES 2016A BONDS – SURPLUS FUND	1,381,723	2,000,000	2,000,000
TOTAL DEBT RESERVES	\$ 2,035,923	\$ 2,654,200	\$ 2,488,200

This financial information should be read only in connection with the summary of significant assumptions.

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

	ADOPTED 2023	ADOPTED 2024	ADOPTED 2025
ASSESSED VALUATION – PITKIN COUNTY			
RESIDENTIAL		\$ 56,089,980	\$ 65,866,050
COMMERCIAL		15,114,090	15,056,010
STATE ASSESSED		77,800	71,390
VACANT LAND		2,920,310	2,976,820
Certified Taxable Value of Property	\$ 46,958,440	\$ 74,202,180	\$ 83,970,270
MILL LEVY			
GENERAL FUND	6.000	-	-
DEBT SERVICE FUND	43.897	44.552	44.204
Total Mill Levy	49.897	44.552	44.204
PROPERTY TAXES			
GENERAL FUND	\$ 281,800	\$ -	\$ -
DEBT SERVICE FUND	2,061,200	3,305,900	3,711,800
Total Property Tax Revenue	\$ 2,343,000	\$ 3,305,900	\$ 3,711,800

This financial information should be read only in connection with the summary of significant assumptions.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
GENERAL FUND
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 292,945	\$ 449,409	\$ -
REVENUES			
Property taxes	284,746	-	-
Specific ownership taxes	10,048	-	-
Interest income	3,975	-	-
Total Revenues	298,769	-	-
Total Funds Available	591,714	449,409	-
EXPENDITURES			
General and administration	14,105	-	-
Other expenses	-	-	-
Total Expenditures	14,105	-	-
OTHER FINANCING USES			
Transfers to BVMD1	-	-	-
Transfers to debt fund	128,200	449,409	-
Total other financing sources (uses)	128,200	449,409	-
Total Expenditures Requiring Appropriation	142,305	449,409	-
ENDING FUND BALANCE	\$ 449,409	\$ -	\$ -
EMERGENCY RESERVE	\$ -	\$ -	\$ -

This financial information should be read only in connection with the summary of significant assumptions.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
GENERAL FUND EXPENDITURE DETAILS
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
GENERAL AND ADMINISTRATION			
Management and accounting fees	\$ -	\$ -	\$ -
Administrative costs	-	-	-
Audit fees	-	-	-
Collection fees – County Treasurer (5% of property taxes)	14,105	-	-
Insurance	-	-	-
Legal fees – general	-	-	-
Election costs	-	-	-
Contingency	-	-	-
Total General and Administration	\$ 14,105	\$ -	\$ -

This financial information should be read only in connection with the summary of significant assumptions.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
BEGINNING FUND BALANCE	\$ 1,630,080	\$ 2,064,076	\$ 3,103,600
REVENUES			
Property taxes	2,083,251	3,297,400	3,711,800
Specific ownership taxes	73,510	98,200	111,400
Capital Facilities Fees	329,600	51,500	51,500
Interest income	115,534	163,015	130,400
Total Revenues	2,601,895	3,610,115	4,005,100
OTHER FINANCING SOURCES			
Fund transfers in	128,200	449,409	-
Total Funds Available	4,360,175	6,123,600	7,108,700
EXPENDITURES			
Direct and indirect collection costs	159,638	234,100	270,800
Bond principal – Series 2016A Bonds	410,000	475,000	500,000
Interest payments – Series 2016A Bonds	1,726,461	1,703,900	1,677,800
Interest payments – Series 2016B Bonds	-	607,000	1,556,500
Total Expenditures	2,296,099	3,020,000	4,005,100
OTHER FINANCING USES			
Fund transfers out	-	-	-
Total Expenditures Requiring Appropriation	2,296,099	3,020,000	4,005,100
ENDING FUND BALANCE	\$ 2,064,076	\$ 3,103,600	\$ 3,103,600
SERIES 2016A BONDS – RESERVE FUND	\$ 654,200	\$ 654,200	\$ 654,200
SERIES 2016A BONDS – SURPLUS FUND	1,381,723	2,000,000	2,000,000
TOTAL DEBT RESERVE	\$ 2,035,923	\$ 2,654,200	\$ 2,488,200

This financial information should be read only in connection with the summary of significant assumptions.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
FORECASTED 2025 BUDGET AS PROPOSED
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

	ACTUAL 2023	ESTIMATED 2024	ADOPTED 2025
DIRECT AND INDIRECT COLLECTION COSTS			
Management and accounting fees	\$ 38,000	\$ 38,000	\$ 38,000
Administrative costs	1,531	2,000	3,000
Collection fees – County Treasurer (5% of property taxes)	103,197	164,900	185,600
Audit fees	7,150	11,500	8,500
Bond trustee fees	6,100	6,900	6,100
Board of directors' fees	-	-	-
Board election expenses	1,000	-	9,000
Insurance	2,660	5,800	6,500
Legal fees – general	-	5,000	5,000
Contingency	-	-	9,100
Total Direct and Indirect Collection Costs	\$ 159,638	\$ 234,100	\$ 270,800

This financial information should be read only in connection with the summary of significant assumptions.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Definition of Reporting Entity and Description of Services Provided

Base Village Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on December 07, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under an amended and restated consolidated service plan approved by the Town of Snowmass Village (Town) on October 23, 2006 ("Service Plan"). The Service Plan defines the powers and authorities of, as well as the limitations and restrictions on, the District and Base Village Metropolitan District No. 1 ("BV Metro 1").

The District was established to provide financing for the design, acquisition, construction and installation of streets, drainage, traffic and safety controls, park and recreation, transportation, and mosquito, pest control and other improvements (Public Improvements) within and without the District boundaries that benefit the taxpayers and inhabitants of the District. The District's service area is approximately 25.1 acres and comprised of a mix of condominium housing, hotels and retail shops and commercial development located in Pitkin County, Colorado entirely within the boundaries of the Town.

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

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The boundaries of BV Metro 1 and the District do not overlap and, therefore, each District is controlled by and responsible to a separate group of voters. Thus, the voters and taxpayers within the District do not have the ability to elect directors to serve on the board of BV Metro 1 and the voters and taxpayers within BV Metro 1 do not have the ability to elect directors to serve on the board of the District.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including the Town and BV Metro 1.

Accounting Basis

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

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

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.

On November 07, 2006, District voters authorized the District to assess a mill levy not to exceed 6 mills annually on all taxable real property within the District to pay the District’s administration, operations and maintenance expenses (TABOR Imposed General Fund Mill Levy Maximum). Additionally, the District voters authorized the District to retain and spend all revenue collected from this mill levy regardless of any TABOR spending, revenue raising or other limitations.

The Service Plan establishes a Maximum Mill Levy of 49.5 mills that can collectively be assessed on property owners within the District, BV Metro 1 and Snowmass Village General Improvement District No. 1 (“GID”) to fund the debt service and operational costs of these three entities. The Maximum Mill Levy may be adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006 (the date the Service Plan was approved by the Town). As of October 23, 2006, the ratio for residential and commercial property was 7.96% and 29.00%, respectively. The ratio for 2025 is 6.700% and 27.9%, respectively, with a \$55,000 valuation exemption per residential lot and a \$30,000 exemption per commercial lot, which caused the Maximum Mill Levy for debt service for 2025 to be 58.349¹.

¹ 58.349 mills = [[(\$65,866,050 / 6.7%) + (\$55,000 x 371 lots)] x 7.96% x (49.5 mills / 1,000)] + [[(\$18,104,220 / 27.9%) + (\$30,000 x 33 lots)] x 29% x (49.5 mills / 1,000)] / \$83,970,270

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

The Service Plan allows for an exception to the Maximum Mill Levy. The District may establish a mill levy for debt service in any year that is sufficient to fund the annual principal and interest payments due on the District's general obligation debt even if the District's debt mill levy causes the Maximum Mill Levy that is collectively imposed across all three entities to be exceeded.

Entities Subject to Maximum Mill Levy Restriction	2023 (Actual)	2024 (Budget)	2025 (Budget)
District – debt mill levy	43.897	44.552	44.204
District – op mill levy	6.000	-	-
District – contractual obligations	-	-	-
GID mill levy	6.000	6.000	6.000
Collective Mill Levy	55.897	50.552	50.204
Maximum Mill Levy (as adjusted)	57.944	58.809	58.349
(Over) / Under Max Mill Levy	2.047	8.257	8.145

For the collection year 2025, the District adopted a mill levy of 0.000 for operations and 44.204 (combined Senior and Subordinate Required Mill Levies – defined below) for debt service. The calculation is reflected on page 2 of the budget.

Specific Ownership Taxes

Beginning in 1937, the State of Colorado began assessing a tax annually on motor vehicles (aka Specific Ownership Tax). The Specific Ownership Tax is graduated based on a vehicle's age and original value. Specific Ownership Tax revenue collected by the State is apportioned among the 64 counties based on the number of state highway miles within each county. Each county allocates its respective share of specific ownership tax revenue proportionally among the various property-taxing governmental entities on the basis of total property taxes assessed by each entity in relation to total property taxes assessed by all entities within the county. The 2025 budget projects the District's share of specific ownership taxes received from the State will be equal to approximately 3.0% of total property taxes collected.

The District allocates specific ownership tax revenue proportionally between each fund based on the ratio of property tax revenue collected for each fund compared to total property revenue collected by the District.

Capital Facility Fees

On November 28, 2016, the District passed a resolution imposing a one-time Capital Facilities Fee on each Residential Unit which is payable to the District on the date each Residential Unit is sold by a Builder to an End User. The Capital Facilities Fee is \$5,150 per constructed Residential Unit. Capital Facilities Fees are included in the definition of Senior Pledged Revenue and are pledged towards the repayment of the Series 2016A Senior Bonds. The District estimates 10 Residential Units will be sold in 2024 and 10 Residential Units will be sold in 2025.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 3.5%.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include legal, management, accounting, insurance, banking, and board meeting expenses necessary to ensure the District continues to provide services to District residents. Per the November 28, 2016 IGA between the District and BV Metro 1 (see below), the District reimburses BV Metro 1 for providing general and administrative services to the District. Since October 2020, the District replaced BV Metro 1 with third-party contractors to manage the District’s general and administrative functions.

Direct and Indirect Collection Costs

The District provides no services to District residents and property owners. The District’s sole function is to manage the repayment of the District’s debts. Consequently, all costs incurred by the District are considered direct or indirect collection costs supporting the repayment of the District’s debts.

Collection costs incurred by the District related to the collection of property taxes includes all costs incurred by the District that enable and support the District’s ability to collect property taxes revenue. Generally, such costs include (a) operating and reporting compliance costs that protect the District’s right to collect property taxes (e.g. financial statement audit fees, fees paid to professionals to prepare mandatory periodic financial and operational reports to the City and State, etc), (b) professional fees related to applying and monitoring accounting controls over the collection of District revenues, (c) costs related to managing the District’s annual property tax assessment process and (d) insurance protecting the District from liability exposure that potentially could arise from performing these activities.

IGA With BV Metro 1

BV Metro 1 owns and operates certain public facilities within the boundaries of the District (i.e. conference center, transit center and parking garage) and generates fee revenue from operating these public facilities. Fee revenue generated by BV Metro 1 from operating these public facilities has historically not been sufficient to cover the costs of operating and maintaining such facilities within the District.

On November 28, 2016, the District and BV Metro 1 entered into an Operations, Maintenance and Administrative Service Agreement (OMA Agreement). Per the OMA Agreement:

- BV Metro 1 provides all operating and administrative functions for the District;
- BV Metro 1 commits to generating property tax revenue to fund its operations and services with a mill levy of no less than 43.5 mills (Minimum BVMD1 Mill Levy). Because all real property within BV Metro 1 is

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

commercial property, the Minimum BVMD1 Mill Levy is not adjusted annually for any changes in the ratio of taxable valuation to assessed valuation of real residential property.

- The District commits to levying a general fund mill levy that is sufficient to cover BV Metro 1's expenses net of property tax revenue generated from the Minimum BVMD1 Mill Levy and fee revenue generated from the operation of public facilities owned by BV Metro 1. The mill levy under this commitment cannot be adjusted to exceed the voter-imposed 6-mill maximum levy to fund the administration, maintenance and capital replacement of the District's facilities and operations;
- The District's commitment to provide funding to BV Metro 1 terminates when BV Metro 1's revenues exceeds its expenditures;
- BV Metro 1 is committed to continue operating the public facilities located within the District and providing operating and administrative functions for the District after the District's funding commitment to BV Metro 1 is terminated.

Historic and projected funding by the District to BV Metro 1 under this IGA is provided on page 17.

Per the Senior Indenture of Trust, the mill levy generated by the District under this IGA is a component of the Senior Required Mill Levy (defined below).

Related Parties to the IGA: When the IGA was executed, all directors serving on the District's board were also serving on BV Metro 1's board at the same time. All directors at that time reported potential conflicts of interest related to their service as directors on both districts. Both districts had contractual relationships with entities that were owned by or employers of the directors.

Of the four directors serving on the board of BV Metro 1 (Director Blasberg, Director Stuart, Director Gunion and Director Singer) in 2024, three such directors reported potential conflicts of interest related to their service on the BV Metro 1 board.

Director Blasberg is an employee of East West Partners, Inc., director on the Capitol Peak Lodge HOA board (which is partially funded by BV Metro 1 and in which the conference center operated by BV Metro 1 is located), president of the One Snowmass HOA board (which is partially funded by BV Metro 1, in which the transit center operated by BV Metro 1 is located) and director on the Master Association board.

Director Gunion is president of Snowmass Ventures, LLC, which owns and operates various subsidiaries that operate within BV Metro 1, and is an employee of East West Partners, Inc.

Although Director Singer has filed no conflicts of interest disclosures with the State of Colorado regarding his service on the BV Metro 1 board, he is an officer of Snowmass Ventures, LLC.

BV Metro 1 has contracted with SV Snowmass Hospitality, LLC to (1) operate and maintain BV Metro 1's conference center, (2) operate and maintain BV Metro 1's transit center, (3) administer parking fees for BV Metro 1's parking garage and (4) provide general management services to BV Metro 1 and the District. For 2025, BV Metro 1 budgeted

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

paying SV Snowmass Hospitality, LLC \$177,287 in management fees to operate the three facilities. SV Snowmass Hospitality, LLC is owned by Snowmass Ventures, LLC.

BV Metro 1 also pays monthly dues to the Capitol Peak Lodge Condo Association, BV Garage Condo Association and One Snowmass HOA. For 2025, approximately 34% or \$610,684 of the BV Metro 1's total budgeted expenditures of \$1,814,689 was comprised of HOA dues paid to these three HOA entities. The boards of all three HOAs are controlled by a majority of directors who are owners or employees of Snowmass Ventures, LLC and/or its subsidiaries or affiliates.

The District and Snowmass Ventures, LLC (Snowmass Ventures) a party related to Snowmass Ventures, LLC) entered into that certain "Operations Guaranty Agreement," dated as of November 28, 2016 for the purpose of establishing a source of supplemental funding for operating costs of BV Metro 1 incurred pursuant to the IGA. Snowmass Ventures is obligated to provide operating funds to BV Metro 1 provided that both BV Metro 1 and the District certify the full amount of the property tax mill levy required and authorized to be levied by the Districts for operating costs, and otherwise use every reasonable effort to collect other revenues to fund such costs. BV Metro 1 is obligated to reimburse Snowmass Ventures such advances from available funds, subject to annual appropriation.

Debt and Leases

Series 2016A Senior Bonds

On December 22, 2016, the District issued \$31,260,000 General Obligation Limited Tax Refunding Bonds, Series 2016A ("Senior Bonds"). The Senior Bonds were issued as two term bonds that bear interest at 5.50% (on \$11,785,000 principal) and 5.75% (on \$19,475,000 principal), and are payable semi-annually on June 1 and December 1, beginning on December 1, 2017. Annual mandatory sinking fund principal payments are due on December 1, beginning on June 01, 2017. The Senior Bonds mature on December 01, 2046.

The Senior Bonds are secured by and payable solely from Senior Pledged Revenue, net of any costs of collection, which is comprised of the following:

- a) all Senior Property Tax Revenues (generated by the imposition of the Senior Required Mill Levy);
- b) all Senior Specific Ownership Taxes (attributable to the Senior Required Mill Levy);
- c) all Capital Facility Fees;
- d) all Capital Levy Revenue (from which Shortfalls shall be paid); and
- e) any other legally available amounts that the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Senior Required Mill Levy is defined as the mill levy necessary to generate sufficient property tax revenue during the year to (1) fully pay the annual principal and interest payment due on the Senior Bonds, (2) ensure the Senior Reserve Fund is replenished to \$654,168 (the Senior Reserve Requirement), and (3) the Surplus Fund is fully funded at the Maximum Surplus Amount. The Maximum Required Senior Required Mill Levy is either 37.5 mills or, if 37.5 mills combined with certain other revenue sources does not generate sufficient revenue to fully fund the annual principal and interest payment due on the Senior Bonds, 43.5 mills. The Maximum Required Senior Required Mill Levy is adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006 (the date the Service Plan was approved by the Town). As of October 23, 2006, the ratio for residential

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

and commercial property was 7.96% and 29.00%, respectively. The ratio for 2025 is 6.700% and 27.9%, respectively, with a \$55,000 valuation exemption per residential lot and a \$30,000 exemption per commercial lot, which caused the Maximum Required Senior Required Mill Levy for 2025 to be either 44.204 mills or 51.277 mills².

For the 2025 collection year, the Senior Required Mill levy is 27.025 mills – which will generate sufficient revenue, net of any costs of collection, to fully fund the Senior Reserve Fund, fully fund the Senior Surplus Fund and fully pay the principal and interest due on the Senior Bonds.

Per Section 3.06 of the Senior Indenture of Trust, the District will be applying “Level B” Revenue to the Annual Debt Service Requirements in 2025. Level B Revenue consists of (1) property tax revenue generated from the Required Mill Levy of 44.204 mills net of any costs of collection, (2) related specific ownership tax revenue, (3) capital facility fee revenue and (4) amounts on deposit in the Surplus Fund in excess of \$1 million.

Amounts on deposit in the Senior Reserve Fund and in the Senior Surplus Fund also secure payment of the Senior Bonds. Available Senior Pledged Revenue, if any, is to be accumulated in the Senior Reserve Fund and the Senior Surplus Fund in accordance with the Senior Indenture up to the Senior Reserve Requirement and the Maximum Surplus Amount, respectively.

The Senior Bonds are subject to redemption prior to maturity, at the option of the District on December 01, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 01, 2024, to November 30, 2025	1.0%	\$ 296,200
December 01, 2025, and thereafter	0.0%	\$ -

The District’s debt service schedule for its Senior Bonds is provided on page 16.

Capital Pledge Agreement between the District and BV Metro 1

On December 22, 2016, the District entered into a Capital Pledge Agreement with BV Metro 1 by which BV Metro 1 has pledged the Capital Levy Revenue to the District for payment of the Bonds (subject to the limitations as outlined in the Agreement). BV Metro 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 for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006. 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.

² 44.204 mills = $\frac{[(\$65,866,050 / 6.7\%) + (\$55,000 \times 371 \text{ lots})] \times 7.96\% \times (37.5 \text{ mills} / 1,000) + [(\$18,104,220 / 27.9\%) + (\$30,000 \times 33 \text{ lots})] \times 29\% \times (37.5 \text{ mills} / 1,000)}{\$83,970,270}$

51.277 mills = $\frac{[(\$65,866,050 / 6.7\%) + (\$55,000 \times 371 \text{ lots})] \times 7.96\% \times (43.5 \text{ mills} / 1,000) + [(\$18,104,220 / 27.9\%) + (\$30,000 \times 33 \text{ lots})] \times 29\% \times (43.5 \text{ mills} / 1,000)}{\$83,970,270}$

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

The pledge of the Capital Levy Revenue secures the obligation of BV Metro 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 – net of all collection costs, 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 is projected to occur in 2025.

Series 2016B Subordinate Bonds

On December 22, 2016, the District issued \$13,330,000 Subordinate General Obligation Limited Tax Refunding Bonds, Series 2016B (“Subordinate Bonds”). The Subordinate Bonds were issued at the rate of 6.500% per annum and are payable annually on December 15, beginning December 15, 2017, from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2048. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

The Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, net of any costs of collection, which includes:

- a) all Subordinate Property Taxes (generated by the imposition of the Subordinate Required Mill Levy);
- b) all Subordinate Specific Ownership Taxes (attributable to the Subordinate Required Mill Levy);
- c) all Subordinate Capital Facility Fee Revenue (meaning any Capital Facility Fee Revenue remaining after deduction of any amounts applied to the payment of the Senior Bonds);
- d) any amounts released from the Senior Surplus Fund pursuant to the terms of the Senior Indenture; and
- e) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The Subordinate Bonds are subject to redemption prior to maturity, at the option of the District on December 01, 2022, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium (%)	Redemption Premium (\$)
December 15, 2024, to December 14, 2025	1.0%	\$ 133,300
December 15, 2025, and thereafter	0.0%	\$ -

In the event any amount of principal or interest on the Subordinate Bonds remains unpaid on December 15, 2048, the Subordinate Bonds will be discharged and the bondholders will have no recourse against the District.

Payments toward interest and principal on the Subordinate Bonds can be made provided the Series 2018A Bonds are current and the Reserve Fund and Surplus Fund for the Series 2018A Bonds are fully funded. The District is required to impose the Required Subordinate Mill Levy until the Subordinate Series 2018B Bonds are fully paid or discharged on December 15, 2048. The Subordinate Required Mill Levy is adjusted for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006 (the date the Service Plan was approved by the Town). As of October 23, 2006, the ratio for residential and commercial property was 7.96% and 29.00%,

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

respectively. The ratio for 2025 is 6.700% and 27.9%, respectively, with a \$55,000 valuation exemption per residential lot and a \$30,000 exemption per commercial lot, which caused the Subordinate Required Mill Levy for 2025 to be 18.321 mills³.

Leases

The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an emergency reserve equal to at least 3% of the fiscal year spending, excluding spending appropriations for bonded debt service, for 2025 as defined under TABOR.

Senior Bond Fund – Reserve Fund

The Senior Bond Reserve Fund was established as additional security for the bonds and will be used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The Reserve Fund was initially funded from the proceeds of the Senior Bonds. In accordance with the Senior Indenture, the Senior Reserve Fund must be funded up to the Maximum Reserve Amount of \$654,168.

Senior Bond Fund – Surplus Fund

The Senior Bond Surplus Fund was established as additional security for the bonds and will be used to fund any deficiencies in the amounts required to pay bond principal and interest when due. The Surplus Fund will be funded solely from any Pledged Revenue remaining after annual payments on the Senior Bonds are fully satisfied and the Reserve Fund is fully funded. In accordance with the Senior Indenture, the Surplus Fund must be funded up to the Maximum Surplus Amount of \$2,000,000. The Maximum Surplus Amount will decrease to \$1,000,000 when the District’s debt to assessed valuation ratio drops below 50%. Pursuant to the Subordinate Bond Indenture of Trust, any moneys released from the Senior Surplus Fund will be classified as Subordinate Pledged Revenue.

³ 18.321 mills = 44.506 mills (Maximum Subordinate Required Mill Levy) – 26.185 mills (Senior Required Mill Levy)

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

The District's repayment schedule for its Series 2016A Senior Bonds is as follows:

Year Ended December 31,	Principal	Interest	Interest Rate	Total
2025	\$ 500,000	\$ 1,677,788	5.50% – 5.75%	\$ 2,177,788
2026	570,000	1,650,287	5.50% – 5.75%	2,220,287
2027	600,000	1,618,938	5.50% – 5.75%	2,218,938
2028	680,000	1,585,937	5.50% – 5.75%	2,265,937
2029	715,000	1,548,538	5.50% – 5.75%	2,263,538
2030	800,000	1,509,213	5.50% – 5.75%	2,309,213
2031	845,000	1,465,212	5.50% – 5.75%	2,310,212
2032	940,000	1,418,738	5.50% – 5.75%	2,358,738
2033	990,000	1,367,037	5.50% – 5.75%	2,357,037
2034	1,090,000	1,312,587	5.50% – 5.75%	2,402,587
2035	1,150,000	1,252,637	5.50% – 5.75%	2,402,637
2036	1,265,000	1,189,388	5.50% – 5.75%	2,454,388
2037	1,330,000	1,119,812	5.75%	2,449,812
2038	1,455,000	1,043,338	5.75%	2,498,338
2039	1,540,000	959,674	5.75%	2,499,674
2040	1,680,000	871,125	5.75%	2,551,125
2041	1,775,000	774,524	5.75%	2,549,524
2042	1,930,000	672,462	5.75%	2,602,462
2043	2,040,000	561,488	5.75%	2,601,488
2044	2,210,000	444,188	5.75%	2,654,188
2045	2,335,000	317,113	5.75%	2,652,113
2046	3,180,000	182,850	5.75%	3,362,850
	\$ 29,620,000	\$24,542,874		\$ 54,162,874

The original face value of the Series 2016A Senior Bonds totaled \$31,260,000. Interest is payable each year on June 1st and December 1st, and principal payments are due each year on December 1st.

No debt-to-maturity schedule is provided for the Series 2016B Subordinate Bonds because such obligations are payable from Subordinate Pledged Revenue, if and when such revenue is available to repay these bonds.

This financial information should be read only in connection with the summary of significant assumptions.

BASE VILLAGE METROPOLITAN DISTRICT NO. 2
**FUNDING PROVIDED TO BV METRO 1 UNDER
 NOVEMBER 28, 2016 IGA**

Historic and projected funding by the District to BV Metro 1 under this IGA is as follows:

	Prior Years (Actual)	2020 (Actual)	2021 (Actual)	2022 (Actual)	2023 (Actual)	2024 (Budget)	2025 (Budget)	Total (Note B)
Gross revenue – BV Metro 1 (Note A)	\$ 1,876,139	\$ 941,884	\$ 952,277	\$ 1,118,592	\$ 1,265,264	\$ 1,579,623	\$ 1,766,897	
BV Metro 1 expenditures	(2,116,475)	(1,088,367)	(1,101,340)	(1,294,415)	(1,615,507)	(1,750,628)	(1,814,689)	
BVMD1 net (expense)/revenue	(240,336)	(146,483)	(149,063)	(175,823)	(350,243)	(171,005)	(47,792)	
District funding provided to BV Metro 1	407,964	247,900	-	-	-	-	-	
Funds provided to BV Metro 1 in excess of IGA funding commitment	\$ 167,628	\$ 101,417	(\$ 149,063)	(\$ 175,823)	(\$ 350,243)	(\$ 171,005)	(\$ 47,792)	(\$ 624,881)

Note A – Because all taxable real property within the boundaries of BV Metro 1 is commercial property, BV Metro 1 is not required to adjust its Minimum Mill Levy Commitment for changes in the ratio of taxable valuation to assessed valuation of real property since October 23, 2006 (the date the Service Plan was approved by the Town).

Note B – Due to (1) the multiple related party relationships among the directors serving on the BVMD1 board, the directors serving on the HOAs (which charge fees/dues to BVMD1) and companies providing management services to BVMD1 and (2) the apparent common control that exists among all such entities which allows expenses and revenues to potentially be shifted among all such entities at other than “arms-length” terms, the District believes it is likely the terminating event for the 2016 IGA may have already occurred (i.e. BVMD1 annual revenues exceed BVMD1 annual expenditures) had all entities conducted transactions (e.g. HOA dues assessments charged to BVMD1, management fees charged to BVMD1 and service fees charged by BVMD1) among themselves on “arms-length” terms.

This financial information should be read only in connection with the summary of significant assumptions.