

RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2023

The Board of Directors of Hance Ranch Metropolitan District (the “**Board**”), City of Wheat Ridge, Jefferson County, Colorado (the “**District**”), held a regular meeting, via teleconference on October 19, 2022, at the hour of 10:00 A.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 2023 BUDGET

Colorado Community Media
750 W. Hampden Ave. Suite 225
Englewood, CO 80110

Hance Ranch Metro District (wba) **
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Ave., Suite 2000
Centennial CO 80122

AFFIDAVIT OF PUBLICATION

State of Colorado }
County of Jefferson } ss

This Affidavit of Publication for the Arvada Press, a weekly newspaper, printed and published for the County of Jefferson, State of Colorado, hereby certifies that the attached legal notice was published in said newspaper once in each week, for 1 successive week(s), the last of which publication was made 10/13/2022, and that copies of each number of said paper in which said Public Notice was published were delivered by carriers or transmitted by mail to each of the subscribers of said paper, according to their accustomed mode of business in this office.



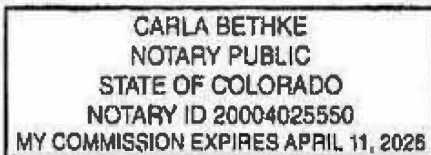
For the Arvada Press

State of Colorado }
County of Jefferson } ss

The above Affidavit and Certificate of Publication was subscribed and sworn to before me by the above named Linda Shapley, publisher of said newspaper, who is personally known to me to be the identical person in the above certificate on 10/13/2022. Linda Shapley has verified to me that she has adopted an electronic signature to function as her signature on this document.

20004025550-205524

Carla Bethke
Notary Public
My commission ends April 11, 2026



Hance Ranch

NOTICE OF PUBLIC HEARING ON THE AMENDED 2022 BUDGET AND NOTICE OF PUBLIC HEARING ON THE PROPOSED 2023 BUDGET

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the HANCE RANCH METROPOLITAN DISTRICT (the "District"), will hold a meeting via teleconference on **October 19, 2022 at 10:00 A.M.**, for the purpose of conducting such business as may come before the Board including a public hearing on the 2023 proposed budget (the "Proposed Budget").

The necessity may also arise for an amendment to the 2022 budget (the "Amended Budget"). This meeting can be joined using the following teleconference information:

Join Zoom Meeting
<https://us06web.zoom.us/j/82444693286?pwd=M1FsekRBMW40V3Z6YnBmSmg5OGFrUT09>
Meeting ID: 824 4469 3286
Passcode: 220775
Call-In Number: 1-720-707-2699

NOTICE IS FURTHER GIVEN that the Proposed Budget and Amended Budget (if applicable) have been submitted to the District. A copy of the Proposed Budget and Amended Budget are on file in the office of CliftonLarsonAllen, LLP, 8390 E Crescent Pkwy #300, Englewood, CO 80111, where the same are open for public inspection.

Any interested elector of the District may file any objections to the Proposed Budget and Amended Budget at any time prior to final adoption of the Proposed Budget or the Amended Budget by the Board. This meeting is open to the public and the agenda for any meeting may be obtained by calling (303) 858-1800.

BY ORDER OF THE BOARD OF DIRECTORS:

HANCE RANCH METROPOLITAN DISTRICT,
a quasi-municipal corporation and political subdivision of the State of Colorado

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

Legal Notice No. 414838
First Publication: October 13, 2022
Last Publication: October 13, 2022
Publisher: Jeffco Transcript
and the Arvada Press

Colorado Community Media
750 W. Hampden Ave. Suite 225
Englewood, CO 80110

Hance Ranch Metro District (wba) **
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Ave., Suite 2000
Centennial CO 80122

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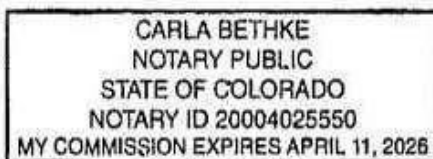
For the Jeffco Transcript

State of Colorado }
County of Jefferson } ss

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20004025550-178778

Carla Bethke
Notary Public
My commission ends April 11, 2026



Hance Ranch

NOTICE OF PUBLIC HEARING ON THE AMENDED 2022 BUDGET AND NOTICE OF PUBLIC HEARING ON THE PROPOSED 2023 BUDGET

NOTICE IS HEREBY GIVEN that the Board of Directors (the "Board") of the HANCE RANCH METROPOLITAN DISTRICT (the "District"), will hold a meeting via teleconference on **October 19, 2022 at 10:00 A.M.**, for the purpose of conducting such business as may come before the Board including a public hearing on the 2023 proposed budget (the "Proposed Budget").

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BY ORDER OF THE BOARD OF DIRECTORS:

HANCE RANCH METROPOLITAN DISTRICT,
a quasi-municipal corporation and political subdivision of the State of Colorado

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

Legal Notice No. 414838
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WHEREAS, the Board has designated its accountant 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 and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

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

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. 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 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 25.751 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 61.803 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2022 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

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 Jefferson 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 in the budget attached hereto are hereby appropriated.

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.

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ADOPTED THIS OCTOBER 19, 2022.

DISTRICT:

HANCE RANCH METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado


By: 
Matt Cavanaugh (Dec 7, 2022 17:20 MST)
Officer of the District

Attest:

By: 
GUILLAUME POUCHOT (Dec 7, 2022 15:55 MST)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law


Kristin B. Tompkins
General Counsel to the District

STATE OF COLORADO
COUNTY OF JEFFERSON
HANCE RANCH METROPOLITAN DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference on Wednesday, October 19, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 7 day of December, 2022.


GUILLAUME POUCHOT (Dec 7, 2022 15:55 MST)

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

HANCE RANCH METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

**HANCE RANCH METROPOLITAN DISTRICT
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 989,781	\$ 478,287	\$ 338,920
REVENUE			
Property taxes	47,159	63,982	92,831
Property taxes - TIF	-	4,343	9,259
Specific ownership tax	3,772	4,461	6,498
Interest income	115	3,000	10,885
Developer advance	676,054	193,802	50,000
Operations fees	8,654	25,030	64,260
Transfer fees	10,200	30,600	1,800
Other revenue	-	781	940
Total revenue	745,954	325,999	236,473
TRANSFERS IN	18,000	-	-
Total funds available	1,753,735	804,286	575,393
EXPENDITURES			
General Fund	56,264	58,547	80,000
Debt Service Fund	118,486	128,690	137,000
Capital Projects Fund	1,070,077	228,429	-
Special Revenue Fund	12,621	49,700	67,000
Total expenditures	1,257,448	465,366	284,000
TRANSFERS OUT	18,000	-	-
Total expenditures and transfers out requiring appropriation	1,275,448	465,366	284,000
ENDING FUND BALANCES	\$ 478,287	\$ 338,920	\$ 291,393
EMERGENCY RESERVE	\$ 400	\$ 600	\$ 1,000
SPECIAL REVENUE RESERVE	-	1,700	2,100
DEBT SERVICE RESERVE	221,243	221,243	221,243
DEBT SERVICE SURPLUS RESERVE	53,525	99,738	50,274
CAPITALIZED INTEREST	121,012	-	-
TOTAL RESERVE	\$ 396,180	\$ 323,281	\$ 274,617

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/23

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
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ASSESSED VALUATION

Residential	\$ -	\$ 169,222	\$ 975,795
Personal property	-	2,142	23,621
State assessed	-	12	235
Vacant land	576,002	627,657	167,978
	576,002	799,033	1,167,629
Adjustments	(25,027)	(51,514)	(107,361)
Certified Assessed Value	\$ 550,975	\$ 747,519	\$ 1,060,268

MILL LEVY

General	25.174	25.174	25.751
Debt Service	60.419	60.419	61.803
Total mill levy	85.593	85.593	87.554

PROPERTY TAXES

General	\$ 13,870	\$ 18,818	\$ 27,303
Debt Service	33,289	45,164	65,528
Levied property taxes	47,159	63,982	92,831
Budgeted property taxes	\$ 47,159	\$ 63,982	\$ 92,831

BUDGETED PROPERTY TAXES

General	\$ 13,870	\$ 18,818	\$ 27,303
Debt Service	33,289	45,164	65,528
	\$ 47,159	\$ 63,982	\$ 92,831

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 5,787	\$ (5,498)	\$ 3,350
REVENUE			
Property taxes	13,870	18,818	27,303
Property taxes TIF	-	1,277	2,723
Specific ownership tax	1,109	1,300	1,911
Developer advance	30,000	46,000	50,000
Total revenue	44,979	67,395	81,937
Total funds available	50,766	61,897	85,287
EXPENDITURES			
General and administrative			
Accounting	27,260	25,000	30,000
Auditing	4,700	5,200	5,500
County Treasurer's fee	208	282	410
Dues and licenses	496	328	500
Insurance and bonds	2,836	3,103	4,000
Legal services	20,764	20,000	35,000
Miscellaneous	-	1,214	1,090
Election expense	-	3,420	3,500
Total expenditures	56,264	58,547	80,000
Total expenditures and transfers out requiring appropriation	56,264	58,547	80,000
ENDING FUND BALANCE	\$ (5,498)	\$ 3,350	\$ 5,287
EMERGENCY RESERVE	\$ 400	\$ 600	\$ 1,000
TOTAL RESERVE	\$ 400	\$ 600	\$ 1,000

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 1,645	\$ 7,878	\$ 14,589
REVENUE			
Other revenue	-	781	940
Operations fees	8,654	25,030	64,260
Transfer fees	10,200	30,600	1,800
Total revenue	18,854	56,411	67,000
Total funds available	20,499	64,289	81,589
EXPENDITURES			
Operations and maintenance			
Repairs and maintenance	-	2,000	4,000
District management	6,000	10,000	22,500
Landscaping	3,940	13,000	15,000
Trash removal	2,081	9,600	10,000
Snow Removal	-	15,000	12,500
Utilities	-	-	2,500
Miscellaneous	600	100	500
Total expenditures	12,621	49,700	67,000
Total expenditures and transfers out requiring appropriation	12,621	49,700	67,000
ENDING FUND BALANCE	\$ 7,878	\$ 14,589	\$ 14,589
SPECIAL REVENUE RESERVE	\$ -	\$ 1,700	\$ 2,100
TOTAL RESERVE	\$ -	\$ 1,700	\$ 2,100

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 460,255	\$ 395,780	\$ 320,981
REVENUE			
Property taxes	33,289	45,164	65,528
Property taxes TIF	-	3,066	6,536
Specific ownership tax	2,663	3,161	4,587
Interest income	59	2,500	10,885
Total revenue	36,011	53,891	87,536
TRANSFERS IN			
Transfers from other funds	18,000	-	-
Total funds available	514,266	449,671	408,517
EXPENDITURES			
Debt Service			
County Treasurer's fee	499	677	983
Contingency	-	-	8,004
Paying agent fees	-	7,000	7,000
Bond interest - Series 2020A	117,987	121,013	121,013
Total expenditures	118,486	128,690	137,000
Total expenditures and transfers out requiring appropriation	118,486	128,690	137,000
ENDING FUND BALANCE	\$ 395,780	\$ 320,981	\$ 271,517
DEBT SERVICE RESERVE	\$ 221,243	\$ 221,243	\$ 221,243
DEBT SERVICE SURPLUS RESERVE	53,525	99,738	50,274
CAPITALIZED INTEREST	121,012	-	-
TOTAL RESERVE	\$ 395,780	\$ 320,981	\$ 271,517

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 522,094	\$ 80,127	\$ -
REVENUE			
Interest income	56	500	-
Developer advance	646,054	147,802	-
Total revenue	646,110	148,302	-
Total funds available	1,168,204	228,429	-
EXPENDITURES			
Capital Projects			
Accounting	2,141	-	-
Engineering	2,888	-	-
Repay developer advance	418,994	80,627	-
Capital outlay	646,054	147,802	-
Total expenditures	1,070,077	228,429	-
TRANSFERS OUT			
Transfers to other fund	18,000	-	-
Total expenditures and transfers out requiring appropriation	1,088,077	228,429	-
ENDING FUND BALANCE	\$ 80,127	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Hance Ranch Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order of the District Court in Jefferson County on November 19, 2019, and is governed pursuant to provisions of the Colorado Special District Act, Title 32, Article I, Colorado Revised Statutes. The District’s service area is location in Jefferson County. The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services.

Pursuant to the Service Plan, the District is permitted to issue bond indebtedness of up to \$6,000,000. In the future, the District may issue a portion or all of the authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts’ service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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

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 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Developer Advances

The District is in the development stage. As such, a significant portion of the operating and administrative expenditures are to be funded by the Developer. The Developer is also expected to construct or cause to construct certain public improvements on behalf of the District. Developer advances are recorded as revenue for budget purposes with an obligation for future repayment when the District is financially able to reimburse the Developer from bond proceeds and other legally available revenue.

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, sale 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 calculation of the taxes levied is displayed on the property tax summary information page of the budget.

**HANCE RANCH METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

Property Taxes Received Through TIF

The District has entered into a Tax Increment Sharing Agreement with the Wheat Ridge Urban Renewal Authority (Renewal Wheat Ridge), dated as of October 1, 2019 regarding the sharing of Tax Increment Revenues generated within the District. The Tax Increment Sharing Agreement provides that in consideration for the District providing public improvements and services, the Authority agrees that the portion of revenues which it receives as a result of ad valorem property tax increments, which are attributable to the District's current and future levy of ad valorem taxes on property within the Development and encompassed by the Urban Renewal Plan, shall be segregated upon receipt and shall be remitted by the Authority to the District within 45 days of the end of each quarter. The District will use such property tax revenue to pay debt service on the bonds or to reimburse the Bank for draws on the Letter of Credit.

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 budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 4.0%.

Operations Fees

The District imposes an Operations Fee on all residential units within the boundaries of the District to fund operating costs.

Transfer Fees

The District imposes a Transfer Fee upon each transfer of a residential unit to an end user.

Expenditures

General and Administrative Expenditures

General and administrative expenditures include the estimated cost of services necessary to maintain the District's administrative viability such as legal, accounting, insurance, membership dues, election and other administrative expenditures.

**HANCE RANCH METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures (continued)

Debt Service

Principal and interest payments in 2023 are provided based on the debt amortization schedule from the Series 2020A(3) Bonds (discussed under Debts and Leases). There is no debt amortization schedule provided for the Series 2020B(3) Subordinate Bonds as the Bond is a cash flow bond and the timing of the payments are unknown.

Debt and Leases

Series 2020 Bonds

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A(3) on December 10, 2020, in the par amount of \$2,375,000 (the Senior Bonds). The District also issued Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) on December 10, 2020, in the par amount of \$227,000 (the Subordinate Bonds). Proceeds from the sale of the Senior and Subordinate Bonds were used to fund: (i) the costs of public improvements for the benefit of the District; (ii) capitalized interest on the Senior Bonds; (iii) certain funds created in the Senior Indenture; and (iv) costs of issuing the Bonds.

Senior Bonds Details

The Senior Bonds were issued as two term bonds that bear interest at the respective rates of 5.000% and 5.125%, payable semiannually on June 1 and December 1, beginning on June 1, 2022. The Senior Bonds have annual mandatory sinking fund principal payments due annually on December 1, beginning on December 1, 2028 and mature on December 1, 2050.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid, subject to discharge on December 31, 2060, and shall continue to bear interest at the rate borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Senior Bond. In the event that any amount of principal or interest on the Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on December 31, 2060, the Senior Bonds shall be deemed discharged.

Senior Bonds Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue from the following sources, net of any costs of collection and any property tax refunds or abatement authorized by or on behalf of the County: (a) the Senior Required Mill Levy; (b) the portion of the Senior Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy; (c) the Cooperation Agreement Revenues; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Trustee for application as Senior Pledged Revenue.

Subordinate Bonds Details

The Subordinate Bonds bear interest at the rate of 8.000% per annum and are payable annually on December 15, beginning December 15, 2022 from, and to the extent of, Subordinate Pledged Revenue available, if any, and mature on December 15, 2050. The Subordinate Bonds are structured as cash flow

**HANCE RANCH METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

Debt and Leases (Continued)

All of the Subordinate Bonds and interest thereon are to be deemed to be discharged after the application of all available Subordinate Pledged Revenue on December 31, 2060 (the "Subordinate Bonds Termination Date"), regardless of the amount of principal and interest paid prior to the Subordinate Bonds Termination Date.

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax Revenues resulting from the Subordinate Required Mill Levy; (c) the portion of the Cooperation Agreement Revenues, if any, available after application to the payment of the Senior Bonds; (d) the amounts, if any, in the Surplus Fund released to the District pursuant to the Senior Indenture; (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Optional Redemption

The Senior and Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2025, upon payment of par, accrued interest, and a redemption premium of 3% and on any date thereafter, with a redemption premium declining 1% per year for the next two years and no redemption premium thereafter.

Senior Required Mill Levy

Pursuant to the Senior Indenture, prior to the Conversion Date, the District has covenanted to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but (i) not in excess of 60.000 mills (subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut, or abatement with respect to the classes of property on which the District may impose its mill levy after January 1, 2018), and (ii) for so long as the Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 60.000 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds when due, will replenish the Reserve Fund to the amount of the Required Reserve and, for so long as the Surplus Fund is required to be maintained, will fund the Surplus Fund to the Maximum Surplus Amount.

The Conversion Date means the date that: (i) the Debt to Assessed Ratio is 50% or less; (ii) no payments of principal or interest on the Senior Bonds are past due; and, (iii) the amount on deposit in the Reserve Fund is not less than the Required Reserve. Debt to Assessed Ratio means the ratio derived by dividing the then-outstanding principal amount of all debt of the District by the assessed valuation of taxable property in the District. For purposes of the forecast, the current year Debt to Assessed Ratio is calculated based on the outstanding Bonds as of December 2 of the current year and the assessed valuation for the subsequent year.

On and after the Conversion Date, a Senior Required Mill Levy is to be imposed upon all taxable property of the District each year in an amount sufficient to pay the Senior Bonds when due and, if necessary, to replenish the Reserve Fund to the amount of the Required Reserve, without limitation of rate. On and after the Conversion Date, the definition of "Senior Required Mill Levy" shall be determined exclusively by this paragraph regardless of any subsequent increase in the Debt to Assessed Ratio.

**HANCE RANCH METROPOLITAN DISTRICT
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Subordinate Required Mill Levy

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy upon all taxable property in the District each year in an amount of 60 mills (subject to adjustment) less the amount of the Senior Bond Required Mill Levy. Senior Bond Required Mill Levy means the ad valorem mill levy applied in connection with any Senior Bonds.

The Subordinate Required Mill Levy will equal zero at any time that the (a) the payment of the Senior Bonds (and any other Senior Obligations) and replenishment of the Reserve Fund (and any similar reserve fund securing Senior Obligations) requires the imposition of at least 60 mills, as adjusted; and (b) prior to the Conversion Date, the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount.

The District has no debt, nor any capital and operating leases.

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending for 2023 as defined under TABOR.

Debt Service Reserve

The Senior Bonds are secured by the Reserve Fund which was funded from proceeds of the Senior Bonds in the amount of the Required Reserve of \$221,243. The Reserve Fund is to be maintained in the amount of the Required Reserve for so long as any Senior Bond is outstanding. Moneys in the Surplus Fund are to be used for payment of the Senior Bonds prior to the use of any moneys in the Reserve Fund.

Debt Service Surplus Reserve

Prior to the Conversion Date, Senior Pledged Revenue that is not needed to pay debt service on the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Maximum Surplus Amount of \$237,500. Subject to the receipt of sufficient Senior Pledged Revenue, the Surplus Fund is to be maintained until the earlier of: (i) the Conversion Date or (ii) the date on which no Senior Bonds remain outstanding.

On and after the Conversion Date, amounts on deposit in the Surplus Fund are to be released to the District for application to any lawful purpose. However, the forecast assumes that the Surplus Fund will not be released until the final maturity of the Senior Bonds, as explained below. Pursuant to the Subordinate Indenture, amounts released from the Surplus Fund are pledged to the repayment of the Subordinate Bonds.

This information is an integral part of the accompanying budget.

HANCE RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
MANDATORY REDEMPTION SCHEDULE
\$2,375,000 Limited Tax (Convertible to Unlimited Tax)
General Obligation Bonds

Series 2020A(3), Dated December 10, 2020
Principal Due December 1
Interest at 5.000% and 5.125%
Payable June 1 and December 1

Year	Principal	Interest	Total
2023	\$ -	\$ 121,013	\$ 121,013
2024	-	121,013	121,013
2025	-	121,013	121,013
2026	-	121,013	121,013
2027	-	121,013	121,013
2028	10,000	121,013	131,013
2029	10,000	120,513	130,513
2030	20,000	120,013	140,013
2031	20,000	119,013	139,013
2032	30,000	118,013	148,013
2033	30,000	116,513	146,513
2034	45,000	115,013	160,013
2035	45,000	112,763	157,763
2036	55,000	110,513	165,513
2037	60,000	107,763	167,763
2038	75,000	104,763	179,763
2039	75,000	101,013	176,013
2040	90,000	97,263	187,263
2041	95,000	92,763	187,763
2042	115,000	87,894	202,894
2043	120,000	82,000	202,000
2044	140,000	75,850	215,850
2045	145,000	68,675	213,675
2046	165,000	61,244	226,244
2047	175,000	52,788	227,788
2048	195,000	43,819	238,819
2049	205,000	33,825	238,825
2050	455,000	23,319	478,319
Total	\$ 2,375,000	\$ 2,691,400	\$ 5,066,400

No assurance provided. See summary of significant assumptions.