

RESOLUTION
ADOPTING BUDGET, APPROPRIATING SUMS OF MONEY AND CERTIFYING
MILL LEVIES FOR THE CALENDAR YEAR 2025

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 8, 2024, at the hour of 1:30 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 2025 BUDGET

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

Public Notice

NOTICE OF PUBLIC HEARING
ON THE PROPOSED 2025 BUDGET
AND
NOTICE OF PUBLIC HEARING
ON THE AMENDED 2024 BUDGET

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

The Board of Directors (the "Board") of the HANCE RANCH METROPOLITAN DISTRICT (the "District"), will hold a public hearing via teleconference on October 8th, 2024, at 1:30 p.m., to consider adoption of the District's proposed 2025 budget (the "Proposed Budget") and, if necessary, adoption of an amendment to the 2024 budget (the "Amended Budget"). The public hearing may be joined using the following teleconference information:

<https://us06web.zoom.us/j/86784399562?pwd=3Uv3HElmcuFdL8SfPhLbxHryZjyogK.1>
Meeting ID: 867 8439 9562
Passcode: 562488
Call-in Number: +1-720-707-2699

AFFIDAVIT OF PUBLICATION

State of Colorado }
County of Jefferson } ss

The Proposed Budget and Amended Budget are available for inspection by the public at the offices of CliftonLarsonAllen, LLP, 8390 East Crescent Parkway, Suite 300, Greenwood Village, CO 80111.

Any interested elector of the District may file any objections to the Proposed Budget and Amended Budget at any time prior to the final adoption of the Proposed Budget or the Amended Budget by the Board.

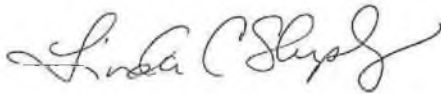
This Affidavit of Publication for the Jeffco Transcript, a weekly newspaper, printed and published for the County of Jefferson, State of Colorado, hereby certifies that the attached legal notice was published in said newspaper once in each week, for 1 successive week(s), the last of which publication was made 9/26/2024, 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.

The agenda for any meeting may be obtained at <https://hanceranchmetrodistrict.com/> or 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. 419038
First Publication: September 26, 2024
Last Publication: September 26, 2024
Publisher: Jeffco Transcript
and the Arvada Press



For the Jeffco Transcript

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 9/26/2024. Linda Shapley has verified to me that she has adopted an electronic signature to function as her signature on this document.

20134029363-346993

Jean Schaffer
Notary Public
My commission ends January 16, 2028



WHEREAS, the Board has appointed 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 available for inspection by the public at a designated place, a public hearing was held and interested electors of the District were provided a public comment period and given the opportunity to file any objections to the proposed budget prior to the final 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 2025. 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 of Property Taxes. The Board does hereby certify the levy of property taxes for collection in 2025 as more specifically set out in the budget attached hereto.

Section 3. 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 4. 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 5. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated from the revenue of each fund for the purposes stated.

Section 6. 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.

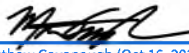
Section 7. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED OCTOBER 8, 2024.

DISTRICT:

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


By: 
Matthew Cavanaugh (Oct 16, 2024 10:39 MDT)
Officer of the District

Attest:

By: 
Ragen Hauptman (Oct 30, 2024 13:53 MDT)

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law


Kristi L. Bowes
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 Tuesday, October 8, 2024, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 30 day of October, 2024.



Ragen Hauptman (Oct 30, 2024 13:53 MDT)
Signature

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

HANCE RANCH METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2025

**HANCE RANCH METROPOLITAN DISTRICT
SUMMARY
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|-------------------|-------------------|-------------------|
| BEGINNING FUND BALANCES | \$ 344,793 | \$ 274,456 | \$ 331,075 |
| REVENUES | | | |
| Property Taxes | 93,392 | 187,603 | 175,848 |
| Specific Ownership Taxes | 7,316 | 14,842 | 12,309 |
| Operations and maintenance fee | 72,195 | 65,706 | 64,260 |
| Interest Income | 15,742 | 15,000 | 17,000 |
| Developer advance | 15,000 | 55,000 | 29,000 |
| Other Revenue | - | 24,610 | - |
| TIF Revenue | 9,259 | 24,058 | 31,560 |
| Total revenues | <u>212,904</u> | <u>386,819</u> | <u>329,977</u> |
| Total funds available | <u>557,697</u> | <u>661,275</u> | <u>661,052</u> |
| EXPENDITURES | | | |
| General Fund | 81,964 | 80,000 | 92,000 |
| Debt Service Fund | 126,002 | 137,000 | 135,000 |
| Capital Projects Fund | 6 | - | - |
| Special Revenue Fund | 75,269 | 113,200 | 65,460 |
| Total expenditures | <u>283,241</u> | <u>330,200</u> | <u>292,460</u> |
| Total expenditures and transfers out requiring appropriation | <u>283,241</u> | <u>330,200</u> | <u>292,460</u> |
| ENDING FUND BALANCES | <u>\$ 274,456</u> | <u>\$ 331,075</u> | <u>\$ 368,592</u> |
| EMERGENCY RESERVE | \$ 1,000 | \$ 2,000 | \$ 2,000 |
| AVAILABLE FOR OPERATIONS | - | - | 143 |
| DEBT SERVICE RESERVE | 221,243 | 221,243 | 221,243 |
| DEBT SERVICE SURPLUS RESERVE | 71,425 | 109,310 | 146,406 |
| TOTAL RESERVE | <u>\$ 293,668</u> | <u>\$ 332,553</u> | <u>\$ 369,792</u> |

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/25

| ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

ASSESSED VALUATION

| | | | |
|--------------------------|--------------|--------------|--------------|
| Residential | \$ 975,795 | \$ 2,078,967 | \$ 2,008,811 |
| State assessed | 235 | 354 | 341 |
| Vacant land | 167,978 | - | - |
| Personal property | 23,621 | 36,771 | 35,838 |
| | 1,167,629 | 2,116,092 | 2,044,990 |
| Adjustments | (107,361) | (243,766) | (315,191) |
| Certified Assessed Value | \$ 1,060,268 | \$ 1,872,326 | \$ 1,729,799 |

MILL LEVY

| | | | |
|-----------------|--------|---------|---------|
| General | 25.751 | 29.470 | 29.899 |
| Debt Service | 61.803 | 70.728 | 71.759 |
| Total mill levy | 87.554 | 100.198 | 101.658 |

PROPERTY TAXES

| | | | |
|--------------------------------|-----------|------------|------------|
| General | \$ 27,303 | \$ 55,177 | \$ 51,719 |
| Debt Service | 65,528 | 132,426 | 124,129 |
| Levied property taxes | 92,831 | 187,603 | 175,848 |
| Adjustments to actual/rounding | 561 | - | - |
| Budgeted property taxes | \$ 93,392 | \$ 187,603 | \$ 175,848 |

BUDGETED PROPERTY TAXES

| | | | |
|--------------|-----------|------------|------------|
| General | \$ 27,468 | \$ 55,177 | \$ 51,719 |
| Debt Service | 65,924 | 132,426 | 124,129 |
| | \$ 93,392 | \$ 187,603 | \$ 175,848 |

**HANCE RANCH METROPOLITAN DISTRICT
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ (6,492) | \$ (41,096) | \$ 522 |
| REVENUES | | | |
| Property Taxes | 27,468 | 55,177 | 51,719 |
| Specific Ownership Taxes | 2,152 | 4,365 | 3,620 |
| TIF Revenue | 2,723 | 7,076 | 9,282 |
| Interest Income | 17 | - | - |
| Developer advance | 15,000 | 55,000 | 29,000 |
| Total revenues | 47,360 | 121,618 | 93,621 |
| Total funds available | 40,868 | 80,522 | 94,143 |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 30,605 | 30,000 | 32,000 |
| Auditing | 5,800 | 6,000 | 6,500 |
| County Treasurer's Fee | 412 | 828 | 776 |
| Dues and Membership | 328 | 328 | 500 |
| Insurance | 4,290 | 5,228 | 5,500 |
| Legal | 35,085 | 35,000 | 37,000 |
| Miscellaneous | - | 2,616 | 4,724 |
| Election | 4,289 | - | 5,000 |
| Operations and maintenance | | | |
| Engineering | 1,155 | - | - |
| Total expenditures | 81,964 | 80,000 | 92,000 |
| Total expenditures and transfers out requiring appropriation | 81,964 | 80,000 | 92,000 |
| ENDING FUND BALANCES | \$ (41,096) | \$ 522 | \$ 2,143 |
| EMERGENCY RESERVE | \$ 1,000 | \$ 2,000 | \$ 2,000 |
| AVAILABLE FOR OPERATIONS | - | - | 143 |
| TOTAL RESERVE | \$ 1,000 | \$ 2,000 | \$ 2,143 |

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|------------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ 25,958 | \$ 22,884 | \$ - |
| REVENUES | | | |
| Operations and maintenance fee | 72,195 | 65,706 | 64,260 |
| Transfer Fees | - | - | 1,200 |
| Other Revenue | - | 24,610 | - |
| Total revenues | <u>72,195</u> | <u>90,316</u> | <u>65,460</u> |
| Total funds available | <u>98,153</u> | <u>113,200</u> | <u>65,460</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| District management | 16,017 | 13,000 | 13,495 |
| Miscellaneous | 600 | 1,500 | 3,145 |
| Operations and maintenance | | | |
| Landscaping | 12,363 | 18,000 | 17,350 |
| Snow Removal | 19,663 | 45,000 | 12,200 |
| Water and Sewer | - | 3,200 | 3,500 |
| Electricity | - | - | 380 |
| Repairs and Maintenance | 11,719 | 12,000 | - |
| Irrigation Repairs | - | - | 1,750 |
| Backflow | - | - | 150 |
| Detention and Underdrain | - | - | 800 |
| Trash Collection | 14,907 | 20,500 | 12,690 |
| Total expenditures | <u>75,269</u> | <u>113,200</u> | <u>65,460</u> |
| Total expenditures and transfers out requiring appropriation | <u>75,269</u> | <u>113,200</u> | <u>65,460</u> |
| ENDING FUND BALANCES | <u>\$ 22,884</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ 325,321 | \$ 292,668 | \$ 330,553 |
| REVENUES | | | |
| Property Taxes | 65,924 | 132,426 | 124,129 |
| Specific Ownership Taxes | 5,164 | 10,477 | 8,689 |
| TIF Revenue | 6,536 | 16,982 | 22,278 |
| Interest Income | 15,725 | 15,000 | 17,000 |
| Total revenues | 93,349 | 174,885 | 172,096 |
| Total funds available | 418,670 | 467,553 | 502,649 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's Fee | 989 | 1,986 | 1,862 |
| Paying agent fees | 4,000 | 7,000 | 7,000 |
| Contingency | - | 7,001 | 5,125 |
| Debt Service | | | |
| Bond interest | 121,013 | 121,013 | 121,013 |
| Total expenditures | 126,002 | 137,000 | 135,000 |
| Total expenditures and transfers out requiring appropriation | 126,002 | 137,000 | 135,000 |
| ENDING FUND BALANCES | \$ 292,668 | \$ 330,553 | \$ 367,649 |
| DEBT SERVICE RESERVE | \$ 221,243 | \$ 221,243 | \$ 221,243 |
| DEBT SERVICE SURPLUS RESERVE | 71,425 | 109,310 | 146,406 |
| TOTAL RESERVE | \$ 292,668 | \$ 330,553 | \$ 367,649 |

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ 6 | \$ - | \$ - |
| REVENUES | | | |
| Total revenues | - | - | - |
| Total funds available | 6 | - | - |
| EXPENDITURES | | | |
| General and Administrative | | | |
| Capital Projects | | | |
| Repay developer advance | 6 | - | - |
| Total expenditures | 6 | - | - |
| Total expenditures and transfers out requiring appropriation | 6 | - | - |
| ENDING FUND BALANCES | \$ - | \$ - | \$ - |

No assurance provided. See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
2025 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 portion of the operating and administrative expenditures are to be funded by the Developer. 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
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2025, SB 22-238, SB 23B-001, SB 24-233, and HB24B-1001 set the assessment rates and actual value reductions as follows:

| Category | Rate | | Category | Rate | | Actual Value Reduction | Amount |
|---------------------------|--------|--|-----------------------|--------|--|---------------------------|----------|
| Single-Family Residential | 6.70% | | Agricultural Land | 26.40% | | Single-Family Residential | \$55,000 |
| Multi-Family Residential | 6.70% | | Renewable Energy Land | 26.40% | | Multi-Family Residential | \$55,000 |
| Commercial | 27.90% | | Vacant Land | 27.90% | | Commercial | \$30,000 |
| Industrial | 27.90% | | Personal Property | 27.90% | | Industrial | \$30,000 |
| Lodging | 27.90% | | State Assessed | 27.90% | | Lodging | \$30,000 |
| | | | Oil & Gas Production | 87.50% | | | |

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.

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 4.5%.

Operations and Transfer Fees

The District imposes an Operations Fee on all residential units within the boundaries of the District to fund operating costs. The District imposes a Transfer Fee upon each transfer of a residential unit to an end user.

**HANCE RANCH METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

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.

Debt Service

Principal and interest payments in 2024 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.

**HANCE RANCH METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

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 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.

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.

**HANCE RANCH METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (Continued)

Senior Required Mill Levy (Continued)

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.

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.

**HANCE RANCH METROPOLITAN DISTRICT
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Emergency Reserve

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending 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**

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------|---------------------|---------------------|---------------------|
| 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 | \$ 2,449,375 | \$ 4,824,375 |