

RESOLUTION
ADOPTING BUDGET, AND APPROPRIATING SUMS OF MONEY
AND CERTIFYING MILL LEVIES FOR THE CALENDAR YEAR 2026

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 14, 2025, 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 2026 BUDGET

AFFIDAVIT OF PUBLICATION

See Proof on Next Page

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 on 09/25/2025, 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.

PUBLICATION DATES: September 25, 2025



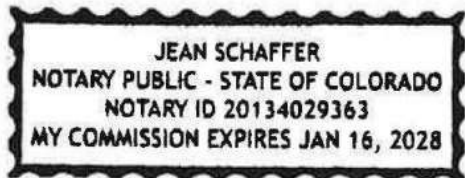
For The Arvada Press

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 Erin Adams, director of said newspaper, who is personally known to me to be the identical person in the above certificate on 09/25/2025. Erin Adams has verified to me that she has adopted an electronic signature to function as her signature on this document.

20134029363-464892

Jean Schaffer
Notary Public
My commission ends January 16, 2028



Public Notice

**NOTICE OF PUBLIC HEARING ON THE
PROPOSED 2026 BUDGET
AND**

**NOTICE OF PUBLIC HEARING
ON THE AMENDED 2025 BUDGET**

The Board of Directors (the " Board ") of the HANCE RANCH METROPOLITAN DISTRICT (the " District "), will hold a public hearing on **October 14, 2025 at 1:30 p.m.** , to consider adoption of the District's proposed 2026 budget (the "Proposed Budget"), and, if necessary, adoption of an amendment to the 2025 budget (the " Amended Budget ").

<https://us06web.zoom.us/j/83461507606?pwd=jgmOUPnWeVJy0d-Qb0Kd4RG9l0Fankl.1>
Meeting ID: 834 6150 7606
Passcode: 475628
Call-in Number: +1-720-707-2699

The Proposed Budget and Amended Budget are available for inspection by the public at the offices of CliftonLarsonAllen, LLP, 2001 16th St, Suite 1700, Denver, CO 80202 [CliftonLarsonAllen, LLP, 2001 16th St, Suite 1700, Denver, CO 80202](mailto:CliftonLarsonAllen,LLP,200116thSt, Suite1700,Denver,CO80202) .

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.

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/ WBA, PC

Legal Notice NO. Jeff 1703
First Publication: September 25, 2025
Last Publication: September 25, 2025
Publisher: Arvada Press

AFFIDAVIT OF PUBLICATION

See Proof on Next Page

State of Colorado }
County of Jefferson } ss

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 on 09/25/2025, 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.

PUBLICATION DATES: September 25, 2025



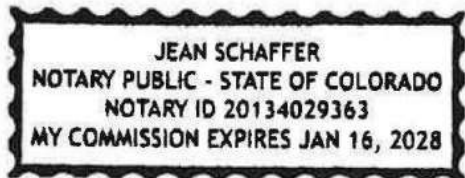
For The Jeffco Transcript

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 Erin Adams, director of said newspaper, who is personally known to me to be the identical person in the above certificate on 09/25/2025. Erin Adams has verified to me that she has adopted an electronic signature to function as her signature on this document.

20134029363-983508

Jean Schaffer
Notary Public
My commission ends January 16, 2028



Public Notice

**NOTICE OF PUBLIC HEARING ON THE
PROPOSED 2026 BUDGET
AND**

**NOTICE OF PUBLIC HEARING
ON THE AMENDED 2025 BUDGET**

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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.

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/ WBA, PC

Legal Notice NO. Jeff 1703
Publication: September 25, 2025
Publisher: Jeffco Transcript

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 2026. 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 2026 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 14, 2025.

DISTRICT:

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

Jill Gundlach
By: Jill Gundlach (Nov 17, 2025 08:56:50 MST)
Officer of the District

ATTEST:

JCH
By: John Charles Hood (Oct 25, 2025 10:33:25 MDT)

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 14, 2025, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of October, 2025.

JCH
John Charles Hood (Oct 25, 2025 10:33:25 MDT)
Signature

*[Signature page to Resolution Adopting Budget, and Appropriating Sums of Money
and Certifying Mill Levies for the Calendar Year 2026]*

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

HANCE RANCH METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2026

**HANCE RANCH METROPOLITAN DISTRICT
SUMMARY
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 274,456	\$ 306,122	\$ 369,189
REVENUES			
Property Taxes	178,032	181,928	187,393
Specific Ownership Taxes	13,580	12,309	13,118
Operations and Maintenance Fee	80,630	64,260	64,260
Interest Income	15,480	12,025	15,000
Developer Advance	25,000	34,000	-
Transfer Fees	-	1,200	3,600
TIF Revenue	24,058	32,106	40,488
Total revenues	<u>336,780</u>	<u>337,828</u>	<u>323,859</u>
Total funds available	<u>611,236</u>	<u>643,950</u>	<u>693,048</u>
EXPENDITURES			
General Fund	79,338	69,011	64,000
Debt Service Fund	132,899	129,940	135,000
Special Revenue Fund	92,877	75,810	67,000
Total expenditures	<u>305,114</u>	<u>274,761</u>	<u>266,000</u>
ENDING FUND BALANCES	<u>\$ 306,122</u>	<u>\$ 369,189</u>	<u>\$ 427,048</u>
EMERGENCY RESERVE	\$ 2,000	\$ 2,100	\$ 2,100
AVAILABLE FOR OPERATIONS	(33,969)	(2,100)	1,774
DEBT SERVICE RESERVE	221,243	221,243	221,243
DEBT SERVICE SURPLUS RESERVE	106,211	147,659	200,784
TOTAL RESERVE	<u>\$ 295,485</u>	<u>\$ 368,902</u>	<u>\$ 425,901</u>

See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/26

ACTUAL	ESTIMATED	BUDGET
2024	2025	2026

ASSESSED VALUATION

Residential	\$ 2,078,967	\$ 2,008,811	\$ 2,341,354
State assessed	354	341	338
Personal property	36,771	35,838	35,528
	2,116,092	2,044,990	2,377,220
Adjustments	(243,766)	(315,191)	(427,643)
Certified Assessed Value	\$ 1,872,326	\$ 1,729,799	\$ 1,949,577

MILL LEVY

General	29.470	29.899	27.071
Debt Service	70.728	71.759	69.049
Total mill levy	100.198	101.658	96.120

PROPERTY TAXES

General	\$ 55,177	\$ 51,719	\$ 52,777
Debt Service	132,426	124,129	134,616
	187,603	175,848	187,393
Levied property taxes	(9,571)	6,080	-
Adjustments to actual/rounding			
Budgeted property taxes	\$ 178,032	\$ 181,928	\$ 187,393

BUDGETED PROPERTY TAXES

General	\$ 52,362	\$ 53,507	\$ 52,777
Debt Service	125,670	128,421	134,616
	\$ 178,032	\$ 181,928	\$ 187,393

See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
GENERAL FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ (41,096)	\$ (31,969)	\$ -
REVENUES			
Property Taxes	52,362	53,507	52,777
Specific Ownership Taxes	3,994	3,620	3,694
TIF Revenue	7,076	9,828	11,403
Interest Income	33	25	-
Developer Advance	25,000	34,000	-
Total revenues	88,465	100,980	67,874
Total funds available	47,369	69,011	67,874
EXPENDITURES			
General and administrative			
Accounting	34,087	24,000	25,000
Auditing	6,700	6,900	7,200
County Treasurer's Fee	786	803	792
Dues and Membership	328	339	400
Insurance	5,228	5,780	6,700
Legal	32,209	25,000	20,000
Miscellaneous	-	1,189	3,908
Election	-	5,000	-
Total expenditures	79,338	69,011	64,000
ENDING FUND BALANCES	\$ (31,969)	\$ -	\$ 3,874
EMERGENCY RESERVE	\$ 2,000	\$ 2,100	\$ 2,100
AVAILABLE FOR OPERATIONS	(33,969)	(2,100)	1,774
TOTAL RESERVE	\$ (31,969)	\$ -	\$ 3,874

See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 22,884	\$ 10,637	\$ 287
REVENUES			
Operations and Maintenance Fee	80,630	64,260	64,260
Transfer Fees	-	1,200	3,600
Total revenues	<u>80,630</u>	<u>65,460</u>	<u>67,860</u>
Total funds available	<u>103,514</u>	<u>76,097</u>	<u>68,147</u>
EXPENDITURES			
General and administrative			
District Management	12,204	13,495	14,400
Miscellaneous	-	3,145	-
Operations and maintenance			
Landscaping	19,930	15,000	15,000
Snow Removal	30,301	25,000	14,500
Water and Sewer	6,499	-	-
Water	-	3,500	3,500
Electricity	-	380	960
Repairs and Maintenance	9,530	1,000	3,200
Backflow	-	-	350
Detention and Undertrain	-	-	1,200
Trash Collection	11,773	12,690	12,690
Website	2,640	1,600	1,200
Total expenditures	<u>92,877</u>	<u>75,810</u>	<u>67,000</u>
ENDING FUND BALANCES	<u>\$ 10,637</u>	<u>\$ 287</u>	<u>\$ 1,147</u>

See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
2026 BUDGET
WITH 2024 ACTUAL AND 2025 ESTIMATED
For the Years Ended and Ending December 31,**

1/30/26

	ACTUAL 2024	ESTIMATED 2025	BUDGET 2026
BEGINNING FUND BALANCES	\$ 292,668	\$ 327,454	\$ 368,902
REVENUES			
Property Taxes	125,670	128,421	134,616
Specific Ownership Taxes	9,586	8,689	9,423
TIF Revenue	16,982	22,278	29,085
Interest Income	15,447	12,000	15,000
Total revenues	167,685	171,388	188,125
Total funds available	460,353	498,842	557,027
EXPENDITURES			
General and administrative			
County Treasurer's Fee	1,886	1,927	2,019
Paying Agent Fees	10,000	7,000	7,000
Contingency	-	-	4,968
Debt Service			
Bond Interest	121,013	121,013	121,013
Total expenditures	132,899	129,940	135,000
ENDING FUND BALANCES	\$ 327,454	\$ 368,902	\$ 422,027
DEBT SERVICE RESERVE	\$ 221,243	\$ 221,243	\$ 221,243
DEBT SERVICE SURPLUS RESERVE	106,211	147,659	200,784
TOTAL RESERVE	\$ 327,454	\$ 368,902	\$ 422,027

See summary of significant assumptions.

**HANCE RANCH METROPOLITAN DISTRICT
2026 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

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
2026 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

Property Taxes (continued)

For property tax collection year 2026, HB24B-1001 set the assessment rates as follows:

Category	Rate	Category	Rate
Single-Family Residential	6.25%	Agricultural Land	27.00%
Multi-Family Residential	6.25%	Renewable Energy Land	27.00%
Commercial	27.00%	Vacant Land	27.00%
Industrial	27.00%	Personal Property	27.00%
Lodging	27.00%	State Assessed	27.00%
		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 7.0% 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 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
2026 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 2026 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 it 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
2026 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
2026 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 60.000 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 60.000 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 capital or operating leases.

**HANCE RANCH METROPOLITAN DISTRICT
2026 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 for 2026, 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.

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**

**\$2,375,000 General Obligation Limited Tax Bonds
Series 2020A(3) Senior Bond Issue,
Dated December 10, 2020
Interest Rate 5.000% - 5.125%
Principal Due December 1
Interest Payable June 1 and December 1**

Year Ended December 31,	Principal	Interest	Total
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	<u>\$2,375,000</u>	<u>\$2,328,363</u>	<u>\$4,703,363</u>