

WESTCREEK METROPOLITAIN DISTRICT NO. 2
ANNUAL BUDGET
FOR YEAR ENDING DECEMBER 31, 2022

**WESTCREEK METROPOLITAN DISTRICT NO. 2
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 970,938	\$ 682,613	\$ 572,277
REVENUES			
Property taxes	97,679	211,967	203,585
Specific ownership tax	8,426	21,000	16,286
Interest income	6,339	310	552
Transfers from Westcreek MD No. 1	47,299	110,287	195,186
Total revenues	<u>159,743</u>	<u>343,564</u>	<u>415,609</u>
Total funds available	<u>1,130,681</u>	<u>1,026,177</u>	<u>987,886</u>
EXPENDITURES			
General Fund	23,643	28,000	35,704
Debt Service Fund	424,425	425,900	425,795
Total expenditures	<u>448,068</u>	<u>453,900</u>	<u>461,499</u>
Total expenditures and transfers out requiring appropriation	<u>448,068</u>	<u>453,900</u>	<u>461,499</u>
ENDING FUND BALANCES	<u>\$ 682,613</u>	<u>\$ 572,277</u>	<u>\$ 526,387</u>
EMERGENCY RESERVE	\$ 700	\$ 1,200	\$ 1,200
DEBT SERVICE RESERVE	322,678	322,678	322,678
SURPLUS RESERVE	144,705	200,552	180,166
RESERVE FOR FUTURE DEBT SERVICE	203,489	26,468	-
TOTAL RESERVE	<u>\$ 671,572</u>	<u>\$ 550,898</u>	<u>\$ 504,044</u>

No assurance provided. See summary of significant assumptions.

WESTCREEK METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/18/22

ACTUAL	ESTIMATED	BUDGET
2020	2021	2022

ASSESSED VALUATION

Commercial	1,515,340	3,977,450	3,777,810
State assessed	100	400	400
Vacant land	438,130	438,130	463,140
Certified Assessed Value	\$ 1,953,570	\$ 4,415,980	\$ 4,241,350

MILL LEVY

General	10.000	8.000	8.000
Debt Service	40.000	40.000	40.000
Total mill levy	50.000	48.000	48.000

PROPERTY TAXES

General	\$ 19,536	\$ 35,328	\$ 33,931
Debt Service	78,143	176,639	169,654
Levied property taxes	97,679	211,967	203,585
Budgeted property taxes	\$ 97,679	\$ 211,967	\$ 203,585

BUDGETED PROPERTY TAXES

General Fund	\$ 19,536	\$ 35,328	\$ 33,931
Debt Service	78,143	176,639	169,654
	\$ 97,679	\$ 211,967	\$ 203,585

No assurance provided. See summary of significant assumptions.

**WESTCREEK METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 1	\$ 11,741	\$ 22,579
REVENUES			
Property taxes	19,536	35,328	33,931
Specific ownership tax	1,685	3,500	2,714
Interest income	56	10	23
Transfer from Westcreek MD No. 1	14,106	-	-
Total revenues	35,383	38,838	36,668
Total funds available	35,384	50,579	59,247
EXPENDITURES			
General and administrative			
Accounting	12,539	15,000	19,000
Auditing	4,293	4,300	3,500
County Treasurer's fee	294	530	509
Dues and licenses	278	288	300
Insurance and bonds	2,115	2,140	2,300
Legal services	3,352	5,000	7,000
Election expense	772	-	2,500
Contingency	-	742	595
Total expenditures	23,643	28,000	35,704
Total expenditures and transfers out requiring appropriation	23,643	28,000	35,704
ENDING FUND BALANCE	\$ 11,741	\$ 22,579	\$ 23,543
EMERGENCY RESERVE	\$ 700	\$ 1,200	\$ 1,200
TOTAL RESERVE	\$ 700	\$ 1,200	\$ 1,200

No assurance provided. See summary of significant assumptions.

WESTCREEK METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/18/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ 970,937	\$ 670,872	\$ 549,698
REVENUES			
Property taxes	78,143	176,639	169,654
Specific ownership tax	6,741	17,500	13,572
Interest income	6,283	300	529
Transfer from Westcreek MD 1	33,193	110,287	195,186
Total revenues	124,360	304,726	378,941
Total funds available	1,095,297	975,598	928,639
EXPENDITURES			
General and administrative			
County Treasurer's fee	1,175	2,650	2,545
Paying agent fees	4,000	4,000	4,000
Debt Service			
Bond interest	419,250	419,250	419,250
Total expenditures	424,425	425,900	425,795
Total expenditures and transfers out requiring appropriation	424,425	425,900	425,795
ENDING FUND BALANCE	\$ 670,872	\$ 549,698	\$ 502,844
DEBT SERVICE RESERVE	\$ 322,678	\$ 322,678	\$ 322,678
SURPLUS RESERVE	144,705	200,552	180,166
RESERVE FOR FUTURE DEBT SERVICE	203,489	26,468	-
TOTAL RESERVE	\$ 670,872	\$ 549,698	\$ 502,844

No assurance provided. See summary of significant assumptions.

WESTCREEK METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

The District was organized by Court Order dated January 9, 2007, to provide financing for the planning, design, acquisition, construction, installation, relocation, and redevelopment of all powers of a metropolitan district as described in Colorado statutes and the Colorado Constitution except for certain limitations which have been placed upon fire protection and television relay and translation within the District's Service Plan. The District was organized in conjunction with Westcreek Metropolitan District No. 1 (District No. 1) (collectively the "Districts"). The District's service area is located entirely within the Town of Parker in Douglas County, Colorado.

On November 7, 2006, District voters approved authorization to increase property tax up to \$100,000, annually, as necessary, to pay for the operations and maintenance expenditures of the District and \$1,000,000, annually for intergovernmental agreements. Debt authorization was approved in the amount of \$12,000,000 for the above listed facilities, \$2,000,000 for refunding debt, and \$2,000,000 for the cost of operating and maintaining the District's systems. Additionally, amounts were authorized for intergovernmental contracts of \$2,000,000. The election also provided for intergovernmental agreements as multi-fiscal year obligations and allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado constitution or any other law. Additionally, on November 4, 2008, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$105,000,000. This includes an additional \$15,000,000 each for streets, parks and recreation, water facilities, sanitation systems, transportation systems, safety protection and operations and maintenance. Debt authorization was also increased \$15,000,000 for refunding debt as well as \$15,000,000 for intergovernmental agreements. However, within the service plan for the District, the total debt that the District is permitted to issue shall not exceed \$1,900,000. The service plan limits the mill levy to 50.000 mills less the number of mills necessary to pay operations and maintenance expenses and less the number of mills necessary to pay unlimited mill levy debt.

The District approved the first amendment to the service plan and the first amendment to the Intergovernmental Agreement with the Town of Parker on January 24, 2011. According to the amended service plan, the District will issue bonds to finance the infrastructure that will benefit both District No. 1 and the District, and District No. 1 will pledge the revenue derived from its debt service mill levy and other revenue sources to the District. The total aggregate principal amount of debt permitted between the Districts shall not exceed \$7,800,000. Additionally, the service plan amendment for the District states that for the portion of any aggregate District debt which exceeds 50% of the District's assessed valuation, the maximum debt mill levy for such portion of debt shall be 50 mills less the number of mills necessary to pay operations and maintenance expenses and less the number of mills necessary to pay unlimited mill levy debt subject to changes in the ratio of actual valuation to assessed valuation. The amendment also says that in no event shall any inclusions of property into or out of District No. 1 or the District result in the imposition of a maximum debt mill levy in excess of 35 mills on residential property and 50 mills on commercial property. With the exception of one parcel of land,

**WESTCREEK METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided – (continued)

District No. 1 will be solely residential. The District will comprise the remainder of the development and will be solely commercial.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 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 sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

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 8% of the property taxes collected.

Net Investment Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 0.10%.

**WESTCREEK METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative and Operating Expenditures

Administrative and operating expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance, banking, and meeting expense.

County Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt and Leases

The District has outstanding the following bond issues:

On January 18, 2007, District No. 1 entered into a Financing and Reimbursement Agreement with BCP - Midtown Investments I, LLC (the Developer) to repay advances made by the Developer for costs related to construction of District No. 1's facilities and operation of such facilities. District No. 1 agreed to repay the Developer for such advances plus accrued interest at a rate of 8% simple interest per annum for all advances. Repayment is anticipated to come from the proceeds of District No. 1 General Operations mill levy or future bond proceeds of District No. 1 or from future bond proceeds of the District. During 2012, Vectra Bank Colorado N.A. (Vectra) assumed the role of developer from BCP - Midtown Investments I, LLC. During 2014, Westcreek Metro District Holdings, LLC (WCMDLLC) assumed the role of Developer from Vectra.

On December 20, 2012, the District and District No. 1 entered into a financing and reimbursement agreement with Vectra to repay advances made by Vectra for costs related to the operations and capital construction costs of the Districts. The Districts agreed to repay Vectra for such advances plus accrued interest at a rate of 8% simple interest per annum. During 2014, the Vectra agreement was assigned to WCMDLLC. As of December 31, 2020, outstanding operations advances under the agreement have been paid in full.

The obligations under these reimbursement agreements are subject to availability and annual appropriation if and when eligible funds become available. Therefore, they are not considered "debt" within the meaning of the State Constitution.

Limited Tax General Obligation Bonds, Series 2019A. The District issued the Series 2019A Bonds on April 3, 2019, in the par amount of \$7,800,000. Proceeds from the sale of the Series 2019A Bonds were applied to: (a) pay for a portion of the costs of acquiring, constructing, and installing certain public improvements; (b) fund the Reserve Fund; (c) fund capitalized interest; and (d) pay the costs of issuance of the Series 2019A Bonds.

The Series 2019A Bonds bear interest at the rate of 5.375% and are payable semiannually on June 1 and December 1, commencing June 1, 2019. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Series 2019A Bonds mature on December 1, 2048.

**WESTCREEK METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

To the extent the principal of any Series 2019A Bond is not paid when due, such principal will remain outstanding until paid and continue to bear interest at the rate borne by the Series 2019A Bond, subject to discharge on December 1, 2060.

To the extent interest is not paid when due, such interest shall compound semiannually on each June 1 and December 1. The District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2019A Bonds.

The Series 2019A Bonds are subject to redemption prior to maturity, at the option of the District, on June 1, 2024, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2024, to May 31, 2025	3.00%
June 1, 2025, to May 31, 2026	2.00
June 1, 2026, to May 31, 2027	1.00
June 1, 2027, and thereafter	0.00

Pursuant to the Indenture, the District has covenanted to impose an ad valorem mill levy upon all taxable property of the District each year in an amount that maintains the Relative Required Mill Levy Ratio and that would generate Property Tax Revenues which, together with the Taxing District Senior Property Tax Revenues, will be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds (less any amounts on deposit in the Series 2019A Bond Fund and, solely to the extent provided in the Indenture, the Surplus Fund and the Reserve Fund) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 50 mills (Gallagher-Adjusted) less the Administrative Expenses Deduction.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount or any portion of the Surplus Fund is taken into account in determining the mill levy that would be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, the District Required Mill Levy shall be equal to 40 mills (Gallagher-Adjusted), or such lesser amount that maintains the Relative Required Mill Levy Ratio which, if imposed by the District for collection in the succeeding calendar year, would, together with the Taxing District Senior Property Tax Revenues, generate Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, to replenish the Reserve Fund to the Reserve Requirement, and to fully fund the Surplus Fund to the Maximum Surplus Amount, or (B) which, when combined with the Taxing District Senior Property Tax Revenues and with moneys in the Bond Fund, the Surplus Fund, and the Reserve Fund, will pay the Series 2019A Bonds in full in the year such levy is collected.

Pursuant to a Senior Capital Pledge Agreement by and among the District, Westcreek District No. 1 (District No. 1 or the Taxing District), and the Trustee (the Senior Pledge Agreement), District No. 1 has covenanted to impose an ad valorem mill levy upon all taxable property of District No. 1 each year in an amount determined by the District that maintains the Relative Required Mill Levy Ratio and that would generate Taxing District Senior Property Tax Revenues, which, together with the District Property Tax Revenues, will be equal to the Annual

**WESTCREEK METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Financing Costs, but not in excess of 35 mills (Gallagher-Adjusted) less the Administrative Expenses Deduction.

For so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount (or to the extent otherwise required by any Additional Senior Obligation document to fund Financing Costs) or any portion of the Surplus Fund is taken into account in determining the mill levy that would be sufficient to pay the principal of, premium if any, and interest on the Series 2019A Bonds, the Taxing District Senior Required Mill Levy shall be equal to 30 mills (Gallagher-Adjusted), or such lesser amount determined by the District that maintains the Relative Required Mill Levy Ratio, which together with the District Property Tax Revenue, would generate Taxing District Senior Property Tax Revenue sufficient (A) (i) to pay the principal of, premium if any, and interest on the Series 2019A Bonds and any Additional Senior Obligations, (ii) to replenish the Reserve Fund to the Reserve Requirement and to replenish any reserve fund securing Additional Senior Obligations to the amount required by the applicable Additional Senior Obligation Document, and (iii) to fully fund the Surplus Fund to the Maximum Surplus Amount and to fund any other surplus fund securing Additional Senior Obligations to the amount required by the applicable Additional Senior Obligation Document, or (B) when combined with moneys then on deposit in the Series 2019A Bond Fund, the Reserve Fund, and the Surplus Fund, and any similar funds available and securing Additional Senior Obligations in accordance with the applicable Additional Senior Obligation Document, will pay the Series 2019A Bonds and such Additional Senior Obligations in full in the year such mill levy is collected.

Pursuant to the Indenture, the Relative Required Mill Levy Ratio means the relationship of the District Required Mill Levy and the Taxing District Senior Required Mill Levy imposed by the District and the Taxing District, respectively, vis a vis each other represented by the imposition of 40 mills (Gallagher-Adjusted) by the District and 30 mills (Gallagher-Adjusted) by the Taxing District (i.e., a ratio of 40 (Gallagher-Adjusted as necessary for the District): 30 (Gallagher-Adjusted as necessary for the Taxing District)). As a result of the reduction in the residential assessment ratio for the 2017 mill levy year, the Relative Required Mill Levy Ratio, as adjusted pursuant to the definition of the Taxing District Senior Required Mill Levy, is 33.166 mills for the Taxing District and 40.000 mills for the District as of the date of issuance of the Series 2019A Bonds.

Principal and interest payments in 2022 are provided based on a proposed debt amortization schedule for the anticipated 2019A Bonds.

The District has no operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of the fiscal year spending for 2022, defined under TABOR.

**WESTCREEK METROPOLITAN DISTRICT NO. 2
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserve Funds (continued)

Debt Service Reserves

The District maintains a Debt Service Reserve as required with the issuance of the 2019A Bonds.

This information is an integral part of the accompanying budget.

**WESTCREEK METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31,	\$7,800,000.00 General Obligation Limited Tax Refunding Bonds Dated April 3, 2019 Series 2019A Interest Rate of 5.375% Interest Due June 1 and December 1 Principal Due December 1		
	Principal	Interest	Total
2022	\$ -	\$ 419,250	\$ 419,250
2023	-	419,250	419,250
2024	100,000	419,250	519,250
2025	105,000	413,875	518,875
2026	120,000	408,231	528,231
2027	130,000	401,781	531,781
2028	145,000	394,794	539,794
2029	155,000	387,000	542,000
2030	170,000	378,669	548,669
2031	180,000	369,531	549,531
2032	200,000	359,856	559,856
2033	215,000	349,106	564,106
2034	235,000	337,550	572,550
2035	250,000	324,919	574,919
2036	275,000	311,481	586,481
2037	290,000	296,700	586,700
2038	315,000	281,113	596,113
2039	330,000	264,181	594,181
2040	360,000	246,444	606,444
2041	380,000	227,094	607,094
2042	415,000	206,669	621,669
2043	435,000	184,363	619,363
2044	470,000	160,981	630,981
2045	495,000	135,719	630,719
2046	535,000	109,113	644,113
2047	565,000	80,356	645,356
2048	930,000	49,988	979,988
	\$ 7,800,000	\$ 7,937,263	\$ 15,737,263

No assurance provided. See summary of significant assumptions.