

RESOLUTION
TO ADOPT 2025 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
THE RETREAT METROPOLITAN DISTRICT NO. 2

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2025 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE RETREAT METROPOLITAN DISTRICT NO. 2, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2025, AND ENDING ON THE LAST DAY OF DECEMBER, 2025,

WHEREAS, the Board of Directors of The Retreat Metropolitan District No. 2 has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 11, 2024, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$59,772; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$0; and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$239,087; and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0; and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatements is \$0; and

WHEREAS, the 2024 valuation for assessment for the District as certified by the County Assessor of El Paso is \$5,304,090; and

WHEREAS, at an election held on November 5, 2019, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE RETREAT METROPOLITAN DISTRICT NO. 2 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of The Retreat Metropolitan District No. 2 for calendar year 2025.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2025 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2025 budget year, there is hereby levied a tax of 11.269 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2024.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2024.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2025 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 45.076 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2024.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2025 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2024.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2025 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., 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 boundaries of the District for the year 2024.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., 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 boundaries of the District for the year 2024.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto, are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

[remainder of page intentionally left blank; signature page follows]

ADOPTED this 11th day of November 2024.

THE RETREAT METROPOLITAN
DISTRICT NO. 2



President

ATTEST:



Secretary

ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

THE RETREAT METROPOLITAN DISTRICT NO. 2

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2025

**THE RETREAT METROPOLITAN DISTRICT NO. 2
SUMMARY
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 2,412,270 | \$ 84,939 | \$ 60,769 |
| REVENUES | | | |
| Property taxes | 71,171 | 232,890 | 298,859 |
| Specific ownership taxes | 7,443 | 23,289 | 29,886 |
| Working capital fees | 19,800 | 13,200 | 21,600 |
| Well inspection fees | 1,400 | 1,200 | 1,200 |
| Status Letter Fee | 6,040 | 2,145 | - |
| Landscape Review Fee | 9,300 | 6,600 | 10,800 |
| Landscape assurance deposit | 164,500 | 122,200 | 169,200 |
| Interest Income | 52,848 | 16,698 | 16,521 |
| Developer advance | 952,267 | 816,367 | - |
| Facilities fees | 116,000 | 64,000 | 68,000 |
| Homeowner fees | 53,147 | 74,844 | 80,000 |
| Other Revenue | - | - | 12,438 |
| Intergovernmental revenues | 36,373 | 70,688 | 100,069 |
| Total revenues | <u>1,490,289</u> | <u>1,444,121</u> | <u>808,573</u> |
| TRANSFERS IN | <u>987</u> | <u>-</u> | <u>-</u> |
| Total funds available | <u>3,903,546</u> | <u>1,529,060</u> | <u>869,342</u> |
| EXPENDITURES | | | |
| General Fund | 279,888 | 302,937 | 395,000 |
| Debt Service Fund | 217,190 | 348,987 | 428,000 |
| Capital Projects Fund | 3,320,543 | 816,367 | - |
| Total expenditures | <u>3,817,621</u> | <u>1,468,291</u> | <u>823,000</u> |
| TRANSFERS OUT | <u>987</u> | <u>-</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>3,818,608</u> | <u>1,468,291</u> | <u>823,000</u> |
| ENDING FUND BALANCES | <u>\$ 84,939</u> | <u>\$ 60,769</u> | <u>\$ 46,342</u> |
| EMERGENCY RESERVE | \$ 8,600 | \$ 9,000 | \$ 11,500 |
| AVAILABLE FOR OPERATIONS | 57,189 | 51,769 | 34,842 |
| TOTAL RESERVE | <u>\$ 65,789</u> | <u>\$ 60,769</u> | <u>\$ 46,342</u> |

No assurance provided. See summary of significant assumptions.

THE RETREAT METROPOLITAN DISTRICT NO. 2
PROPERTY TAX SUMMARY INFORMATION
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/22/25

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

ASSESSED VALUATION

| | | | |
|--------------------------|--------------|--------------|--------------|
| Residential | \$ 216,000 | \$ 2,580,560 | \$ 4,254,920 |
| Commercial | - | 28,620 | 17,910 |
| State assessed | 46,710 | 23,260 | 18,300 |
| Vacant land | 1,160,710 | 1,540,400 | 1,012,960 |
| | 1,423,420 | 4,172,840 | 5,304,090 |
| Certified Assessed Value | \$ 1,423,420 | \$ 4,172,840 | \$ 5,304,090 |

MILL LEVY

| | | | |
|-----------------|--------|--------|--------|
| General | 10.000 | 11.162 | 11.269 |
| Debt Service | 40.000 | 44.649 | 45.076 |
| Total mill levy | 50.000 | 55.811 | 56.345 |

PROPERTY TAXES

| | | | |
|--------------------------------|-----------|------------|------------|
| General | \$ 14,234 | \$ 46,577 | \$ 59,772 |
| Debt Service | 56,937 | 186,313 | 239,087 |
| Levied property taxes | 71,171 | 232,890 | 298,859 |
| Adjustments to actual/rounding | - | - | - |
| Budgeted property taxes | \$ 71,171 | \$ 232,890 | \$ 298,859 |

BUDGETED PROPERTY TAXES

| | | | |
|---------------------|------------------|-------------------|-------------------|
| General | \$ 14,234 | \$ 46,577 | \$ 59,772 |
| Debt Service | 56,937 | 186,313 | 239,087 |
| | \$ 71,171 | \$ 232,890 | \$ 298,859 |

THE RETREAT METROPOLITAN DISTRICT NO. 2
GENERAL FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/22/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|------------------|-------------------|------------------|
| BEGINNING FUND BALANCES | \$ 60,089 | \$ 65,789 | \$ 60,769 |
| REVENUES | | | |
| Property taxes | 14,234 | 46,577 | 59,772 |
| Specific ownership taxes | 1,489 | 4,658 | 5,977 |
| Interest Income | 9,380 | 12,364 | 12,000 |
| Working capital fees | 19,800 | 13,200 | 21,600 |
| Well inspection fees | 1,400 | 1,200 | 1,200 |
| Status Letter Fee | 6,040 | 2,145 | - |
| Landscape Review Fee | 9,300 | 6,600 | 10,800 |
| Landscape assurance deposit | 164,500 | 122,200 | 169,200 |
| Homeowner fees | 53,147 | 74,844 | 80,000 |
| Intergovernmental revenues | 7,284 | 14,129 | 20,024 |
| Total revenues | <u>286,574</u> | <u>297,917</u> | <u>380,573</u> |
| Total funds available | <u>346,663</u> | <u>363,706</u> | <u>441,342</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Accounting | 28,253 | 33,000 | 34,650 |
| Auditing | 4,900 | 5,500 | 5,775 |
| County Treasurer's Fee | 214 | 902 | 897 |
| Billing | 15,749 | 18,128 | 27,192 |
| Dues and Membership | 790 | 820 | 1,230 |
| Insurance | 7,875 | 7,713 | 8,484 |
| District management | 5,354 | 7,066 | 9,000 |
| Legal | 10,382 | 6,624 | 24,150 |
| Miscellaneous | 300 | - | - |
| Election | 2,094 | - | 2,000 |
| Contingency | - | - | 23,458 |
| Website | 552 | 2,000 | 2,100 |
| Operations and maintenance | | | |
| Repairs and maintenance | 878 | - | - |
| Trash collection | 11,358 | 11,844 | 22,500 |
| Landscaping | 2,595 | 37,284 | 27,784 |
| Well inspection and reporting | - | - | 1,200 |
| Social Events | - | - | 5,000 |
| Status Letter Expenditure | 6,110 | 3,510 | 780 |
| Landscape review expenditure | 9,000 | 9,300 | 10,800 |
| Landscape return of deposit | 164,500 | 145,700 | 169,200 |
| Snow removal | 1,275 | 4,858 | 8,400 |
| Utilities | 7,709 | 8,688 | 10,400 |
| Total expenditures | <u>279,888</u> | <u>302,937</u> | <u>395,000</u> |
| TRANSFERS OUT | | | |
| Transfers to other fund | <u>987</u> | <u>-</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>280,875</u> | <u>302,937</u> | <u>395,000</u> |
| ENDING FUND BALANCES | <u>\$ 65,789</u> | <u>\$ 60,769</u> | <u>\$ 46,342</u> |
| EMERGENCY RESERVE | \$ 8,600 | \$ 9,000 | \$ 11,500 |
| AVAILABLE FOR OPERATIONS | 57,189 | 51,769 | 34,842 |
| TOTAL RESERVE | <u>\$ 65,789</u> | <u>\$ 60,769</u> | <u>\$ 46,342</u> |

No assurance provided. See summary of significant assumptions.

THE RETREAT METROPOLITAN DISTRICT NO. 2
DEBT SERVICE FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,

1/22/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|------------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ 23,470 | \$ 19,150 | \$ - |
| REVENUES | | | |
| Property taxes | 56,937 | 186,313 | 239,087 |
| Specific ownership taxes | 5,954 | 18,631 | 23,909 |
| Interest Income | 4,890 | 4,334 | 4,521 |
| Facilities fees | 116,000 | 64,000 | 68,000 |
| Other Revenue | - | - | 12,438 |
| Intergovernmental revenues | 29,089 | 56,559 | 80,045 |
| Total revenues | <u>212,870</u> | <u>329,837</u> | <u>428,000</u> |
| Total funds available | <u>236,340</u> | <u>348,987</u> | <u>428,000</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's Fee | 855 | 2,795 | 3,586 |
| Paying agent fees | 4,000 | 4,000 | 4,000 |
| Contingency | - | - | 12,438 |
| Debt Service | | | |
| Bond interest | 212,335 | 342,192 | 407,976 |
| Total expenditures | <u>217,190</u> | <u>348,987</u> | <u>428,000</u> |
| Total expenditures and transfers out requiring appropriation | <u>217,190</u> | <u>348,987</u> | <u>428,000</u> |
| ENDING FUND BALANCES | <u>\$ 19,150</u> | <u>\$ -</u> | <u>\$ -</u> |

**THE RETREAT METROPOLITAN DISTRICT NO. 2
CAPITAL PROJECTS FUND
2025 BUDGET
WITH 2023 ACTUAL AND 2024 ESTIMATED
For the Years Ended and Ending December 31,**

1/22/25

| | ACTUAL 2023 | ESTIMATED 2024 | BUDGET 2025 |
|---|------------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ 2,328,711 | \$ - | \$ - |
| REVENUES | | | |
| Interest Income | 38,578 | - | - |
| Developer advance | 952,267 | 816,367 | - |
| Total revenues | <u>990,845</u> | <u>816,367</u> | <u>-</u> |
| TRANSFERS IN | | | |
| Transfers from other funds | <u>987</u> | <u>-</u> | <u>-</u> |
| Total funds available | <u>3,320,543</u> | <u>816,367</u> | <u>-</u> |
| EXPENDITURES | | | |
| General and Administrative | | | |
| Accounting | 2,778 | - | - |
| Capital Projects | | | |
| Engineering | 8,544 | - | - |
| Capital outlay | 3,309,221 | 816,367 | - |
| Total expenditures | <u>3,320,543</u> | <u>816,367</u> | <u>-</u> |
| Total expenditures and transfers out requiring appropriation | <u>3,320,543</u> | <u>816,367</u> | <u>-</u> |
| ENDING FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

No assurance provided. See summary of significant assumptions.

**THE RETREAT METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Retreat Metropolitan District No. 1 (the "District") and The Retreat Metropolitan District No. 2 ("District No. 2") (collectively the "Districts") were formed under a Service Plan approved by El Paso County, Colorado (the "County"). The Districts' service area is located entirely within the County. The primary purpose of the Districts will be to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of public improvements and services as listed below. The District was organized by El Paso County Court Order on December 17, 2019.

At an election held on November 5, 2019, the voters approved general indebtedness of \$1,250,000,000 at a maximum interest rate of 18% for each of the following improvements and services: streets, water supply, sanitary sewer, traffic and safety controls, parks and recreation, mosquito control, television relay and translation, public transportation, security services, and fire protection/medical emergency services.

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 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 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.

Pursuant to the Service Plan, the District is required to adjust its maximum Required Mill Levy for changes in the ratio of actual to assessed value of property within the District. Required Mill Levy means an ad valorem mill levy imposed upon all taxable property of the District each year in a amount sufficient to pay the principal, premium if any, and interest on the Bonds as the same become due and payable [and to make up any deficiencies in the Reserve Fund].

**THE RETREAT METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (Continued)

Property Taxes (continued)

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

For property tax collection year 2025, SB22-238, 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% | | |

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 10% of the property taxes collected.

Investment Income

Interest earned on the District’s available funds has been estimated based on historical interest earnings.

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. 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.

Working capital fees

A capital fee in the amount of \$600 is assessed and collected for each unit within the property upon sale or transfer of that unit for the first time, as well as every subsequent sale or transfer of that unit. 36 units are anticipated to be sold or transferred in 2025.

**THE RETREAT METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Covenant/HOA fees

A quarterly covenant enforcement and operations fee for the provision of District functions in the amount of \$150 per quarter will be assessed and collected from each unit.

Landscape assurance deposit and Landscape Review Fee

A landscape assurance deposit in the amount of \$5,000 will be assessed and collected for each unit upon the first sale or transfer of that unit. The District will return the deposit, less \$300 review fees, upon completion of the landscaping. 36 units are anticipated to be sold or transferred for the first time in 2025.

Well inspection fees

An annual well inspection fee in the amount of \$200 will be assessed and collected for each rural lot within the District.

Facilities fees

A facilities fee of \$1,500 for rural lots and \$2,500 for urban lots will be assessed and collected for each lot at the closing of the sale.

Intergovernmental Revenue

Intergovernmental revenue is budgeted for General Fund and Debt Service Fund tax revenue from The Retreat Metropolitan District No. 1.

Expenditures

Administrative Expenditures

Administrative and operations expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, accounting, district management, insurance, and other administrative expenses.

County Treasurer's Collection Fees

County Treasurer's collection fees have been computed at 1.5% of property taxes.

Capital Outlay

The District plans to accept the costs of eligible public improvements costs paid for by the Developer, based on costs certified by the District Accountant and Engineer. The budgeted amounts are based on an estimate of those costs.

**THE RETREAT METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

General Obligation Limited Tax Bonds, Series 2022A(3) (the Bonds)

Bond Proceeds

The District issued the Bonds on April 13, 2022, in the par amount of \$8,216,000. Proceeds from the sale of the Bonds were used to finance or reimburse a portion of the costs of acquiring, constructing, and installing certain public improvements to serve the development and to pay the costs of issuing the Bonds.

Pledge Agreement

The District, The Retreat Metropolitan District No. 1 (the Pledge District), and the Trustee entered into a Capital Pledge Agreement for the purpose of providing ad valorem property tax revenue derived from the taxable property of the Pledge District to pay, in combination with revenue of the District, debt service on the Bonds.

Details of the Bonds

The Bonds bear interest at the rate of 6.125% per annum payable annually on December 1, beginning on December 1, 2022, but only to the extent of available Pledged Revenue. The Bonds mature on December 1, 2051, and are subject to mandatory redemption to the extent of available Pledged Revenue.

The Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the maturity date. Unpaid interest on the Bonds compounds annually on each December 1. All of the Bonds and interest thereon shall be deemed to be paid and discharged on December 2, 2061, regardless of the amount of principal and interest paid prior to this date.

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the District: (i) to the extent permitted by law, on June 1, 2025, upon payment of par and accrued interest calculated as of June 1, 2027, and a redemption premium of 3.00%, and (ii) on June 1, 2027, 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, 2027, to May 31, 2028 | 3.00% |
| June 1, 2028, to May 31, 2029 | 2.00 |
| June 1, 2029, to May 31, 2030 | 1.00 |
| June 1, 2030, and thereafter | 0.00 |

**THE RETREAT METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (Continued)

Pledged Revenue

The Bonds are secured by and payable from moneys derived by the District from the following sources: (a) the Required Mill Levy; (b) the Pledged Fees; (c) the Capital Fees; (d) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (e) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Required Mill Levy

The District is required to impose an ad valorem mill levy upon all taxable property of the District each year in the amount of 40.000 mills (subject to adjustment to offset the effect of adjustments to the ratio between market value and assessed value of taxable property within the District that would cause a reduction in the revenue otherwise produced from such mill levy based on the ratio between market value and assessed value as of January 1, 2019) or such lesser mill levy which is sufficient to pay all of the principal of and interest on the Bonds in full. The Required Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Pledged Fees

Pledged Fees are the moneys derived from the Pledge District from the following sources: (a) the Mandatory Capital Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Mandatory Capital Mill Levy; and (c) the Pledge District Capital Fees.

The Mandatory Capital Levy is an ad valorem mill levy imposed upon all taxable property of the Pledge District each year in the amount of 40.000 mills (subject to adjustment to offset the effect of adjustments to the ratio between market value and assessed value of taxable property within the District that would cause a reduction in the revenue otherwise produced from such mill levy based on the ratio between market value and assessed value as of January 1, 2019) or such lesser mill levy which is sufficient to pay all of the principal of and interest on the Bonds, or any Refunding Obligations thereof, in full.

The Mandatory Capital Mill Levy is net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County.

Pledge District Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the Pledge District resulting from the Development Fees received by the Pledge District beginning January 1, 2022.

**THE RETREAT METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (Continued)

Capital Fees

Capital Fees means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District resulting from the Development Fees, as received by the District beginning January 1, 2022, and for so long as such Development Fees are in effect.

Development Fees are one-time system development fees imposed and collected by the District and the Pledge District in the amount of \$1,500 for each Rural Lot and \$2,500 for each Urban Lot which is due at the closing of such lot from the developer to the builder. A Rural Lot means any lot that is located within the boundaries of the Pledge District and that has its own well. An Urban Lot means any lot that is located within the boundaries of the District or that is located within the boundaries of the Pledge District which does not have its own well. Development Fees received by the respective District beginning January 1, 2022, are pledged to the repayment of the Bonds.

Events of Default

The occurrence of any one or more of the following events constitute an Event of Default: (a) the District or the Pledge District fails or refuses to impose the Required Mill Levy or Mandatory Capital Mill Levy, respectively; (b) the District fails to apply the Pledged Revenue as required by the Indenture or the Pledge District fails to promptly remit it Pledge District Capital Revenue to the District; (c) the District or Pledge District defaults in the performance or observance of any other covenants, agreements, or conditions in the Indenture or Bond Resolution or Capital Pledge Agreement and fails to remedy the same after notice; (d) any representation or warranty made by the District or Pledge District in the Capital Pledge Agreement proves to have been untrue or incomplete in any material respect; or (e) the District or Pledge District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds or by the Capital Pledge Agreement.

Due to the limited nature of Pledged Revenue, the failure to pay the principal of or interest on the Bonds shall not constitute an Event of Default. Acceleration of the Bonds is not an available remedy for an Event of Default.

Bonds Debt Service

The annual debt service requirements of the Bonds are not currently determinable since they are payable only from available Pledged Revenue.

Developer Advances

The District entered into a Reimbursement Agreement (Agreement) with the Developer. The District agrees to repay the Developer along with accrued interest, at a rate of 8% beginning on the date the advance were made to the date of repayment. The Agreement does not constitute a multiple-fiscal year obligation.

**THE RETREAT METROPOLITAN DISTRICT NO. 2
2025 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (Continued)

The District has no operating or capital leases.

| | <u>Balance at December 31, 2023</u> | <u>Additions*</u> | <u>Repayments*</u> | <u>Balance at December 31, 2024*</u> |
|------------------------------|--|------------------------|-----------------------|--|
| Bonds: | | | | |
| Series 2022A | \$ 8,216,000 | \$ - | \$ - | \$ 8,216,000 |
| Accrued Interest | <u>537,783</u> | <u>534,423</u> | <u>342,192</u> | <u>730,014</u> |
| Subtotal | <u>8,753,783</u> | <u>534,423</u> | <u>342,192</u> | <u>8,946,014</u> |
| Developer Advances: | | | | |
| Developer Advances - Capital | 952,267 | 816,366 | - | 1,768,633 |
| Accrued Interest - Capital | <u>50,059</u> | <u>99,830</u> | <u>-</u> | <u>149,889</u> |
| Subtotal | <u>1,002,326</u> | <u>916,196</u> | <u>-</u> | <u>1,918,522</u> |
| Total | <u>\$ 9,756,109</u> | <u>\$1,450,619</u> | <u>\$ 342,192</u> | <u>\$ 10,864,536</u> |
| | <u>Balance at December 31, 2024*</u> | <u>Additions*</u> | <u>Repayments*</u> | <u>Balance at December 31, 2025*</u> |
| Bonds: | | | | |
| Series 2022A | \$ 8,216,000 | \$ - | \$ - | \$ 8,216,000 |
| Accrued Interest | <u>730,014</u> | <u>545,861</u> | <u>407,976</u> | <u>867,899</u> |
| Subtotal | <u>8,946,014</u> | <u>545,861</u> | <u>407,976</u> | <u>9,083,899</u> |
| Developer Advances: | | | | |
| Developer Advances - Capital | 1,768,633 | - | - | 1,768,633 |
| Accrued Interest - Capital | <u>149,889</u> | <u>141,491</u> | <u>-</u> | <u>291,380</u> |
| Subtotal | <u>1,918,522</u> | <u>141,491</u> | <u>-</u> | <u>2,060,013</u> |
| Total | <u>\$ 10,864,536</u> | <u>\$ 687,352</u> | <u>\$ 407,976</u> | <u>\$ 11,143,912</u> |

* Estimate

Reserves

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3.0% of fiscal year spending for 2025, as defined under TABOR.

This information is an integral part of the accompanying budget.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of El Paso County, Colorado.

On behalf of the The Retreat Metropolitan District No. 2,
(taxing entity)^A

the Board of Directors
(governing body)^B

of the The Retreat Metropolitan District No. 2
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 5,304,090 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 5,304,090 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: 12/11/2024 for budget/fiscal year 2025.
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

| PURPOSE (see end notes for definitions and examples) | LEVY ² | REVENUE ² |
|--|----------------------------|--------------------------|
| 1. General Operating Expenses ^H | <u>11.269</u> mills | \$ <u>59,772</u> |
| 2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I | < > mills | \$ < > |
| SUBTOTAL FOR GENERAL OPERATING: | <u>11.269</u> mills | \$ <u>59,772</u> |
| 3. General Obligation Bonds and Interest ^J | <u>45.076</u> mills | \$ <u>239,087</u> |
| 4. Contractual Obligations ^K | _____ mills | \$ _____ |
| 5. Capital Expenditures ^L | _____ mills | \$ _____ |
| 6. Refunds/Abatements ^M | _____ mills | \$ _____ |
| 7. Other ^N (specify): _____ | _____ mills | \$ _____ |
| | _____ mills | \$ _____ |
| TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7] | <u>56.345</u> mills | \$ <u>298,859</u> |

Contact person: Seef Le Roux Daytime phone: () (719) 635-0330
Signed: Seef Le Roux Title: Accountant for the District

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the *taxing entity's* boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.
² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are

Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

| | | |
|----|-------------------|--|
| 1. | Purpose of Issue: | Public Infrastructure |
| | Series: | General Obligation Limited Tax Bonds, Series 2022A |
| | Date of Issue: | April 13, 2022 |
| | Coupon Rate: | 6.125% |
| | Maturity Date: | December 1, 2051 |
| | Levy: | 45.076 |
| | Revenue: | \$ 239,087 |
| | | |
| 2. | Purpose of Issue: | _____ |
| | Series: | _____ |
| | Date of Issue: | _____ |
| | Coupon Rate: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

CONTRACTS^K:

| | | |
|----|----------------------|-------|
| 3. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |
| | | |
| 4. | Purpose of Contract: | _____ |
| | Title: | _____ |
| | Date: | _____ |
| | Principal Amount: | _____ |
| | Maturity Date: | _____ |
| | Levy: | _____ |
| | Revenue: | _____ |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.