

SABELL METROPOLITAN DISTRICT

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2022

**SABELL METROPOLITAN DISTRICT
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ -	\$ 4,929,654	\$ 1,147,680
REVENUES			
Bond Proceeds - Series 2020A	7,395,000	-	-
Bond Proceeds - Series 2020A Premium	436,527	-	-
Bond Proceeds - Series 2020B	1,816,000	-	-
Interest income	23,681	1,498	1,000
Developer advance	4,135,509	2,406,457	1,025,000
Property taxes	21	108,052	238,032
Specific ownership tax	2	6,674	16,662
Operations fees	-	2,500	27,800
Transfer fees	-	7,500	36,900
Total revenues	<u>13,806,740</u>	<u>2,532,681</u>	<u>1,345,394</u>
TRANSFERS IN	<u>1,704,079</u>	<u>6,500</u>	<u>-</u>
Total funds available	<u>15,510,819</u>	<u>7,468,835</u>	<u>2,493,074</u>
EXPENDITURES			
General Fund	86,967	90,500	82,000
Special Revenue Fund	-	16,200	63,000
Debt Service Fund	273,204	377,997	385,000
Capital Projects Fund	8,516,915	5,829,958	1,000,000
Total expenditures	<u>8,877,086</u>	<u>6,314,655</u>	<u>1,530,000</u>
TRANSFERS OUT	<u>1,704,079</u>	<u>6,500</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>10,581,165</u>	<u>6,321,155</u>	<u>1,530,000</u>
ENDING FUND BALANCES	<u>\$ 4,929,654</u>	<u>\$ 1,147,680</u>	<u>\$ 963,074</u>
EMERGENCY RESERVE	\$ 2,700	\$ 800	\$ 1,800
SPECIAL REVENUE RESERVE	-	300	2,000
SURPLUS FUND	599,490	680,122	861,791
CAPITALIZED INTEREST FUND	836,046	466,296	96,546
TOTAL RESERVE	<u>\$ 1,439,023</u>	<u>\$ 1,147,680</u>	<u>\$ 962,137</u>

No assurance provided. See summary of significant assumptions.

**SABELL METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Vacant land	\$ 286	\$ 1,493,200	\$ 3,289,029
State assessed	-	-	2
Personal property	-	-	391
Certified Assessed Value	<u>\$ 286</u>	<u>\$ 1,493,200</u>	<u>\$ 3,289,422</u>
MILL LEVY			
General	72.363	16.699	16.699
Debt Service	0.000	55.664	55.664
Total mill levy	<u>72.363</u>	<u>72.363</u>	<u>72.363</u>
PROPERTY TAXES			
General	\$ 21	\$ 24,935	\$ 54,930
Debt Service	-	83,117	183,102
Levied property taxes	<u>21</u>	<u>108,052</u>	<u>238,032</u>
Adjustments to actual/rounding	-	-	-
Refunds and abatements	-	-	-
Budgeted property taxes	<u>\$ 21</u>	<u>\$ 108,052</u>	<u>\$ 238,032</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 21</u>	<u>\$ 24,935</u>	<u>\$ 54,930</u>
Debt Service	<u>-</u>	<u>83,117</u>	<u>183,102</u>
	<u>\$ 21</u>	<u>\$ 108,052</u>	<u>\$ 238,032</u>

**SABELL METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ 3,487	\$ 962
REVENUES			
Developer advance	90,431	68,000	25,000
Property taxes	21	24,935	54,930
Specific ownership tax	2	1,540	3,845
Total revenues	<u>90,454</u>	<u>94,475</u>	<u>83,775</u>
Total funds available	<u>90,454</u>	<u>97,962</u>	<u>84,737</u>
EXPENDITURES			
General and administrative			
Accounting	21,562	30,000	33,000
Auditing	-	5,000	5,500
County Treasurer's fee	-	374	824
Dues and licenses	-	382	500
Insurance and bonds	2,733	3,554	4,000
Legal services	61,722	50,000	35,000
Miscellaneous	950	-	-
Contingency	-	1,190	3,176
Total expenditures	<u>86,967</u>	<u>90,500</u>	<u>82,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>-</u>	<u>6,500</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>86,967</u>	<u>97,000</u>	<u>82,000</u>
ENDING FUND BALANCE	<u>\$ 3,487</u>	<u>\$ 962</u>	<u>\$ 2,737</u>
EMERGENCY RESERVE	<u>\$ 2,700</u>	<u>\$ 800</u>	<u>\$ 1,800</u>
TOTAL RESERVE	<u>\$ 2,700</u>	<u>\$ 800</u>	<u>\$ 1,800</u>

**SABELL METROPOLITAN DISTRICT
SPECIAL REVENUE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ -	\$ 300
REVENUES			
Operations fees	-	2,500	27,800
Transfer fees	-	7,500	36,900
Total revenues	<u>-</u>	<u>10,000</u>	<u>64,700</u>
TRANSFERS IN			
Transfers from other funds	<u>-</u>	<u>6,500</u>	<u>-</u>
Total funds available	<u>-</u>	<u>16,500</u>	<u>65,000</u>
EXPENDITURES			
Operations and maintenance			
Repairs and maintenance	-	900	4,500
District management	-	6,000	22,400
Landscaping	-	2,500	10,000
Trash Removal	-	2,500	10,000
Snow Removal	-	2,500	10,000
Utilities	-	1,500	5,000
Miscellaneous	-	300	1,100
Total expenditures	<u>-</u>	<u>16,200</u>	<u>63,000</u>
Total expenditures and transfers out requiring appropriation	<u>-</u>	<u>16,200</u>	<u>63,000</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,000</u>
SPECIAL REVENUE RESERVE	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,000</u>
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,000</u>

**SABELL METROPOLITAN DISTRICT
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ 1,435,536	\$ 1,146,418
REVENUES			
Property taxes	-	83,117	183,102
Specific ownership tax	-	5,134	12,817
Interest income	4,661	628	1,000
Total revenues	<u>4,661</u>	<u>88,879</u>	<u>196,919</u>
TRANSFERS IN			
Transfers from other funds	<u>1,704,079</u>	-	-
Total funds available	<u>1,708,740</u>	<u>1,524,415</u>	<u>1,343,337</u>
EXPENDITURES			
Debt Service			
Bond interest - Series 2020A	273,204	369,750	369,750
County Treasurer's fee	-	1,247	2,747
Paying agent fees	-	7,000	7,000
Contingency	-	-	5,503
Total expenditures	<u>273,204</u>	<u>377,997</u>	<u>385,000</u>
Total expenditures and transfers out requiring appropriation	<u>273,204</u>	<u>377,997</u>	<u>385,000</u>
ENDING FUND BALANCE	<u>\$ 1,435,536</u>	<u>\$ 1,146,418</u>	<u>\$ 958,337</u>
SURPLUS FUND	\$ 599,490	\$ 680,122	\$ 861,791
CAPITALIZED INTEREST FUND	836,046	466,296	96,546
TOTAL RESERVE	<u>\$ 1,435,536</u>	<u>\$ 1,146,418</u>	<u>\$ 958,337</u>

**SABELL METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,**

1/26/22

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCE	\$ -	\$ 3,490,631	\$ -
REVENUES			
Bond Proceeds - Series 2020A	7,395,000	-	-
Bond Proceeds - Series 2020A Premium	436,527	-	-
Bond Proceeds - Series 2020B	1,816,000	-	-
Interest income	19,020	870	-
Developer advance	4,045,078	2,338,457	1,000,000
Total revenues	13,711,625	2,339,327	1,000,000
Total funds available	13,711,625	5,829,958	1,000,000
EXPENDITURES			
Capital Projects			
Accounting	5,033	2,295	-
Bond issue costs	463,545	-	-
Regional Contribution	1,174,787	-	-
Repay developer advance	2,818,552	3,485,133	-
Engineering	9,920	4,073	-
Capital outlay	4,045,078	2,338,457	1,000,000
Total expenditures	8,516,915	5,829,958	1,000,000
TRANSFERS OUT			
Transfers to other fund	1,704,079	-	-
	1,704,079	-	-
Total expenditures and transfers out requiring appropriation	10,220,994	5,829,958	1,000,000
ENDING FUND BALANCE	\$ 3,490,631	\$ -	\$ -

**SABELL METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Sabell Metropolitan District (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado was organized by Court Order and Decree of the District Court on January 24, 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 \$30,000,000. In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the Districts' service area, however, as of the date of this budget, the amount and timing of any debt issuances is not determinable.

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

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1- 105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Developer Advances

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

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and, generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

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

**SABELL METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues (continued)

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 0.10%.

Operations fees

The District imposes an Operations Fee on all residential units within the boundaries of the District to fund operating costs. The Operations Fee is a recurring payment of \$360 per unit per year.

Transfer fees

The District imposes a Transfer fee of \$600 upon on each transfer of a residential unit to an end user, including single family and multi-family dwellings and excluding apartments.

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 2022 are provided based on the debt amortization schedule from the Series 2020A Bonds (discussed under Debts and Leases). There is no debt amortization schedule provided for the Series 2019B Subordinate Bonds as the Bond is a cash flow bond and the timing of the payments are unknown.

Capital Outlay

The District anticipates capital outlay as outlined in the Capital Project Fund.

**SABELL METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

Series 2020 Bonds

The District issued Limited Tax (Convertible to Unlimited Tax) General Obligation Bonds, Series 2020A on March 5, 2020, in the par amount of \$7,395,000 (the Senior Bonds). The District also issued Subordinate Limited Tax General Obligation Bonds, Series 2020B(3) on March 5, 2020, in the par amount of \$1,816,000 (the Subordinate Bonds). Proceeds from the sale of the Senior Bonds were used to: (i) finance public improvements related to the Development; (ii) fund capitalized interest on the Senior Bonds; (iii) partially fund the Senior Surplus Fund; and (iv) pay the costs of issuance of the Senior Bonds and certain costs of issuance of the Subordinate Bonds. Proceeds from the sale of the Subordinate Bonds were used to: (i) finance additional public improvements related to the Development; and (ii) pay certain other costs of issuance of the Subordinate Bonds.

Senior Bond Details

The Senior Bonds bear interest at 5.0%, payable semi-annually to the extent of Senior Pledged Revenue available on June 1 and December 1 (“Interest Payment Dates”), beginning on June 1, 2020. Annual mandatory sinking fund principal payments are due on December 1, beginning on December 1, 2024. The Bonds 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 and shall continue to bear interest at the rate then borne by the Senior Bond. To the extent interest on any Senior Bond is not paid when due, such interest shall compound on each Interest Payment Date at the rate then borne by the Senior Bonds. Any amount of unpaid principal of or interest on the 2020A Senior Bonds shall be deemed discharged on December 2, 2060.

Senior Pledged Revenue

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

Subordinate Bonds Details

The Subordinate Bonds bear interest at a rate of 8.25% per annum and are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the Subordinate Bonds prior to their maturity date. Instead, principal is payable on each December 15 from the available Subordinate Pledged Revenue, if any, pursuant to a mandatory redemption. Interest on the Subordinate Bonds is payable on each December 15, commencing December 15, 2020, to the extent of the Subordinate Pledged Revenue and accrued unpaid interest on the Subordinate Bonds will compound annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment.

Payment of principal of and interest on the Subordinate Bonds is subordinate to the annual payment of debt service on the Senior Bonds and to the funding of the Senior Surplus Fund. In the event that any amount of principal of or interest on the Subordinate Bonds remains unpaid on December 16, 2060, the Subordinate Bonds will be deemed discharged.

**SABELL METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Subordinate Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue, net of any costs of collection and any property tax refunds or abatements authorized by or on behalf of the County, which includes: (a) the Subordinate Required Mill Levy; (b) the portion of the Specific Ownership Tax resulting from the Subordinate Required Mill Levy; (c) the amounts, if any, in the Senior Surplus Fund released to the District pursuant to the Senior Indenture; and (d) 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 Bonds are subject to redemption prior to maturity, at the option of the District, on March 1, 2025, 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>
March 1, 2025, to February 28, 2026	3.00%
March 1, 2026, to February 28, 2027	2.00
March 1, 2027, to February 28, 2028	1.00
March 1, 2028, and thereafter	0.00

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 pay the Senior Bonds as they come due, but (i) not in excess of 50 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after January 1, 2017), and (ii) for so long as the Senior Surplus Fund is required to be maintained and the amount on deposit therein is less than the Maximum Surplus Amount, not less than 50 mills (subject to adjustment), or such lesser mill levy which will pay the Senior Bonds as they come due and will fund the Senior Surplus Fund up to the Maximum Surplus Amount.

On and after the Conversion Date, the Senior Required Mill Levy will be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable and, without limitation of rate and in amounts sufficient to make such payments and replenishments when due.

Conversion Date

Conversion Date means the date that the Debt to Assessed Ratio is 50% or less and no payments of principal or interest on the Bonds are past due and the amount on deposit in the Senior Surplus Fund is not less than the initial deposit in the Senior Surplus Fund.

**SABELL METROPOLITAN DISTRICT
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Debt to Assessed Ratio

The Debt to Assessed Ratio is derived by dividing the District's then-outstanding principal amount of all debt of the District to which property taxes are pledged by the assessed valuation of the taxable property of the District. For purposes of the forecast, the current year Debt to Assessed Ratio is calculated based on the outstanding debt as of December 2 of the current year and the assessed valuation for the subsequent year.

Subordinate Required Mill Levy

Pursuant to the Subordinate Indenture, the District has covenanted to impose a Subordinate Required Mill Levy in the amount of (i) 50 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after January 1, 2017) less the Senior Bond Required Mill Levy. It is the intent that if the amount of the Senior Required Mill Levy equals or exceeds 50 mills in any year, adjusted for changes, the Subordinate Required Mill Levy for that year shall be zero.

The District has no operating or capital leases.

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021*
Bonds:				
Series 2020A	\$ 7,395,000	\$ -	\$ -	\$ 7,395,000
Series 2020A - Preium	422,260	-	19,308	402,952
Series 2020B(3)	1,816,000	-	-	1,816,000
Accrued Interest - 2020B(3)	123,613	160,018	-	283,631
Developer Advances:				
Operations	90,431	68,000	-	158,431
Capital	1,226,526	2,336,162	3,465,307	97,381
Accrued Interest on Developer Advances:				
Operations	140	9,119	-	9,259
Capital	5,528	15,246	19,826	948
Total	\$ 11,079,498	\$ 2,588,545	\$ 3,504,441	\$ 10,163,602

	Balance at December 31, 2021*	Additions	Reductions	Balance at December 31, 2022*
Bonds:				
Series 2019A	\$ 7,395,000	\$ -	\$ -	\$ 7,395,000
Series 2019B	402,952	-	19,308	383,644
Series 2020B(3)	1,816,000	-	-	1,816,000
Accrued Interest - 2020B(3)	283,631	173,219	-	456,850
Developer Advances:				
Operations	158,431	25,000	-	183,431
Capital	97,381	1,000,000	-	1,097,381
Accrued Interest on Developer Advances:				
Operations	9,259	13,674	-	22,933
Capital	948	47,790	-	48,738
Total	\$ 10,163,602	\$ 1,259,683	\$ 19,308	\$ 11,403,977

*Estimated

**SABELL METROPOLITAN DISTRICT
2022 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 2022 as defined under TABOR.

Debt Service Reserve (Surplus Fund)

The District is required to maintain a Surplus Fund from funds that exceed the current year debt service requirements as outlined in the terms of the Bonds. The Surplus Fund is not to exceed \$1,479,000 and shall be drawn in the event Pledged Revenues are insufficient to cover current year debt service requirements.

This information is an integral part of the accompanying budget.

**SABELL METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
MANDATORY REDEMPTION SCHEDULE**

\$7,395,000 Limited Tax (Convertible to Unlimited Tax)

General Obligation Bonds

Series 2020A, Dated March 5, 2020

Principal Due December 1

Interest at 5.0%

Payable June 1 and December 1

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 369,750	\$ 369,750
2023	-	369,750	369,750
2024	15,000	369,750	384,750
2025	85,000	369,000	454,000
2026	95,000	364,750	459,750
2027	100,000	360,000	460,000
2028	115,000	355,000	470,000
2029	120,000	349,250	469,250
2030	135,000	343,250	478,250
2031	145,000	336,500	481,500
2032	160,000	329,250	489,250
2033	170,000	321,250	491,250
2034	185,000	312,750	497,750
2035	195,000	303,500	498,500
2036	215,000	293,750	508,750
2037	225,000	283,000	508,000
2038	250,000	271,750	521,750
2039	260,000	259,250	519,250
2040	285,000	246,250	531,250
2041	300,000	232,000	532,000
2042	325,000	217,000	542,000
2043	340,000	200,750	540,750
2044	370,000	183,750	553,750
2045	385,000	165,250	550,250
2046	415,000	146,000	561,000
2047	435,000	125,250	560,250
2048	470,000	103,500	573,500
2049	495,000	80,000	575,000
2050	1,105,000	55,250	1,160,250
Total	<u><u>\$7,395,000</u></u>	<u><u>\$7,716,500</u></u>	<u><u>\$15,111,500</u></u>

No assurance provided. See summary of significant assumptions.