

**BANNING LEWIS RANCH REGIONAL
METROPOLITAN DISTRICT NO. 1**

2022 ANNUAL REPORT

1. Boundary changes made or proposed to the District's boundary as of December 31st of the prior year.

During the report year of 2022, there were no changes made to the District's boundaries.

2. Intergovernmental agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year.

There are no Intergovernmental Agreements as of the date of this report.

3. Copies of the District's rules and regulations, if any, as of December 31st of the prior year.

The Northtree Rules and Regulations for the Banning Lewis Ranch Oakwood Homes Community, as attached to the 2021 and 2020 Annual Report still apply. There are no other rules or regulations for the District.

4. A summary of any litigation which involves the any District's Public Improvements as of December 31st of the prior year.

During the report year of 2022, the District were not involved in any litigation.

5. Status of the District's construction of the Public Improvements as of December 31st of the prior year.

All public improvements have been completed in accordance with the Service Plan.

6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31st of the prior year.

No facilities or improvements constructed by the District were dedicated to or accepted by the City as of December 31st of the prior year.

7. The assessed valuation of the District for the current year.

The assessed valuation of the District is \$93,755,420.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

The 2023 budget is attached as **Exhibit A**.

9. Audit of the District financial statements for the year ending December 31st of the previous year prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

The 2022 Audit is in process and will be provided once it is complete.

10. Notice of any uncured events of noncompliance by the District under any Debt instrument, which continue beyond a 90-day period.

During the report year of 2022, the District did not have any uncured events on default.

11. Any inability of the District to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a 90-day period.

During the report year of 2022, the District did not have an inability to pay their obligations.

12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

None.

EXHIBIT A

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2023

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
SUMMARY
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/7/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ 1,218,175	\$ 1,431,060	\$ 1,810,502
REVENUES			
Property taxes	767,962	947,271	1,063,937
Specific ownership tax	90,179	95,140	106,394
Interest income	1,081	8,500	11,500
Intergovernmental revenues - BLR Regional #2	-	-	-
Total revenues	<u>859,222</u>	<u>1,050,911</u>	<u>1,181,831</u>
Total funds available	<u>2,077,397</u>	<u>2,481,971</u>	<u>2,992,333</u>
EXPENDITURES			
General Fund	51,418	74,137	93,186
Debt Service Fund	594,919	597,332	819,174
Total expenditures	<u>646,337</u>	<u>671,469</u>	<u>912,360</u>
Total expenditures and transfers out requiring appropriation	<u>646,337</u>	<u>671,469</u>	<u>912,360</u>
ENDING FUND BALANCES	<u>\$ 1,431,060</u>	<u>\$ 1,810,502</u>	<u>\$ 2,079,973</u>
EMERGENCY RESERVE	\$ 2,600	\$ 3,200	\$ 3,600
DEBT SERVICE RESERVE (MAX OF \$875,075)	875,075	875,075	875,075
DEBT SERVICE SURPLUS (MAX OF \$1,074,500)	481,939	830,794	1,074,500
TOTAL RESERVE	<u>\$ 1,359,614</u>	<u>\$ 1,709,069</u>	<u>\$ 1,953,175</u>

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
PROPERTY TAX SUMMARY INFORMATION
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

12/7/22

ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
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ASSESSED VALUATION

Single Family Residential	\$ 56,652,650	\$ 75,450,460	\$ 87,093,850
Multi-Family Residential	-	-	-
Commercial	100,370	641,830	610,510
Natural Resources	-	-	50
Agricultural	13,150	830	760
State assessed	3,138,840	573,790	485,740
Vacant land	9,082,890	8,427,470	5,564,510
	<u>68,987,900</u>	<u>85,094,380</u>	<u>93,755,420</u>
Adjustments	-	-	-
Certified Assessed Value	<u>\$ 68,987,900</u>	<u>\$ 85,094,380</u>	<u>\$ 93,755,420</u>

MILL LEVY

General	1.112	1.113	1.134
Debt Service	10.019	10.019	10.214
	<u>11.131</u>	<u>11.132</u>	<u>11.348</u>
Total mill levy	<u>11.131</u>	<u>11.132</u>	<u>11.348</u>

PROPERTY TAXES

General	\$ 76,716	\$ 94,710	\$ 106,319
Debt Service	691,190	852,561	957,618
	<u>767,906</u>	<u>947,271</u>	<u>1,063,937</u>
Levied property taxes	767,906	947,271	1,063,937
Adjustments to actual/rounding	123	-	-
Refunds and abatements	(67)	-	-
	<u>\$ 767,962</u>	<u>\$ 947,271</u>	<u>\$ 1,063,937</u>
Budgeted property taxes	<u>\$ 767,962</u>	<u>\$ 947,271</u>	<u>\$ 1,063,937</u>

BUDGETED PROPERTY TAXES

General	\$ 76,796	\$ 94,710	\$ 106,319
Debt Service	691,166	852,561	957,618
ARI	-	-	-
	<u>\$ 767,962</u>	<u>\$ 947,271</u>	<u>\$ 1,063,937</u>

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
GENERAL FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/7/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 39,567	\$ 74,046	\$ 104,633
REVENUES			
Property taxes	76,796	94,710	106,319
Specific ownership tax	9,018	9,514	10,632
Interest income	83	500	2,000
Intergovernmental revenues - BLR Regional #2	-	-	-
Total revenues	85,897	104,724	118,951
Total funds available	125,464	178,770	223,584
EXPENDITURES			
General and administrative			
Accounting	32,152	25,000	28,750
Auditing	-	4,525	4,700
Contingency	-	-	6,941
County Treasurer's fee	1,153	1,421	1,595
Dues and membership	522	549	600
Insurance and bonds	-	5,142	5,200
District management	1,364	16,000	18,400
Legal services	13,347	15,000	20,000
Miscellaneous	2,880	500	1,000
Election expense	-	6,000	6,000
Total expenditures	51,418	74,137	93,186
Total expenditures and transfers out requiring appropriation	51,418	74,137	93,186
ENDING FUND BALANCE	\$ 74,046	\$ 104,633	\$ 130,398
EMERGENCY RESERVE	\$ 2,600	\$ 3,200	\$ 3,600
TOTAL RESERVE	\$ 2,600	\$ 3,200	\$ 3,600

No assurance provided. See summary of significant assumptions.

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
DEBT SERVICE FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,

12/7/22

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCE	\$ 1,178,608	\$ 1,357,014	\$ 1,705,869
REVENUES			
Property taxes	691,166	852,561	957,618
Specific ownership tax	81,161	85,626	95,762
Interest income	998	8,000	9,500
Total revenues	<u>773,325</u>	<u>946,187</u>	<u>1,062,880</u>
Total funds available	<u>1,951,933</u>	<u>2,303,201</u>	<u>2,768,749</u>
EXPENDITURES			
General and administrative			
County Treasurer's fee	10,375	12,788	14,364
Contingency	-	-	10,964
Debt Service			
Bond interest - 2018A Series	577,544	577,544	577,544
Bond interest - 2018B Series	-	-	149,302
Bond principal Senior Bonds	-	-	60,000
Paying agent fees	7,000	7,000	7,000
Total expenditures	<u>594,919</u>	<u>597,332</u>	<u>819,174</u>
Total expenditures and transfers out requiring appropriation	<u>594,919</u>	<u>597,332</u>	<u>819,174</u>
ENDING FUND BALANCE	<u>\$ 1,357,014</u>	<u>\$ 1,705,869</u>	<u>\$ 1,949,575</u>
DEBT SERVICE RESERVE (MAX OF \$875,075)	\$ 875,075	\$ 875,075	\$ 875,075
DEBT SERVICE SURPLUS (MAX OF \$1,074,500)	481,939	830,794	1,074,500
TOTAL RESERVE	<u>\$ 1,357,014</u>	<u>\$ 1,705,869</u>	<u>\$ 1,949,575</u>

No assurance provided. See summary of significant assumptions.

**BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Banning Lewis Ranch Regional Metropolitan District No. 1 (“the District”), formerly Banning Lewis Ranch Metropolitan District No. 6, a quasi-municipal corporation and a political subdivision of the State of Colorado, was organized by order and decree of the District Court for the City of Colorado Springs, El Paso County, Colorado on December 1, 2005, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized in conjunction with ten other related Districts - Banning Lewis Ranch Metropolitan District Nos. 1, 2, 4, 5, 6 (now Banning Lewis Ranch Regional Metropolitan District No. 1), 7 (now Banning Lewis Ranch Regional Metropolitan District No. 2), 8, 9, 10, and 11. The District was organized to serve as the Regional Improvement District serving District Nos. 1-5. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

In an election held on November 6, 2007, the District's voters authorized general obligation indebtedness of \$600,000,000 for water facilities and \$600,000,000 for wastewater facilities.

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

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues (continued)

Property Taxes (continued)

Senate Bill 21-293 among other things, designates multi-family residential real property (defined generally, as property that is a multi-structure of four or more units) as a new subclass of residential real property. For tax collection year 2023, the assessment rate for single family residential property decreases to 6.95% from 7.15%. The rate for multifamily residential property, the newly created subclass, decreases to 6.80% from 7.15%. Agricultural and renewable energy production property decreases to 26.4% from 29.0%. Producing oil and gas remains at 87.5%. All other nonresidential property stays at 29%.

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.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.5%.

Expenditures

County Treasurer's Fees

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

Administrative Expenditures

Administrative expenditures have been provided based on estimates of the District's Board of Directors and consultants and include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, and other administrative expenses.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the District's Series 2018A General Obligation Bonds and Series 2018B Subordinate Bonds (discussed under Debt and Leases).

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases

On December 11, 2018, the District issued General Obligation Bonds, Series 2018A (2018A Bonds), in the principal amount of \$10,745,000 for the purpose of paying and reimbursing the costs of capital infrastructure improvements, funding a Senior Reserve Fund, providing capitalized interest on the 2018A Bonds, and paying costs of issuance of the 2018A Bonds. The 2018A Bonds have a maturity date of December 1, 2048, and carry a fixed interest rate of 5.375%. Interest is payable on June 1 and December 1 of each year beginning on June 1, 2019. Principal payments are due annually on

December 1, beginning on December 1, 2023. The debt to maturity schedule is provided on page 11 of the Budget.

On December 11, 2018, the District issued Subordinate General Obligation Bonds, Series 2018B (2018B Subordinate Bonds), in the principal amount of \$1,255,000 for the purpose of paying and reimbursing the costs of capital infrastructure improvements. The 2018B Subordinate Bonds have a maturity date of December 15, 2041 and carry a fixed interest rate of 7.750%.

The Series 2018B Subordinate Bonds are cash-flow bonds and no payments are expected on these bonds until 2023. Therefore, no estimated debt to maturity schedule is provided.

On December 11, 2018, the District issued Junior Lien General Obligation Bonds, Series 2018C (2018C Junior Lien Bonds), in the principal amount of \$1,801,000 for the purpose of reimbursing the costs of capital infrastructure improvements paid for by the Developer. The 2018C Junior Subordinate Bonds have a maturity date of December 15, 2041 and carry a fixed interest rate of 8.000%. The 2018C Junior Lien Bonds are cash-flow bonds and no payments are expected on these bonds until maturity. Therefore, no estimated debt to maturity schedule is provided.

The 2018A Bonds are secured by and payable solely from the Senior Pledged Revenue, which includes property taxes derived from the Senior Required Mill Levy, net of the cost of collection, Specific Ownership Taxes attributable to the Senior Required Mill Levy, Facility Fees, and any other legally available moneys of the District credited to the Senior Revenue Fund.

Pursuant to the Senior Indenture, the District has covenanted to impose a Senior Required Mill Levy on all taxable property of the District each year in an amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues sufficient to pay the principal of, premium if any, and interest on the Senior Bonds as the same become due and payable (less any amounts then on deposit in the Senior Bond Fund, and solely as provided in the Senior Indenture, the Surplus Fund and the Reserve Fund, respectively) and to replenish the Reserve Fund to the Reserve Requirement, but not in excess of 9 mills (subject to adjustment described below); provided, however, that (i) for so long as the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, the Senior Required Mill Levy shall be equal to 9 mills (as adjusted) or such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Senior Property Tax Revenues (A) sufficient to pay the principal of, premium if any, and interest on the Senior Bonds as the same become due and payable, 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 moneys then on deposit in the Senior Bond Fund and the Surplus Fund and the Reserve Fund, will pay the Senior Bonds in full in the year such levy is collected. In no event is the District to be required to impose the Senior Required Mill Levy after December 2047 (for collection in calendar year 2048).

BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases (continued)

In the event that the method of calculating assessed valuation is changed after January 1, 2010, the minimum and maximum mill levies of 9 mills will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

The 2018A Bonds are further secured by amounts held by the Trustee in the Reserve Fund in the amount of \$875,075, as well as a Surplus Fund up to a maximum amount of \$1,074,500. No payments may be made on the 2018B Subordinate Bonds or 2018C Junior Lien Bonds if the Reserve Fund and the Surplus Fund are less than the maximum amounts.

The 2018B Subordinate and 2018C Junior Lien Bonds are secured by and payable solely from the Subordinate Pledged Revenue, which includes property taxes derived from the Required Subordinate Mill Levy, net of the cost of collection, Specific Ownership Taxes attributable to the Subordinate Required Mill Levy, Subordinate Facility Fees, and any other legally available moneys of the District credited to Subordinate Pledged Revenue.

The Subordinate Indenture requires the District to impose a Subordinate Required Mill Levy on all taxable property of the District each year in an amount equal to (i) 9 mills (as adjusted) less the Senior Obligation Mill Levy (the sum of the Senior Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations), or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Subordinate Bonds in full in the year such levy is collected. In no event is the District to be required to impose the Subordinate Required Mill Levy after December 2047 (for collection in calendar year 2048).

The Junior Lien Indenture requires the District to impose a Junior Lien Required Mill Levy on all taxable property of the District each year in an amount equal to (i) 9 mills (as adjusted) less the Senior/Subordinate Required Mill Levy (the sum of the Senior Required Mill Levy, the Subordinate Required Mill Levy, and any other ad valorem property tax levy required to be imposed by the District for the payment of other Senior/Subordinate Obligations), or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Junior Lien Property Tax Revenues which, when combined with moneys then on deposit in the Junior Lien Bond Fund, will pay the Junior Lien Bonds in full in the year such levy is collected. In no event is the District to be required to impose the Junior Lien Required Mill Levy after December 2047 (for collection in calendar year 2048).

**BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases (continued)

Schedule of Long Term Obligations

	Balance at December 31, 2021	Additions*	Repayments*	Balance at December 31, 2022*
Series 2018A G.O. Limited Tax Bonds	\$ 10,745,000	\$ -	\$ -	\$ 10,745,000
Series 2018B Subordinate G.O.	1,255,000	-	-	1,255,000
Accrued interest - Series 2018B	318,112	119,016	-	437,128
Series 2018C Junior Lien Bonds	1,801,000	-	-	1,801,000
Accrued interest - Series 2018C	472,465	177,494	-	649,959
Bond Issue Premium	26,709	-	1,389	25,320
	<u>14,618,286</u>	<u>296,510</u>	<u>1,389</u>	<u>14,913,406</u>
	<u>\$ 14,618,286</u>	<u>\$ 296,510</u>	<u>\$ 1,389</u>	<u>\$ 14,913,406</u>
	Balance at December 31, 2022*	Additions*	Repayments*	Balance at December 31, 2023*
Series 2018A G.O. Limited Tax Bonds	\$ 10,745,000	\$ -	\$ 60,000	\$ 10,685,000
Series 2018B Subordinate G.O.	1,255,000	-	-	1,255,000
Accrued interest - Series 2018B	437,128	128,839	158,550	407,417
Series 2018C Junior Lien Bonds	1,801,000	-	-	1,801,000
Accrued interest - Series 2018C	649,959	193,391	-	843,349
Bond Issue Premium	25,320	-	1,389	23,930
	<u>14,913,406</u>	<u>322,229</u>	<u>219,939</u>	<u>15,015,696</u>
	<u>\$ 14,913,406</u>	<u>\$ 322,229</u>	<u>\$ 219,939</u>	<u>\$ 15,015,696</u>

* Estimate

The District has no operating or capital leases.

Reserves

Debt Service Reserve

The District maintains a Debt Service Reserve of \$875,075 as required with the issuance of the 2018A Bonds.

Emergency Reserve

The District has provided for an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2023, as defined under TABOR.

This information is an integral part of the accompanying budget.

**BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 2
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

Bonds and Interest Maturing in the Year Ending December 31, Year	\$10,745,000 General Obligation Bonds Series 2018A Dated December 11, 2018 Principal Due December 1 Interest Rate 5.375% Payable June 1 and December 1		
	Principal	Interest	Total
2023	\$ 60,000	\$ 577,544	\$ 637,544
2024	115,000	574,319	689,319
2025	135,000	568,138	703,138
2026	160,000	560,881	720,881
2027	165,000	552,281	717,281
2028	190,000	543,413	733,413
2029	200,000	533,200	733,200
2030	225,000	522,450	747,450
2031	235,000	510,356	745,356
2032	265,000	497,725	762,725
2033	280,000	483,481	763,481
2034	310,000	468,431	778,431
2035	325,000	451,769	776,769
2036	360,000	434,300	794,300
2037	375,000	414,950	789,950
2038	415,000	394,794	809,794
2039	435,000	372,487	807,487
2040	475,000	349,106	824,106
2041	500,000	323,575	823,575
2042	545,000	296,700	841,700
2043	575,000	267,406	842,406
2044	620,000	236,500	856,500
2045	655,000	203,175	858,175
2046	705,000	167,969	872,969
2047	745,000	130,075	875,075
2048	1,675,000	90,031	1,765,031
Total	<u>\$ 10,745,000</u>	<u>\$ 10,525,056</u>	<u>\$ 21,270,056</u>

No assurance provided. See summary of significant assumptions.