

LETTER OF BUDGET TRANSMITTAL

Date: January 29, 2023

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2023 budget and budget message for REAGAN RANCH METROPOLITAN DISTRICT NO. 1 in Colorado Springs, El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 9, 2022. If there are any questions on the budget, please contact:

Spencer Fane LLP
Attn: Russell W. Dykstra
1700 Lincoln Street, Suite 2000
Denver, CO 80203
Tel.: 303-839-3800

I, Danny Mientka, as President of the Reagan Ranch Metropolitan District No. 1, hereby certify that the attached is a true and correct copy of the 2023 budget.

By: Danny Mientka

RESOLUTION
TO ADOPT 2023 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
REAGAN RANCH METROPOLITAN DISTRICT NO. 1

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2023 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 REAGAN RANCH METROPOLITAN DISTRICT NO. 1, COLORADO SPRINGS, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2023, AND ENDING ON THE LAST DAY OF DECEMBER, 2023,

WHEREAS, the Board of Directors of the Reagan Ranch Metropolitan District No. 1 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 9, 2022 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 \$ 1,067 ; 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 \$ 5,337 ; 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 2022 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$ 106,740; and

WHEREAS, at an election held on November 3, 2020 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 REAGAN RANCH METROPOLITAN DISTRICT NO. 1 OF COLORADO SPRINGS, 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 Reagan Ranch Metropolitan District No. 1 for calendar year 2023.

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 2023 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 2023 budget year, there is hereby levied a tax of 10.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2022.

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 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2023 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 50.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2023 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2022.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2023 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 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

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 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2022.

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 by December 15, 2022, 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 here^o above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 2022 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.

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ADOPTED this 9th day of November, 2022.

REAGAN RANCH METROPOLITAN
DISTRICT NO. 1

Danny Mientka

President

ATTEST:



Secretary

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

REAGAN RANCH METROPOLITAN DISTRICT NO. 1
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2023

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

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 16,294,429	\$ 12,341,151
REVENUES			
Property taxes	-	30	6,404
Specific ownership tax	-	3	641
Interest income	642	40,200	38,500
Developer advance	86,581	50,204	60,066
Other revenue	-	9,806	5,863
Intergovernmental revenues - District No. 2	-	17	6,710
Intergovernmental revenues - District No. 3	-	7	777
Bond issuance	17,890,000	-	-
Total revenues	<u>17,977,223</u>	<u>100,267</u>	<u>118,961</u>
Total funds available	<u>17,977,223</u>	<u>16,394,696</u>	<u>12,460,112</u>
EXPENDITURES			
General Fund	38,718	50,047	65,000
Debt Service Fund	-	38	15,461
Capital Projects Fund	1,644,076	4,003,460	12,379,351
Total expenditures	<u>1,682,794</u>	<u>4,053,545</u>	<u>12,459,812</u>
Total expenditures and transfers out requiring appropriation	<u>1,682,794</u>	<u>4,053,545</u>	<u>12,459,812</u>
ENDING FUND BALANCES	<u>\$ 16,294,429</u>	<u>\$ 12,341,151</u>	<u>\$ 300</u>
EMERGENCY RESERVE	\$ -	\$ 300	\$ 200
AVAILABLE FOR OPERATIONS	-	-	100
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>

No assurance provided. See summary of significant assumptions.

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

1/28/23

ACTUAL	ESTIMATED	BUDGET
2021	2022	2023

ASSESSED VALUATION

Agricultural	\$ -	\$ 670	\$ 810
Vacant land	-	-	105,930
Certified Assessed Value	\$ -	\$ 670	\$ 106,740

MILL LEVY

General	0.000	11.132	10.000
Debt Service	0.000	33.398	50.000
Total mill levy	0.000	44.530	60.000

PROPERTY TAXES

General	\$ -	\$ 7	\$ 1,067
Debt Service	-	22	5,337
Levied property taxes	-	29	6,404
Adjustments to actual/rounding	-	1	-
Budgeted property taxes	\$ -	\$ 30	\$ 6,404

BUDGETED PROPERTY TAXES

General	\$ -	\$ 7	\$ 1,067
Debt Service	-	23	5,337
	\$ -	\$ 30	\$ 6,404

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

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ (9,081)	\$ 300
REVENUES			
Property taxes	-	7	1,067
Specific ownership tax	-	1	107
Developer advance	29,637	49,603	60,066
Other revenue	-	9,806	1,864
Intergovernmental revenues - District No. 2	-	4	1,119
Intergovernmental revenues - District No. 3	-	7	777
Total revenues	29,637	59,428	65,000
Total funds available	29,637	50,347	65,300
EXPENDITURES			
General and administrative			
Accounting	10,872	27,232	31,000
County Treasurer's fee	-	-	16
Directors' fees	-	2,400	2,000
Dues and licenses	596	525	1,000
Insurance and bonds	2,898	6,341	6,000
Legal services	24,196	12,470	15,000
Banking fees	156	75	100
Payroll taxes	-	184	153
Election expense	-	820	5,000
Contingency	-	-	4,731
Total expenditures	38,718	50,047	65,000
Total expenditures and transfers out requiring appropriation	38,718	50,047	65,000
ENDING FUND BALANCES	\$ (9,081)	\$ 300	\$ 300
EMERGENCY RESERVE	\$ -	\$ 300	\$ 200

No assurance provided. See summary of significant assumptions.

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

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ -	\$ -
REVENUES			
Property taxes	-	23	5,337
Specific ownership tax	-	2	534
Other revenue	-	-	3,999
Intergovernmental revenues - District No. 2	-	13	5,591
Total revenues	-	38	15,461
Total funds available	-	38	15,461
EXPENDITURES			
General and administrative			
County Treasurer's fee	-	-	80
Paying agent fees	-	-	4,000
Contingency	-	-	4,000
Debt Service			
Bond interest - Series 2021A	-	38	7,381
Total expenditures	-	38	15,461
Total expenditures and transfers out requiring appropriation	-	38	15,461
ENDING FUND BALANCES	\$ -	\$ -	\$ -

No assurance provided. See summary of significant assumptions.

**REAGAN RANCH METROPOLITAN DISTRICT NO. 1
CAPITAL PROJECTS FUND
2023 BUDGET
WITH 2021 ACTUAL AND 2022 ESTIMATED
For the Years Ended and Ending December 31,**

1/28/23

	ACTUAL 2021	ESTIMATED 2022	BUDGET 2023
BEGINNING FUND BALANCES	\$ -	\$ 16,303,510	\$ 12,340,851
REVENUES			
Interest income	642	40,200	38,500
Developer advance	56,944	601	-
Bond issuance	17,890,000	-	-
Total revenues	<u>17,947,586</u>	<u>40,801</u>	<u>38,500</u>
Total funds available	<u>17,947,586</u>	<u>16,344,311</u>	<u>12,379,351</u>
EXPENDITURES			
General and Administrative			
Accounting	-	1,738	3,000
Organization costs	52,581	-	-
Engineering	-	-	5,000
Banking fees	-	1,722	-
Capital Projects			
Repay developer advance	57,487	-	-
Bond issue costs	615,351	-	-
Capital outlay	918,657	4,000,000	12,371,351
Total expenditures	<u>1,644,076</u>	<u>4,003,460</u>	<u>12,379,351</u>
Total expenditures and transfers out requiring appropriation	<u>1,644,076</u>	<u>4,003,460</u>	<u>12,379,351</u>
ENDING FUND BALANCES	<u>\$ 16,303,510</u>	<u>\$ 12,340,851</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**REAGAN RANCH METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Reagan Ranch Metropolitan District No. 1 (“the District”), 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 August 25, 2020, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes).

The District was organized to provide for the planning, design, acquisition, construction, installation, relocation, and redevelopment of public improvements. The District is the Operating District organized in conjunction with two other related Financing Districts – Reagan Ranch Metropolitan District No 2 and 3. The District serves as the Operating District which will pay all vendors of and receive reimbursement/contributions from the Financing Districts. All other Districts are the Financing Districts which will levy ad valorem taxes on taxable properties within each District and assess fees, rates and other charges as authorized by law. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

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 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.

**REAGAN RANCH 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 total property taxes collected.

Investment Income

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

Intergovernmental Revenue

The three Districts' administrative expenditures such as legal, accounting, management, insurance, including costs of snow removal and landscape maintenance, are being paid by the District. The District anticipates receiving net revenues collected from District No. 2 and District No. 3's operational mill levy assessment to cover a portion of these costs. The District anticipates receiving net revenue collected from District No. 2 debt service mill levy assessment to pay debt service costs of the District.

Developer Advance

The District is in the development stage. As such, the operating and administrative expenditures will be mainly funded by The Equity Group (Developer). A major portion of the capital expenditures are also expected 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.

Bond Issuance

The District issued Limited Tax General Obligation Bonds, Series 2021.

**REAGAN RANCH METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Expenditures

Administrative Expenses

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, and insurance.

County Treasurer's 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.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2021A Bonds. (Discussed under Debt and Leases).

Debt and Leases

On December 1, 2021, the District issued Limited Tax General Obligation Bonds, Series 2021 (2021 Bonds), in the principal amount of \$17,890,000 for the purposes of paying and reimbursing the costs of capital infrastructure improvements. The Series 2021 Bonds have an anticipated maturity date of December 1, 2051 and carry a fixed interest rate of 5.250%.

The District has no operating or capital leases.

The following is an analysis of the District's long -term obligations through the year-ended December 31, 2023:

**REAGAN RANCH METROPOLITAN DISTRICT NO. 1
2023 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases - (continued)

	Balance at December 31, 2021	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2022	Additions	Retirement of Long-Term Obligations	Balance at December 31, 2023	Due Within One Year
Bonds Payable								
G.O. - Limited Tax Bonds -								
Series 2021	\$ 17,890,000	\$ -	\$ -	\$ 17,890,000	\$ -	\$ -	\$ 17,890,000	\$ -
Accrued interest	80,132	510,208	38	590,302	543,867	2,644	1,131,525	-
Bonds Payable Subtotal	17,970,132	510,208	38	18,480,302	543,867	2,644	19,021,525	-
Developer Advances:								
Operations and Management	29,637	49,603	-	79,240	60,066	-	139,306	-
Capital	4,363	601	-	4,964	-	-	4,964	-
Accrued Interest on Developer Advances:								
Operations and Management	864	5,030	-	5,894	11,131	-	17,025	-
Capital	104	374	-	478	397	-	875	-
Developer Advance Subtotal	34,967	55,608	-	90,575	71,594	-	162,170	-
Total Long Term Obligations	\$ 18,005,099	\$ 565,816	\$ 38	\$ 18,570,877	\$ 615,461	\$ 2,644	\$ 19,183,695	\$ -

Reserves

Emergency Reserve

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

This information is an integral part of the accompanying budget.

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: | Series 2021 General Obligation Bonds |
| | Date of Issue: | December 1, 2021 |
| | Coupon Rate: | 5.250% |
| | Maturity Date: | December 1, 2051 |
| | Levy: | 50.000 |
| | Revenue: | \$5,337 |
| | | |
| 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.