

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
ELBERT COUNTY, COLORADO**

ANNUAL REPORT FOR FISCAL YEAR 2021

Pursuant to the respective Service Plan of Elbert and Highway 86 Commercial Metropolitan District (the “District”), is required to provide an annual report to the County of Elbert, Colorado (the “County”) with regard to the following matters:

- a. Boundary changes made or proposed;
- b. Intergovernmental Agreements entered into or proposed;
- c. Changes or proposed changes in the District’s policies;
- d. Changes or proposed changes in the District’s operations;
- e. Any changes in the financial status of the District including revenue projections, or operating costs;
- f. A summary of any litigation involving the District;
- g. Proposed plans for the year immediately following the year summarized in the annual report;
- h. Status of construction of public improvements; and
- i. The current assessed valuation in the District.

For the year ending December 31, 2021, the District makes the following report:

- a. Boundary changes of the District.

There were no boundary changes in 2021 for the District.

- b. Intergovernmental Agreements entered into or proposed.

An Intergovernmental Agreement was entered into between Elbert & Highway 86 Metropolitan District and the District in August 2021. A copy of the Intergovernmental Agreement is attached to this annual report for reference purposes. (Exhibit A)

- c. Changes or proposed changes in the District’s policies.

No changes or proposed changes in either of the District's policies occurred during the reporting period.

d. Changes or proposed changes in the District's operations.

No changes have been made to the District's operations in 2021.

e. Any changes in the financial status of the District, including revenue projection or operating costs.

In April 2021, the District issued Series 2021 bonds to refund its outstanding Series 2008 bonds and reimburse/finance the costs of public improvements. A copy of the 2021 budget is attached to this annual report for reference purposes. (Exhibit B)

f. A summary of any litigation involving the District.

There is no litigation, pending or threatened, against the District of which we are aware.

g. Proposed plans for the year immediately following the year summarized in the annual report.

Wal-Mart, the only property currently within the district, is open and operating. It was anticipated that additional property would be included into the District in 2021, but as of the date of this report, that inclusion has not happened.

h. Status of construction of public improvements.

Storm water, water, sewer, drive isles and curb and gutter were completed in 2008 for the East parcel of the commercial development. Starting in 2021, the District has been requisitioning the remaining proceeds from Series 2021 bond issuance to fund the costs of public improvements related to the current commercial development.

i. The current assessed valuation in the District.

The current assessed valuation of the property located within the District is \$3,257,770.

EXHIBIT A

2021 Intergovernmental Agreement – Elbert & Highway 86 Commercial
Metropolitan District

INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT (“Agreement”) is entered into as of the 24th day of August, 2021 (the “Effective Date”) by and between Elbert & Highway 86 Metropolitan District (the “Metro District”) and Elbert & Highway 86 Commercial Metropolitan District (the “Commercial District”). The Metro District and the Commercial District are together “Districts” or alone a “District”.

WHEREAS, the Metro District and the Commercial District share certain facilities and are equally benefitted by certain public improvements to, adjoining and/or serving the properties within their respective boundaries.

WHEREAS, some of the rights and powers of the Metro District and the Commercial District are referenced in the Second Amended and Restated Wild Pointe Development Guide dated February 15, 2006 (as amended, the “Development Agreement”).

WHEREAS, the Development Agreement is currently the subject of litigation between and among Thomas Richard Rice (“Rice”), the Wild Pointe Ranch Homeowners Association (the “HOA”), the Metro District, the developer Elbert and Hwy 86, LLC (the “LLC”), pending in the District Court, County of Elbert, Case No. 2021CV30027 (the “Litigation”).

WHEREAS, Rice, the HOA, the Metro District and the LLC are contemporaneously with this Agreement entering into a Compromise, Settlement and Release Agreement for the full and final settlement of the claims raised in the Litigation (the “Settlement Agreement”), the parties performance of which is a condition precedent

to the performance of the obligations of the Metro District and the Commercial District under this Agreement.

WHEREAS, the Metro District and the Commercial District wish to establish the framework and to allocate responsibility for the installation of traffic signals that the Colorado Department of Transportation (“CDOT”) may mandate at the access points from SH 86 to their respective properties.

WHEREAS, the Metro District and the Commercial District acknowledge that this agreement fairly allocates the benefits and burdens of this proposed arrangement evenly between them and for their mutual interest and benefit.

WHEREAS, the relationship between the Metro District and the Commercial District is exclusively contractual. Neither District is authorized to act as the agent of the other, and neither District intends by this Agreement or otherwise to form or participate in any manner of partnership or joint venture with the other.

NOW THEREFORE, in consideration of the foregoing Recitals, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge by their signatures below, the Districts agree as follows:

1. Metro District’s Contribution to Expense of Traffic Signals. Upon the parties’ completion of the performance of their obligations under the Settlement Agreement, and as their agreed allocation of the Districts’ potential responsibilities for the cost of the traffic signals that CDOT requires at SH 86 and Cimarron Trail and/or SH 86 and Pinto (“Traffic Signals”), the Metro District and the Commercial District agree:

(a) the Metro District will pay the Commercial District the sum of \$105,000 by no later than December 1, 2021; and

(b) the Metro District will convey to the Commercial District by no later than December 1, 2021 the real property interests described on the attached Exhibit A, which both districts acknowledge and agree have an appraised value of \$75,000.

2. Commercial District's Responsibilities for Expenses of Traffic Signals. In consideration and on receipt of the payment and transfer of real property interests referenced in the subparagraphs 1(a) and 1(b), as between the two Districts the Commercial District will be solely responsible for the expense of the Traffic Signals. The Commercial District's obligation shall be specifically enforceable by the Metro District.

3. No Effect on Development Agreement. This Agreement will not alter or otherwise amend the Development Agreement.

4. District Payments are Subject to Annual Appropriation and Budget. The Metro District represents and warrants that upon execution of this Agreement it has appropriated sufficient funds to meet the obligations of this Agreement. The Metro District and the Commercial District's obligations hereunder shall extend only to monies appropriated for the purposes of this Agreement by each District's Board of Directors and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by either District, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation

whatsoever of either District or statutory debt limitation, including, without limitation, Article X, Section 20, or Article XI, Sections 1, 2 or 6 of the Constitution of the State of Colorado. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of funds by either District, nor shall any provision of this Agreement restrict the future issuance of bonds or obligations payable from any class or source of either District's funds.

5. No Third-Party Beneficiaries. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement and all rights of action relating to such enforcement shall be strictly reserved to the Districts and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Districts that any person other than the Districts receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

6. Assignment. Neither District, without the express written consent of the other District may assign any rights granted hereunder or any part thereof. Neither District, without the express consent of the other District, may delegate any obligation assumed hereunder or any part thereof.

7. Term. This Agreement shall commence upon execution by both Districts and the full performance of all of the obligations of the parties to the Settlement Agreement, and shall terminate upon full performance by both Districts. Termination shall not affect the obligation of the Commercial District to be solely responsible for the expense of the Traffic Signals, which obligation shall survive such termination. If the parties to the Settlement Agreement do not fully perform their obligations, then this

Agreement shall terminate without any further action or notice required of either District, and the Commercial District shall be relieved of its payment obligation relative to the Traffic Signals.

8. Entire Agreement. This Agreement constitutes the entire agreement between the Districts and sets forth the rights, duties and obligations of each District to the other as of this date. Any prior agreements, promises, negotiations or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified, except by a writing executed by both Districts.

9. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, and any disputes hereunder shall be tried in the Elbert County District Court.

10. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

11. Governmental Immunity. Nothing in this Agreement shall be construed as a waiver of the rights and privileges of either District pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S., as amended from time to time.

12. Counterpart Execution. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties having agreed to the foregoing terms of this Agreement have executed this Agreement as of the Effective Date.

Elbert & Highway 86 Metropolitan District

DocuSigned by:
By: Larry Gable
Its: Authorized representative

Elbert & Highway 86 Commercial Metropolitan District

DocuSigned by:
By: Karl Nyquist
Its: Authorized representative

EXHIBIT B

2021 Adopted Budget – Elbert & Highway 86 Commercial Metropolitan District

ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2021

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
SUMMARY
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 245,641	\$ 252,801	\$ 288,025
REVENUES			
Property taxes	16,547	16,702	16,378
Specific ownership taxes	3,274	2,900	2,600
Net investment income	6,287	1,500	1,200
Other income	3,666	100	55,000
Water service fees	246,189	275,000	280,000
PILOT revenue	15,689	17,529	17,174
PIF revenue	1,618,199	1,860,000	1,960,000
Water tap fees	319,290	145,000	81,500
Road maintenance fee	13,795	14,070	14,351
Advance - Rangeview MD	89,000	7,034	4,597
Total revenues	<u>2,331,936</u>	<u>2,339,835</u>	<u>2,432,800</u>
Total funds available	<u>2,577,577</u>	<u>2,592,636</u>	<u>2,720,825</u>
EXPENDITURES			
General Fund	142,794	47,050	60,000
Debt Service Fund	1,616,030	1,837,561	2,011,500
Enterprise Fund	565,952	420,000	361,500
Total expenditures	<u>2,324,776</u>	<u>2,304,611</u>	<u>2,433,000</u>
Total expenditures and transfers out requiring appropriation	<u>2,324,776</u>	<u>2,304,611</u>	<u>2,433,000</u>
ENDING FUND BALANCES	<u>\$ 252,801</u>	<u>\$ 288,025</u>	<u>\$ 287,825</u>
EMERGENCY RESERVE	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 1,700</u>
TOTAL RESERVE	<u>\$ 1,600</u>	<u>\$ 1,600</u>	<u>\$ 1,700</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
PROPERTY TAX SUMMARY INFORMATION
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
ASSESSED VALUATION			
Commercial	\$ 2,586,040	\$ 2,669,460	\$ 2,669,460
Vacant land	304,770	304,770	304,770
Personal property	418,630	366,110	301,350
Certified Assessed Value	<u>\$ 3,309,440</u>	<u>\$ 3,340,340</u>	<u>\$ 3,275,580</u>
MILL LEVY			
General	5.000	5.000	5.000
Total mill levy	<u>5.000</u>	<u>5.000</u>	<u>5.000</u>
PROPERTY TAXES			
General	\$ 16,547	\$ 16,702	\$ 16,378
Levied property taxes	<u>16,547</u>	<u>16,702</u>	<u>16,378</u>
Budgeted property taxes	<u>\$ 16,547</u>	<u>\$ 16,702</u>	<u>\$ 16,378</u>
BUDGETED PROPERTY TAXES			
General	<u>\$ 16,547</u>	<u>\$ 16,702</u>	<u>\$ 16,378</u>
	<u>\$ 16,547</u>	<u>\$ 16,702</u>	<u>\$ 16,378</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
GENERAL FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ (8,543)	\$ (9,685)	\$ 1,600
REVENUES			
PILOT revenue	15,689	17,529	17,174
Property taxes	16,547	16,702	16,378
Specific ownership taxes	3,274	2,900	2,600
Net investment income	154	-	-
Road maintenance fee	13,795	14,070	14,351
Other income	3,193	100	5,000
Advance - Rangeview MD	89,000	7,034	4,597
Total revenues	141,652	58,335	60,100
Total funds available	133,109	48,650	61,700
EXPENDITURES			
General and administrative			
Accounting - recurring	10,000	10,000	11,000
Accounting - non-recurring	32,778	1,000	2,000
Auditing	1,780	1,780	1,900
County Treasurer's fee	496	501	491
District management	11,479	10,000	10,000
Dues and licenses	253	239	300
Election expense	-	748	-
Engineering	8,313	2,000	5,000
Insurance and bonds	4,373	4,061	4,800
Legal services	43,787	10,000	12,000
Miscellaneous/ Contingency	15,827	100	5,388
Operations and maintenance			
Repay Developer advance - Road maintenance fee	8,277	-	-
Repay Developer advance - PILOT	4,351	5,121	5,121
Landscaping	1,080	1,500	2,000
Total expenditures	142,794	47,050	60,000
Total expenditures and transfers out requiring appropriation	142,794	47,050	60,000
ENDING FUND BALANCES	\$ (9,685)	\$ 1,600	\$ 1,700
EMERGENCY RESERVE	\$ 1,600	\$ 1,600	\$ 1,700
TOTAL RESERVE	\$ 1,600	\$ 1,600	\$ 1,700

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
DEBT SERVICE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUND BALANCES	\$ 254,184	\$ 262,486	\$ 286,425
REVENUES			
Net investment income	6,133	1,500	1,200
Other income	-	-	50,000
PIF revenue	1,618,199	1,860,000	1,960,000
Total revenues	<u>1,624,332</u>	<u>1,861,500</u>	<u>2,011,200</u>
Total funds available	<u>1,878,516</u>	<u>2,123,986</u>	<u>2,297,625</u>
EXPENDITURES			
Bond interest	966,250	1,091,061	1,175,000
Paying agent fees	2,500	2,500	2,500
PIF revenue payment to Town of Elizabeth	647,280	744,000	784,000
Contingency	-	-	50,000
Total expenditures	<u>1,616,030</u>	<u>1,837,561</u>	<u>2,011,500</u>
Total expenditures and transfers out requiring appropriation	<u>1,616,030</u>	<u>1,837,561</u>	<u>2,011,500</u>
ENDING FUND BALANCES	<u>\$ 262,486</u>	<u>\$ 286,425</u>	<u>\$ 286,125</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
WILD POINTE WATER ACTIVITY ENTERPRISE FUND
2021 BUDGET
WITH 2019 ACTUAL AND 2020 ESTIMATED
For the Years Ended and Ending December 31,**

1/25/21

	ACTUAL 2019	ESTIMATED 2020	BUDGET 2021
BEGINNING FUNDS AVAILABLE	\$ -	\$ -	\$ -
REVENUES			
Water service fees	246,189	275,000	280,000
Water tap fees	319,290	145,000	81,500
Other income	473	-	-
Total revenues	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
Total funds available	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
EXPENDITURES			
Wild Pointe Water Activity enterprise expenditures			
Accounting - recurring	15,000	15,000	16,500
Accounting - non-recurring	1,505	4,000	5,000
Auditing	2,670	2,670	2,850
District management	5,739	6,000	6,000
Dues and licenses	380	358	500
Insurance and bonds	6,560	6,361	7,200
Legal services	7,165	8,000	10,000
Contingency	171	200	1,000
Operations and maintenance			
Utilities	53,293	52,000	52,000
Water operations	56,403	50,000	55,000
Water service agreement payment	417,066	275,411	205,450
Total expenditures	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
Total expenditures and transfers out requiring appropriation	<u>565,952</u>	<u>420,000</u>	<u>361,500</u>
ENDING FUNDS AVAILABLE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No assurance provided. See summary of significant assumptions.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Services Provided

The District, a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court for Elbert County on November 26, 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Service Plan approved by the County on July 10, 2002, and as modified on October 2, 2002. The District's service area is located entirely in Elbert County, Colorado.

The District was established to provide for the construction, acquisition, and installation of water improvements and facilities in its service area within Elbert County (County). During 2004, the District amended its Service Plan to allow it to construct, acquire, finance, operate, and maintain certain public improvements including streets, traffic safety controls, street lighting, water, sanitary sewer, landscaping, storm drainage, television relay, and mosquito control facilities and improvements for the District's commercial development, in addition to the water services and facilities outlined in its original Service Plan.

On November 5, 2002, the District's voters authorized general obligation indebtedness of \$2,300,000 for water facilities and \$56,500 for general operations and maintenance. The election also approved \$2,300,000 for repayment of the combined approved debt. In an election held on November 2, 2004, the following general obligation indebtedness was authorized: street improvements - \$4,139,107, storm sewer/drainage improvements - \$811,662, water improvements - \$5,119,761, sanitary sewer improvements - \$4,929,560, operations/maintenance - \$50,000, and debt refunding - \$15,000,000.

On December 15, 2016 the District entered into a Water Service Agreement with Rangeview Metropolitan District (Provider) where the Provider paid the District in the amount of \$1,600,000 in exchange for the exclusive license to use, treat, and distribute the water rights for the purpose of furnishing water service to the District customers. The District shall transfer ownership of all components of the SCADA system and the automated meter reading system to the Provider so the Provider can read the meters and bill the District customers. The Provider shall keep and maintain accurate records of all contracts and expenses related to the District water system and all other records necessary for the administration and operation of the District water system.

The District has no employees and all operations and 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

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Revenues (continued)

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.

Per a Memorandum of Mill Levy Cap dated August 7, 2007 the District has agreed that Wal-Mart, which is the major owner of the property within the District, will not be subject to an operations mill levy in excess of 5.000 mills.

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

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 16% of the property taxes collected.

PILOT Revenue

Per the Exclusion/PILOT Agreement dated April 4, 2012, the District shall collect an annual PILOT payment from the owners of the excluded properties. The PILOT payment amount is calculated as 12.000 mills of the current-year assessed valuation of the excluded property.

Water Tap Fees

For the provision of water service, the District imposes a tap fee on each developable lot which the District will serve, at the time of issuance of a building permit by the County.

Net Investment Income

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

Water Service Fees

Rangeview Metropolitan District (Provider) operates a potable water facility and charges homeowners and commercial users a fee for water usage. The Provider is responsible for reading the meters and billing the District customers. The Provider is also responsible for collection efforts on delinquent accounts.

PIF Revenue

The District will collect a public improvement fee (a "PIF") of 4.0% of the total taxable sales transactions occurring within the boundaries of the District. Upon receipt of the PIF, the District shall remit 40% of the amount received to the Town of Elizabeth to pay for the costs associated with the commercial property and its related impacts. The remaining 60% of the proceeds of the fee are pledged for debt service.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Revenues (continued)

Road Maintenance Fee

The District collects an annual road maintenance fee from the commercial property owners to help with the cost of maintaining, repairing and replacing the road. The initial fee of \$2,600 per lot is due and payable on or before January 1 and shall increase by 2% every year for the first 20 years starting from 2017.

Expenditures

General and Administration Expenses

General and administration expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting, managerial, general engineering, insurance, banking, meeting expense, and other administrative expenses. The costs to operate the potable water facility are accounted for in the Wild Pointe Water Activity Enterprise Fund.

Debt Service

Interest payment on the Bonds in 2021 is estimated based on anticipated funds available from pledged revenue. A debt service schedule for the Bonds cannot be determined as interest and principal are being paid based on the availability of funds from Pledged Revenue.

In 2020, pledged revenue received by the District was not sufficient to pay when due the debt service requirements with respect to the Bonds, because sales within the District and the associated PIF revenue have been below original projections.

Debt and Leases

On July 29, 2008, the District issued \$15,000,000 of Public Improvement Fee Revenue Bonds, Series 2008A. The proceeds from the sale of the Bonds were used for the purposes of (a) financing the design, acquisition, construction, completion, installation, relocation and provision of certain public improvements and facilities; (b) funding the Reserve Fund; (c) providing capitalized interest for the payment of a portion of the interest on the Bonds; and (d) paying the costs of issuance of the Bonds.

The Bonds bear interest at 7.50%, payable semi-annually on June 1 and December 1, beginning on December 1, 2008. Annual mandatory sinking fund principal payments are due on December 1 of each year beginning on December 1, 2010. The Bonds mature on December 1, 2032. The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2018, and on any date thereafter, upon payment of par plus accrued interest, without redemption premium.

The Bonds are subject to extraordinary redemption from monies remaining in the restricted account of the project fund as of October 1, 2011. An extraordinary redemption of \$1,245,000 was paid on December 1, 2011.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Debt and Leases (continued)

The Bonds are special limited revenue obligations of the District secured by and payable from Pledged Revenue, consisting of: (a) the Pledged PIF Revenues, consisting of the public improvement fees received by the District pursuant to the PIF Covenant and the PIF Collection Agreement; and (b) any other legally available moneys that the District determines to credit to the Revenue Fund. The Bonds are also secured by a Reserve Fund. Under certain circumstances, moneys accumulated in the Surplus Fund, if any, will be used to pay the Bonds.

Moneys in the Surplus Fund shall be used (i) to prevent a failure to make the payment of the principal of or interest on the Bonds when due, or (ii) to fund the payment or defeasance of all of the then outstanding Bonds. The Surplus Fund is pledged to the payment of the Bonds, and is not be used or pledged to the payment of any other obligations, including, without limitation, any Parity Obligations or Subordinate Obligations.

The Surplus Fund shall be maintained by the Trustee until such time as the average annual PIF Revenues for the most recent 12-month period is equal to 1.35 times the average annual principal and interest on the Bonds as of the Issue Date, whereupon all amounts then on deposit in the Surplus Fund not needed to pay current debt service on the Bonds shall be remitted to the District to be used for any lawful purpose, and the Surplus Fund shall thereupon be terminated.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Debt and Leases (continued)

The following is an analysis of anticipated changes in the District's long-term obligations for years ending December 31, 2020 and 2021.

	Balance at December 31, 2019	Additions	Retirements/ Adjustments	Anticipated Balance at December 31, 2020
PIF Revenue Bonds	\$ 13,475,000	\$ -	\$ -	\$ 13,475,000
Accrued Interest - PIF Revenue Bonds	2,156,386	1,258,422	1,091,061	2,323,747
Developer Advance - RLF Wild Pointe Properties	5,277,945	-	-	5,277,945
Accrued Interest - RLF Wild Pointe Properties	3,036,907	369,857	5,121	3,401,643
Advance - Rangeview MD	99,000	7,034	-	106,034
Accrued Interest - Rangeview MD	2,200	6,066	-	8,266
Total	<u>\$ 24,047,438</u>	<u>\$ 1,641,379</u>	<u>\$ 1,096,182</u>	<u>\$ 24,592,635</u>

	Anticipated Balance at December 31, 2020	Additions	Retirements/ Adjustments	Anticipated Balance at December 31, 2021
PIF Revenue Bonds	\$ 13,475,000	\$ -	\$ -	\$ 13,475,000
Accrued Interest - PIF Revenue Bonds	2,323,747	1,187,340	1,175,000	2,336,087
Developer Advance - RLF Wild Pointe Properties	5,277,945	-	-	5,277,945
Accrued Interest - RLF Wild Pointe Properties	3,401,643	369,493	5,121	3,766,015
Advance - Rangeview MD	106,034	4,597	-	110,631
Accrued Interest - Rangeview MD	8,266	6,362	-	14,628
Total	<u>\$ 24,592,635</u>	<u>\$ 1,567,792</u>	<u>\$ 1,180,121</u>	<u>\$ 24,980,306</u>

The District has no operating or capital leases.

**ELBERT AND HIGHWAY 86 COMMERCIAL METROPOLITAN DISTRICT
2021 BUDGET
SUMMARY OF SIGNIFICANT BUDGET ASSUMPTIONS**

Reserves

Emergency Reserves

The District has provided an Emergency Reserve fund equal to at least 3% of fiscal year spending for 2021, as defined under TABOR.

This information is an integral part of the accompanying budget.