

LETTER OF BUDGET TRANSMITTAL

Date: January 30, 2019
To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached is the 2019 budget and budget message for BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5 in El Paso County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 8th, 2018. If there are any questions on the budget, please contact:

Mr. Josh Miller
CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Greenwood Village, CO 80111
Phone: 303-779-5710

I, Josh Miller, as District Manager of the Banning Lewis Ranch Metropolitan District No. 5, hereby certify that the attached is a true and correct copy of the 2019 budget.

By: _____



**RESOLUTION
TO ADOPT 2019 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2019 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 BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5, EL PASO COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2019, AND ENDING ON THE LAST DAY OF DECEMBER, 2019,

WHEREAS, the Board of Directors of the Banning Lewis Ranch Metropolitan District No. 5 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 8th, 2018 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 \$1,164; 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 \$1,746; 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/abatelements is \$0; and

WHEREAS, the 2018 valuation for assessment for the District as certified by the County Assessor of El Paso County is \$52,650; and

WHEREAS, at an election held on November 1, 2005, 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 BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5 OF EL PASO COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Banning Lewis Ranch Metropolitan District No. 5 for calendar year 2019.

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 2019 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 2019 budget year, there is hereby levied a tax of 22.111 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2018.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby

certified a temporary property tax credit or temporary mill levy rate reduction of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2018.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2019 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 33.166 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2018.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2019 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2018.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2019 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2018.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2018.

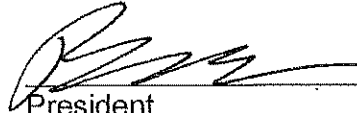
Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2018, to the Board of County Commissioners of El Paso County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of El Paso County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 218 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.


ADOPTED this 8th day of November, 2018.

BANNING LEWIS RANCH
METROPOLITAN DISTRICT NO. 5



President

ATTEST:



Secretary

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



CliftonLarsonAllen

CliftonLarsonAllen LLP
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Accountant's Compilation Report

Board of Directors
Banning Lewis Ranch Metropolitan District No. 5

Management is responsible for the accompanying budget of revenues, expenditures, and fund balances of Banning Lewis Ranch Metropolitan District No. 5 for the year ending December 31, 2019, including the estimate of comparative information for the year ending December 31, 2018, and the actual comparative information for the year ended December 31, 2017, in the format prescribed by Colorado Revised Statutes (C.R.S.) 29-1-105 and the related summary of significant assumptions in accordance with guidelines for the presentation of a budget established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the budget nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying budget.

The budgeted results may not be achieved as there will usually be differences between the budgeted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We assume no responsibility to update this report for events and circumstances occurring after the date of this report.

We draw attention to the summary of significant assumptions which describe that the budget is presented in accordance with the requirements of C.R.S. 29-1-105, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

We are not independent with respect to Banning Lewis Ranch Metropolitan District No. 5.

CliftonLarsonAllen LLP

Colorado Springs, Colorado
January 24, 2019



An independent member of Nexia International

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
SUMMARY
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCES | \$ - | \$ - | \$ 4,181,306 |
| REVENUES | | | |
| Property taxes | - | - | 2,910 |
| Specific ownership tax | - | - | 350 |
| Interest income | - | 5,463 | 39,901 |
| System development fees | - | - | 39,000 |
| Other revenue | - | - | 95 |
| Bond issuance - Senior | - | 6,585,000 | - |
| Bond issuance - Subordinate | - | 1,011,000 | - |
| Bond issuance - Junior lien | - | 1,942,000 | - |
| Developer advance | - | 884,867 | - |
| Total revenues | - | 10,428,330 | 82,256 |
| TRANSFERS IN | - | 1,700,913 | - |
| Total funds available | - | 12,129,243 | 4,263,562 |
| EXPENDITURES | | | |
| General Fund | - | - | 1,400 |
| Debt Service Fund | - | - | 542,000 |
| Capital Projects Fund | - | 6,247,024 | 2,496,178 |
| Total expenditures | - | 6,247,024 | 3,039,578 |
| TRANSFERS OUT | - | 1,700,913 | - |
| Total expenditures and transfers out requiring appropriation | - | 7,947,937 | 3,039,578 |
| ENDING FUND BALANCES | \$ - | \$ 4,181,306 | \$ 1,223,984 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
PROPERTY TAX SUMMARY INFORMATION
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/19

| ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|----------------|-------------------|----------------|
|----------------|-------------------|----------------|

ASSESSED VALUATION

| | | | |
|--------------------------|--------|--------|-----------|
| Agricultural | \$ 760 | \$ - | \$ 1,360 |
| Vacant land | - | 830 | 51,290 |
| Certified Assessed Value | \$ 760 | \$ 830 | \$ 52,650 |

MILL LEVY

| | | | |
|-----------------|-------|-------|--------|
| General | 0.000 | 0.000 | 22.111 |
| Debt Service | 0.000 | 0.000 | 33.166 |
| Total mill levy | 0.000 | 0.000 | 55.277 |

PROPERTY TAXES

| | | | |
|-------------------------|------|------|----------|
| General | \$ - | \$ - | \$ 1,164 |
| Debt Service | - | - | 1,746 |
| Budgeted property taxes | \$ - | \$ - | \$ 2,910 |

BUDGETED PROPERTY TAXES

| | | | |
|-------------------------|------|------|----------|
| General | \$ - | \$ - | \$ 1,164 |
| Debt Service | - | - | 1,746 |
| Budgeted property taxes | \$ - | \$ - | \$ 2,910 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
GENERAL FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ - |
| REVENUES | | | |
| Property taxes | - | - | 1,164 |
| Specific ownership tax | - | - | 140 |
| Interest income | - | - | 1 |
| Other revenue | - | - | 95 |
| Total revenues | - | - | 1,400 |
| Total funds available | - | - | 1,400 |
| EXPENDITURES | | | |
| General and administrative | | | |
| County Treasurer's fee | - | - | 17 |
| Contingency | - | - | 95 |
| Intergovernmental - Dist. No. 1 - O&M | - | - | 1,288 |
| Total expenditures | - | - | 1,400 |
| Total expenditures and transfers out requiring appropriation | - | - | 1,400 |
| ENDING FUND BALANCE | \$ - | \$ - | \$ - |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
DEBT SERVICE FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,

1/24/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ 1,703,128 |
| REVENUES | | | |
| Property taxes | - | - | 1,746 |
| Specific ownership tax | - | - | 210 |
| Interest income | - | 2,215 | 21,900 |
| System development fees | - | - | 39,000 |
| Total revenues | - | 2,215 | 62,856 |
| TRANSFERS IN | | | |
| Transfers from other funds | - | 1,700,913 | - |
| Total funds available | - | 1,703,128 | 1,765,984 |
| EXPENDITURES | | | |
| Debt Service | | | |
| Bond interest - Series 2018A | - | - | 368,120 |
| Bond interest - Series 2018B | - | - | 166,000 |
| County Treasurer's fee | - | - | 26 |
| Contingency | - | - | 5,354 |
| Paying agent fees | - | - | 2,500 |
| Total expenditures | - | - | 542,000 |
| Total expenditures and transfers out requiring appropriation | - | - | 542,000 |
| ENDING FUND BALANCE | \$ - | \$ 1,703,128 | \$ 1,223,984 |
| DEBT SERVICE RESERVE | \$ - | \$ 565,000 | \$ 565,000 |
| DEBT SERVICE SURPLUS | - | 1,138,128 | 658,984 |
| TOTAL RESERVE | \$ - | \$ 1,703,128 | \$ 1,223,984 |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
CAPITAL PROJECTS FUND
2019 BUDGET
WITH 2017 ACTUAL AND 2018 ESTIMATED
For the Years Ended and Ending December 31,**

1/24/19

| | ACTUAL 2017 | ESTIMATED 2018 | BUDGET 2019 |
|---|----------------|-------------------|----------------|
| BEGINNING FUND BALANCE | \$ - | \$ - | \$ 2,478,178 |
| REVENUES | | | |
| Interest income | - | 3,248 | 18,000 |
| Developer advance | - | 884,867 | - |
| Bond issuance - Senior | - | 6,585,000 | - |
| Bond issuance - Subordinate | - | 1,011,000 | - |
| Bond issuance - Junior lien | - | 1,942,000 | - |
| Total revenues | - | 10,426,115 | 18,000 |
| TRANSFERS IN | | | |
| Transfers from other funds | - | - | - |
| Total funds available | - | 10,426,115 | 2,496,178 |
| EXPENDITURES | | | |
| Capital Projects | | | |
| Bond issue costs | - | 374,130 | - |
| Intergovernmental expenditures | - | 4,988,027 | 2,496,178 |
| Repay developer advance | - | 884,867 | - |
| Total expenditures | - | 6,247,024 | 2,496,178 |
| TRANSFERS OUT | | | |
| Transfers to other fund | - | 1,700,913 | - |
| Total expenditures and transfers out requiring appropriation | - | 7,947,937 | 2,496,178 |
| ENDING FUND BALANCE | \$ - | \$ 2,478,178 | \$ - |

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

The Banning Lewis Ranch Metropolitan District No. 5 ("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 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 to provide street improvements, parks and recreational facilities, water supply, wastewater facilities, traffic and safety controls, public transportation, fire protection, mosquito control and television relay. The District is one of the Financing Districts organized in conjunction with six other related Districts - Banning Lewis Ranch Metropolitan District Nos. 1, 2, 3, 4, 6 (now Banning Lewis Ranch Regional Metropolitan District No. 1), and 7 (now Banning Lewis Ranch Regional Metropolitan District No. 2). District No. 1 serves as the Operating District which will pay all vendors of and receive reimbursement/contributions from the Financing Districts. All other Districts, including District No. 5, are the Financing Districts which will issue debt, levy ad valorem taxes on taxable properties within each District and assess fees, rates and other charges as authorized by law. Banning Lewis Ranch Regional Metropolitan District No. 1 will 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.

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 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 METROPOLITAN DISTRICT NO. 5
2019 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 12% of the property taxes collected.

System Development Fees

The District assesses a system development fee of \$1,000 per lot, which is collected at time of lot sale. The budget anticipates the collection of system development fees from 39 lots in 2019. These fees are pledged toward payment of debt service of the District's Series 2018A General Obligation Bonds.

Interest Income

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 1.50%.

Expenditures

Intergovernmental expenditure – Banning Lewis Ranch Metropolitan District No. 1 - O&M Taxes

Property taxes generated from the 22.111 mills levied by the District for operations and maintenance, net of fees, are expected to be transferred to District No. 1, the Operating District, which pays all administrative expenditures of the District.

Debt Service

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

Capital Projects

The District anticipates acquiring additional capital infrastructure in 2019, which will be transferred to District No. 1 or the City of Colorado Springs for ownership and maintenance.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
2019 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 \$6,585,000 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 5.750%. Interest will be 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, 2024. The debt to maturity schedule is provided on page 12 of the Budget.

On December 11, 2018, the District issued Subordinate General Obligation Bonds, Series 2018B (2018B Subordinate Bonds), in the principal amount of \$1,011,000 for the purpose of paying and reimbursing the costs of capital infrastructure improvements. The 2018B Subordinate Bonds have a maturity date of December 15, 2048 and carry a fixed interest rate of 8.000%. The 2018B Subordinate Bonds are cash-flow bonds and therefore no estimated debt to maturity schedule is provided. However, an interest payment on the 2018B Subordinate Bonds is anticipated for 2019, as reflected on the Debt Service Fund page of the budget.

On December 11, 2018, the District issued Junior Lien General Obligation Bonds, Series 2018C (2018C Junior Lien Bonds), in the principal amount of \$1,942,000 for the purpose of reimbursing the costs of capital infrastructure improvements paid for by the Developer. The 2018C Junior Lien Bonds have a maturity date of December 15, 2051 and carry a fixed interest rate of 6.000% and 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 30 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 30 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 2058 (for collection in calendar year 2059).

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (continued)

In the event that the method of calculating assessed valuation is changed after January 1, 2008, the minimum and maximum mill levies of 30 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 \$565,000, as well as a Surplus Fund up to a maximum amount of \$658,500. No payments may be made on the 2018B Subordinate Bonds or the 2018C Junior Lien Bonds if the Reserve Fund and the Surplus Fund are less than the maximum amounts. Accordingly, an interest payment on the 2018B Subordinate Bonds is anticipated for 2019, as reflected on the Debt Service Fund page of the budget.

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) 30 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 2058 (for collection in calendar year 2059).

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) 30 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 2058 (for collection in calendar year 2059).

The District has no operating or capital leases.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
2019 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Reserves

Debt Service Reserve

The District maintains a Debt Service Reserve of \$565,000 as required with the issuance of the 2018A Bonds.

Emergency Reserve

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Since substantially all funds received by the District are transferred to District No. 1, which pays for all the District's operations and maintenance costs, the Emergency Reserve for these funds is reflected in the budget of District No. 1.

This information is an integral part of the accompanying budget.

**BANNING LEWIS RANCH METROPOLITAN DISTRICT NO. 5
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**

| Bonds and Interest Maturing in the Year Ending December 31, Year | \$6,585,000 General Obligation Bonds Series 2018A Dated December 11, 2018 Principal Due December 1 Interest Rate 5.750% Payable June 1 and December 1 | | |
|--|--|---------------------|----------------------|
| | Principal | Interest | Total |
| 2019 | \$ - | \$ 368,120 | \$ 368,120 |
| 2020 | - | 378,638 | 378,638 |
| 2021 | - | 378,638 | 378,638 |
| 2022 | - | 378,638 | 378,638 |
| 2023 | - | 378,638 | 378,638 |
| 2024 | 20,000 | 378,638 | 398,638 |
| 2025 | 70,000 | 377,488 | 447,488 |
| 2026 | 90,000 | 373,463 | 463,463 |
| 2027 | 95,000 | 368,288 | 463,288 |
| 2028 | 110,000 | 362,825 | 472,825 |
| 2029 | 115,000 | 356,500 | 471,500 |
| 2030 | 135,000 | 349,887 | 484,887 |
| 2031 | 140,000 | 342,125 | 482,125 |
| 2032 | 160,000 | 334,075 | 494,075 |
| 2033 | 165,000 | 324,875 | 489,875 |
| 2034 | 185,000 | 315,387 | 500,387 |
| 2035 | 200,000 | 304,750 | 504,750 |
| 2036 | 220,000 | 293,250 | 513,250 |
| 2037 | 230,000 | 280,600 | 510,600 |
| 2038 | 255,000 | 267,375 | 522,375 |
| 2039 | 270,000 | 252,712 | 522,712 |
| 2040 | 295,000 | 237,187 | 532,187 |
| 2041 | 315,000 | 220,225 | 535,225 |
| 2042 | 340,000 | 202,112 | 542,112 |
| 2043 | 360,000 | 182,562 | 542,562 |
| 2044 | 395,000 | 161,862 | 556,862 |
| 2045 | 415,000 | 139,150 | 554,150 |
| 2046 | 450,000 | 115,287 | 565,287 |
| 2047 | 475,000 | 89,412 | 564,412 |
| 2048 | 1,080,000 | 62,100 | 1,142,100 |
| | <u>\$ 6,585,000</u> | <u>\$ 8,574,807</u> | <u>\$ 15,159,807</u> |

NOTE: This debt to maturity schedule only represents the senior obligation of the District. No debt to maturity schedule has been provided for the 2018B Subordinate Bonds or the 2018C Junior Lien Bonds because amounts are payable from subordinate pledged revenue, which may or may not be sufficient to make debt service payments when due.

This financial information should be read only in connection with the accompanying accountant's compilation report and summary of significant assumptions.

Proof of Publication

THE TRANSCRIPT
Colorado Springs, Colorado

STATE OF COLORADO, } ss.
COUNTY OF EL PASO }

I, Amy Sweet, Publisher and Executive Editor, or the undersigned Authorized Agent of the Publisher and Executive Editor, do solemnly swear that I am the Publisher and Executive Editor, or Authorized Agent of the Publisher and Executive Editor of The Transcript; that the same is a tri-weekly newspaper and published in the County of El Paso, State of Colorado, and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said County of El Paso for a period of more than fifty-two consecutive weeks prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a tri-weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

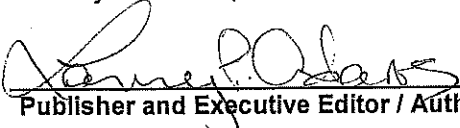
That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said tri-weekly newspapers for the period of 1 consecutive insertion(s), and/or once each week and on the same days of each week; and that the first publication of said notice was in the issue of said newspaper dated:

26, OCTOBER, A.D. 2018.

And that the last publication of said notice was in the issue of said newspaper dated:

26, OCTOBER, A.D. 2018.

In witness whereof, I have hereunto set my hand this 26th day of October, A.D. 2018.



Publisher and Executive Editor / Authorized Agent

Subscribed and sworn to before me, a notary public in and for the County of El Paso, State of Colorado, this 26th day of October, A.D. 2018.



Notary Public

ROBYN KIRK
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20114063677
MY COMMISSION EXPIRES OCTOBER 5, 2019

NOTICE AS TO PROPOSED BUDGETS AND NOTICE CONCERNING BUDGETS AMENDMENT
NOTICE IS HEREBY GIVEN that the proposed budgets for the ensuing year of 2019 have been submitted to the Banning Lewis Ranch Metropolitan District Nos. 1, 3, 4, 5 and 7 (now known as Banning Lewis Ranch Regional Metropolitan District No. 2) and Banning Lewis Ranch Regional Metropolitan District ("Districts"). Such proposed budgets will be considered at a regular meeting and public hearing of the Boards of Directors of the Districts to be held at NorthTree Ranch House, 6885 Vista del Pico, Colorado Springs, Colorado 80927 at 9:00 a.m. on November 8th, 2018.
NOTICE IS FURTHER GIVEN that an amendment to the 2018 budgets of the Districts may also be considered at the above-referenced meeting and public hearing of the Boards of Directors of the Districts. A copy of the proposed 2019 budgets and the amended 2018 budgets, if required, are available for public inspection at the offices of CliftonLarsonAllen LLP, 8390 E. Crescent Pkwy, Suite 300, Greenwood Village, Colorado. Any interested elector within the Districts may, at any time prior to final adoption of the 2019 budgets and the amended 2018 budgets, if required, file or register any objections thereto.
BANNING LEWIS RANCH METROPOLITAN DISTRICT NOS. 1, 3, 4, 5, BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT AND BANNING LEWIS RANCH REGIONAL METROPOLITAN DISTRICT NO. 2
By: /s/ Denise Denstow District Manager
Publication Date: October 26, 2018
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