

**RESOLUTION NO. 2024-11-02**

**RESOLUTION TO ADOPT BUDGET AND APPROPRIATE SUMS OF MONEY  
RESOLUTION OF THE BOARD OF DIRECTORS OF PALISADE METROPOLITAN  
DISTRICT NO. 2, CITY AND COUNTY OF BROOMFIELD, COLORADO, PURSUANT  
TO SECTION 29-1-108, C.R.S., SUMMARIZING EXPENDITURES AND REVENUES  
FOR EACH FUND, ADOPTING A BUDGET AND APPROPRIATING SUMS OF  
MONEY FOR THE BUDGET YEAR 2025**

A. The Board of Directors of Palisade Metropolitan District No. 2 (the “**District**”) has appointed CliftonLarsonAllen LLP to prepare and submit a proposed budget to said governing body at the proper time.

B. CliftonLarsonAllen LLP has submitted a proposed budget to this governing body for its consideration on or before October 15, 2024.

C. Upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 6, 2024, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget.

D. The budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution (“**TABOR**”) and other laws or obligations which are applicable to or binding upon the District.

E. Whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

F. The Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget.

G. It is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, thereby establishing a limitation on expenditures for the operations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PALISADE METROPOLITAN DISTRICT NO. 2, CITY AND COUNTY OF BROOMFIELD, COLORADO:

1. The budget, as submitted, amended, and summarized by fund, is hereby approved and adopted as the budget of the District for the year stated above.

2. The budget is hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. The sums set forth as the total expenditures of each fund in the budget attached hereto as **Exhibit A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

**[SIGNATURE PAGE FOLLOWS]**


**[SIGNATURE PAGE TO RESOLUTION TO ADOPT  
BUDGET AND APPROPRIATE SUMS OF MONEY]**

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 6, 2024.

**PALISADE METROPOLITAN DISTRICT  
NO. 2**

By:   
\_\_\_\_\_  
President

Attest:

By:   
\_\_\_\_\_  
Secretary

## **EXHIBIT A**

### **Budget**

**PALISADE METROPOLITAN DISTRICT NO. 2**

**ANNUAL BUDGET**

**FOR THE YEAR ENDING DECEMBER 31, 2025**

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**SUMMARY**  
**2025 BUDGET**  
**WITH 2023 ACTUAL AND 2024 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/31/24

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 9,584,187	\$ 6,416,098	\$ 5,578,621
REVENUES			
Property taxes	8,400	8,932	7,961
Specific ownership taxes	28,764	28,560	38,848
BURA-District	541,968	692,875	768,999
BURA-City	77,873	99,251	108,256
BURA-St Vrain	577,143	735,652	802,320
Sales Tax Revenue	71,990	80,000	100,000
Interest Income	275,612	177,000	125,000
Facilities fees	8,000	-	-
Intergovernmental revenues	-	-	500,000
Payment in lieu of taxes	987,752	1,287,265	1,286,413
Bond issuance proceeds	-	45,210,000	-
Intergovernmental revenues - PMD1	686,363	836,260	885,450
Total revenues	3,263,865	49,155,795	4,623,247
TRANSFERS IN	-	31,864,636	-
Total funds available	12,848,052	87,436,529	10,201,868
EXPENDITURES			
General Fund	491,957	374,371	500,000
Debt Service Fund	2,594,250	33,075,911	1,502,000
Capital Projects Fund	3,345,747	16,542,990	3,447,927
Total expenditures	6,431,954	49,993,272	5,449,927
TRANSFERS OUT	-	31,864,636	-
Total expenditures and transfers out requiring appropriation	6,431,954	81,857,908	5,449,927
ENDING FUND BALANCES	\$ 6,416,098	\$ 5,578,621	\$ 4,751,941
EMERGENCY RESERVE	\$ 14,600	\$ 18,100	\$ 17,800
AVAILABLE FOR OPERATIONS	384,378	608,932	701,078
TOTAL RESERVE	\$ 398,978	\$ 627,032	\$ 718,878

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**PROPERTY TAX SUMMARY INFORMATION**  
**2025 BUDGET**  
**WITH 2023 ACTUAL AND 2024 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/31/24

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
<b>ASSESSED VALUATION</b>			
Residential - multi family	\$ 5,033,710	\$ 6,362,410	\$ 7,652,530
Commercial	5,248,080	7,326,020	7,379,950
Agricultural	1,180	1,070	1,070
State assessed	73,750	69,310	67,550
Vacant land	551,150	450	310
Personal property	-	123,430	278,470
	10,907,870	13,882,690	15,379,880
Adjustments (TIF)	(10,753,109)	(13,706,004)	(15,222,292)
Certified Assessed Value	\$ 154,761	\$ 176,686	\$ 157,588
<b>MILL LEVY</b>			
General	12.994	11.756	11.748
Debt Service	37.536	38.796	38.770
Total mill levy	50.530	50.552	50.518
<b>PROPERTY TAXES</b>			
General	\$ 2,011	\$ 2,077	\$ 1,851
Debt Service	5,809	6,855	6,110
Levied property taxes	7,820	8,932	7,961
Adjustments to actual/rounding	580	-	-
Refunds and abatements	-	580	-
Budgeted property taxes	\$ 8,400	\$ 9,512	\$ 7,961
<b>ASSESSED VALUATION</b>			
TIF District Increment	\$ 10,753,109	\$ 13,706,004	\$ 15,222,292
Certified Assessed Value	\$ 10,753,109	\$ 13,706,004	\$ 15,222,292
<b>MILL LEVY</b>			
General	12.994	11.756	11.748
Debt Service	37.536	38.796	38.770
Total mill levy	50.530	50.552	50.518
<b>PROPERTY TAXES - BURA DISTRICT</b>			
General	\$ 139,726	\$ 161,128	\$ 178,831
Debt Service	403,629	531,738	590,168
Levied property taxes	543,355	692,866	768,999
Adjustments to actual/rounding	(1,387)	-	-
Budgeted property taxes	\$ 541,968	\$ 692,866	\$ 768,999
<b>BUDGETED PROPERTY TAXES</b>			
General	\$ 2,160	\$ 2,212	\$ 1,851
Debt Service	6,240	7,300	6,110
General BURA District	133,641	161,128	178,831
Debt Service BURA District	408,327	531,738	590,168
	\$ 550,368	\$ 702,378	\$ 776,960

No assurance provided. See summary of significant assumptions.

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**GENERAL FUND**  
**2025 BUDGET**  
**WITH 2023 ACTUAL AND 2024 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/31/24

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 405,124	\$ 398,978	\$ 627,032
REVENUES			
Property taxes	2,160	2,077	1,851
Specific ownership taxes	7,093	6,642	9,034
BURA-District	133,641	161,130	178,831
Payment in lieu of taxes	246,938	299,357	299,360
Interest Income	40,485	80,000	30,000
Intergovernmental revenues - PMD1	55,494	53,219	72,770
Total revenues	485,811	602,425	591,846
Total funds available	890,935	1,001,403	1,218,878
EXPENDITURES			
General and administrative			
Accounting	42,531	40,000	42,000
Auditing	5,200	6,600	7,000
County Treasurer's Fee	30	31	28
Dues and membership	527	675	700
Insurance	4,773	8,517	9,700
District management	8,400	8,400	10,000
Legal	115,560	30,000	32,000
Miscellaneous	-	-	100
Banking fees	247	-	-
Election	22,616	-	2,000
Contingency	-	-	10,972
Website	-	48	2,500
Operations and maintenance			
Repairs and maintenance	106,704	-	-
Common Area Maintenance	132,834	200,000	250,000
Snow removal	14,146	26,000	30,000
Water	36,399	52,500	100,000
Electricity	1,990	1,600	3,000
Total expenditures	491,957	374,371	500,000
Total expenditures and transfers out requiring appropriation	491,957	374,371	500,000
ENDING FUND BALANCES	\$ 398,978	\$ 627,032	\$ 718,878
EMERGENCY RESERVE	\$ 14,600	\$ 18,100	\$ 17,800
AVAILABLE FOR OPERATIONS	384,378	608,932	701,078
TOTAL RESERVE	\$ 398,978	\$ 627,032	\$ 718,878

No assurance provided. See summary of significant assumptions.

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**DEBT SERVICE FUND**  
**2025 BUDGET**  
**WITH 2023 ACTUAL AND 2024 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/31/24

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 43,230	\$ 21,567	\$ 2,078,662
REVENUES			
Property taxes	6,240	6,855	6,110
Specific ownership taxes	21,671	21,918	29,814
BURA-City	77,873	99,251	108,256
BURA-District	408,327	531,745	590,168
BURA-St Vrain	577,143	735,652	802,320
Payment in lieu of taxes	740,814	987,908	987,053
Intergovernmental revenues - PMD1	630,869	783,041	812,680
Sales Tax Revenue	71,990	80,000	100,000
Interest Income	29,660	22,000	20,000
Facilities fees	8,000	-	-
Total revenues	2,572,587	3,268,370	3,456,401
TRANSFERS IN			
Transfers from other funds	-	31,864,636	-
Total funds available	2,615,817	35,154,573	5,535,063
EXPENDITURES			
General and administrative			
County Treasurer's Fee	87	103	92
Banking fees	71	163	150
Paying agent fees	5,500	6,000	6,000
Contingency	-	-	1,077
Debt Service			
Bond interest - 2019B	1,452,525	7,597,750	-
Bond principal - 2019B	-	24,264,740	-
Loan interest	531,067	507,155	494,681
Loan principal	605,000	700,000	1,000,000
Total expenditures	2,594,250	33,075,911	1,502,000
Total expenditures and transfers out requiring appropriation	2,594,250	33,075,911	1,502,000
ENDING FUND BALANCES	\$ 21,567	\$ 2,078,662	\$ 4,033,063

No assurance provided. See summary of significant assumptions.

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**CAPITAL PROJECTS FUND**  
**2025 BUDGET**  
**WITH 2023 ACTUAL AND 2024 ESTIMATED**  
**For the Years Ended and Ending December 31,**

12/31/24

	ACTUAL 2023	ESTIMATED 2024	BUDGET 2025
BEGINNING FUND BALANCES	\$ 9,135,833	\$ 5,995,553	\$ 2,872,927
REVENUES			
Interest Income	205,467	75,000	75,000
Intergovernmental revenues	-	-	500,000
Bond issuance proceeds	-	45,210,000	-
Total revenues	205,467	45,285,000	575,000
Total funds available	9,341,300	51,280,553	3,447,927
EXPENDITURES			
Capital Projects			
Cost of Issuance	-	1,433,800	-
Intergovernmental expenditures	308,799	-	500,000
Engineering	8,383	6,000	8,000
Capital outlay	2,928,565	14,685,024	2,939,927
Transfers to Other Districts - PPW	100,000	-	-
Intergovernmental Expenditures	-	418,166	-
Total expenditures	3,345,747	16,542,990	3,447,927
TRANSFERS OUT			
Transfers to other fund	-	31,864,636	-
Total expenditures and transfers out requiring appropriation	3,345,747	48,407,626	3,447,927
ENDING FUND BALANCES	\$ 5,995,553	\$ 2,872,927	\$ -

No assurance provided. See summary of significant assumptions.

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**2025 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**SERVICES PROVIDED**

Palisade Metropolitan District No. 2 (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 and County of Broomfield on August 16, 2007, 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 City and County of Broomfield, Colorado (Broomfield). The District's service area is located in Broomfield. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors. On September 12, 2006, Broomfield approved the Service Plan (the Original Service Plan). On December 2, 2014, Broomfield approved the First Amended and Restated Service Plan for the District as further amended on August 20, 2019 and April 25, 2023 (the Amended Service Plan), which is intended to modify, replace, restate, and supersede the Original Service Plan in its entirety.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**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 Series 2021 Loan and the Series 2024 Bonds require the District to adjust its debt service mill levy for changes in the ratio of actual to assessed value of property within the District. As of December 31, 2024, the adjusted maximum mill levy for debt service is 38.770 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.

**PALISADE METROPOLITAN DISTRICT NO. 2  
2025 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenue – Continued**

**Property Taxes - continued**

For property tax collection year 2025, SB22-238, SB 23B-001, SB 24-233, and HB24B-1001 set the assessment rates and actual value reductions as follows:

Category	Rate		Category	Rate		Actual Value Reduction	Amount
Single-Family Residential	6.70%		Agricultural Land	26.40%		Single-Family Residential	\$55,000
Multi-Family Residential	6.70%		Renewable Energy Land	26.40%		Multi-Family Residential	\$55,000
Commercial	27.90%		Vacant Land	27.90%		Commercial	\$30,000
Industrial	27.90%		Personal Property	27.90%		Industrial	\$30,000
Lodging	27.90%		State Assessed	27.90%		Lodging	\$30,000
			Oil & Gas Production	87.50%			

**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 5% of the property taxes collected.

**BURA – Broomfield Urban Renewal Authority**

The District is located in an urban renewal plan area established by the Broomfield Urban Renewal Authority ("BURA"). The urban renewal plan allocates all property taxes collected from assessed value above a base amount ("Base AV") to BURA. BURA, the District, and Palisade Metropolitan District No. 1 ("District No. 1", and with the District, "the Districts") have entered into a BURA Agreement whereby BURA agrees to pass through to the Districts all of the revenue representing tax increment derived from imposition of the District and District No. 1 annually certified mill levies which, pursuant to Urban Renewal Law, is paid by the County Treasurer to BURA. Between property taxes collected from the Base AV and property tax revenues received pursuant to the BURA Agreement, the Districts expect to collect all of the property tax revenues generated by the Districts' mill levies. The BURA Agreement was approved on October 9, 2007 amended on April 19, 2011, December 2, 2014, and July 15, 2015.

For such purpose, BURA agreed in the BURA Agreement to deposit such revenues into a Special Fund (to be held by BURA) until the first to occur of (the "Term"): (a) the 30th anniversary of the BURA Agreement (October 9, 2037), (b) the 20th anniversary of the completion and final acceptance by the City of the last to be constructed of the Public Improvements (which have not yet been completed, as of the date of this Limited Offering Memorandum), (c) payment in full of the Maximum Gross Reimbursement Obligation (described below), or (d) payment in full or defeasance of all "Bonds" (as defined in the BURA Agreement, generally meaning bonds or other debt obligations financing Public Improvements, including the Bonds). Notwithstanding the provisions of the BURA

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**2025 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenue – Continued**

**BURA – Broomfield Urban Renewal Authority (Continued)**

Agreement, in accordance with the Urban Renewal Law, all property taxes resulting from imposition of ad valorem property taxes on the assessed valuation of all taxable property in the Urban Renewal Area (including all of the property within the boundaries of the Districts, and all of the property planned for the Development) in excess of the base assessed valuation thereof (i.e., the incremental assessed valuation), and all or any portion of the municipal sales tax (as approved by City Council) collected within the Urban Renewal Area are to be remitted by the City to BURA only through 2029 (i.e., 25 years following the adoption of the Urban Renewal Plan).

BURA Agreement Revenue generally means the Pledged Revenue as defined in, and payable to the Districts by BURA in accordance with, the BURA Agreement, after deduction of the BURA Administrative Fee (as defined in the BURA Agreement). As a result, BURA Agreement Revenue is comprised of the following (after deduction of the BURA Administrative Fee in the amount of 1% of the gross receipts payable by BURA thereunder): (a) 100% of the Tax Increment Revenues from property in the Districts produced by the City's imposition of an ad valorem property tax mill levy of 7.242 mills, (b) 100% of the Tax Increment Revenues from property within the District produced by the St. Vrain School District's imposition of its total ad valorem property tax levy (but not in excess of 53.673 mills); (c) 75% of the Tax Increment Revenues from property within District No. 1 produced by the School District's imposition of its total ad valorem property tax levy (but not in excess of 53.673 mills); (d) 50% of the Service Expansion Fees (also referred to herein as "SEF") collected by the City for residential uses developed and constructed within the boundaries of the Districts; (e) 50% of certain Use Tax Revenues produced by a use tax rate of 3.5% collected by the City within the boundaries of the Districts; and (f) 50% of the sales tax revenue produced by the municipal sales tax rate of 3.5% imposed upon all transactions subject to sales tax within the boundaries of the Districts.

**Sales Tax**

Sales tax is calculated by Broomfield. The tax is used to pay for certain eligible expenses of the District associated with the construction of public improvements up to the Maximum Gross Reimbursement Obligation. Certain of such proceeds received by the District are pledged to the payment of the Series 2024 Bonds. BURA agreed to transfer 50% of the 3.5% sales taxes imposed upon all transactions subject to sales tax within the Districts. Sales Tax is calculated for 2025 to be approximately \$100,000.

**Payments in Lieu of Taxes**

The District and Kevamra, LLC (Kevamra) entered into an Agreement Regarding Children's Payments in Lieu of Taxes on July 12, 2011 (Children's Agreement) whereby Kevamra agreed to transfer, convey, and assign all of its rights title and interest in certain payments made by the Children's Hospital Association (Children's). Specifically, Kevamra had previously entered into various agreements with Children's whereby Children's agreed to promptly pay all taxes, assessments, fees, and other lawful charges levied by

**PALISADE METROPOLITAN DISTRICT NO. 2  
2025 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Revenue – Continued**

**Payments in Lieu of Taxes – continued**

the District, or alternatively to pay the District an amount equivalent to the fees assessments or taxes if it is deemed that Children's is tax exempt (Children's PILOT).

Pursuant to the Children's Agreement, the District has the right to enforce and collect the Children's PILOT.

The District, Kevamra, and The Oxford Fund/NARA-CO, LLC (Oxford) entered into a Declaration of Covenants Relating to Payments in Lieu of Ad Valorem Taxes on July 12, 2011 (Declarations), whereby Kevamra and Oxford agreed that if (1) any tax-exempt entity becomes an owner of the property that is the subject of the Declarations, or (2) any owner that is taxable subsequently becomes tax exempt, then such property shall be subject to a payment in lieu of taxes (PILOT). The amount of the PILOT payment shall be an amount equal to what would have been derived from the District's operations and maintenance mill levy and debt service mill levy plus, during the term of the BURA Agreement, prorated of any portion of the year during which a change in status occurs. The Declarations terminate upon the later of dissolution of the District or repayment of all obligations under bonds issued by the District.

**Transfers from Other Districts**

The District anticipates receipt of the District No. 1 Capital Revenue as required by the Third Amended and Restated Capital Pledge Agreement for payment of the District's Series 2021 Loan and Series 2024 Bonds (as described under the Debts and Leases section).

**Interest Income**

Interest earned on the District's available funds has been estimated based on an average interest rate of approximately 5%.

**EXPENDITURES**

**Administrative and Operating Expenditures**

Operating and administrative expenditures include the estimated services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and meeting expense. Estimated expenditures related to street repairs and maintenance, street lights, street sweeping, landscaping, mowing, parks and open space maintenance, utilities and snow removal were also included the General Fund budget.

**County Treasurer's Fees**

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

**PALISADE METROPOLITAN DISTRICT NO. 2  
2025 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Expenditures – Continued**

**Debt Service**

Principal and interest payments are provided based on the debt amortization schedule from the Series 2021 Loan and Series 2024 Bonds (discussed under Debt and Leases).

**Debt and Leases**

**Tax-Exempt General Obligation Refunding Loan Series 2021**

The District issued the 2021 Loan on November 23, 2021, in the initial principal amount of \$19,647,000. The Series 2021 Loan matures on December 1, 2046, and bears interest at 2.75% (Base Rate) from the closing date to December 1, 2036 (Interest Reset Date). For the period ranging from the Interest Reset Date to the Maturity Date, the Base Rate shall be equal the sum of the Index plus 150 basis points, multiplied by 80%; (i) provided, however, for so long as the Series 2019 Subordinate Bonds remain outstanding, in no event shall the Base Rate cause the debt service payable on the Series 2021 Loan to exceed the debt service for such comparable year set forth in the Loan Agreement; and (ii) provided, further, in no event shall the Base Rate be less than 3.00%.

To the extent principal of the 2021 Loan is not paid when due, such principal shall remain outstanding until paid. To the extent interest on the 2021 Loan is not paid when due, such interest shall compound semi-annually on each interest payment date (being June 1 and December 1 of each year) at the rate then borne by the 2021 Loan. The District shall not be obligated to pay more than the amount permitted by law in repayment of the 2021 Loan.

**Subordinate Convertible Capital Appreciation General Obligation Limited Tax and Revenue Refunding Bonds, Series 2024B (the “2024B Subordinate Bonds”)**

The District issued the 2024B Subordinate Bonds on November 21, 2024, in the amount of \$32,691,197.35.

**Proceeds of the 2024B Subordinate Bonds**

The 2024B Subordinate Bonds were issued for the purpose of: (i) refunding the Subordinate General Obligation Limited Tax and Revenue Bonds, Series 2019; and (ii) paying costs incurred in connection with the issuance of the 2024B Subordinate Bonds.

**2024B Subordinate Bonds Details**

The 2024B Subordinate Bonds were issued as capital appreciation bonds, convertible to current interest bonds on December 15, 2026. Prior to conversion to current interest bonds, the 2024B Subordinate Bonds accrete in value at an assumed annual yield equal to 5.875% from their date of issuance.

The accreted amount compounds annually on December 15, beginning on December 15, 2024, to and including December 15, 2026. Such accreted amount, together with the original principal amount of the 2024B Subordinate Bonds, bears additional interest at the interest rate borne by the 2024B Subordinate Bonds upon conversion to current interest bonds. The accreted 2024B Subordinate Bonds principal balance at conversion on December 15, 2026, will be \$36,785,000.

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**2025 BUDGET**  
**SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – Continued**

2024B Subordinate Bonds Details – continued

Upon conversion to current interest bonds, interest is payable annually on December 15 commencing on December 15, 2027. Annual principal payments are due on December 15 of each year, with a final maturity on December 15, 2054.

2024B Subordinate Bonds Pledged Revenue

The 2024B Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue. The Subordinate Indenture defines Subordinate Pledged Revenue as the moneys derived by the District from the following sources, net of any cost collection of the County or BURA:

- (a) the Sales Tax Revenue;
- (b) the Subordinate Required Mill Levy, including any District No. 2 TIF produced from the imposition of the Subordinate Required Mill Levy;
- (c) any Additional PILOT Revenue;
- (d) collectively, any District No. 1 Capital Revenue, BURA Agreement Revenue (exclusive of the Sales Tax Revenue and as and to the extent received by the District), and PILOT Revenue, remaining in each Fiscal Year after the payment of any Senior Bonds;
- (e) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; and

2024B Subordinate Bonds Pledged Revenue (continued)

- (f) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue.

Subordinate Required Mill Levy

Subject to the paragraph below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient, when combined with the Subordinate Pledged Revenue then on deposit in the Subordinate Bond Fund, to pay the principal of, premium, if any, and interest on the 2024B Subordinate Bonds as the same become due and payable and to fund the Surplus Fund up to the Maximum Surplus Amount until the Release Date, but not in excess of 33 mills less the amount of the Senior Bond Mill Levy, and at any time the Surplus Fund is less than the Maximum Surplus Amount (until the Release Date), not less than 33 mills less the amount of the Senior Bond Mill Levy, or such lesser mill levy which, after deduction of the Senior Bond Mill Levy, will, when combined with the Subordinate Pledged Revenue then on deposit in the Subordinate Bond Fund, permit the District to pay the principal of, premium, if any, and interest on the 2024B Subordinate Bonds as the same become due and payable and fund the Surplus Fund up to the Maximum Surplus Amount (until the Release Date); provided however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2006 by any changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as

**PALISADE METROPOLITAN DISTRICT NO. 2  
2025 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – Continued**

Subordinate Required Mill Levy – continued

a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Notwithstanding anything in the 2024B Subordinate Indenture to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

District No. 1 Capital Revenue

The District No. 1 Capital Revenue is generally comprised of the following revenues payable by District No. 1 to the District pursuant to a Third Amended and Restated Capital Pledge Agreement (the "Capital Pledge Agreement") between the District and District No. 1:

- (a) revenues resulting from imposition by District No. 1 of the District No. 1 Mandatory Capital Levy, including the District No. 1 TIF (comprised of certain Tax Increment Revenues resulting from imposition by District No. 1 of the District No. 1 Mandatory Capital Levy, and payable by BURA to District No. 1 pursuant to the BURA Agreement);
- (b) the BURA Agreement Revenue, as and to the extent received by District No. 1; and
- (c) the portion of Specific Ownership Tax which is collected as a result of District No. 1's imposition of the District No. 1 Mandatory Capital Levy.

District No. 1 Capital Mill Levy

Pursuant to the Capital Pledge Agreement, District No. 1 has covenanted to levy an ad valorem mill levy upon all taxable property of District No. 1 in the amount of the District No. 1 Mandatory Capital Levy, generally meaning a mill levy equal to 45 mills (subject to adjustment for changes occurring after January 1, 2002 in the method of calculating assessed valuation).

Subordinate Surplus Fund

Prior to the date the Debt to Assessed Ratio is equal to 50% or less, Subordinate Pledged Revenue that is not needed to pay debt service on the 2024B Subordinate Bonds in any year will be deposited to and held in the Subordinate Surplus Fund, up to the Maximum Surplus Amount of \$5,000,000. Per the 2024B Subordinate Indenture, the Subordinate Surplus Fund will be terminated when the Debt to Assessed Ratio is equal to or less than 50% and any moneys therein applied to any legal purpose of the District.

**PALISADE METROPOLITAN DISTRICT NO. 2  
2025 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – Continued**

**Second Subordinate General Obligation Limited Tax and Revenue Bonds, Series 2024C (the “2024C Second Subordinate Bonds”)**

The District issued the 2024C Second Subordinate Bonds on November 21, 2024, in the amount of \$10,310,000.00.

**Proceeds of the 2024C Second Subordinate Bonds**

The 2024C Second Subordinate Bonds were issued for the purpose of: (i) paying the costs of acquiring, constructing, and installing certain public improvements; and (ii) paying costs incurred in connection with the issuance of the 2024C Second Subordinate Bonds.

**2024C Second Subordinate Bonds Details**

The 2024C Second Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Rather, principal on the 2024C Second Subordinate Bonds is payable annually on each December 15, commencing December 15, 2024, from, and to the extent of available Second Subordinate Pledged Revenue (defined below). The 2024C Second Subordinate Bonds mature on December 15, 2037.

The 2024C Second Subordinate Bonds will bear interest at the rate of 8.000% per annum payable annually on each December 15, but only from and to the extent of available Second Subordinate Pledged Revenue, beginning on December 15, 2024. To the extent principal of any 2024C Second Subordinate Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or December 16, 2069 (the “Subordinate Termination Date”). In the event interest on any 2024C Second Subordinate Bond is not paid when due, such interest is to compound annually on each December 15, at the rate then borne by the 2024C Second Subordinate Bond until the earlier of its payment or the Subordinate Termination Date. All of the 2024C Second Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Subordinate Termination Date, regardless of the amount of principal and interest paid prior to such date.

**2024C Second Subordinate Bonds Pledged Revenue**

The 2024C Second Subordinate Bonds are secured by and payable solely from and to the extent of Second Subordinate Pledged Revenue. The Second Subordinate Indenture defines Second Subordinate Pledged Revenue as the moneys derived by the District from the following sources, net of any costs of collection of the County or BURA:

**PALISADE METROPOLITAN DISTRICT NO. 2  
2025 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – Continued**

2024C Second Subordinate Bonds Pledged Revenue – continued

- (a) the Second Subordinate Required Mill Levy, including any District No. 2 TIF produced from the imposition of the Second Subordinate Required Mill Levy;
- (b) any Additional PILOT Revenue remaining in each Fiscal Year after the payment of any Subordinate Bonds;
- (c) collectively, any District No. 1 Capital Revenue (exclusive of the Sales Tax Revenue) and as and to the extent received by the District), BURA Agreement Revenue (exclusive of the Sales Tax Revenue and as and to the extent received by the District), and PILOT Revenue, remaining in each Fiscal Year after the payment of any Senior Bonds and Subordinate Bonds;
- (d) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Second Subordinate Required Mill Levy;
- (e) following the Release Date (as defined in the 2024B Subordinate Indenture), monies released from the “Surplus Fund” initially established for the 2024B Subordinate Bonds; and
- (f) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Second Subordinate Pledged Revenue.

Second Subordinate Bonds Required Mill Levy

Subject to the paragraph below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in the amount of 33 mills less the amount of the Senior Bond Mill Levy and the Subordinate Bond Mill Levy, or such lesser mill levy which, after deduction of the Senior Bond Mill Levy and the Subordinate Bond Mill Levy, will fund the Second Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the 2024C Second Subordinate Bonds in full; provided however, that in the event the method of calculating assessed valuation is or was changed after January 1, 2006 by any changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) 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 shall be deemed to be a change in the method of calculating assessed valuation.

Notwithstanding anything in the 2024C Second Subordinate Indenture to the contrary, in no event may the Second Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District’s electoral authorization, and if the Second Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District’s electoral authorization, the Second Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

**PALISADE METROPOLITAN DISTRICT NO. 2  
2025 BUDGET  
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

**Debt and Leases – Continued**

Optional Redemption

The 2024B Subordinate Bonds and 2024C Second Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029, to November 30, 2030	3.00%
December 1, 2030, to November 30, 2031	2.00
December 1, 2031, to November 30, 2032	1.00
December 1, 2032, and thereafter	0.00

**Operating and Capital Leases**

The District has no operating leases.

**Reserves**

**Emergency Reserve**

The District has provided for an emergency reserve fund equal to at least 3% of fiscal year spending as defined under TABOR.

**This information is an integral part of the accompanying forecasted budget.**

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**2025 BUDGET**  
**SCHEDULE OF DEBT TO MATURITY**

\$19,647,000 Tax-Exempt General Obligation

Refunding Loan - Dated November 23, 2021

Interest Rate Ranging from 2.75 % to 4.50%

Interest Payable June 1 and December 1

Year Ending December 31,	Principal Payable December 1		
	Principal	Interest	Total
2025	\$ 1,000,000	\$ 487,905	\$ 1,487,905
2026	1,200,000	460,405	1,660,405
2027	1,150,000	427,405	1,577,405
2028	1,150,000	395,780	1,545,780
2029	525,000	364,155	889,155
2030	525,000	349,718	874,718
2031	525,000	335,280	860,280
2032	525,000	320,843	845,843
2033	525,000	306,405	831,405
2034	525,000	291,968	816,968
2035	525,000	277,530	802,530
2036	546,000	263,093	809,093
2037	700,000	405,945	1,105,945
2038	750,000	374,445	1,124,445
2039	805,000	340,695	1,145,695
2040	875,000	304,470	1,179,470
2041	905,000	265,095	1,170,095
2042	950,000	224,370	1,174,370
2043	975,000	181,620	1,156,620
2044	1,000,000	137,745	1,137,745
2045	1,025,000	92,745	1,117,745
2046	1,036,000	46,620	1,082,620
Total	<u>\$ 17,742,000</u>	<u>\$ 6,654,235</u>	<u>\$ 24,396,235</u>

**PALISADE METROPOLITAN DISTRICT NO. 2**  
**2025 BUDGET**  
**SCHEDULE OF DEBT TO MATURITY**

\$32,691,197 Subordinate General Obligation Bonds


Dated November 21, 2024

Interest Rate 5.875%

Principal Due December 15

Year Ending December 31,	Interest Payable December 15		
	Principal	Interest	Total
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	2,161,119	2,161,119
2028	-	2,161,119	2,161,119
2029	-	2,161,119	2,161,119
2030	-	2,161,119	2,161,119
2031	15,000	2,161,119	2,176,119
2032	420,000	2,160,238	2,580,238
2033	460,000	2,135,563	2,595,563
2034	570,000	2,108,538	2,678,538
2035	615,000	2,075,050	2,690,050
2036	715,000	2,038,919	2,753,919
2037	550,000	1,996,913	2,546,913
2038	630,000	1,964,600	2,594,600
2039	635,000	1,927,588	2,562,588
2040	705,000	1,890,281	2,595,281
2041	750,000	1,848,863	2,598,863
2042	855,000	1,804,800	2,659,800
2043	910,000	1,754,569	2,664,569
2044	1,050,000	1,701,106	2,751,106
2045	1,120,000	1,639,419	2,759,419
2046	1,290,000	1,573,619	2,863,619
2047	2,440,000	1,497,831	3,937,831
2048	2,660,000	1,354,481	4,014,481
2049	2,820,000	1,198,206	4,018,206
2050	3,065,000	1,032,531	4,097,531
2051	3,245,000	852,463	4,097,463
2052	3,515,000	661,819	4,176,819
2053	3,725,000	455,313	4,180,313
2054	4,025,000	236,469	4,261,469
Total	<u>\$ 36,785,000</u>	<u>\$ 46,714,769</u>	<u>\$ 83,499,769</u>

I, William R. Branyan, hereby certify that I am the duly appointed Secretary of the Palisade Metropolitan District No. 2, and that the foregoing is a true and correct copy of the budget for the budget year 2025, duly adopted at a meeting of the Board of Directors of the Palisade Metropolitan District No. 2 held on November 6, 2024.

  
\_\_\_\_\_  
Secretary

**RESOLUTION NO. 2024-11-03**

**RESOLUTION TO SET MILL LEVIES**

**RESOLUTION OF THE PALISADE METROPOLITAN DISTRICT NO. 2 LEVYING  
GENERAL PROPERTY TAXES, PURSUANT TO SECTION 39-1-111, C.R.S., FOR THE  
YEAR 2024, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE 2025  
BUDGET YEAR**

A. The Board of Directors of the Palisade Metropolitan District No. 2 (the “**District**”) has adopted an annual budget in accordance with the Local Government Budget Law, on November 6, 2024.

B. The adopted budget is attached as Exhibit A to the Resolution of the Board of Directors of the District to Adopt Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference.

C. The amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget.

D. The amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget.

NOW, THEREFORE, PURSUANT TO SECTIONS 39-1-111(5) and 39-5-128(1), C.R.S., BE IT RESOLVED by the Board of Directors of the Palisade Metropolitan District No. 2, City and County of Broomfield, Colorado, that:

1. For the purpose of meeting all general operating expenses of the District during the 2025 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purpose of meeting all debt retirement expenses of the District during the 2025 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.


3. That for the purpose of meeting all contractual obligation expenses of the District during the 2025 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

4. That the Secretary is hereby authorized and directed to immediately certify to the Assessor of the City and County of Broomfield, Colorado, the mill levies for the District as set forth in the District’s Certification of Mill Levies, attached hereto as **Exhibit 1** and incorporated herein by reference, recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

**[SIGNATURE PAGE OF RESOLUTION TO SET MILL LEVIES]**

RESOLUTION APPROVED AND ADOPTED ON NOVEMBER 6, 2024.

**PALISADE METROPOLITAN DISTRICT  
NO. 2**

By: \_\_\_\_\_  
President

Attest:

By: \_\_\_\_\_  
Secretary

## **EXHIBIT 1**

### **Certification of Tax Levies**



## 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<sup>J</sup>:**

1.	Purpose of Issue:	SUBORDINATE CONVERTIBLE CAPITAL APPRECIATION G.O. LIMITED TAX AND REVENUE REFUNDING BONDS, AND SECOND SUBORDINATE G.O. LIMITED TAX AND REVENUE BONDS
	Series:	Series 2024B and Series 2024C
	Date of Issue:	11/21/2024
	Coupon Rate:	Series 2024B - 5.875%; Series 2024C - 8.000%
	Maturity Date:	Series 2024B - 12/15/2054; Series 2024C - 12/15/2037
	Levy:	0.000
	Revenue:	\$ 0

2.	Purpose of Issue:	Loan Agreement w/ Zions Bancorporation, d/b/a Vectra Bank Colorado
	Series:	2021
	Date of Issue:	11/23/2021
	Coupon Rate:	2.750%
	Maturity Date:	12/01/2046
	Levy:	38.770
	Revenue:	\$ 6,110


**CONTRACTS<sup>K</sup>:**

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.

I, William R. Branyan, hereby certify that I am the duly appointed Secretary of the Palisade Metropolitan District No. 2, and that the foregoing is a true and correct copy of the Certification of Mill Levies for the budget year 2025, duly adopted at a meeting of the Board of Directors of the Palisade Metropolitan District No. 2 held on November 6, 2024.

  
Secretary