

COLLIERS HILL METROPOLITAN DISTRICT NO. 1

2017 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Colliers Hill Metropolitan District No. 1, formerly known as Bridgewater Metropolitan District and Daybreak Metropolitan District (the "District") was formed to finance, construct and (unless and until the obligation is assumed by another unit of government or homeowners' association) own and operate public roadway, drainage, and park services and facilities for a portion of the "Bridgewater" P.U.D., located in Erie, Colorado. The Service Plan of the District limits the debt and general mill levy of the District.

In 2008, the District voters approved debt authorization of \$75,000,000 in general obligation bonds for the combined District Nos. 1, 2 and 3, to be used for district formation costs and costs of infrastructure. In 2011 the District issued a Limited Tax Revenue Bond in the amount of \$835,000 to repay Landowner Advances for directional drilling costs. In 2013 the District entered into an intergovernmental agreement with Districts 2 and 3 to allocate total authorized debt to each District. The debt authorization allocated to District 1 is \$28,000,000. In 2013, the District issued a subordinate promissory note ("Bond Anticipation Note") in the amount of \$16,618,100 to Community Development Group of Erie, Inc, the Developer in the District. In 2014 thru 2016, the Developer advanced an additional \$10,916,000 for District public infrastructure improvements, of which \$6,974,000 remains outstanding.

The District prepares its budget on the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications and public hearing.

Revenue

Property Taxes

The primary source of revenue for the District is property taxes. Property taxes are assessed and collected based upon the assessed value of all of the non-exempt property located within the District. The District adopts mill levies for debt service and for operations which, when combined with the District's other sources of revenue, provide sufficient resources to pay the required debt service (if any), capital purchases and the estimated costs of operations for the calendar year. The District adopted a mill levy of 43.365 mills for debt service and 6.635 mills for operations. The total assessed value within the District in 2016 increased by \$3,351,070 from the 2015 level, from home construction activity.

Specific Ownership Taxes

This revenue is based on a sharing of the collection of vehicle ownership taxes pooled by Weld County. The estimate is based on 4.85% of the projected property taxes.

Landowner and Developer Advances

To the extent that budgeted expenditures exceed the revenue of the District, the Landowner or the Developer may advance funds to the District to cover the shortfall. Advances of \$742,000 are anticipated to be needed in 2017.

Expenditures

Debt Service

In 2016, the District secured a \$15,600,000 loan commitment from Vectra Bank, of which \$8,382,731 has been borrowed by the District. The 2017 budget includes debt service on this loan in the amount of \$344,303, which is interest only in 2017, with principal reductions commencing in 2018. Furthermore, the District has budgeted \$3,960,000 for payment of interest and partial principal reduction on the subordinated Bond Anticipation Note and Capital Advances, from available funds.

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

Reserve Funds

The District has provided for an emergency reserve equal to \$29,532 for 2017 to cover any unanticipated expenditures. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.