

COLLIERS HILL METROPOLITAN DISTRICT NO. 1

2016 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 and 2015, the Developer advanced an additional \$10,640,814 for District public infrastructure improvements. The District anticipated converting \$10,235,800 of these advances into another BAN.

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 14.983 mills for debt service and capital purchases and 35.017 mills for operations. The total assessed value within the District in 2015 increased by \$2,516,170 from the 2014 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 7% 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. No advances are anticipated to be needed in 2016.

Reimbursements from the Town of Erie

The District anticipates completion of the storm water drainage system for the project in 2016. Completion of these improvements will trigger a \$2,000,000 reimbursement from the Town of Erie. This amount, along with other Town reimbursements, has been included in the 2016 budget.

Expenditures

Debt Service

The District anticipates securing bond financing in early 2016 of approximately \$7,000,000 and has made provisions for debt service on the new bond financing as well as for interest payments and principal reduction on the subordinated Bond Anticipation Notes from available funds.

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years and for the anticipated bond financing costs.

Reserve Funds

The District has provided for an emergency reserve equal to \$73,280 for 2016 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.