COLLIERS HILL METROPOLITAN DISTRICT NO. 1

2018 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 provide the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of public improvements within the property known as "Colliers Hill," which is located in Erie, Colorado. Such public improvements include, but are not limited to, streets, traffic and safety controls, water, storm and sanitary sewer, utilities and parks and recreation improvements.

The Service Plan, as amended in 2017, permits the District to impose a maximum mill levy on the taxable property within its boundaries as a primary source of revenue for the construction and maintenance of public improvements, repayment of debt and operational costs. The Service Plan also provides a total debt issuance limitation in an aggregate principal amount not to exceed $45,000,000.

In 2011, the District authorized the issuance of the Limited Tax Revenue Bond, Series 2011 ("Bond") in an aggregate principal amount not to exceed $950,000 to Tallgrass Investors, LLC, to fund certain improvements and incremental directional drilling costs within the District. The debt service on the Bond was to be paid from the ad valorem property tax revenue generated by any and all oil and gas production and operations. In 2017, the oil and gas operator plugged and abandoned the wells within the District's boundaries. Since no future revenue is expected from oil and gas production and operations, the outstanding principal balance of $607,642 and the accrued interest balance of $34,906 on the Bond, were written off as a bad debt.

In 2013, the District authorized the issuance and sale of Bond Anticipation Notes, Series 2013 ("2013 BAN") in an aggregate principal amount of $16,618,100 to Community Development Group of Erie, Inc. (the "Developer") in consideration for the public improvements previously funded by Developer on behalf of the District. The 2013 BAN is payable solely from the proceeds of future general obligation or revenue bonds to be issued by the District or from any other legally available revenues of the District.

In 2016, the District entered into a Loan Agreement with with ZB, N.A. d/b/a Vectra Bank Colorado, to obtain a not to exceed $10,000,000 2016A Limited Tax General Obligation Loan ("2016A Loan"). In 2017, the District entered into a second Loan Agreement with with ZB, N.A. d/b/a Vectra Bank Colorado, to obtain a not to exceed $5,600,000 2016B Limited Tax General Obligation Loan ("2016B Loan"). Both the 2016A Loan and the 2016B Loan were obtained for the purpose of refunding certain amounts due under prior debt issuances by the District. The Loans are payable solely from ad valorem property tax revenues and specific ownership tax revenues collected by the District.

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

2016B Loan Proceeds

The District anticipates receiving the remaining available loan balance of approximately $1,782,893 under the 2016B Loan in 2018.

Ad Valorem Property Taxes

Another 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.

Commencing on January 1, 2018, the residential assessment ratio was reduced from 7.96% to 7.20%. Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy limit increased by the same ratio, to a maximum of 55.275 mills. The District adopted a mill levy of 49.461 mills for debt service 5.814 mills for operating expenses in 2018.

The gross total taxable assessed valuation within the District in 2017 was $13,343,410, an increase of $5,118,780 from the 2016 valuation.

Specific Ownership Tax

Specific ownership tax revenue is collected on annual motor vehicle registrations within Weld County and is distributed based upon the proportion of property taxes levied within the County during the preceding calendar year. The specific ownership tax revenue is estimated to be 5% of the ad valorem property taxes collected in 2018.

Expenditures

Administrative

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

Capital Outlay

The District anticipates expenditures of $3,190,971 for capital improvements in 2018.

Debt Service

The District will fund its 2018 debt service obligations under the 2016A Loan, which includes the payment of $125,741 in principal, $392,578 in interest and $3,000 in fees.

The District will also fund its 2018 debt service obligations under the 2016B Loan, which includes the payment of $154,239 in principal, $4,519 in interest and $3,000 in fees.

The District also plans to fund approximately $287,307 in interest payments on outstanding Developer advances in 2018.

Reserve Funds

The District has provided for an emergency reserve equal to $79,715, which is intended for use on any unanticipated expenditures in 2018. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.