

COLLIERS HILL METROPOLITAN DISTRICT NO. 1

2019 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 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

2019A Loan Proceeds

The District expects to secure an additional \$5,000,000 loan commitment from Vectra Bank in 2019. The District anticipates receiving the entire loan balance under the 2019A Loan over the next two to three years based on projected home construction activity.

Ad Valorem Property Tax

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 47.333 mills for debt service 7.942 mills for operating expenses in 2019.

The gross total taxable assessed valuation within the District in 2018 was \$18,370,720, an increase of \$5,027,310 from the 2017 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 2019.

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 \$1,250,000 for capital improvements related to the planning and construction of improvements for the Moffat Street roadway and trail connection in 2019. Daybreak Recovery Acquisition, LLC is required to reimburse the District for 50% of these costs, which reimbursement is reflected in the 2019 budget.

Debt Service

The 2019 budget anticipates that the District will fund its 2019 debt service obligations as follows:

2016A Loan – Payment of \$175,000 in principal, \$387,281 in interest and \$3,000 in fees.

2016B Loan – Payment of \$98,000 in principal, \$235,186 in interest and \$1,500 in fees.

2013 Bond Anticipation Notes – Payment of \$2,100,000 in interest.

Capital Advances – Payment of \$2,191,977 in principal and \$223,587 in interest, which payments are expected to fully satisfy all amounts due under the Capital Advances.

Reserve Funds

The District has provided for an emergency reserve equal to \$606,327, which is intended for use on any unanticipated expenditures in 2019. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.