

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2

2016 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Wyndham Hill Metropolitan District No. 2 (the "District") was formed to finance public roadway, drainage, and park services and facilities for the residential component of the "Wyndham Hill" P.U.D., located in Frederick, Colorado. The Service Plan of the District limits the debt and general mill levy of the District.

In 2004, the District voters approved debt authorization of \$36,000,000 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 2005 the District issued \$10,900,000 of its General Obligation Limited Tax Bonds. In 2008 the District defeased \$7,530,000 of those bonds.

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 50.000 mills for operations in 2015. The total assessed value within the District in 2015 increased by \$4,168,440 from the 2014 level.

After Weld County finalized its 2015 assessed values, the District discovered an error in County records related to the District boundary lines. The County has acknowledged the mistake and will correct the boundary lines in early 2016. This correction will add approximately \$1,580,000 in property tax collections for the District in 2016, which are not reflected in the budget.

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 7.0% of the projected property taxes.

Facility Fees

In accordance with the 2005 Limited Tax General Obligation Bond requirements, the District has authorized the collection of a Facility Fee from the Developer on each building permit purchased by a home builder for a lot within the District. The fee is \$800 per lot, which is payable to the District in the month following the date of purchase of the permit. Upon repayment of the 2005 Limited Tax General Obligation Bonds, anticipated in February 2016, the District expects this fee to discontinue.

Expenditures

Administrative

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

Debt service

The District anticipates repaying the existing Series 2005 Limited Tax General Obligation Bonds in February 2016 via a new Series 2016 debt instrument, with an interest rate significantly lower than the 2005 Series. The District has made provision for scheduled payments of principal and interest on the Series 2005 Bonds prior to the repayment as well as the anticipated interest in the Series 2016 debt. The outstanding balance of the 2005 Bonds on January 1, 2016 is \$3,310,000, bearing an average interest rate of 6.33% and maturing on December 1, 2035. The 2005 Bonds may be paid off without penalty on or after December 1, 2015. The new Series 2016 debt instrument is anticipated to be approximately \$7,000,000 - \$8,000,000 with an interest rate of approximately 4.10%. Proceeds from the Series 2016 debt instrument will be used to repay the Series 2005 Bonds, accrued interest on Developer advances/BAN's, and, to the extent additional monies are available, reduce the balance of the Developer advances.

Reserve Funds

The District has provided for an emergency reserve equal to \$50,000 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.