

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2

2022 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Wyndham Hill Metropolitan District No. 2 (the "District"), was formed to provide funding, financing and tax base to for the cost of public improvements necessary to provide access to and appropriate services within the property known as "Wyndham Hill", located in Frederick, Colorado. Public improvements include, but are not limited to, storm drainage, water, utilities, streets, traffic and safety and parks and recreation improvements.

The Service Plan, as amended in 2005, 2006, 2008 and 2020, provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the Wyndham Hill Metropolitan District Nos. 1, 2 and 3. The Fourth Amendment to the Service Plan allocated the combined debt limit, as follows: \$2,000,000 for District No. 1, \$27,000,000 for District No. 2 and \$7,000,000 for District No. 3. The Third Amendment to the Service Plan established a separate and specific revenue debt limit of \$30,000,000 for District No. 3 to accommodate the issuance of revenue-based indebtedness for the portion of public infrastructure construction costs attributable to the commercial development.

The District's Board of Directors authorized the issuance of the Series 2018B Subordinate Limited Tax Revenue Notes ("2018B Notes") to the Developer in an aggregate principal amount not to exceed \$10,000,000 for the purpose of reimbursing the costs of providing certain public improvements for the District. As of January 1, 2022, the balance on the 2018B Notes is \$3,419,703.

On May 5, 2020, the District issued the (i) Series 2020A, Senior General Obligation Limited Tax Bonds in the aggregate principal amount of \$20,070,000 (the "2020A Senior Bonds"); and (ii) Series 2020B, Subordinate General Obligation Limited Tax Bonds in the aggregate principal amount of \$9,600,000 (the "2020B Subordinate Bonds") for the purposes of (i) paying and discharging all or a portion of the Series 2015 Notes, the Series 2016A Note, the Series 2016B Note, the Series 2018B Note and the Series 2019A Note; (ii) funding a debt service reserve fund (solely for the benefit of the Series 2020A Bonds); and (iii) paying costs of issuance in connection with the 2020A and 2020B 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

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.

Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy is 55.663 mills in 2022. The District adopted a mill levy of 51.000 mills for debt service and 4.663 mills for operating expenses in 2022.

The total taxable assessed valuation within the District in 2021 was \$27,429,950 an increase of \$3,348,630 from the 2020 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 6.00% of the ad valorem property taxes collected in 2022.

Expenditures

Administrative

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

Debt Service

The District intends to fully fund its annual debt service obligations under the Series 2020A Senior Bonds including principal in the amount of \$270,000 and interest in the amount of \$754,019. The District also anticipates that it will make interest payments in the amount of \$423,871 on the Series 2020B Subordinate Bonds and \$250,000 on the 2018B Notes.

Reserve Funds

The District has provided for an emergency reserve equal to \$54,362, which is intended for use on any unanticipated expenditures in 2022. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.