

SILVERSTONE METROPOLITAN DISTRICT NO. 2

2020 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, SilverStone Metropolitan District No. 2, formerly known as Miner's Village Metropolitan District, (the "District") was formed to finance the necessary public improvements to be constructed on the property known as "Miner's Village," which is located in Frederick, Colorado. Such public improvements include, but are not limited to, storm drainage, water, sewer, utilities, streets, traffic and safety controls, and parks and recreation improvements.

The Service Plan provides the ability for the District to impose a maximum mill levy for the combined debt service and operational and maintenance requirements of the District. The Service Plan also provides a combined new money revenue and general obligation debt limit of \$50,000,000 for SilverStone Metropolitan District Nos. 1, 2 and 3, exclusive of surety requirements, but inclusive of organizational costs, financing costs and costs of construction and operation of public infrastructure.

In 2019, the Board of Directors for District No. 2 authorized the issuance of Limited Tax Revenue Bonds, Series 2018A ("2018A Bonds") in an aggregate principal amount not to exceed \$5,500,000 for the purpose of (i) defraying the cost of all or a portion of the capital improvements; (ii) funding capitalized interest on the Bonds for a period of three year; and (iii) paying the costs of issuance of the Bonds. The Bonds are payable solely from ad valorem property tax revenues and specific ownership tax revenues collected by the Districts.

Also in 2019, the Board authorized the issuance of the Subordinate Limited Tax Revenue Notes, Series 2018B ("2018B Notes") to Silverstone Development Company (the "Developer") in an aggregate amount equal to the amount expended by the Developer, but not to exceed \$11,000,000 for the purpose of repaying Developer advances and/or for funding Capital Improvements in District Nos. 1, 2 and 3.

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

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 for required debt service, if any, capital purchases and estimated costs of operations for the calendar year.

Pursuant to the Service Plan and the Gallagher Amendment, the maximum mill levy limit increased to 55.663 mills in 2020. The District adopted a mill levy of 55.663 mills for general fund obligations in 2020.

The total taxable assessed valuation within the District in 2019 was \$535,100, a decrease of \$36,570 from the 2018 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 6.75% of the ad valorem property taxes collected in 2020.

Expenditures

Debt Service

In 2020, the District anticipates that it will pay \$302,500 in interest on the 2018A Bonds.

Administrative

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

Reserve Funds

The District has provided for an emergency reserve equal to \$346,557 for 2020. Of this reserve amount, \$332,750 is a required interest reserve on the Bonds and the remaining \$13,807 is intended for use on any unanticipated expenditures in 2020. Such emergency reserve is an integral part of the Ending Fund Balance.

Leases

The District has no operating or capital leases.