SERIES 2020A SENIOR BONDS S&P RATING (INSURED): "AA"
SERIES 2020A SENIOR BONDS MOODY'S RATING (UNDERLYING): "Baa2"
SERIES 2020B SUBORDINATE BONDS: UNRATED

(See "RATINGS")

SERIES 2020A SENIOR BONDS BOND INSURER:

BUILD AMERICA MUTUAL ASSURANCE COMPANY (See below)

In the opinion of Kline Alvarado Veio, P.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from federal alternative minimum tax, and interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum

WYNDHAM HILL METROPOLITAN DISTRICT NO. 2
(in the Town of Frederick)
WELD COUNTY, COLORADO

\$20,070,000
SENIOR GENERAL OBLIGATION
LIMITED TAX BONDS
SERIES 2020A

 $taxable\ income\ under\ Colorado\ income\ tax\ laws.\ See\ the\ caption\ "TAX\ MATTERS"\ herein.$ 

\$9,600,000
SUBORDINATE GENERAL OBLIGATION
LIMITED TAX BONDS
SERIES 2020B

**Dated: Date of Delivery** 

Due: As shown on the inside front cover

The Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds, referred to herein collectively as the "Bonds," are being issued by the District pursuant to two separate Indentures of Trust to be entered into by and between the District and UMB Bank, n.a., Denver, Colorado, as trustee, and have different provisions regarding, among other things, maturity, principal and interest payment dates, prior redemption and security, and sources and priority of payment. Accordingly, prospective investors are advised to read this Official Statement carefully and in its entirety in order to both understand the differences between the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds and to make an informed investment decision. Capitalized terms used on this cover page have the meanings set forth herein.

The Bonds are being issued for the purposes of (i) paying and discharging all or a portion of the Series 2015 Note, the 2016A Note, the 2016B Note, the Series 2018B Note, and the 2019A Note (each as more particularly defined herein) (collectively, the "Refunded Obligations"), (ii) funding a debt service reserve fund (for the benefit of the Series 2020A Senior Bonds only), and (iii) paying costs of issuance in connection with the Bonds. See "PLAN OF FINANCING" herein.

The Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds. Beneficial Ownership Interests in the Bonds, in book-entry only form, may be purchased in minimum denominations of \$5,000 and integral multiples of \$1,000 in excess thereof with respect to the Series 2020A Senior Bonds, and \$500,000 and integral multiples of \$1,000 in excess thereof with respect to the Series 2020B Subordinate Bonds, by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to the payment of principal and interest and the receipt of notices and other communications with respect to the Bonds, transfers and various other matters by the rules and operating procedures applicable to the DTC book entry system as described herein.

The Series 2020A Senior Bonds bear interest at the rate per annum set forth on the inside front cover hereof payable semi-annually on each June 1 and December 1, commencing December 1, 2020, and on the maturity dates of the Series 2020A Senior Bonds, subject to optional and mandatory sinking fund redemption prior to maturity as described herein. The Series 2020B Subordinate Bonds bear interest at the rate per annum set forth on the inside front cover hereof payable annually on December 15, commencing December 15, 2020, and on the maturity date of the Series 2020B Subordinate Bonds, to the extent of Subordinate Pledged Revenue available therefor, subject to optional and mandatory redemption prior to maturity as described herein.

Maturity Schedules on the Inside Front Cover

The Series 2020A Senior Bonds will constitute limited tax general obligations of the District payable solely from the Senior Pledged Revenue and certain District funds and accounts established by the Senior Indenture as described herein. The Senior Pledged Revenue will consist primarily of the revenues derived from a District property tax levy of 51 mills (subject to adjustment as described herein), plus the portion of the specific ownership taxes on motor vehicles imposed by the State of Colorado that is remitted to the District and is attributable to such tax levy, as described herein. The Series 2020A Senior Bonds will constitute an irrevocable, but nonexclusive, first lien on the Senior Pledged Revenue and the amounts in such funds and accounts.

The Series 2020B Subordinate Bonds will also constitute limited tax general obligations of the District payable solely from the Subordinate Pledged Revenue and certain District funds and accounts established by the Subordinate Indenture as described herein. The Subordinate Pledged Revenue will consist primarily of the revenues derived from a District property tax levy of 51 mills (subject to adjustment as described herein), less the amount levied for purposes of the Series 2020A Senior Bonds, plus the specific ownership taxes attributable thereto. The Series 2020B Subordinate Bonds constitute an irrevocable, but nonexclusive, subordinate lien on the Subordinate Pledged Revenue and the amounts held in the funds and accounts established by the Subordinate Indenture as described herein. The Series 2020B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2020B Subordinate Bonds is payable annually to the extent of Subordinate Pledged Revenue available therefor, if any, as described above. There are no scheduled payments of principal of the Series 2020B Subordinate Bonds prior to their maturity date, but rather the Series 2020B Subordinate Bonds are subject to mandatory redemption on each December 15 prior to maturity from and to the extent of any available Subordinate Pledged Revenue, as described herein. Notwithstanding the foregoing, under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

The scheduled payment of principal of and interest on the Series 2020A Senior Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2020A Senior Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



AN INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISK. This cover page is provided for quick reference only. It is not a summary of this issue. Prospective investors should read this Official Statement in its entirety in order to make an informed investment decision, giving particular attention to the matters discussed in "RISKS AND OTHER INVESTMENT CONSIDERATIONS." The Bonds do not constitute a debt or obligation of the Town of Frederick. The faith and credit of the Town will not be pledged for repayment of the Bonds.

The Series 2020B Subordinate Bonds will be issued by the District solely to a limited number of financial institutions and institutional investors within the meaning of \$32-1-1101 (6)(a)(IV)\$, C.R.S., as described herein, each of whom will have executed an Investor Letter in the form attached as APPENDIX J hereto.

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter named below, subject to: prior sale; the approving legal opinion of Kline Alvarado Veio, P.C., Denver, Colorado, as Bond Counsel; and certain other matters. Certain matters will be passed upon for the District by White Bear Ankele Tanaka & Waldron, Centennial, Colorado, as general counsel to the District. Stradling Yocca Carlson & Rauth, a Professional Corporation, Denver, Colorado, has served as counsel to the Underwriter in connection with this financing. Kline Alvarado Veio, P.C., has also served as disclosure counsel to the District and in such capacity has assisted in the preparation of this Official Statement. Piper Sandler & Co., Denver, Colorado, has acted as municipal advisor to the District in connection with the offering, execution and delivery of the Bonds. It is expected that the Bonds will be available for delivery to the Underwriter through the DTC system on or about May 5, 2020.

#### MATURITY SCHEDULES

## SENIOR GENERAL OBLIGATION LIMITED TAX BONDS SERIES 2020A<sup>1</sup>

Dec. 1		Interest			Dec. 1		Interest		
Year	Amount	Rate	Price	CUSIP No.1	Year	Amount	Rate	Price	CUSIP No.1
2020	\$300,000	5.000%	101.501	98310U AA0	2029	\$450,000	4.000%	109.887 <sup>C</sup>	98310U AK8
2021	195,000	5.000%	104.080	98310U AB8	2030	490,000	4.000%	$109.007^{C}$	98310U AL6
2022	270,000	5.000%	106.575	98310U AC6	2031	510,000	4.000%	108.294 <sup>C</sup>	98310U AM4
2023	280,000	5.000%	108.848	98310U AD4	2032	550,000	4.000%	107.507 <sup>C</sup>	98310U AN2
2024	315,000	5.000%	111.101	98310U AE2	2033	575,000	3.000%	96.737	98310U AP7
2025	330,000	5.000%	113.204	98310U AF9	2034	615,000	4.000%	106.494 <sup>C</sup>	98310U AQ5
2026	370,000	5.000%	115.063	98310U AG7	2035	640,000	4.000%	106.108 <sup>C</sup>	98310U AR3
2027	385,000	5.000%	116.847	98310U AH5	2036	685,000	4.000%	105.646 <sup>C</sup>	98310U AS1
2028	430,000	5.000%	118.249	98310U AJ1	2037	715,000	3.125%	95.107	98310U AT9

\$2,380,000† 3.250% Term Bonds Due December 1, 2040 – Price: 95.082% CUSIP No.<sup>2</sup> 98310U AU6 \$4,585,000† 3.500% Term Bonds Due December 1, 2049 – Price: 94.696% CUSIP No.<sup>2</sup> 98310U AW2 \$5,000,000† 4.000% Term Bonds Due December 1, 2049 – Price: 102.776% CUSIP No.<sup>2</sup> 98310U AV4

#### SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS SERIES 2020B<sup>1</sup>

\$9,600,000† 7.625% Term Bonds Due December 15, 2049 – Price: 100.000% CUSIP No.<sup>2</sup> 98310U AX0

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ABOVE. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

<sup>†</sup> Indicates Term Bond.

Priced to first optional redemption date of December 1, 2028 at par.

<sup>&</sup>lt;sup>1</sup> The Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. See "THE SERIES 2020A SENIOR BONDS – Redemption Prior to Maturity – *Mandatory Sinking Fund Redemption*," and "THE SERIES 2020B SUBORDINATE BONDS – Redemption Prior to Maturity – *Mandatory Redemption*."

<sup>&</sup>lt;sup>2</sup> CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, and is provided solely for the convenience of the purchasers of the Bonds and only as of the issuance of the Bonds. None of the District, the Senior Indenture Trustee, the Subordinate Indenture Trustee or the Underwriter has any responsibility for the accuracy of such data now or at any time in the future. The CUSIP numbers for the Bonds may be changed after the issuance of the Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of the Bonds or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

# WYNDHAM HILL METROPOLITAN DISTRICT NO. 2

(IN THE TOWN OF FREDERICK) WELD COUNTY, COLORADO

# **Board of Directors and Officers**

Jon R. Lee, President and Chair Steve Rane, Secretary/Treasurer Jessica Brothers, Vice President/Assistant Secretary

#### **General Counsel**

White Bear Ankele Tanaka & Waldron Centennial, Colorado

# **Municipal Advisor**

Piper Sandler & Co. Denver, Colorado

# Trustee, Paying Agent and Registrar

UMB Bank, n.a. Denver, Colorado

## **Bond and Disclosure Counsel**

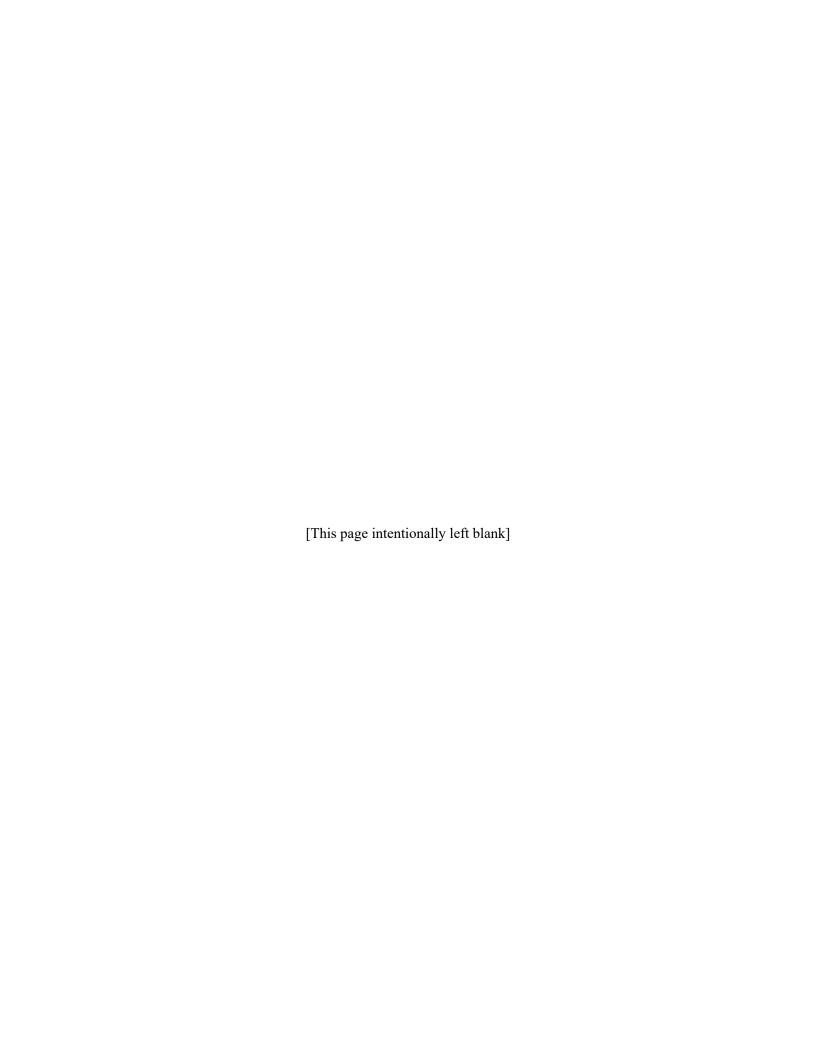
Kline Alvarado Veio, P.C. Denver, Colorado

#### Underwriter

Wells Fargo Securities, LLC Denver, Colorado

# **Counsel to the Underwriter**

Stradling Yocca Carlson & Rauth, a Professional Corporation Denver, Colorado



#### PRELIMINARY NOTICES

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor may the Bonds be sold, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from sources which are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

UMB BANK, N.A., BY ACCEPTANCE OF ITS DUTIES AS THE SENIOR INDENTURE TRUSTEE AND THE SUBORDINATE INDENTURE TRUSTEE, HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS MADE NO REPRESENTATIONS AS TO THE INFORMATION CONTAINED HEREIN.

The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information contained herein since the date of this Official Statement.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Bonds is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Bonds, and may not be reproduced or used, in whole or in part, for any other purpose.

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership thereof) is not required under applicable federal or Colorado securities laws pursuant to exemptions from registration provided in such laws. The Bonds also have not been registered under or otherwise qualified for sale under the "blue sky" laws and regulations of any other state. The District assumes no responsibility for qualification or registration of the Bonds for sale under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Official Statement constitutes an official statement of the District that has been deemed final by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

# Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements

This Official Statement, including but not limited to the Financial Projection and the Market Study (as defined in "RISK FACTORS – Risks Related to the Projections") attached hereto as Appendix B and Appendix C, respectively, contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2020A Senior Bonds or the advisability of investing in the Series 2020A Senior Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "SERIES 2020A SENIOR BONDS BOND INSURANCE" and "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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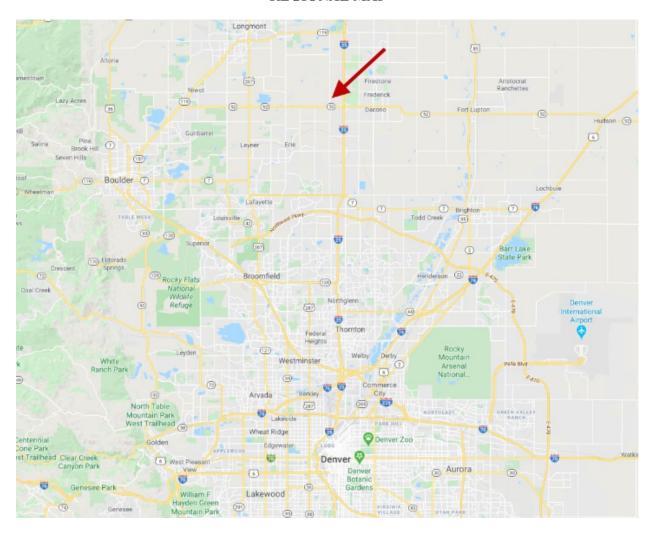
# **AERIAL VIEW OF THE DISTRICT**

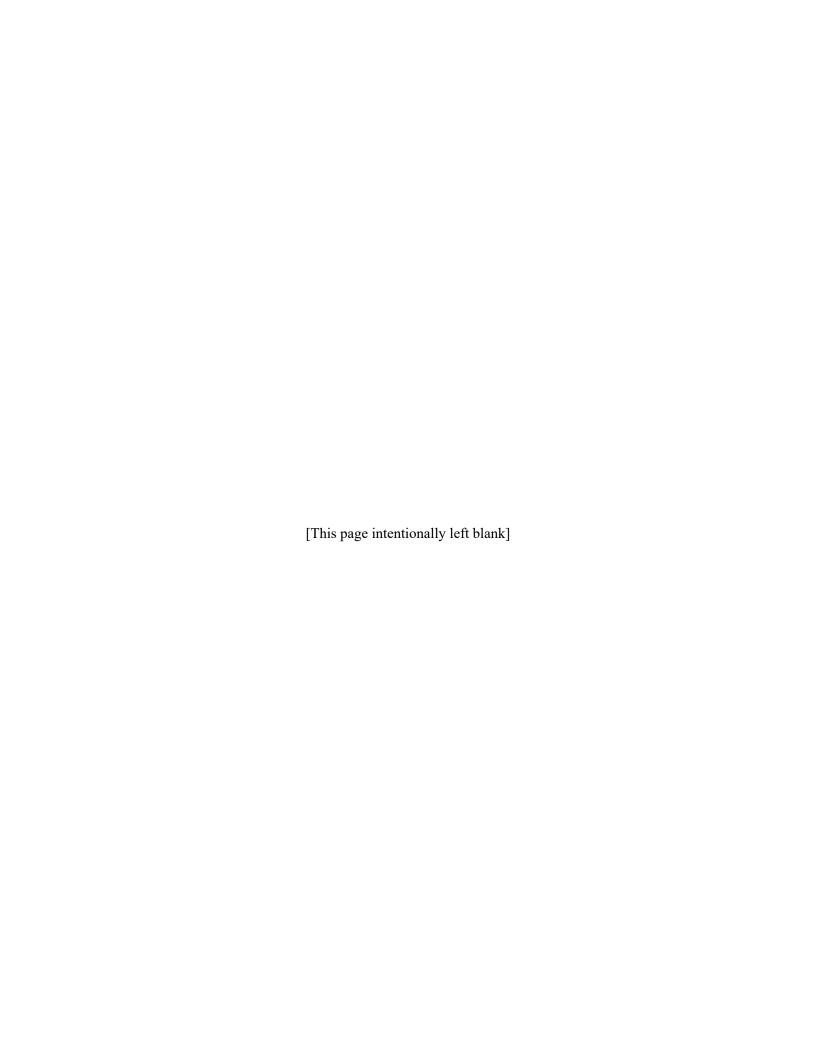


# WYNDHAM HILL COMMUNITY MAP



# **REGIONAL MAP**





#### **OFFICIAL STATEMENT**

# Relating to

# WYNDHAM HILL METROPOLITAN DISTRICT NO. 2

(IN THE TOWN OF FREDERICK)
WELD COUNTY, COLORADO

\$20,070,000 SENIOR GENERAL OBLIGATION LIMITED TAX BONDS SERIES 2020A \$9,600,000 SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS SERIES 2020B

#### INTRODUCTION

This Official Statement, including the cover page, inside front cover, preliminary notices and appendices, is furnished in connection with the issuance and sale by Wyndham Hill Metropolitan District No. 2, in the Town of Frederick, Weld County, Colorado (the "District"), of its Senior General Obligation Limited Tax Bonds, Series 2020A, in the aggregate principal amount of \$20,070,000 (the "Series 2020A Senior Bonds"), and its Subordinate General Obligation Limited Tax Bonds, Series 2020B, in the aggregate principal amount of \$9,600,000 (the "Series 2020B Subordinate Bonds" collectively, the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds are referred to herein as the "Bonds").

The Series 2020A Senior Bonds will be rated in one of the four highest rating categories by a nationally recognized organization, as indicated on the cover hereof, and the Series 2020B Subordinate Bonds are being issued only to financial institutions or institutional investors pursuant to §32-1-1101 (6)(a)(IV), Colorado Revised Statutes, as amended ("C.R.S."), who have executed an investor letter in the form attached as APPENDIX J hereto, and thus the issuance of the Bonds is permitted pursuant to such statute.

Prospective investors are cautioned that each series of the Bonds is being issued pursuant a separate Indenture of Trust (the "Senior Indenture" and the "Subordinate Indenture," respectively, and collectively, the "Indentures"), to be dated as of May 1, 2020, and entered into on the date of issuance and delivery of the Bonds (the "Issue Date"), by and between the District and UMB Bank, n.a., Denver, Colorado, as trustee thereunder (the "Senior Indenture Trustee" and the "Subordinate Indenture Trustee," respectively). Moreover, each series of the Bonds has different provisions regarding, among other things, maturity, principal and interest payment dates, prior redemption and security, sources and priority of payment. Accordingly, prospective investors are advised to read this Official Statement carefully and in its entirety in order to both understand the differences between the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds and to make an informed investment decision.

THE FOLLOWING SUMMARIZES CERTAIN OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT, DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED BY REFERENCE TO THE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS OFFICIAL STATEMENT. PROSPECTIVE INVESTORS SHOULD READ THE OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING THE COVER PAGE, INSIDE FRONT COVER, PRELIMINARY NOTICES AND APPENDICES, IN ORDER TO MAKE AN INFORMED INVESTMENT DECISION.

#### **The District**

Generally. The District is a quasi-municipal corporation and political subdivision of the State created in conjunction with Wyndham Hill Metropolitan District No. 1 ("District No. 1") and Wyndham Hill Metropolitan District No. 3 ("District No. 3") by and order and decree of the District Court for Weld County, Colorado (the "County"), in accordance with the provisions of Title 32, Article 1, Colorado Revised Statutes (the "Special District Act"), and with the power to provide certain public infrastructure improvements and services, including street improvements, water system, sanitary sewer, park and recreation and traffic and safety controls and other infrastructure within and without its boundaries (collectively, the "Public Improvements"), as authorized pursuant to the Consolidated Service Plan for Wyndham Hill Metropolitan District Nos. 1, 2 and 3, dated February 13, 2004, as amended by (i) the First Amendment to the Consolidated Service Plan on August 11, 2005, (ii) the Second Amendment to the Consolidated Service Plan on January 24, 2008, and (iv) the Fourth Amendment to Consolidated Service Plan on April 9, 2020 (collectively, the "Consolidated Service Plan"), and as otherwise authorized under applicable law.

The Developer of the property within the District plans to exclude all undeveloped, vacant residential land from the boundaries of the District and transfer such properties to a to-be-formed district, Wyndham Hill Metropolitan District No. 4 ("District No. 4" and together with the District, and District No. 1 and District No. 3, the "Districts"). Approval by the Town of the Service Plan for District No. 4 is expected to occur before issuance of the Bonds, with an election for voter approval of District No. 4 to be scheduled for November 2020. The District anticipates that this exclusion of property from the District will occur prior to issuance of the Bonds.

**Location**. The District is located in the Town of Frederick, Colorado (the "Town"), west of Interstate 25, south of County Road 16, and north of State Highway 52, and is approximately 30 miles north of metropolitan Denver. After the exclusion of a portion of the undeveloped, vacant residential land of the District as discussed above, the Development (as defined below) will encompass approximately 381.58 acres of land located in the District, and approximately 264.15 acres located outside the boundaries of the District. See "AERIAL VIEW OF THE DISTRICT," "WYNDHAM HILL COMMUNITY MAP" and "REGIONAL MAP" at the beginning of this Official Statement.

Existing and Planned Development. The District generally encompasses the "Wyndham Hill" master-planned residential and mixed use development (the "Development") being developed by Frederick Development Company, Inc. (the "Developer"). The Development is zoned for up to 1,960 residential dwelling units with a projected total buildout of 1,960 units, 1,416 of which are single family detached units, 63 are townhomes and 481 are multifamily units. However, only 1,132 residential units will be included in the boundaries of the District and will be subject to the mill levy to repay the Bonds. Of the 1,132 lots remaining in the District, approximately 809 single family lots have been sold. Of the 809 lots sold, 695 have completed homes constructed and are on the tax roll and 21 homes are under construction, leaving 416 vacant lots. 52 lots are owned by Richmond American Homes and are building-permit ready with 15 homes currently under construction, and 83 lots were sold to Lennar Homes in December 2019 and are anticipated to be building-permit ready by third-quarter 2020. 63 townhome lots and 128 multifamily lots have also been sold to date. The remaining 828 residential units to plat and sell will be excluded from the District's boundaries and will be included in the boundaries of District No. 4, as discussed above. See "DEVELOPMENT INFORMATION," "APPENDIX B – FINANCIAL PROJECTION" and "APPENDIX C – MARKET STUDY."

**Public Improvements.** Public improvements planned for the Development, including all necessary water, sewer and drainage improvements, park and recreation improvements and landscaping, as well as all infrastructure to support the 1,132 dwelling units in the District (the "Public Improvements") are well underway, with much of them complete, as described herein.

Public Improvements for 917 of the 1,132 lots discussed above have been completed and dedicated to the Town of Frederick, Colorado or retained by the District with maintenance of such improvements the responsibility of a homeowners association. All of these completed Public Improvements have been designed, funded and constructed by the District as described herein. See "PLAN OF FINANCING – The Refunded Obligations."

In addition, \$4.2 million is currently held in an escrow account held by Land Title Guarantee Company for completion of the Public Improvements needed for the next phase of lots which consists of the 83 lots owned by Lennar Homes. The remaining 132 lots are estimated to require another \$6.5 million in Public Improvements, which is to be paid by proceeds to be received by the Developer, as seller of these lots, and will be advanced to the District at each bulk-lot closing. In order to assure that funds are available to complete the \$6.5 million in Public Improvements for the remaining 132 lots, funds must be escrowed at each of the two anticipated future closings as a condition for a builder to purchase the remaining 132 lots. See "THE DISTRICT – District Facilities and Services."

Assessed Valuation. The 2019 assessed valuation of taxable property in the District, as certified by the Weld County Assessor (the "County Assessor") for collection of ad valorem property taxes in 2020, is \$24,279,940. This figure includes \$798,400 in assessed value for vacant residential land within the District, a portion of which is planned to be excluded from the boundaries of the District and included in the newly formed District No. 4. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Reliance on Increase in District Assessed Valuation; Factors Affecting District Assessed Valuation – Factors Affecting Development in the District," and "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – District Property Tax Data," and "APPENDIX B – FINANCIAL PROJECTION."

## The Bonds Generally

Authorization. The Bonds are being issued under authority of the constitution and laws of the State of Colorado, including, without limitation, the Article 56 of Title 11, C.R.S. (the "Refunding Act"), the Special District Act and Part 2 of Article 57 of Title 11, C.R.S. (the "Supplemental Public Securities Act"), and pursuant to an authorizing resolution adopted by the District's Board of Directors (the "Board"), as supplemented by a Sale Certificate executed by an authorized delegate of the Board (together, the "Authorizing Resolution"), and the Indentures. The issuance of the Bonds constitutes a "refinancing of District debt at a lower interest rate" for purposes of Article X, Section 20 of the State Constitution; therefor, only the principal amount of the Bonds which exceeds the principal amount of the Refunded Obligations shall be allocated against amounts approved by the District voters at the Elections. See "THE SERIES 2020A SENIOR BONDS – Authorization," "THE SERIES 2020B SUBORDINATE BONDS – Authorization," "DISTRICT FINANCIAL INFORMATION – Tax, Revenue and Spending Limitations – TABOR" and "DISTRICT DEBT STRUCTURE – Authorization."

**Purpose**. The Bonds are being issued for the purposes of: (i) paying and discharging all or a portion of the following indebtedness of the District, each as defined below in "PLAN OF FINANCING – The Refunded Obligations": the Series 2015 Note, the Series 2016A Note, the Series 2016B Note, the Series 2018B Note, and the Series 2019A Note (collectively, the "Refunded Obligations"), (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 Bonds. See "PLAN OF FINANCING."

*General Provisions.* The Bonds will be dated as of the Issue Date and will bear interest at the rates per annum and mature on the dates set forth on the inside front cover of this Official Statement.

The Series 2020A Senior Bonds may be issued initially in minimum denominations of \$5,000 and integral multiples of \$1,000 in excess thereof (the "Series 2020A Authorized Denominations"), although in the event a Series 2020A Senior Bond is partially redeemed and the unredeemed portion is less than \$5,000,

such unredeemed portion of such Series 2020A Senior Bond may be issued in the largest possible denomination of less than \$5,000, in integral multiples of not less than \$1,000 each or any integral multiple thereof. The Series 2020B Subordinate Bonds may be issued initially in minimum denominations of \$500,000 and integral multiples of \$1,000 in excess thereof (the "Series 2020B Authorized Denominations" and, together with the Series 2020A Authorized Denominations, the "Authorized Denominations"). See also "APPENDIX E – CERTAIN PROVISIONS OF THE SENIOR INDENTURE" and "APPENDIX E – CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Interest on the Series 2020A Senior Bonds (computed on the basis of a 360-day year of twelve 30-day months) will accrue from the Issue Date and will be payable semi-annually on each June 1 and December 1, commencing December 1, 2020, and on the maturity date of the Series 2020A Senior Bonds (each a "Senior Bonds Interest Payment Date"), until the Series 2020A Senior Bonds mature or are redeemed in advance of maturity. The Series 2020A Senior Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in "THE SERIES 2020A SENIOR BONDS – Redemption Prior to Maturity."

Interest on the Series 2020B Subordinate Bonds (computed on the basis of a 360-day year of twelve 30-day months) will accrue from the Issue Date and will be payable annually on December 15, commencing December 15, 2020, and on the maturity date of the Series 2020B Subordinate Bonds (each a "Subordinate Bonds Interest Payment Date"), to the extent of Subordinate Pledged Revenue (defined hereafter) available therefor, until the Series 2020B Subordinate Bonds mature or are redeemed in advance of maturity. The Series 2020B Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described in "THE SERIES 2020B SUBORDINATE BONDS – Redemption Prior to Maturity."

The Senior Indenture Trustee and the Subordinate Indenture Trustee will serve as the paying agent and registrar for the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds, respectively.

**Book-Entry Only Form.** The Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Bonds. Ownership interests in the Bonds ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be acquired through participants in the DTC system ("DTC Participants"). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("Beneficial Owners") on the books of the DTC Participants from whom they are acquired, and will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2020A SENIOR BONDS," "THE SERIES 2020B SUBORDINATE BONDS" and "APPENDIX F – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners of the Bonds (the "Owners") mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

# Security and Sources of Payment for the Series 2020A Senior Bonds

The Senior Trust Estate. The Series 2020A Senior Bonds will be payable solely from certain revenues and funds comprising the trust estate under the Senior Indenture (the "Senior Trust Estate"), including the Senior Pledged Revenue described below and amounts on deposit from time to time in the following funds established by the Senior Indenture: the "Wyndham Hill Metropolitan District No. 2 General Obligation Limited Tax Bonds, Series 2020A, Bond Fund" (the "Senior Bond Fund") and the "Wyndham Hill Metropolitan District No. 2 General Obligation Limited Bonds, Series 2020A, Reserve Fund" (the "Senior Reserve Fund"). The Series 2020A Senior Bonds constitute an irrevocable but nonexclusive first lien on the Senior Pledged Revenue and the moneys and earnings thereon held in the Senior Bond Fund and the Senior Reserve Fund, on parity with any future financial obligations issued or incurred by the District in accordance with the Senior Indenture having a lien on the Senior Pledged Revenue or any part thereof payable in whole or in part from moneys described in priorities FIRST,

SECOND or THIRD of "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – Application of Senior Pledged Revenue; Flow of Funds" ("Senior Parity Bonds"). See "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – Additional Bonds Payable from the Senior Pledged Revenue," "DISTRICT DEBT STRUCTURE – General Obligations – Debt Limits – Available Voter-Approved Borrowing Authority" and "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Additional Bonds Payable from the Senior Pledged Revenue."

*Limited Tax Obligations.* The Series 2020A Senior Bonds will constitute limited tax obligations of the District.

*The Senior Pledged Revenue*. The Series 2020A Senior Bonds will be payable from and to the extent of the following revenue (the "Senior Pledged Revenue"):

- The revenue derived from an ad valorem property tax imposed upon all taxable property in the District each year equal to 51 mills, subject to adjustment. See "THE SERIES 2020A SENIOR BONDS Security and Sources of Payment *The Senior Pledged Revenue* <u>Senior Required Mill Levy</u>" and "DISTRICT FINANCIAL INFORMATION Ad Valorem Property Taxes District Property Tax Data."
- The revenue (less costs of collection) derived from all fees, rates, tolls, penalties and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District or any District-owned "enterprise" under Article X, Section 20 of the State constitution ("TABOR") for services, programs or facilities furnished by the District ("Capital Fees"), whether now in effect or imposed in the future. *The District currently neither imposes, nor plans to impose, any Capital Fees*. See also "DISTRICT FINANCIAL INFORMATION Fees."
- The portion of the State imposed specific ownership tax on vehicles (the "Specific Ownership Tax") which is collected by the County and remitted to the District pursuant to State law which is collected as a result of the imposition of the Senior Required Mill Levy (the "Senior Pledged Specific Ownership Taxes"). See "THE SERIES 2020A SENIOR BONDS Security and Sources of Payment *The Senior Pledged Revenue* <u>Senior Pledged Specific Ownership Taxes"</u> and "DISTRICT FINANCIAL INFORMATION Specific Ownership Taxes."
- Any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue.

The Senior Reserve Fund. The Series 2020A Senior Bonds will also be payable, if necessary, from amounts on deposit in the Senior Reserve Fund, which is required to be maintained at all times in the amount of \$1,324,250 (the "Senior Required Reserve"). This requirement will be satisfied initially by a Municipal Bond Debt Service Reserve Insurance Policy (the "Debt Service Reserve Insurance Policy") in the amount of the Senior Required Reserve to be issued concurrently with the delivery of the Series 2020A Senior Bonds by the Bond Insurer described in "Bond Insurance" herein. Amounts in the Senior Reserve Fund are to be applied to pay the Series 2020A Senior Bonds in the event of an insufficiency in the amount on deposit in the Senior Bond Fund or to make the final payments in respect of the Series 2020A Senior Bonds. See "PLAN OF FINANCING – Estimated Application of Bond Proceeds", "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – The Senior Reserve Fund" and "SERIES 2020A SENIOR BONDS BOND INSURANCE – Bond Insurance and Reserve Fund Surety Policy."

**Result of Insufficiency of Senior Pledged Revenue**. The Senior Pledged Revenue and the amounts available in the funds pledged to the payment of the Series 2020A Senior Bonds may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2020A Senior Bonds when due.

However, so long as the District neither fails nor refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture, the inability of the District to pay the principal of, premium, if any, or interest on the Series 2020A Senior Bonds when due will not constitute an event of default under the Senior Indenture (a "Senior Indenture Event of Default"). Any principal of a Series 2020A Senior Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2020A Senior Bond that is not paid when due will compound semiannually on each Senior Bonds Interest Payment Date at the interest rate borne by such Series 2020A Senior Bond; provided, however, that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020A Senior Bonds, and all Series 2020A Senior Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. Further, under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

*Additional Information*. For additional information regarding the security for the payment of the Series 2020A Senior Bonds and the sources of Senior Pledged Revenue, see generally "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment," "DISTRICT FINANCIAL INFORMATION," "DISTRICT DEBT STRUCTURE" and "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE," as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

# Security and Sources of Payment for the Series 2020B Subordinate Bonds

The Subordinate Trust Estate. The Series 2020B Subordinate Bonds will be payable solely from certain revenues and funds comprising the trust estate under the Subordinate Indenture, including the Subordinate Pledged Revenue described below and amounts on deposit from time to time in the following funds established by the Subordinate Indenture: the "Wyndham Hill Metropolitan District No. 2 Subordinate General Obligation Limited Tax Bonds, Series 2020B, Bond Fund" (the "Subordinate Bond Fund"). The Series 2020B Subordinate Bonds constitute an irrevocable but nonexclusive lien on the Subordinate Pledged Revenue and the moneys and earnings thereon held in the Subordinate Bond Fund, on parity with any other bonds, notes, debentures or other multiple fiscal year financial obligations payable in whole or in part from the Subordinate Pledged Revenue available under the first priority in "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – Application of the Subordinate Pledged Revenue; Flow of Funds." See also "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Additional Bonds Payable from the Subordinate Pledged Revenue – Other Subordinate Bonds" and "DISTRICT DEBT STRUCTURE – General Obligations – Debt Limits – Available Voter-Approved Borrowing Authority."

The Series 2020B Subordinate Bonds constitute Subordinate Bonds under each of the Indentures. Accordingly, to the extent any revenues are pledged under the Indentures to both the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds, the lien thereon of the Series 2020B Subordinate Bonds is junior and subordinate in all respects to the lien of the Series 2020A Senior Bonds and any other Senior Parity Bonds issued hereafter. See "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Additional Bonds Payable from the Senior Pledged Revenue" for a discussion of the ability of the District to issue additional Senior Parity Bonds.

*Limited Tax Obligations.* The Series 2020B Subordinate Bonds will constitute Limited Tax Obligations of the District.

*The Subordinate Pledged Revenue*. The Series 2020B Subordinate Bonds will be payable from and to the extent of the following revenue (the "Subordinate Pledged Revenue"):

• The revenue derived from an ad valorem property tax imposed upon all taxable property in the District each year equal to 51 mills (after payments of any amounts due on the Series 2020A Senior Bonds), subject to adjustment. See "THE SERIES 2020B SUBORDINATE

BONDS – Security and Sources of Payment – *The Subordinate Pledged Revenue* – <u>Subordinate Required Mill Levy</u>," "Security and Sources of Payment for the Series 2020A Senior Bond – *The Senior Pledged Revenue*" above in this section, "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – *The Senior Pledged Revenue* – <u>Senior Required Mill Levy</u>," "DEBT SERVICE REQUIREMENTS," and "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – District Property Tax Data" and "APPENDIX B – FINANCIAL PROJECTION."

- Any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of the Series 2020A Senior Bonds (the "Subordinate Capital Fee Revenue"). The District currently neither imposes, nor plans to impose, any Capital Fees. See also "DISTRICT FINANCIAL INFORMATION Fees."
- The portion of the Specific Ownership Tax which is collected as a result of the imposition of the Subordinate Required Mill Levy (the "Subordinate Pledged Specific Ownership Taxes"). See "THE SERIES 2020B SUBORDINATE BONDS Security and Sources of Payment *The Subordinate Pledged Revenue* <u>Subordinate Pledged Specific Ownership Taxes"</u> and "DISTRICT FINANCIAL INFORMATION Specific Ownership Taxes."
- After payments of any amounts due on the Series 2020A Senior Bonds, any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue.

Cash Flow Nature of the Series 2020B Subordinate Bonds; Result of Insufficiency of Subordinate Pledged Revenue. The Series 2020B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2020B Subordinate Bonds is payable on each Series 2020B Subordinate Bonds Interest Payment Date to the extent of any Subordinate Pledged Revenue available therefor. There are no scheduled payments of principal of the Series 2020B Subordinate Bonds prior to their maturity date, but rather the Series 2020B Subordinate Bonds are subject to mandatory redemption on December 15 of each year, commencing December 15, 2020 (each a "Series 2020B Subordinate Bonds Mandatory Redemption Date"), to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to the applicable Series 2020B Subordinate Bonds Mandatory Redemption Date, and subject to any minimum requirements with respect to the principal amount of Series 2020B Subordinate Bonds to be redeemed as provided in the Subordinate Indenture, as more particularly described in "THE SERIES 2020B SUBORDINATE BONDS – Redemption Prior to Maturity – Mandatory Redemption – Security and Sources of Payment – Subordinate Bond Fund."

The Subordinate Pledged Revenue and the amounts available in the funds pledged to the payment of the Series 2020B Subordinate Bonds may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2020B Subordinate Bonds when due. However, so long as the District neither fails nor refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture, the inability of the District to pay the principal of, premium, if any, or interest on the Series 2020B Subordinate Bonds when due will not constitute an event of default under the Subordinate Indenture (a "Subordinate Indenture Event of Default"). Any principal of a Series 2020B Subordinate Bond that is not paid when due will remain outstanding until either paid or the final maturity date as discussed hereafter, and any interest on a Series 2020B Subordinate Bond that is not paid when due will compound annually on each Subordinate Bonds Interest Payment Date at the interest rate borne by such Series 2020B Subordinate Bond; provided, however, that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020B Subordinate Bonds, and all Series 2020B Subordinate Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. Further, under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

Additional Information. For additional information regarding the security for the payment of the Series 2020B Subordinate Bonds and the sources of Subordinate Pledged Revenue, see generally "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment," "DISTRICT FINANCIAL INFORMATION," "DISTRICT DEBT STRUCTURE" and "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE," as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

# **Financial Projection**

A Forecasted Surplus Cash Balances and Cash Receipts and Disbursements of the District for calendar years 2020 through 2050 (the "Financial Projection") has been prepared for the District by Simmons & Wheeler, P.C., Certified Public Accountants, Englewood, Colorado, and is appended in its entirety to this Official Statement as "APPENDIX B – FINANCIAL PROJECTION." The Financial Projection was prepared for the purpose of providing information to the District regarding the District's ability to meet the debt service requirements of the Bonds when due, and, among other things, includes a schedule of the estimated future assessed valuation of the District. The Financial Projection is based on specific information and assumptions stated therein, and should be read in its entirety for an understanding of the methodology and the underlying assumptions contained therein. See also "FINANCIAL PROJECTION," "PRELIMINARY NOTICES – Cautionary Statement Regarding Forecasts, Estimates and Other Forward Looking Statements" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risks Inherent in Forward-Looking Statements."

#### **Bond Insurance**

Concurrently with the issuance of the Series 2020A Senior Bonds, Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") will issue its Municipal Bond Insurance Policy for the Series 2020A Senior Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2020A Senior Bonds when due as set forth in the form of the Policy included as "APPENDIX K" to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law. See "BOND INSURANCE" and "APPENDIX K – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

# **Legal Matters**

Kline Alvarado Veio, P.C., Denver, Colorado, is serving as bond counsel to the District ("Bond Counsel") in connection with the authorization and issuance of the Bonds and will deliver its opinions substantially in the form appended to this Official Statement. Certain matters will be passed upon for the District by White Bear Ankele Tanaka & Waldron, Centennial, Colorado, as general counsel to the District. Stradling Yocca Carlson & Rauth, a Professional Corporation, Denver, Colorado, is serving as counsel to the Underwriter in connection with this financing. Kline Alvarado Veio, P.C. is also serving as disclosure counsel to the District and in such capacity has assisted in the preparation of this Official Statement. See "LITIGATION," "LEGAL MATTERS" and "TAX MATTERS."

#### **Tax Matters**

In the opinion of Kline Alvarado Veio, P.C., Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from federal alternative minimum tax. In Bond Counsel's further opinion, interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws. See "TAX MATTERS," "APPENDIX H – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020A SENIOR BONDS" and "APPENDIX I – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020B SUBORDINATE BONDS."

#### **Investment Considerations**

# THE PURCHASE AND OWNERSHIP OF THE BONDS INVOLVES SIGNIFICANT RISK.

Prospective investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed in "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

# **Continuing Disclosure**

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) ("Rule 15c2-12"), the District has covenanted, for the benefit of the holders of the Bonds, to provide certain financial information and other operating data and notices of material events after the Bonds are issued. The District will enter into a Continuing Disclosure Agreement with UMB Bank, n.a., in its capacity as both the Senior Indenture Trustee and the Subordinate Indenture Trustee, in which the District will agree to provide, or cause to be provided, to the MSRB, through its EMMA system, certain information concerning the District and the Bonds on an annual basis, as well as contemporaneous notice of the occurrence of certain events affecting the Bonds. See "APPENDIX G – FORMS OF CONTINUING DISCLOSURE AGREEMENT" for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Agreement.

The District has not incurred any financial obligations that have been subject to Rule 15c2-12 and therefore has never delivered a continuing disclosure undertaking pursuant to such Rule.

#### **Additional Information**

Brief descriptions of the Indentures, the Bonds, the District and various documents, statutes, reports or other instruments are included in this Official Statement and the appendices hereto. These descriptions do not purport to be comprehensive or definitive. All references herein to the documents, statutes, reports or other instruments described herein are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Bonds, copies of such documents may be obtained from Wells Fargo Securities, LLC (the "Underwriter") at 1700 Lincoln Street, 21st Floor, Denver, Colorado 80202, telephone (303) 863-6008, or from the District at 2154 E. Commons Avenue, Suite 2000, c/o White Bear Ankele Tanaka & Waldron, P.C., Centennial, Colorado 80122, telephone (303) 858-1800.

#### Miscellaneous

The cover page, inside front cover, preliminary notices and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the District since the date of this Official Statement. So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

UMB BANK, N.A., BY ACCEPTANCE OF ITS DUTIES AS THE SENIOR INDENTURE TRUSTEE AND THE SUBORDINATE INDENTURE TRUSTEE, HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS MADE NO REPRESENTATIONS AS TO THE INFORMATION CONTAINED HEREIN.

This Official Statement is not to be construed as a contract or agreement between the District and any Owners or Beneficial Owners of the Bonds.

#### PLAN OF FINANCING

The Bonds are being issued for the purposes of (i) paying and discharging the Series 2015 Note, the Series 2016A Note, the Series 2016B Note, the Series 2019A Note, and a portion of the Series 2018B Note, each as defined below (collectively, the "Refunded Obligations"), (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 Bonds.

# The Refunded Obligations

The Refunded Obligations were originally issued by the District to pay the costs of Public Improvements within the District. The Refunded Obligations consist of: (i) the Subordinate Limited Tax General Obligation Note, Series 2015 issued by the District in a total principal amount of \$8,230,000 (the "Series 2015 Note"); (ii) the 2016A Limited Tax General Obligation Loan in a total principal amount not to exceed \$10,000,000, as evidenced by a 2016A Note (the "Series 2016A Note"); (iii) the 2016B Limited Tax General Obligation Loan in a total principal amount not to exceed \$10,000,000, as evidenced by a 2016B Note (the "Series 2016B Note"); (iv) the Subordinate Limited Tax Revenue Notes, Series 2018B issued by the District in a total principal amount not to exceed \$10,000,000 (the "Series 2018B Note"); and (v) the 2019A Limited Tax General Obligation Loan in a total principal amount not to exceed \$10,000,000, as evidenced by a 2019A Note (the "Series 2019A Note").

## **Other Application of Proceeds**

The balance of the net proceeds of the Bonds will be used to pay (i) the costs of issuing the Bonds, including legal fees, CUSIP fees, the initial fee of the Senior Indenture Trustee and the Subordinate Indenture Trustee, the fees of the various consultants and other experts described herein, certain regulatory and administrative fees, printing costs, municipal advisor's fees and various other costs of issuing the Bonds, and (ii) in the case of the Series 2020A Senior Bonds, fund the Senior Reserve Fund by obtaining the Debt Service Reserve Insurance Policy in the amount of the Senior Required Reserve, rating fees, the premiums for the Municipal Bond Insurance Policy and the Debt Service Reserve Insurance Policy, and CUSIP fees. See "THE SERIES 2019A SENIOR BONDS – Security and Sources of Payment – *The Senior Reserve Fund*."

# **Estimated Sources and Uses of Funds**

The following table sets forth the estimated sources and uses of funds in connection with this financing.

# **Estimated Sources and Uses of Funds**

	Series 2020A Senior <u>Bonds</u>	Series 2020B Subordinate Bonds	Total <u>Bonds</u>
Sources:			
Principal Amount of Bonds	\$20,070,000.00	\$9,600,000.00	\$29,670,000.00
Original Issue Discount	(413,984.00)	0.00	(413,984.00)
Original Issue Premium	<u>761,310.10</u>	0.00	<u>761,310.10</u>
Total Sources:	\$ <u>20,417,326.10</u>	\$ <u>9,600,000.00</u>	\$ <u>30,017,326.10</u>
Uses:			
Costs of Issuance <sup>1</sup>	\$743,116.92	\$235,374.07	\$978,490.99
Refunding Amount	19,674,209.18	9,364,625.93	29,038,835.11
Total Uses:	\$20,417,326.10	\$9,600,000.00	\$30,017,326.10

<sup>&</sup>lt;sup>1</sup> This amount, other than the underwriting discount (see "UNDERWRITING"), will be disbursed as discussed in "Other Application of Proceeds," "above.

#### THE SERIES 2020A SENIOR BONDS

The following is a summary of certain general provisions of the Series 2020A Senior Bonds during such time as the Series 2020A Senior Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Indenture for the detailed provisions pertaining to the Series 2020A Senior Bonds, including provisions applicable in the event of discontinuance of participation in the DTC book-entry system. See also "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE."

# Authorization

The Series 2020A Senior Bonds are issued under authority of the constitution and laws of the State, including, without limitation, the Refunding Act, the Special District Act and the Supplemental Public Securities Act, and pursuant to the Authorizing Resolution and the Senior Indenture. Additionally, the issuance of the principal amount of Series 2020A Senior Bonds which exceeds the principal amount of the Refunded Obligations was also authorized at the Elections. See "DISTRICT FINANCIAL INFORMATION – Tax, Revenue and Spending Limitations – *TABOR*" and "DISTRICT DEBT STRUCTURE – Authorization."

#### **General Provisions**

The Series 2020A Senior Bonds will be issued in the aggregate principal amount, bear interest at the rate and mature on the dates set forth on the cover page and inside front cover of this Official Statement. Interest on the Series 2020A Senior Bonds (computed on the basis of a 360-day year of twelve 30-day months) will accrue from the Issue Date and will be payable semi-annually on each June 1 and December 1, commencing December 1, 2020, and on the maturity date of the Series 2020A Senior Bonds, until the Series 2020A Senior Bonds mature or are redeemed in advance of maturity. Payments of principal and interest in connection with the Series 2020A Senior Bonds will be made by the Senior Indenture Trustee to Cede & Co. (or subsequent nominee of DTC), as the Owner of the Series 2020A Senior Bonds, for subsequent credit to the accounts of the Beneficial Owners of the Series 2020A Senior Bonds as discussed "Book-Entry Only Form" below and in "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

Any principal of a Series 2020A Senior Bond that is not paid when due will remain outstanding until paid and continue to bear interest at the rate borne by such Series 2020A Senior Bond; and any interest on a Series 2020A Senior Bond that is not paid when due will compound on each Senior Bonds Interest Payment Date at the interest rate borne by such Series 2020A Senior Bond. However, the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020A Senior Bonds, including all payments of principal, premium, if any, and interest, and all Series 2020A Senior Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. Further, under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

# **Book-Entry Only Form**

The Series 2020A Senior Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2020A Senior Bonds. Beneficial Ownership Interests in the Series 2020A Senior Bonds, in non-certificated book-entry only form, may be purchased in Authorized Denominations by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and transfers of such Beneficial Ownership Interests (which may be made only in Authorized Denominations) will be accomplished by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series

2020A Senior Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners of the Series 2020A Senior Bonds.

Beneficial Ownership Interests in the Series 2020A Senior Bonds will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Series 2020A Senior Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

None of the District, the Senior Indenture Trustee or the Underwriter will have any responsibility or obligation to any Beneficial Owner of the Series 2020A Senior Bonds with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) any notice that is permitted or required to be given to the Owners of the Series 2020A Senior Bonds under the Senior Indenture, (3) the selection by DTC or any DTC Participant of the recipient of payment in the event of a partial redemption of the Series 2020A Senior Bonds, (4) the payment by DTC or any DTC Participant of any amount with respect to the principal of or interest due with respect to the Owners of the Series 2020A Senior Bonds, (5) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2020A Senior Bonds or (6) any other related matter.

## **Redemption Prior to Maturity**

*Mandatory Sinking Fund Redemption*. The Series 2020A Senior Bonds maturing in the years 2040, 2049 (bearing interest at a rate of 3.50%) and 2049 (bearing interest at a rate of 4.00%) are subject to mandatory sinking fund redemption prior to maturity, in part, by lot, on the dates and in the principal amounts set forth in the following tables, upon payment of the principal amount of the Series 2020A Senior Bonds so redeemed plus accrued interest to the redemption date, without redemption premium.

# Mandatory Sinking Fund Redemption Schedule for the Series 2020A Senior Bonds Maturing December 1, 2040

Redemption	Principal		
<b>Date</b>	<b>Amount</b>		
2038	\$760,000		
2039	785,000		
$2040^{1}$	835,000		

<sup>&</sup>lt;sup>1</sup> Maturity, not a sinking fund redemption date.

# Mandatory Sinking Fund Redemption Schedule for the Series 2020A Senior Bonds Maturing December 1, 2049 (bearing interest at a rate of 3.50%)

Redemption <u>Date</u>	Principal <u>Amount</u>
2041	\$415,000
2042	445,000
2043	460,000
2044	485,000
2045	500,000
2046	535,000
2047	555,000
2048	585,000
$2049^{1}$	605,000

<sup>&</sup>lt;sup>1</sup> Maturity, not a sinking fund redemption date.

# Mandatory Sinking Fund Redemption Schedule for the Series 2020A Senior Bonds Maturing December 1, 2049 (bearing interest at a rate of 4.00%)

Redemption <u>Date</u>	Principal <u>Amount</u>
2041	\$445,000
2042	475,000
2043	495,000
2044	530,000
2045	550,000
2046	585,000
2047	605,000
2048	645,000
$2049^{1}$	670,000

<sup>&</sup>lt;sup>1</sup> Maturity, not a sinking fund redemption date.

The amount of the applicable sinking fund installment for any particular date and maturity may be reduced by the principal amount of the Series 2020A Senior Bonds for that maturity which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, are to be applied in such year or years as may be determined by the District.

**Optional Redemption.** The Series 2020A Senior Bonds maturing on December 1, 2029 are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2028, and on any date thereafter, upon payment of par.

Notice of Redemption. In the event any of the Series 2020A Senior Bonds or portions thereof are called for prior redemption, notice thereof identifying the Series 2020A Senior Bonds or portions thereof to be redeemed is to be given by the Senior Indenture Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than 30 days prior to the date fixed for redemption, to the Owner of each Series 2020A Senior Bond to be redeemed in whole or in part (initially Cede & Co.) at the address shown on the registration books maintained by or on behalf of the District by the Senior Indenture Trustee. The redemption of the Series 2020A Senior Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Senior Indenture Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice is to be specifically subject to the deposit of funds by the District. Failure to give such notice by mailing to any Owner of Series 2020A Senior Bonds, or any defect therein, will not affect the validity of any proceeding for the redemption of other Series 2020A Senior Bonds as to which no such failure or defect exists. All Series 2020A Senior Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The Senior Indenture Trustee is required to send notice of redemption of the Series 2020A Senior Bonds to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests in the Series 2020A Senior Bonds to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as discussed in "APPENDIX F – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests in the Series 2020A Senior Bonds and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of

redemption and its content or effect will not affect the validity of the redemption of the Series 2020A Senior Bonds.

## **Acknowledgment by Owners and Beneficial Owners**

By acceptance of the Series 2020A Senior Bonds or any Beneficial Ownership Interest therein, each Owner and Beneficial Owner of the Series 2020A Senior Bonds will be deemed to have agreed and consented to all of the limitations in respect of the payment of the principal of, premium, if any, and interest on the Series 2020A Senior Bonds contained in the Series 2020A Senior Bonds, the Senior Indenture, the Authorizing Resolution and the District's Consolidated Service Plan. The Owners and Beneficial Owner of the Series 2020A Senior Bonds will also be deemed to have: (a) acknowledged that (i) the Series 2020A Senior Bonds are not being registered under the Securities Act of 1933, as amended, and (ii) the Series 2020A Senior Bonds are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state; and (b) acknowledged and agreed that the Series 2020A Senior Bonds and any interest therein may and shall be sold, transferred or otherwise disposed of only in Authorized Denominations; and (c) acknowledged and agreed that the District, the Senior Indenture Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, consents and agreements.

# **Security and Sources of Payment**

*Limited Tax Obligations.* The Series 2020A Senior Bonds will constitute limited tax general obligations of the District.

Source of Payment of the Series 2020A Senior Bonds; Senior Lien. The Series 2020A Senior Bonds will be payable solely from certain revenues and funds comprising the Senior Trust Estate, including the Senior Pledged Revenue and amounts on deposit from time to time in the Senior Bond Fund and, if necessary, the Senior Reserve Fund. The Series 2020A Senior Bonds constitute an irrevocable but nonexclusive first lien on the Senior Pledged Revenue and the moneys and earnings thereon held in the Senior Bond Fund and the Senior Reserve Fund, on parity with any future Senior Parity Bonds that may be issued or incurred by the District. See "Additional Bonds Payable from the Senior Pledged Revenue" hereafter in this section.

The creation, perfection, enforcement and priority of the pledge of the Senior Pledged Revenue to secure or pay the Series 2020A Senior Bonds are governed by the Supplemental Act and the Senior Indenture. The Senior Pledged Revenue is subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge on the Senior Pledged Revenue will be on a parity with any Senior Parity Bonds, will have priority over any and all other obligations and liabilities of the District and will be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the District irrespective of whether such persons have notice of such liens.

Result of Insufficiency of Senior Pledged Revenue. The Senior Pledged Revenue and the amounts available in the funds pledged to the payment of the Series 2020A Senior Bonds may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2020A Senior Bonds when due. However, so long as the District neither fails nor refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture, the inability of the District to pay the principal of, premium, if any, or interest on the Series 2020A Senior Bonds when due will not constitute a Senior Indenture Event of Default. Any principal of a Series 2020A Senior Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2020A Senior Bond that is not paid when due will compound semiannually on each Senior Bonds Interest Payment Date at the interest rate borne by such Series 2020A Senior Bond; provided, however, that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020A Senior Bonds, and all Series 2020A Senior Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. Further, under the terms of the District's Service Plan, any

outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

The Senior Pledged Revenue. The Senior Pledged Revenue is defined in the Senior Indenture as the moneys derived by the District from (i) the Senior Required Mill Levy, (ii) the Capital Fees, if any, (iii) the Senior Pledged Specific Ownership Taxes and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue. Each of these sources of Senior Pledged Revenue is discussed in the greater detail below.

The District covenants in the Senior Indenture that in the event the Senior Pledged Revenue is insufficient or is anticipated to be insufficient to pay the principal of, premium, if any, and interest on the Series 2020A Senior Bonds when due, the District will use its reasonable efforts to refinance, refund or otherwise restructure the Series 2020A Senior Bonds so as to avoid such an occurrence.

<u>Senior Required Mill Levy</u>. The Senior Pledged Revenue is expected to be comprised primarily of the revenue to be derived from the Senior Required Mill Levy, which for purposes of the Senior Indenture means the following:

- The Senior Required Mill Levy is to be imposed at a rate that will generate an amount sufficient to fund the Senior Bond Fund for the relevant Bond Year and pay the Series 2020A Senior Bonds as they come due, and, if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, in the amount of 51 mills (one mill being equal to 1/10 of 1¢), subject to adjustment as described below. Such Senior Required Mill Levy is required to be increased or decreased to reflect any changes in the method of calculating assessed valuation after the date of issuance of the Bonds, which increases or decreases are to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the Senior Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation will be deemed to be a change in the method of calculating assessed valuation. The rate of assessment of residential property was reduced from 7.20% to 7.15% of statutory "actual" value for property tax years commencing on and after January 1, 2019. See "DISTRICT FINANCIAL INFORMATION - Ad Valorem Property Taxes - Determination of Assessed Value" and "APPENDIX B – FINANCIAL PROJECTION."
- Notwithstanding the foregoing, in no event is the Senior Required Mill Levy to be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Senior Required Mill Levy as calculated above would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Senior Required Mill Levy is to be reduced to the point that such maximum tax increase is not exceeded.
- Any Senior PILOT Revenue received as the result of the imposition of the Senior Required Mill Levy is also pledged and treated under the Senior Indenture in the same fashion as ad valorem mill levy revenues derived from the Senior Required Mill Levy. The District has no PILOT arrangements in place at the present time.

The Series 2020A Senior Bonds are not secured directly by any lien on property located within the District, but rather by the District's covenant to cause to be levied by the Board of County

Commissioners of Weld County, on all of the taxable property in the District, in addition to all other taxes, direct annual taxes in each of the years 2020 to 2048 (for collection in 2049), inclusive in the amount of the Senior Required Mill Levy for the purposes of paying the principal of, premium, if any, and interest on the Series 2020A Senior Bonds, and, if necessary, funding the Senior Reserve Fund. Such annual levy for debt service creates a statutory tax lien that may be enforced to the extent that taxes are delinquent in a given year. See "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Property Tax Collections*." The District is not required to levy an ad valorem property tax for such purposes in excess of the Senior Required Mill Levy. See generally "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – District Property Tax Data."

Senior Pledged Specific Ownership Taxes. The Senior Pledged Revenue also includes a portion of the Specific Ownership Tax imposed by the State, collected by the Weld County Treasurer (the "County Treasurer") and remitted to the District pursuant to Article 3 of Title 42, C.R.S., in connection with the registration of certain motor vehicles and other personal property. The Specific Ownership Taxes collected by the County Treasurer are apportioned among all political and governmental subdivisions located within Weld County on the basis of the amount of ad valorem property taxes levied by such entities within the county during the preceding calendar year. The Senior Pledged Specific Ownership Taxes constitutes the portion of the Specific Ownership Taxes which is collected as a result of the imposition of the Senior Required Mill Levy. See "DISTRICT FINANCIAL INFORMATION – Specific Ownership Taxes."

<u>Capital Fees</u>. The Senior Pledged Revenue also includes the revenue, if any (net of costs of collection), derived by the District from the imposition of Capital Fees, consisting of all fees, rates, tolls, penalties and charges of a capital nature (excluding periodic, recurring service charges) imposed by the District or any District-owned "enterprise" within the meaning of TABOR for services, programs or facilities furnished by the District, whether now in effect or imposed in the future, including the revenue derived from any action to enforce the collection of Capital Fees and the revenue derived from the sale or other disposition of property acquired by the District from any action to enforce the collection of Capital Fees. The District currently neither imposes, nor plans to impose, any Capital Fees. See also "DISTRICT FINANCIAL INFORMATION – Fees."

<u>Other</u>. The Senior Pledged Revenue also includes any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue.

Application of Senior Pledged Revenue; Flow of Funds. The Senior Indenture provides that the District is to transfer all amounts comprising Senior Pledged Revenue to the Senior Indenture Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District; provided, however, that in the event that the total amount of Senior Pledged Revenue received by the District in a calendar month is less than \$50,000, the Senior Pledged Revenue received in such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Pledged Revenue received in January, February or March, no later than July 15th for Pledged Revenue received in April, May or June, no later than October 15th for Pledged Revenue received in July, August or September, and no later than January 15th for Pledged Revenue received in October, November or December). IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SENIOR PLEDGED REVENUE. In addition, in order to assure the proper application of moneys constituting Senior Pledged Revenue, on and after the date of issuance of any other Additional Bonds, the District is to also transfer to the Senior Indenture Trustee all moneys pledged to the payment of such Additional Bonds which are derived from ad valorem taxes of the District, Specific Ownership Taxes or

Capital Fees, and any such moneys are to constitute part of the Senior Trust Estate. The Senior Indenture Trustee is to apply the Senior Pledged Revenue and such other moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered "waterfall" structure in which no Senior Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided in the senior Indenture; (ii) when credits to more than one fund, account or purpose are required at any single priority level, such credits will rank *pari passu* with each other; and (iii) when credits are required to go to funds or accounts which are not held by the Senior Indenture Trustee under the Senior Indenture, the Senior Indenture Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

FIRST: To the Trustee, in an amount sufficient to pay the Trustee Fees then due and payable;

SECOND: To the credit of the Senior Bond Fund the amounts specified in "*The Senior Bond Fund*" below, and to the credit of any other similar fund or account established for the current payment of the principal of, premium, if any, and interest on any other Senior Parity Bonds the amounts required by the documents pursuant to which such Senior Parity Bonds are issued;

THIRD: To the credit of the Senior Reserve Fund the amounts specified in "The Senior Reserve Fund" below, and to the credit of any reserve fund or similar fund or account established in connection with any other Senior Parity Bonds to secure the payment of the principal of, premium if any, and interest on such Senior Parity Bonds and fully funded as of the date of issuance of such Senior Parity Bonds, the amounts required by the documents pursuant to which such Senior Parity Bonds are issued;

FOURTH: To the credit of any other fund or account established for the payment of the principal of, premium, if any, and interest on Subordinate Bonds (within the meaning of the Senior Indenture as defined in "APPENDIX D – SELECTED PROVISIONS OF THE SERIES 2020A SENIOR BONDS – Additional Bonds Payable from the Senior Pledged Revenue – Subordinate Bonds Defined"), including any sinking fund, reserve fund or similar fund or account established therefor, the amounts required by the documents pursuant to which such other Subordinate Bonds are issued; and

FIFTH: To the credit of any other fund or account as may be designated by the District to be used for any lawful purpose any Senior Pledged Revenue remaining after the payments and accumulations provided above.

The Senior Bond Fund. There is to be credited to the Senior Bond Fund each Bond Year, subject to the receipt of sufficient Senior Pledged Revenue, an amount of Senior Pledged Revenue which, when combined with other legally available moneys in the Senior Bond Fund (not including moneys deposited thereto from other funds pursuant to the Senior Indenture), will be sufficient to pay the principal of, premium, if any, and interest on the Series 2020A Senior Bonds which has or will become due in the Bond Year in which the credit is made.

Moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the Senior Indenture) are to be used by the Senior Indenture Trustee solely to pay the principal of, premium, if any, and interest on the Series 2020A Senior Bonds, in the following order: (i) first to the payment of interest due in connection with the Series 2020A Senior Bonds (including, without limitation, current interest, accrued but unpaid interest and interest due as a result of compounding, if any); and (ii) second, to the extent any moneys are remaining in the Senior Bond Fund after the payment of such interest,

to the payment of the principal of and premium, if any, on the Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the Senior Indenture) are insufficient for the payment of the principal of, premium, if any, and interest due on the Series 2020A Senior Bonds on any due date, the Senior Indenture Trustee is to first pay such amounts as are available, proportionally, in accordance with the amount of interest due on each Bond, and secondly apply any remaining amounts to the payment of the principal of and premium, if any, on as many Series 2020A Senior Bonds as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof plus any premium. Series 2020A Senior Bonds or portions thereof to be redeemed pursuant to such partial payment are to be selected by lot from the Series 2020A Senior Bonds the principal of which is due and owing on the due date.

Moneys on deposit in the Senior Bond Fund may be invested or deposited only in Permitted Investments, but in all cases subject to the tax covenants made by the District in the Senior Indenture. See "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Tax Covenants," as well as "TAX MATTERS." Except to the extent otherwise required by such covenants, all interest income from the investment or reinvestment of moneys credited to the Senior Bond Fund is to be credited to the Senior Bond Fund.

The Senior Reserve Fund. Moneys in the Senior Reserve Fund are to be used by the Senior Indenture Trustee, if necessary, only to prevent a default in the payment of the principal of, premium, if any, or interest on the Series 2020A Senior Bonds, and the Senior Reserve Fund is pledged to the payment of the Series 2020A Senior Bonds; provided, however, that Permitted Senior Refunding Bonds (as defined in "APPENDIX D – SELECTED PROVISIONS OF THE SERIES 2020A SENIOR BONDS – Additional Bonds Payable from the Senior Pledged Revenue – Permitted Senior Refunding Bonds") issued to partially refund the Series 2020A Senior Bonds may also be secured by the Senior Reserve Fund in the same fashion as the Series 2020A Senior Bonds, and if so secured, such Permitted Senior Refunding Bonds will have a claim upon the Senior Reserve Fund which ranks pari passu with the claim of the Series 2020A Senior Bonds remaining outstanding after issuance of such Permitted Senior Refunding Bonds.

In the event the amounts credited to the Senior Bond Fund are insufficient to pay the principal of, premium, if any, or interest on the Series 2020A Senior Bonds when due, the Senior Indenture Trustee is to transfer from the Senior Reserve Fund to the Senior Bond Fund an amount which, when combined with moneys in the Senior Bond Fund, will be sufficient to make such payments when due. In the event that moneys in the Senior Bond Fund and the Senior Reserve Fund are together insufficient to make such payments when due, the Senior Indenture Trustee is to nevertheless transfer all moneys in the Senior Reserve Fund to the Senior Bond Fund. The use of moneys released from the Senior Reserve Fund will be subject to any pledges, liens or other encumbrances thereon, including, without limitation, any lien or encumbrance created under the terms of any other Senior Parity Bonds or Subordinate Bonds (within the meaning of the Senior Indenture).

Subject to the receipt of sufficient Senior Pledged Revenue, the Senior Reserve Fund is be maintained thereafter in the amount of the Senior Required Reserve for so long as any Series 2020A Senior Bonds are outstanding. If at any time the Reserve Fund is drawn upon or valued so that the amount of the Senior Reserve Fund is less than the Senior Required Reserve, then the Senior Indenture Trustee is to apply Senior Pledged Revenue to the credit of the Senior Reserve Fund in amounts sufficient to bring the amount credited to the Senior Reserve Fund to the Senior Required Reserve. Such credits are to be made at the earliest practicable time, but in accordance with and subject to the limitations provided in "Application of Senior Pledged Revenue; Flow of Funds" above. Nothing in the Senior Indenture is to be construed as requiring the District to impose an ad valorem mill levy for the purpose of funding the Senior Reserve Fund in excess of the Senior Required Mill Levy.

Moneys on deposit in the Senior Reserve Fund may be invested or deposited only in Permitted Investments, but in all cases subject to the tax covenants made by the District in the Senior Indenture. See "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Tax Covenants," as well as "TAX MATTERS." Except to the extent otherwise required by such covenants, interest income derived from the investment and reinvestment of any moneys in the Senior Reserve Fund is to be credited to the Senior Reserve Fund to the extent necessary to restore the Senior Reserve Fund to the amount of the Senior Required Reserve, and if not needed for such purpose such earnings are to be credited to the Senior Bond Fund.

Investments credited to the Senior Reserve Fund are to be valued on the basis of their current market value, as reasonably determined by the District, which value is to be determined at least annually, and any deficiency resulting from such evaluation is to be replenished as discussed above. The amount credited to the Senior Reserve Fund is never to exceed the amount of the Senior Required Reserve.

The Debt Service Reserve Insurance Policy. The requirement to fund the Senior Reserve Fund in the amount of the Senior Required Reserve will be satisfied initially by the Debt Service Reserve Insurance Policy in the amount of the Senior Required Reserve to be issued concurrently with the delivery of the Series 2020A Senior Bonds by BAM. The Debt Service Reserve Insurance Policy provides that BAM unconditionally and irrevocably agrees to pay to the Paying Agent, subject only to the terms of the Debt Service Reserve Insurance Policy, that portion of the principal of and interest on the Series 2020A Senior Bonds that becomes Due for Payment (as defined in the Debt Service Reserve Insurance Policy) but is unpaid by reason of Nonpayment (as defined in the Debt Service Reserve Insurance Policy) by the District.

Draws on the Debt Service Reserve Insurance Policy are to be repaid to the Bond Insurer by the District pursuant to a Debt Service Reserve Agreement to be entered into by and between the District and BAM. Such draws are to be repaid solely from and to the extent of the Senior Pledged Revenue. The District is to pay BAM any draws under the Debt Service Reserve Insurance Policy and all reasonable charges, fees, costs, losses, liabilities and expenses incurred by BAM, together with interest thereon from the date of payment by BAM at the rate provided in the Debt Service Reserve Agreement. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Debt Service Reserve Insurance Policy will be increased by a like amount, subject to the terms thereof.

See also "BOND INSURANCE – Build America Mutual Assurance Company" hereafter for information regarding the Bond Insurer.

#### **Bond Insurance**

The scheduled payment of principal of and interest on the Series 2020A Senior Bonds when due will be guaranteed under the Municipal Bond Insurance Policy to be issued concurrently with the delivery of the Series 2020A Senior Bonds by the Bond Insurer as discussed hereafter in "BOND INSURANCE."

# Additional Bonds Payable from the Senior Pledged Revenue

Subject to certain conditions, the Senior Indenture permits the District to issue Additional Bonds (defined hereafter) having a lien on the Senior Pledged Revenue or any part thereof on parity with the Series 2020A Senior Bonds (collectively with the Series 2020A Senior Bonds, "Senior Parity Bonds"), as well as Additional Bonds having a lien on the Senior Pledged Revenue or any part thereof that is junior and subordinate to the lien thereon of the Series 2020A Senior Bonds, including the Series 2020B Subordinate Bonds and any additional Subordinate Bonds within the meaning of the Senior Indenture. See "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Additional Bonds Payable from the Senior Pledged Revenue."

Upon issuance of the Bonds, the District will have \$513,060,000 of authorized but unissued general obligation debt. The District has no current plans to issue any Additional Bonds to fund capital

improvements. See "DISTRICT DEBT STRUCTURE – General Obligations – *Available Voter-Approved Borrowing Authority.*"

#### **Additional Provisions of the Senior Indenture**

Included herein as "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE" are selected additional provisions of the Senior Indenture, including those pertaining to, among other things, tax covenants and other general covenants of the District, defaults and remedies, amendments and supplements to the Subordinate Indenture, defeasance and the Senior Indenture Trustee.

#### THE SERIES 2020B SUBORDINATE BONDS

The following is a summary of certain general provisions of the Series 2020B Subordinate Bonds during such time as the Series 2020B Subordinate Bonds are subject to the DTC book-entry system. Reference is hereby made to the Subordinate Indenture for the detailed provisions pertaining to the Series 2020B Subordinate Bonds, including provisions applicable in the event of discontinuance of participation in the DTC book-entry system. See also "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE."

#### Authorization

The Series 2020B Subordinate Bonds are issued under authority of the constitution and laws of the State, including, without limitation, the Refunding Act, the Special District Act and the Supplemental Public Securities Act, and pursuant to the Authorizing Resolution and the Subordinate Indenture. Additionally, the principal amount of the Series 2020B Subordinate Bonds which exceeds the principal amount of the Refunded Obligations was also authorized at the Elections. See "DISTRICT FINANCIAL INFORMATION – Tax, Revenue and Spending Limitations – *TABOR*" and "DISTRICT DEBT STRUCTURE – Authorization."

## **General Provisions**

The Series 2020B Subordinate Bonds will be issued in the aggregate principal amount, bear interest at the rate and mature on the dates set forth on the cover page and inside cover of this Official Statement. Interest on the Series 2020B Subordinate Bonds (computed on the basis of a 360-day year of twelve 30-day months) will accrue from the Issue Date and will be payable annually on each December 15, commencing December 15, 2020, and on the maturity date of the Series 2020B Subordinate Bonds, to the extent of available Subordinate Pledged Revenue until the Series 2020B Subordinate Bonds mature or are redeemed in advance of maturity. Payments of principal and interest in connection with the Series 2020B Subordinate Bonds will be made by the Subordinate Indenture Trustee to Cede & Co. (or subsequent nominee of DTC), as the Owner of the Series 2020B Subordinate Bonds, for subsequent credit to the accounts of the Beneficial Owners of the Series 2020B Subordinate Bonds as discussed "Book-Entry Only Form" below and in "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

Any principal of a Series 2020B Subordinate Bond that is not paid when due will remain outstanding until either paid or the final maturity date as discussed hereafter, and will continue to bear interest at the rate borne by such Series 2020B Subordinate Bond; and any interest on a Series 2020B Subordinate Bond that is not paid when due will compound on each Subordinate Bonds Interest Payment Date at the interest rate borne by such Series 2020B Subordinate Bond. However, the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020B Subordinate Bonds, including all payments of principal, premium, if any, and interest, and all Series 2020B Subordinate Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. *Further*,

under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

# **Book-Entry Only Form**

The Series 2020B Subordinate Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2020B Subordinate Bonds. Beneficial Ownership Interests in the Series 2020B Subordinate Bonds, in non-certificated book-entry only form, may be purchased in Authorized Denominations by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and transfers of such Beneficial Ownership Interests (which may be made only in Authorized Denominations) will be accomplished by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2020B Subordinate Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners of the Series 2020B Subordinate Bonds.

Beneficial Ownership Interests in the Series 2020B Subordinate Bonds will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Series 2020B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

None of the District, the Subordinate Indenture Trustee or the Underwriter will have any responsibility or obligation to any Beneficial Owner of the Series 2020B Subordinate Bonds with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) any notice that is permitted or required to be given to the Owners of the Series 2020B Subordinate Bonds under the Subordinate Indenture, (3) the selection by DTC or any DTC Participant of the recipient of payment in the event of a partial redemption of the Series 2020B Subordinate Bonds, (4) the payment by DTC or any DTC Participant of any amount with respect to the principal of, premium, if any, or interest due with respect to the Owners of the Series 2020B Subordinate Bonds, (5) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2020B Subordinate Bonds or (6) any other related matter.

# **Redemption Prior to Maturity**

Mandatory Redemption. On each November 15, the Subordinate Indenture Trustee is to determine the amount credited to the Subordinate Bond Fund and, to the extent the amount therein is in excess of the amount required to pay interest on the Series 2020B Subordinate Bonds due on the next succeeding interest payment date (including current interest, accrued but unpaid interest and interest due as a result of compounding, if any), the Subordinate Indenture Trustee is to promptly give notice of redemption and take such other actions as necessary to redeem as many Series 2020B Subordinate Bonds as can be redeemed with such excess moneys at a redemption price equal to par plus accrued interest. Such redemptions are to be made by the Subordinate Indenture Trustee on the earliest practicable date, and amounts insufficient to redeem at least one Series 2020B Subordinate Bond in the denomination of \$1,000 is to be retained in the Subordinate Bond Fund. The mandatory redemption provided in this paragraph is to be made by the Subordinate Indenture Trustee without further instruction from the District and notwithstanding any instructions from the District to the contrary. Borrowed moneys are not to be used for the purpose of redeeming principal of the Series 2020B Subordinate Bonds pursuant to this provision. See also "Security and Sources of Payment – The Subordinate Bond Fund" hereafter in this section.

*Optional Redemption*. The Series 2020B Subordinate Bonds are also subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 15,

2025, and on any date thereafter, upon payment of par, accrued interest and a redemption premium of a percentage of the principal amount so redeemed as follows:

<b>Date of Redemption</b>	Redemption Premium
December 15, 2025, to December 14, 2026	103%
December 15, 2026, to December 14, 2027	102%
December 15, 2027, to December 14, 2028	101%
December 15, 2028, and thereafter	100%

Notice of Redemption. In the event any of the Series 2020B Subordinate Bonds or portions thereof are called for prior redemption, notice thereof identifying the Series 2020B Subordinate Bonds or portions thereof to be redeemed is to be given by the Subordinate Indenture Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than 20 days prior to the date fixed for redemption, to the Owner of each Series 2020B Subordinate Bond to be redeemed in whole or in part (initially Cede & Co.) at the address shown on the registration books maintained by or on behalf of the District by the Subordinate Indenture Trustee; provided that so long as the Series 2020B Subordinate Bonds are held by DTC or any other Depository, such notice may be given by electronic means in lieu of mailed notice. The redemption of the Series 2020B Subordinate Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Subordinate Indenture Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice is to be specifically subject to the deposit of funds by the District. Failure to give such notice by mailing to any Owner of a Series 2020B Subordinate Bond, or any defect therein, will not affect the validity of any proceeding for the redemption of other Series 2020B Subordinate Bonds as to which no such failure or defect exists. All Series 2020B Subordinate Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

The Subordinate Indenture Trustee is required to send notice of redemption of the Series 2020B Subordinate Bonds to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests in the Series 2020B Subordinate Bonds to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as discussed in "APPENDIX F – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests in the Series 2020B Subordinate Bonds and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of the Series 2020B Subordinate Bonds of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2020B Subordinate Bonds.

# **Acknowledgment by Owners and Beneficial Owners**

By acceptance of the Series 2020B Subordinate Bonds or any Beneficial Ownership Interest therein, each Owner and Beneficial Owner of the Series 2020B Subordinate Bonds will be deemed to have agreed and consented to all of the limitations in respect of the payment of the principal of, premium, if any, and interest on the Series 2020B Subordinate Bonds contained in the Series 2020B Subordinate Bonds, the Subordinate Indenture, the Authorizing Resolution and the District's Consolidated Service Plan. The Owners and Beneficial Owner of the Series 2020B Subordinate Bonds will also be deemed to have: (a) acknowledged that (i) the Series 2020B Subordinate Bonds are issuable initially only in minimum denominations of \$500,000 and integral multiples of \$1,000 in excess thereof, (ii) the Series 2020B Subordinate Bonds are not being registered under the Securities Act of 1933, as amended, (iii) the Series 2020B Subordinate Bonds are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, and (iv) as of the Issue Date the Series 2020B Subordinate Bonds will not carry a rating from any rating service; (b) acknowledged and agreed that the Series 2020B Subordinate Bonds and any interest therein may and shall be sold, transferred or otherwise disposed of only in Authorized Denominations; and (c) acknowledged and

agreed that the District, the Subordinate Indenture Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, consents and agreements.

# **Security and Sources of Payment**

*Limited Tax Obligations.* The Series 2020B Subordinate Bonds constitute limited tax general obligations of the District which are payable on a basis that is subordinate to the Series 2020A Senior Bonds.

Source of Payment of the Series 2020B Subordinate Bonds; Subordinate Lien. The Series 2020B Subordinate Bonds will be payable solely from certain revenues and funds comprising the Subordinate Trust Estate, including the Subordinate Pledged Revenue and amounts on deposit from time to time in the Subordinate Bond Fund. The Series 2020B Subordinate Bonds constitute an irrevocable but nonexclusive lien on the Subordinate Pledged Revenue, on parity with any future Subordinate Parity Bonds that may be issued or incurred by the District. See "Additional Bonds Payable from the Subordinate Pledged Revenue" hereafter in this section.

The creation, perfection, enforcement and priority of the pledge of the Subordinate Pledged Revenue to secure or pay the Series 2020B Subordinate Bonds are governed by the Supplemental Act and the Subordinate Indenture. The Subordinate Pledged Revenue is subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge on the Subordinate Pledged Revenue will be on a parity with any Subordinate Parity Bonds, will have priority over any and all other obligations and liabilities of the District and will be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the District irrespective of whether such persons have notice of such liens.

Cash Flow Nature of the Series 2020B Subordinate Bonds; Result of Insufficiency of Subordinate Pledged Revenue. The Series 2020B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2020B Subordinate Bonds is payable on each Series 2020B Subordinate Bonds Interest Payment Date solely from and to the extent of any Subordinate Pledged Revenue available therefor. There are no scheduled payments of principal of the Series 2020B Subordinate Bonds prior to their maturity date, but rather the Series 2020B Subordinate Bonds are subject to mandatory redemption in part on each Series 2020B Subordinate Bonds Mandatory Redemption Date and upon the maturity date of the Series 2020B Subordinate Bonds to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to the applicable Series 2020B Subordinate Bonds Mandatory Redemption Date, as more particularly described in "Redemption Prior to Maturity – Mandatory Redemption" and "Subordinate Bond Fund" in this section.

The Financial Projection forecasts that, while Subordinate Pledged Revenue will be available to pay interest on the Series 2020B Subordinate Bonds beginning in 2020, there will be shortfalls in such interest payments in years 2021 through 2025 (and accrued but unpaid interest will not be fully paid until 2030), and, with the exception of a principal payment on December 15, 2020, there will be no Subordinate Pledged Revenue to pay principal on the Series 2020B Subordinate Bonds until 2030. See "APPENDIX B – FINANCIAL PROJECTION," as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risks Inherent in Forward-Looking Statements" and "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements."

The Subordinate Pledged Revenue and the amounts available in the funds pledged to the payment of the Series 2020B Subordinate Bonds may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2020B Subordinate Bonds when due. However, so long as the District neither fails nor refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture, the inability of the District to pay the principal of, premium, if any, or interest on the Series 2020B Subordinate Bonds when due will not constitute a Subordinate Indenture Event of Default. Any principal of a Series 2020B Subordinate Bond that is not paid when due will remain outstanding until either paid or the final maturity date as discussed hereafter, and any interest on a Series

2020B Subordinate Bond that is not paid when due will compound annually on each Subordinate Bonds Interest Payment Date at the interest rate borne by such Series 2020B Subordinate Bond; provided, however, that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020B Subordinate Bonds, and all Series 2020B Subordinate Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. Further, under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

The Subordinate Pledged Revenue. The Subordinate Pledged Revenue is defined in the Subordinate Indenture as the moneys derived by the District from (i) the Subordinate Required Mill Levy, (ii) the Subordinate Capital Fee Revenue (if any), (iii) the Subordinate Pledged Specific Ownership Taxes, and (iv) after any amounts due on the Series 2020A Senior Bonds, any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue. Each of these sources of Subordinate Pledged Revenue is discussed in the greater detail hereafter.

<u>Subordinate Required Mill Levy</u>. The Subordinate Pledged Revenue is expected to be comprised primarily of the revenue to be derived from the Subordinate Required Mill Levy, which for purposes of the Subordinate Indenture means the following:

- The Subordinate Required Mill Levy is to be imposed each year in the amount of 51 mills (after payments of any amounts due on the Series 2020A Senior Bonds), subject to adjustment as described below, less the amount of the Senior Bond Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Series 2020B Subordinate Bonds in full; provided, however, that such Subordinate Required Mill Levy is required to be increased or decreased to reflect any changes in the method of calculating assessed valuation after the issue date of the Bonds, which increases or decreases are to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the Subordinate Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation will be deemed to be a change in the method of calculating assessed valuation. The rate of assessment of residential property was reduced from 7.20% to 7.15% of statutory "actual" value for property tax years commencing on and after January 1, 2019. See "DISTRICT FINANCIAL INFORMATION - Ad Valorem Property Taxes – Determination of Assessed Value."
- Notwithstanding the foregoing, in no event is the Subordinate Required Mill Levy to be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated above would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy is to be reduced to the point that such maximum tax increase is not exceeded.
- Any Subordinate PILOT Revenue received by the District as a result of the imposition of the Subordinate Required Mill Levy is also pledged and treated under the Subordinate Indenture in the same fashion as ad valorem mill levy revenues derived from the Subordinate Required Mill Levy. The District has no PILOT arrangements in place at the present time.

It is the intent of the Subordinate Indenture that if the amount of the Senior Bond Mill Levy equals or exceeds 51 mills (as adjusted) in any year, the Subordinate Required Mill Levy for that

year will be zero. See "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – The Senior Pledged Revenue – <u>Senior Required Mill Levy</u>," "DEBT SERVICE REQUIREMENTS," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – District Property Tax Data" and "APPENDIX B – FINANCIAL PROJECTION."

The Series 2020B Subordinate Bonds are not secured directly by any lien on property located within the District, but rather by the District's covenant to cause to be levied by the Board of County Commissioners of Weld County, on all of the taxable property in the District, in addition to all other taxes, direct annual taxes in each of the years 2020 to 2048 (for collection in 2049), inclusive in the amount of the Subordinate Required Mill Levy for the foregoing purposes. Such annual levy for debt service creates a statutory tax lien that may be enforced to the extent that taxes are delinquent in a given year. See "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Property Tax Collections*." The District is not required to levy an ad valorem property tax for such purposes in excess of the Subordinate Required Mill Levy.

See generally "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – District Property Tax Data."

<u>Subordinate Capital Fee Revenue</u>. The Subordinate Pledged Revenue also includes any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of any Senior Parity Bonds. *The District currently neither imposes, nor plans to impose, any Capital Fees*. See also "DISTRICT FINANCIAL INFORMATION – Fees."

<u>Subordinate Pledged Specific Ownership Taxes</u>. The Subordinate Pledged Revenue also includes the portion of the Specific Ownership Taxes, if any, which is collected as a result of the imposition of the Subordinate Required Mill Levy. See "DISTRICT FINANCIAL INFORMATION – Specific Ownership Taxes."

<u>Other</u>. The Subordinate Pledged Revenue also includes any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue.

Application of Subordinate Pledged Revenue; Flow of Funds. The Subordinate Indenture provides that the District is to transfer all amounts comprising Subordinate Pledged Revenue to the Subordinate Indenture Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District; provided, however, that in the event that the total amount of Subordinate Pledged Revenue received by the District in a calendar month is less than \$50,000, the Subordinate Pledged Revenue received in such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Subordinate Pledged Revenue received in January, February or March, no later than July 15th for Subordinate Pledged Revenue received in April, May or June, no later than October 15th for Subordinate Pledged Revenue received in July, August or September, and no later than January 15th for Subordinate Pledged Revenue received in October, November or December). IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE. In addition, in order to assure the proper application of moneys constituting Subordinate Pledged Revenue, on and after the date of issuance of any Additional Bonds (within the meaning of the Subordinate Indenture) payable in whole or in part from moneys described in the second priority below but having no claim on moneys described in the first priority below ("Second Subordinate Bonds"), the District is to also transfer or make available to the Subordinate Indenture Trustee all moneys pledged to the payment of such other Subordinate Parity Bonds or Second Subordinate Bonds which are derived from ad valorem taxes of the District, Specific Ownership Taxes or Capital Fees, if any, and any such moneys are to constitute part of the Subordinate Trust Estate. The Subordinate Indenture Trustee is to apply the Subordinate

Pledged Revenue and such other moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered "waterfall" structure in which no Subordinate Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided in the Subordinate Indenture; (ii) when credits to more than one fund, account or purpose are required at any single priority level, such credits will rank *pari passu* with each other; and (iii) when credits are required to go to funds or accounts which are not held by the Subordinate Indenture Trustee under the Subordinate Indenture, the Subordinate Indenture Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

FIRST: To the Trustee, in an amount sufficient to pay the Trustee Fees then due and payable;

SECOND: To the credit of the Subordinate Bond Fund the amounts specified in "The Subordinate Bond Fund" below, and to the credit of any other similar fund or account established for the payment of the principal of, premium, if any, and interest on any additional Subordinate Bonds (within the meaning of the Subordinate Indenture as defined in "APPENDIX E — SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE — Additional Bonds Payable from the Subordinate Pledged Revenue — Subordinate Bonds Defined"), including any sinking fund, reserve fund or similar fund or account established in connection with such additional Subordinate Bonds, the amounts required by the documents pursuant to which such additional Subordinate Bonds are issued; and

THIRD: To the credit of any other fund or account as may be designated by the District to be used for any lawful purpose (including, without limitation, the payment of any Second Subordinate Bonds), any Subordinate Pledged Revenue remaining after the payments and accumulations.

The Subordinate Bond Fund. For so long as the Series 2020B Subordinate Bonds are the only Subordinate Bonds (within the meaning of the Subordinate Indenture) then outstanding, all Subordinate Pledged Revenue received by the Subordinate Indenture Trustee is to be credited to the Subordinate Bond Fund until the amount therein is sufficient to fully pay, satisfy and discharge all of the Series 2020B Subordinate Bonds. If any Subordinate Bonds (within the meaning of the Subordinate Indenture) other than the Series 2020B Subordinate Bonds are issued, the District is to so inform the Subordinate Indenture Trustee in writing, and thereafter the Subordinate Pledged Revenue is to be allocated between the Series 2020B Subordinate Bonds and such other Subordinate Bonds on a pro rata basis in accordance with the relative outstanding principal amounts of such issues.

Moneys in the Subordinate Bond Fund are to be used by the Subordinate Indenture Trustee solely to pay the principal of, premium, if any, and interest on the Series 2020B Subordinate Bonds in the following order: (i) first to the payment of interest due in connection with the Series 2020B Subordinate Bonds (including, without limitation, current interest, accrued but unpaid interest and interest due as a result of compounding, if any); and (ii) second to the extent any moneys are remaining in the Subordinate Bond Fund after the payment of such interest, to the payment of the principal of the Series 2020B Subordinate Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Subordinate Bond Fund are insufficient for the payment of the principal of and interest due on the Series 2020B Subordinate Bonds on any due date, the Subordinate Indenture Trustee is to apply such amounts on such due date first to pay such amounts as are available, proportionally, in accordance with the amount of interest due on each Series 2020B Subordinate Bond, and then to the payment of the principal of as many Series 2020B Subordinate Bonds as can be paid with such remaining amounts, such payments to be in increments of \$1,000 or any integral multiple thereof. Series 2020B Subordinate Bonds or portions thereof to be redeemed pursuant to such partial payment are to be selected by lot from the Series 2020B Subordinate Bonds the principal of which is due and owing on the due date.

Moneys on deposit in the Subordinate Bond Fund may be invested or deposited only in Permitted Investments, but in all cases subject to the tax covenants made by the District in the Subordinate Indenture. See "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Tax Covenants," as well as "TAX MATTERS." Except to the extent otherwise required by such covenants, all earnings from the investment or reinvestment of moneys on deposit in the Subordinate Bond Fund are to be credited the Bond Payment Account.

See also "Redemption Prior to Maturity – *Mandatory Redemption*" in this section.

# Additional Bonds Payable from the Subordinate Pledged Revenue

Subject to certain conditions, the Subordinate Indenture permits the District to issue additional Subordinate Bonds (within the meaning of the Subordinate Indenture), as well as Second Subordinate Bonds. See "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Additional Bonds Payable from the Subordinate Pledged Revenue" and "DISTRICT DEBT STRUCTURE – General Obligations – *Available Voter-Approved Borrowing Authority*," as well as "THE SERIES 2020 BONDS – Security and Sources of Payment – *Additional Bonds Payable from the Senior Pledged Revenue*."

## **Additional Provisions of the Subordinate Indenture**

Included herein as "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE" are selected additional provisions of the Subordinate Indenture, including those pertaining to, among other things, tax covenants and other general covenants of the District, defaults and remedies, amendments and supplements to the Subordinate Indenture, defeasance and the Subordinate Indenture Trustee.

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## **DEBT SERVICE REQUIREMENTS**

The following table sets forth the scheduled debt service requirements to maturity for the Series 2020A Senior Bonds and the forecast debt service payments for the Series 2020B Subordinate Bonds.

## **Debt Service Requirements for the Bonds**

(Totals may not add due to rounding)

	Series	s 2020A Senio	r Bonds	Series 2020B Subordinate Bonds <sup>1</sup>			Annual	
<b>Year</b>	Principal <sup>2</sup>	Interest <sup>3</sup>	<u>Total</u>	Principal <sup>4</sup>	Interest <sup>3</sup>	<u>Total</u>	<u>Total</u>	
2020	\$300,000	\$445,629	\$745,629		\$447,333	\$447,333	\$1,192,962	
2021	195,000	763,767	958,767		732,000	732,000	1,690,767	
2022	270,000	754,019	1,024,019		732,000	732,000	1,756,019	
2023	280,000	740,519	1,020,519		732,000	732,000	1,752,519	
2024	315,000	726,519	1,041,519		732,000	732,000	1,773,519	
2025	330,000	710,769	1,040,769		732,000	732,000	1,772,769	
2026	370,000	694,269	1,064,269		732,000	732,000	1,796,269	
2027	385,000	675,769	1,060,769		732,000	732,000	1,792,769	
2028	430,000	656,519	1,086,519		732,000	732,000	1,818,519	
2029	450,000	635,019	1,085,019		732,000	732,000	1,817,019	
2030	490,000	617,019	1,107,019	\$44,000	732,000	776,000	1,883,019	
2031	510,000	597,419	1,107,419	294,000	728,645	1,022,645	2,130,064	
2032	550,000	577,019	1,127,019	358,000	706,228	1,064,228	2,191,247	
2033	575,000	555,019	1,130,019	384,000	678,930	1,062,930	2,192,949	
2034	615,000	537,769	1,152,769	435,000	649,650	1,084,650	2,237,419	
2035	640,000	513,169	1,153,169	468,000	616,481	1,084,481	2,237,650	
2036	685,000	487,569	1,172,569	528,000	580,796	1,108,796	2,281,365	
2037	715,000	460,169	1,175,169	567,000	540,536	1,107,536	2,282,705	
2038	760,000	437,825	1,197,825	632,000	497,303	1,129,303	2,327,128	
2039	785,000	413,125	1,198,125	681,000	449,113	1,130,113	2,328,238	
2040	835,000	387,613	1,222,613	754,000	397,186	1,151,186	2,373,799	
2041	860,000	360,475	1,220,475	815,000	339,694	1,154,694	2,375,169	
2042	920,000	328,150	1,248,150	896,000	277,550	1,173,550	2,421,700	
2043	955,000	293,575	1,248,575	964,000	209,230	1,173,230	2,421,805	
2044	1,015,000	257,675	1,272,675	1,062,000	135,725	1,197,725	2,470,400	
2045	1,050,000	219,500	1,269,500	718,000	54,748	772,748	2,042,248	
2046	1,120,000	180,000	1,300,000				1,300,000	
2047	1,160,000	137,875	1,297,875				1,297,875	
2048	1,230,000	94,250	1,324,250				1,324,250	
2049	1,275,000	<u>47,975</u>	1,322,975			<u></u>	1,322,975	
	\$ <u>20,070,000</u>	\$ <u>14,305,988</u>	\$ <u>34,375,988</u>	\$ <u>9,600,000</u>	\$ <u>14,629,148</u>	\$ <u>24,229,148</u>	\$ <u>58,605,136</u>	

Principal and interest on the Series 2020B Subordinate Bonds are payable solely from and to the extent of Subordinate Pledged Revenue. The amounts set forth in this table are the projected payments of principal of and interest on the Series 2020B Subordinate Bonds as set forth in the Financial Projection based upon the assumptions stated therein. No assurance is given that the level of Subordinate Pledged Revenue projected in the Financial Projection will be achieved or that payment of the principal of or interest on the Series 2020B Subordinate Bonds will be paid as set forth in this table. Failure to pay the amounts set forth above with respect to the Series 2020B Subordinate Bonds will not constitute a Subordinate Indenture Event of Default. See "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – Cash Flow Nature of Series 2020B Subordinate Bonds; Result of Insufficiency of Subordinate Pledged Revenue" and "APPENDIX B – FINANCIAL PROJECTION."

<sup>&</sup>lt;sup>2</sup> See "THE SERIES 2020A SENIOR BONDS – Redemption Prior to Maturity – *Mandatory Sinking Fund Redemption*."

<sup>&</sup>lt;sup>3</sup> See the inside front cover of this Official Statement for the interest rates on the Bonds.

<sup>&</sup>lt;sup>4</sup> See "THE SERIES 2020B SUBORDINATE BONDS – Redemption Prior to Maturity – *Mandatory Redemption*." Source: The Underwriter and the Financial Projection.

## FINANCIAL PROJECTION

A Forecasted Surplus Cash Balances and Cash Receipts and Disbursements of the District for calendar years 2020 through 2050 has been prepared for the District by Simmons & Wheeler, P.C., Certified Public Accountants, Englewood, Colorado, and is appended in its entirety to this Official Statement. The Financial Projection was prepared for the purpose of providing information to the District regarding the District's ability to meet the debt service requirements of the Bonds when due, and, among other things, includes a schedule of the estimated future assessed valuation of the District. The Financial Projection is based on specific information and assumptions stated therein. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management, and does not include an evaluation of the support for the assumptions underlying the forecast. The Financial Projection should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein.

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the Financial Projection will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein that the results of the Financial Projection will be realized. See "APPENDIX B – FINANCIAL PROJECTION," as well as "PRELIMINARY NOTICES – Cautionary Statement Regarding Forecasts, Estimates and Other Forward Looking Statements" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risks Inherent in Forward-Looking Statements."

In addition, the Financial Projection assumes continued growth of assessed valuation within the District, including growth attributable to the construction, completion and sale of new homes within the District. Such growth will be dependent, in part, on the ability of homebuilders to access necessary capital to purchase lots and construct homes on such lots. There can be no assurance that the homebuilders will be able to access such necessary capital. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS--Reliance on Increase in District Assessed Valuation; Factors Affecting District Assessed Valuation" below.

## RISKS AND OTHER INVESTMENT CONSIDERATIONS

The following is a discussion of certain risks and other factors to be considered in connection with a prospective investment in the Bonds. Prospective investors should fully understand and evaluate these risks and other factors, as well as the information set forth elsewhere in this Official Statement, in order to make an informed investment decision. Each prospective investor is urged to consult with its own legal, financial and tax advisors to determine whether an investment in the Bonds is appropriate for such prospective investor.

This section is not intended to be an exhaustive list of all risks associated with an investment in the Bonds, nor are the risks set forth in this section necessarily presented in order of relevance, materiality or importance.

# **Factors Affecting the Series 2020A Senior Bonds Only**

Series 2020A Senior Bonds Constitute Limited Tax Obligations. The Series 2020A Senior Bonds will constitute limited tax obligations of the District payable solely from and to the extent of the Senior Pledged Revenue, consisting primarily of the revenue derived from ad valorem property taxes that may be levied against taxable property within the District only to the extent of the Senior Required Mill Levy of 51 mills (subject to adjustment as described herein), as well as from the Senior Pledged Specific Ownership Taxes, Capital Fees (if any) and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue. The

Series 2020A Senior Bonds are also payable from amounts on deposit in the Senior Reserve Fund. The Series 2020A Senior Bonds are not secured by any lien or mortgage on or security interest in any property other than the Senior Pledged Revenue and the moneys and investments held in the Senior Bond Fund and the Senior Reserve Fund to the extent provided in the Senior Indenture. See generally "THE SERIES 2020 BONDS – Security and Sources of Payment" and "DISTRICT FINANCIAL INFORMATION."

Inability to Pay the Series 2020A Senior Bonds Not Necessarily a Senior Indenture Event of Default. So long as the District neither fails nor refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the terms of the Senior Indenture, the inability of the District to pay the Series 2020A Senior Bonds when due will not constitute a Senior Indenture Event of Default. Any principal of a Series 2020A Senior Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2020A Senior Bond that is not paid when due will compound semiannually on each Senior Bonds Interest Payment Date at the interest rate borne by such Series 2020A Senior Bond; provided, however, that the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020A Senior Bonds, and all Series 2020A Senior Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. Further, under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds shall be deemed to be discharged and paid in full.

See "THE SERIES 2020A SENIOR BONDS – General Provisions – Security and Sources of Payment – *Limited Tax Obligations* – *The Senior Pledged Revenue*," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *General*," "FINANCIAL PROJECTION" and "APPENDIX B – FINANCIAL PROJECTION."

# **Factors Affecting the Series 2020B Subordinate Bonds Only**

Series 2020B Subordinate Bonds Constitute Limited Tax Obligations. The Series 2020B Subordinate Bonds will constitute Limited Tax Obligations of the District payable solely from and to the extent of the Subordinate Pledged Revenue, consisting primarily of the revenue derived from ad valorem property taxes that may be levied against taxable property within the District only to the extent of the Subordinate Required Mill Levy of 51 mills (subject to adjustment as described herein) less the Senior Required Mill Levy, as well as from the Subordinate Capital Fee Revenue (if any), the Subordinate Pledged Specific Ownership Taxes and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue. The Series 2020B Subordinate Bonds are not secured by any lien or mortgage on or security interest in any property other than the Subordinate Pledged Revenue and the moneys and investments held in the Subordinate Bond Fund to the extent provided in the Subordinate Indenture. See generally "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment" and "DISTRICT FINANCIAL INFORMATION."

Subordinate Required Mill Levy Subordinate to the Obligation to Impose the Senior Required Mill Levy. The Subordinate Required Mill Levy is limited over the entire term of the Series 2020B Subordinate Bonds to a net levy of 51 mills (as adjusted) less the rate of the Senior Required Mill Levy. See "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – The Subordinate Pledged Revenue – Subordinate Required Mill Levy," "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – The Senior Pledged Revenue – Senior Required Mill Levy," "DEBT SERVICE REQUIREMENTS," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – District Property Tax Data."

Cash Flow Nature of the Series 2020B Subordinate Bonds. The Series 2020B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2020B Subordinate Bonds is payable on each Series 2020B Subordinate Bonds Interest Payment Date and on the maturity date of the Series 2020B Subordinate Bonds to the extent of any Subordinate Pledged Revenue available therefor. There are no scheduled payments of principal of the Series 2020B Subordinate Bonds prior to their maturity date, but

rather the Series 2020B Subordinate Bonds are subject to mandatory redemption on each Series 2020B Subordinate Bonds Mandatory Redemption Date to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to the applicable Series 2020B Subordinate Bonds Mandatory Redemption Date and subject to any minimum requirements with respect to the principal amount of Series 2020B Subordinate Bonds to be redeemed as provided in the Subordinate Indenture, as more particularly described in "THE SERIES 2020B SUBORDINATE BONDS – Redemption Prior to Maturity – *Mandatory Redemption* – Security and Sources of Payment – *Subordinate Bond Fund*." See also "THE SERIES 2020B SUBORDINATE BONDS – General Provisions," as well as "*Inability to Pay the Series 2020B Subordinate Bonds Not Necessarily a Subordinate Indenture Event of Default*" and "*Bonds Deemed to be Paid on the Final Maturity Date*" hereafter.

The Financial Projection forecasts that, while Subordinate Pledged Revenue will be available to pay interest on the Series 2020B Subordinate Bonds beginning in 2020, there will be shortfalls in such interest payments in years 2021 through 2025 (and accrued but unpaid interest will not be fully paid until 2030), and, with the exception of a principal payment on December 15, 2020, there will be no Subordinate Pledged Revenue to pay principal on the Series 2020B Subordinate Bonds until 2030. See "DEBT SERVICE REQUIREMENTS" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risks Inherent in Forward-Looking Statements" and "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements."

Inability to Pay the Series 2020B Subordinate Bonds Not Necessarily a Subordinate Indenture Event of Default. So long as the District neither fails nor refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the terms of the Subordinate Indenture, the inability of the District to pay the Series 2020B Subordinate Bonds when due will not constitute a Subordinate Indenture Event of Default. Rather, the Series 2020B Subordinate Bonds will be payable as discussed in "Cash Flow Nature of the Series 2020B Subordinate Bonds" above. In no event, however, will the District be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2020B Subordinate Bonds, and all Series 2020B Subordinate Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. See "THE SERIES 2020B SUBORDINATE BONDS – General Provisions – Security and Sources of Payment – Cash Flow Nature of the Series 2020B Subordinate Bonds; Result of Insufficiency of Subordinate Pledged Revenue," "FINANCIAL PROJECTION" and "APPENDIX B – FINANCIAL PROJECTION," as well as "Bonds Deemed to be Paid on the Final Maturity Date" hereafter.

Limited Offering of the Series 2020B Subordinate Bonds; Restrictions on Purchase; Investor Suitability. The offering of the Series 2020B Subordinate Bonds is being made to a limited number of knowledgeable and experienced investors who are not purchasing with a view to distributing the Series 2020B Subordinate Bonds. Each purchaser must be a "financial institution or institutional investor" within the meaning of §32-1-1101 (6)(a)(IV), C.R.S., who have executed an investor letter in the form attached as APPENDIX J hereto. Moreover, the Series 2020B Subordinate Bonds are being issued in minimum initial denominations of \$500,000.

The foregoing standards are minimum requirements for prospective purchasers of the Series 2020B Subordinate Bonds. The satisfaction of such standards does not necessarily mean that the Series 2020B Subordinate Bonds are a suitable investment for a prospective investor. Accordingly, each prospective investor is urged to consult with its own legal, tax and financial advisors to determine whether an investment in the Series 2020B Subordinate Bonds is appropriate in light of its individual legal, tax and financial situation.

No Credit Rating on the Series 2020B Subordinate Bonds; Risk of Investment. The Series 2020B Subordinate Bonds do not have a credit rating from any source and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Series 2020B Subordinate Bonds and must be able to bear the economic risk of such investment in the

Series 2020B Subordinate Bonds. By purchasing the Series 2020B Subordinate Bonds, each purchaser represents that it is a "financial institution or institutional investor" within the meaning of §32-1-1101 (6)(a)(IV), C.R.S., who have executed an investor letter in the form attached as APPENDIX J hereto, with sufficient knowledge and experience in financial and business matters, including the purchase and ownership of non-rated tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Series 2020B Subordinate Bonds.

#### **Bonds Deemed to be Paid on the Termination Date**

Under the terms of the District's Service Plan, any outstanding principal or accrued interest that remains unpaid upon final maturity of the Bonds (the "Termination Date") shall be deemed to be discharged and paid in full. In light of this restriction the Indentures provide that the Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the Termination Date, regardless of the amount of principal and interest paid prior to the Termination Date.

# Reliance on Increase in District Assessed Valuation; Factors Affecting District Assessed Valuation

The Series 2020A Senior Bonds will be payable solely from the Senior Pledged Revenue and the amounts on deposit from time to time in the funds established by the Senior Indenture, and the Series 2020B Subordinate Bonds will be payable solely from the Subordinate Pledged Revenue and the amounts on deposit from time to time in the funds established by the Subordinate Indenture. It is expected that the Senior Pledged Revenue and the Subordinate Pledged Revenue will consist primarily of the revenue derived from the Senior Required Mill Levy and the Subordinate Required Mill Levy, respectively, all of which are limited as to rate. Consequently, the amount of Senior Pledged Revenue and Subordinate Pledged Revenue that can be generated from the amounts received from the Senior Required Mill Levy and the Subordinate Required Mill Levy will depend on the District's assessed valuation. The District's 2019 assessed valuation is \$24,279,940. There can be no assurance that development in the District will occur as planned or result in the assessed valuation of taxable property in the District being sufficient for the District to generate Senior Pledged Revenue and Subordinate Pledged Revenue from the Senior Required Mill Levy and from the Subordinate Required Mill Levy in the amount required to pay the debt service requirements of the Bonds when due. The Senior Required Mill Levy is limited to 51 mills (subject to adjustment), and the Subordinate Required Mill Levy is limited to 51 mills (subject to adjustment) less the amount of the Senior Required Mill Levy. Under no circumstances can the District be compelled to levy more than the Senior Required Mill Levy and the Subordinate Required Mill Levy to pay the Series 2020A Senior Bonds and the Series 2020B Subordinate Bonds, respectively. See "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – The Senior Pledged Revenue - Senior Required Mill Levy," "THE SERIES 2020B SUBORDINATE BONDS -Security and Sources of Payment – The Subordinate Pledged Revenue – Subordinate Required Mill Levy," "DISTRICT FINANCIAL INFORMATION - Ad Valorem Property Taxes - District Property Tax Data," and "DEVELOPMENT INFORMATION."

As noted above, the increase in assessed valuation of the District will depend primarily upon the occurrence of the planned development in the District as described herein, which cannot be assured. Such development could be adversely affected by a number of factors that are beyond the control of the District or the Developer, including, without limitation, the demand for the type of homes and commercial property offered in the Development, competitive factors, changes in the federal income tax treatment of interest on home mortgages, governmental policies with respect to new development, the adoption of anti-growth initiatives, general economic conditions, construction costs, the availability of construction financing and building supplies, labor conditions, weather conditions, unforeseen geological factors and other economic, political and legal conditions, including an increase in the property tax mill levies of the District resulting from the automatic adjustment of the Senior Required Mill Levy and the Subordinate Required Mill Levy (see "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – *The Senior Pledged Revenue – Senior Required Mill Levy*" and "THE SERIES 2020B SUBORDINATE BONDS – Security

and Sources of Payment – *The Subordinate Pledged Revenue* – <u>Subordinate Required Mill Levy</u>." The District makes no representation or assurance regarding projected development plans or the rate of additional development in the District. See, however, "DEVELOPMENT INFORMATION."

The Tax Cuts and Jobs Act, which was signed into law by the President on December 22, 2017, revised the federal Tax Code in several respects, including, but not limited to, the deductions for interest on home mortgages and state and local taxes. The impact that any change to the Tax Code may have on the pace of absorption in the Development, the product type ultimately constructed in the development and resulting initial property values and the increase (or decrease) in property values during the term of the Bonds cannot be predicted and has not been assessed in the Market Study or the Financial Projection. See also "TAX MATTERS."

The assessed valuation of property in the District will be determined by the County Assessor as described in "FINANCIAL INFORMATION CONCERNING THE DISTRICT - Ad Valorem Property Taxes." Such assessed valuation may decline from time to time as the result of a variety of factors. For example, all taxable property is reassessed every two years and may fluctuate based upon market and other economic factors. In addition, property owners are entitled to challenge the valuations of their property each year. A reduction in the assessed valuation of the District would require a corresponding increase in the rate of the Senior Required Mill Levy and the Subordinate Required Mill Levy (within the limitations of the Senior Indenture and the Subordinate Indenture, respectively) of the District in order to pay the Bonds when due, and therefore would increase the risk of nonpayment of the Bonds. The assessed valuation of the District may also decline as the result of a future reduction in the residential assessment rate mandated by State law (which rate was reduced beginning with the 2017 assessment year as discussed herein and is forecast by the Colorado Legislative Council Staff to decline further for the 2019-2020 assessment years), although in such case the Senior Required Mill Levy and the Subordinate Required Mill Levy are subject to automatic adjustment to maintain the same level of revenues from the Senior Required Mill Levy and the Subordinate Required Mill Levy as would have been received absent such change in assessment rate. See generally "THE SERIES 2020A SENIOR BONDS - Security and Sources of Payment - The Senior Pledged Revenue - Senior Required Mill Levy," "FINANCIAL PROJECTION," "THE SERIES 2020B SUBORDINATE BONDS - Security and Sources of Payment - The Subordinate Pledged Revenue -Subordinate Required Mill Levy," and "FINANCIAL INFORMATION CONCERNING THE DISTRICT As Valorem Property Taxes – Property Tax Statistics," "APPENDIX B – FINANCIAL PROJECTION" and "APPENDIX C - MARKET STUDY."

# Dependence Upon Timely Payment of Property Taxes; Marketability of Property

Delinquency in the payment of property taxes by the owners of property in the District may impair the District's ability to pay the Bonds in a timely manner. Property taxes do not constitute a personal obligation of the property owner, but rather constitute a lien against the taxed property until paid. To enforce the payment of delinquent property taxes, the County Treasurer has the power to foreclose upon and sell the subject property in the manner provided by law. However, this remedy can be time consuming, and any such tax sale may be only for the amount of taxes and fees due and unpaid for the particular tax year. Regardless of the level at which property is assessed for ad valorem tax purposes, the District's ability to enforce and collect the taxes generated by the Senior Required Mill Levy and the Subordinate Required Mill Levy is dependent upon the property in the District having a sufficient market value to support the taxes that are imposed against it. No assurance can be given as to the future market values of property in the District. See also "Foreclosures" hereafter, as well as "FINANCIAL PROJECTION," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Property Tax Collections*" and "APPENDIX B – FINANCIAL PROJECTION."

#### **Foreclosures**

The District's ability to collect property tax revenue for timely payment of the Bonds will depend not only on development within the District, but also on the maintenance of an adequate tax base from which the District can collect sufficient property tax revenue from the imposition of the Senior Required Mill Levy and the Subordinate Required Mill Levy, which could be negatively affected by the occurrence of lender foreclosures of property in the District as well as in the vicinity of the District. Under current State law, if a borrower is approximately three months late with payment, and if the lender so requests, the public trustee of the county in which the property is located will send the borrower a "Notice of Election and Demand," which officially places the property in foreclosure. Such filings can be "cured" or "withdrawn" before the property is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. The period between a foreclosure filing and a foreclosure sale at auction must be at least 120 days, but in some cases this period can actually last much longer. The current foreclosure timeline, which has been in effect since 2008, was modified to allow for a longer cure period and ended the use of the "redemption period" concept.

Property owned by a lending institution as a result of a foreclosure is typically resold in the market at a depressed price, which results in a decrease in the assessed valuation of such property. In addition, a home foreclosure may have an immediate and/or long-term effect of depressing home prices in the surrounding area. The number of foreclosed homes re-entering the market at lower prices may result in a reduction of demand for new construction housing. Increased foreclosure rates could also cause lenders to tighten their lending practices and decrease their approvals of home loans, making it more difficult for potential homebuyers to finance home acquisitions. Such changes in lending practices could have an impact on the rate of home sales within the District.

## **COVID-19 Risks (Coronavirus)**

The spread of the coronavirus disease 2019 ("COVID-19") is currently altering the behavior of businesses and people in a manner that is having significant negative effects on global, national, and local economies. In addition, financial markets in the United States and globally have seen significant declines attributed, at least in part, to COVID-19 concerns. State and local governments, including the State of Colorado, have announced orders, recommendations and other measures intended to limit the size of public gatherings and regulate public spaces, including bars, restaurants, health clubs and movie theatres, intended to minimize inter-personal contact and slow the spread of COVID-19. Currently, public health orders implemented throughout the country (including in Colorado) include limiting restaurants, bars, health clubs, theatres, and other public spaces to a percentage of their maximum lawful occupancy or ordering the closing of such spaces entirely, limiting restaurant service to carry-out, and other limitations. So called "shelter-in-place" orders have been implemented in several states, including Colorado. These measures are changing rapidly. Travel restrictions have been imposed and local and regional business travel has been severely curtailed. Unemployment claims are rising rapidly in many areas due to these developments. The Colorado Department of Public Health and Environment ("CDPHE") provides information relating to COVID-19 and related developments in the State of Colorado on its website, <a href="https://colorado.gov/cdphe/">https://colorado.gov/cdphe/</a>.\*

On March 20, 2020 the Board of County Commissioners of Weld County sent a letter to Governor Polis requesting legislation or an executive order which would (a) extend property tax due dates farther into 2020, and (b) suspend or lower the interest rates for late property tax payments. It is unknown whether any such legislation or executive orders will occur; however, if these or similar concepts are adopted into law, they could result in delays in the receipt of property tax revenue to the District.

The District cannot predict (i) the duration or extent of the COVID-19 pandemic; (ii) the duration or expansion of related business closings, public health orders, or regulations and legislation; (iii) what effect the COVID-19 pandemic will continue to have on global, national, and local economies, including the land development business; (iv) the impact the COVID-19 pandemic will have on the future development and appreciation of the property within the District, and therefore the impact the pandemic will have on future Senior Pledged Revenue and Subordinate Pledged Revenue; or (v) the impact COVID-

<sup>\*</sup> References to website addresses presented herein are for informational purposes only. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

19 may have on the District's financial condition or the market price of the Bonds. *There can be no assurance that COVID-19 will not have a materially negative impact on the Senior Pledged Revenue and the Subordinate Pledged Revenue.* 

# **Risks Inherent in Forward-Looking Statements**

This Official Statement, including the Financial Projection and the Market Study contain various statements and forecasts based on the assumptions specified herein and therein. Such statements and forecasts constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, and as such may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statement. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See "FINANCIAL PROJECTION," "APPENDIX C – MARKET STUDY" and "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements."

The District has retained Metrostudy, a Hanley Company ("Metrostudy"), to prepare market analysis and absorption forecasts for each of the residential parcels of the Development dated April 10, 2020 (the "Market Study). The Market Study, and its addendum entitled "COVID-19's Impact on Colorado Front Range Housing" dated April 24, 2020 (the "COVID-19 Addendum"), are attached hereto as Appendix C, and should be read in their entirety. It should be noted that the COVID-19 Addendum has been updated from the version dated April 6, 2020 which was included in the Preliminary Official Statement. The purpose of the Market Study is to provide the District with an overview of the Denver market economy and the competitive market area surrounding the Development and to provide Metrostudy's conclusions about the marketability, competitive positioning, product mix and absorption levels that should be achievable within the Development.

The Market Study is based on key assumptions made by Metrostudy and, like any forecast, is inherently subject to variations in the assumed data. Actual results will vary from those projected, and such variations may be material. See "FORWARD-LOOKING STATEMENTS."

The Financial Projection and Market Study, including the COVID-19 Addendum, are an integral part of this Official Statement. Prospective investors are encouraged to read the entire Official Statement, including the Financial Projection and Market Study, including the COVID-19 Addendum, to obtain information essential to the making of an informed investment decision.

## **Potential Conflicts of Interest of Members of the Board**

The Board of Directors of the District currently is comprised entirely of individuals who are principals or employees of, or are otherwise affiliated with, the Developer. Consequently, members of the Board may have actual or potential conflicts of interest with regard to the issuance of the Bonds and the application of proceeds thereof, as well as with regard to other activities of the District. State law requires a member of the Board to disqualify himself or herself from voting on any issue in which the director has a conflict of interest unless the director has disclosed such conflict of interest in a certificate filed with the Secretary of State and the Board at least 72 hours in advance of any meeting in which such conflict may arise. However, compliance with this State law does not provide absolute certainty that contracts between the District and entities related to its directors will not be subject to defenses or challenge on the basis of alleged conflicts. It is expected that interested members of the Board will comply with State law by making advance disclosure of their conflicts, and that they will not disqualify themselves from voting. See also "THE DISTRICT – Governing Board."

## Legal Constraints on District Operations; Future Changes in Law

Various Colorado laws and constitutional provisions govern the assessment and collection of ad valorem property taxes, the imposition of fees and charges, limit revenues and spending of the State and its local governments, such as the District, and govern generally the operations of the District. Colorado laws and constitutional provisions, as well as federal laws and regulations, also apply to the obligations created by the issuance of the Bonds. There can be no assurance that there will not be changes in such constitutional provisions, laws or regulations, or judicial or administrative interpretations thereof, which would have a material adverse effect, directly or indirectly, on the affairs of the District or the ability of the District to pay the Bonds. See generally "THE DISTRICT," "DISTRICT FINANCIAL INFORMATION" and "DISTRICT DEBT STRUCTURE."

# **Authority to Issue Additional Bonds**

The Indentures permit the District to issue Additional Bonds, including both senior and subordinate bonds and bonds issued for refunding purposes, subject to the conditions discussed in "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Additional Bonds Payable from the Senior Pledged Revenue" and "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Additional Bonds Payable from the Subordinate Pledged Revenue" and the limitations discussed in "DISTRICT FINANCIAL INFORMATION – Tax, Revenue and Spending Limitations – *TABOR*" and "DISTRICT DEBT STRUCTURE – Authorization – General Obligations – *Debt Limits*." The District has no current plans to issue any Additional Bonds to fund capital improvements. Upon issuance of the Bonds, the District will have \$513,060,000 of authorized but unissued debt. See "DISTRICT DEBT STRUCTURE – General Obligations – *Available Voter-Approved Borrowing Authority*."

# **Enforceability of Remedies Upon the Occurrence** of an Event of Default Under the Indentures

Acceleration of maturity is not an available remedy upon the occurrence of a Senior Indenture Event of Default or a Subordinate Indenture Event of Default. Consequently, following a Senior Indenture Event of Default or a Subordinate Indenture Event of Default, the remedies of the Owners, consisting primarily of a writ of mandamus requiring the District to perform the terms of the respective Indenture, as well as receivership, a suit for judgment or any other suit, action or proceeding available at law or in equity, may have to be enforced from time to time. The remedies available to the Owners of the Bonds upon the occurrence of a Senior Indenture Event of Default or a Subordinate Indenture Event of Default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law and judicial decisions, including specifically the U.S. Bankruptcy Code, and the obligations incurred by the District in issuing the Bonds may also be subject to the reasonable and necessary exercise of the sovereign police power of the State and its political subdivisions. Bankruptcy proceedings, or the exercise of the police power of the State or its political subdivisions, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modifications of these rights. See "APPENDIX D -SELECTED PROVISIONS OF THE SENIOR INDENTURE - Defaults and Remedies" and "APPENDIX E - SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE - Defaults and Remedies," as well as "Factors Affecting the Series 2020A Senior Bonds Only - Inability to Pay the Series 2020A Senior Bonds Not Necessarily a Senior Indenture Event of Default" and "Factors Affecting the Series 2020B Subordinate Bonds Only - Inability to Pay the Series 2020B Subordinate Bonds Not Necessarily a Subordinate Indenture Event of Default" above in this section.

The legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization and insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles that may limit the specific enforcement under state law of certain remedies; to the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; and to the

reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving an important public purpose. See "LEGAL MATTERS," "APPENDIX H – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020A SENIOR BONDS" and "APPENDIX I – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020B SUBORDINATE BONDS."

# Loss of Tax Exemption; Other Tax Matters

As discussed in "TAX MATTERS," the interest on the Bonds could become includable in gross income for federal income tax purposes and/or become subject to income taxation by the State of Colorado as a result of a failure of the District to comply with certain covenants contained in the Indentures.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be finally enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Bond Counsel will render its opinions as of the date of issuance of the Bonds, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, Bond Counsel's opinions are not binding on the courts or the Internal Revenue Service. Rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and upon the certifications, representations and covenants referenced above.

The Internal Revenue Service has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest, or amounts treated as interest, received by the owners of such obligations is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current Internal Revenue Service procedures, the owners of the Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Bonds could adversely affect their value and liquidity.

Prospective purchasers of Bonds should consult their own tax advisors as to the applicability and extent of federal, state, local or other tax consequences of the purchase, ownership and disposition of Bonds in light of their particular tax situation.

## Restrictions on Transfer; No Assurance of Secondary Market

The Bonds may not be sold, transferred or otherwise disposed of by the Owners and Beneficial Owners of the Bonds except in Authorized Denominations and otherwise in accordance with the respective Indentures. Further, there can be no assurance that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds, or adverse history or economic prospects connected with a particular issue or industry, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase prices. Consequently, Owners may be required to bear the

financial risks of this investment for an indefinite period of time. See also "THE SERIES 2020A SENIOR BONDS – Acknowledgement by Owners and Beneficial Owners" and "THE SERIES 2020B SUBORDINATE BONDS – Acknowledgement by Owners and Beneficial Owners."

Additionally, in light of the fact that the Series 2020B Bonds have no credit rating, the Series 2020B Bonds are likely to have even less of a secondary market, if any such market exists.

# No Mortgage

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on or security interest in any property within the District or assets of the District (other than the Senior Pledged Revenue and Subordinate Pledged Revenue, as applicable).

#### THE DISTRICT

## **Organization and General Description**

The District is a quasi-municipal corporation and political subdivision of the State created in conjunction with District No. 1 and District No. 3 by and order and decree of the District Court for the County, in accordance with the provisions of the Special District Act, and with the power to provide Public Improvements, as authorized pursuant to the Consolidated Service Plan, and as otherwise authorized under applicable law.

The Developer of the property within the District plans to exclude all undeveloped, vacant residential land from the boundaries of the District and transfer such properties to a to-be-formed district, District No. 4. Approval by the Town of the Service Plan for District No. 4 is expected to occur after issuance of the Bonds, with an election for voter approval of District No. 4 to be scheduled for November 2020. The District anticipates that this exclusion of property from the District will occur prior to issuance of the Bonds.

After the exclusion of a portion of the undeveloped, vacant residential land of the District as discussed above, the Development will encompass approximately 381.58 acres of land located in the District, and approximately 264.15 acres located outside the boundaries of the District. See "AERIAL VIEW OF THE DISTRICT," "WYNDHAM HILL COMMUNITY MAP" and "REGIONAL MAP" at the beginning of this Official Statement.

# Multi District Structure; Master IGA

Generally. Pursuant to the Consolidated Service Plan, the Districts are to work in tandem to provide public improvements necessary to serve each District. See "–District Facilities and Services" below. The Consolidated Service Plan provides that District No. 1 is to serve as the "operating district," generally responsible for coordinating the financing, construction, ownership, operation and maintenance of the Public Improvements, while the District is to serve as the "financing district," generally responsible for producing property tax and other revenue sufficient to pay the costs of operations and debt service expenses incurred for such improvements. Either District is authorized under the Consolidated Service Plan to issue debt for the purpose of funding public infrastructure. The Consolidated Service Plan states that the dual district structure is expected to provide several benefits to residents of the Development and the Town and, in particular, will assure that: (a) the necessary services and improvements can be financed in the most favorable and efficient manner; (b) all services and improvements needed for the Development will be available when needed through managed development; and (c) a reasonable mill levy and reasonable tax burden on all residential property within each District will be maintained through managed financing and coordinated completion of the infrastructure improvements.

Although the boundaries of District No. 1 encompass only 0.25 acres, the service area of District No. 1 includes all property within the District's boundaries. District No. 1 has the power to impose ad valorem property taxes only within its legal boundaries, but is permitted to provide public services to the entire Development area.

Intergovernmental Agreement Among the Districts. Under the District Facilities Construction and Service Agreement dated as of September 1, 2005 (the "Master IGA"), entered into among the District, District No. 1 and District No. 3, District No. 1, as the "operating district" is to construct, own, maintain, and operate the Facilities benefiting the District and District No. 3 and provide certain other services relating to the administration of the Districts, as contemplated in the Service Plan, the cost of which Facilities and services are to be funded by the District and District No. 3. Until such time, if any, that District No. 3 has developed sufficiently to generate tax revenues, it is anticipated that the District will fund all such amounts to become due under the Master IGA. The District is to receive a credit against its obligation in the amount of revenues, if any, paid by District No. 3 from a mill levy to be specified therein. The Master IGA also sets forth certain provisions pertaining to budgets and project plans and specifications, execution and prosecution of construction contracts, administrative management of the Districts, and transfer of funds among the Districts.

## **Service Plans**

The Districts operate in accordance with the authority, and subject to the limitations, of their respective Service Plans. Pursuant to the Service Plans and Title 32, Article 1, et seq., C.R.S., the Districts are authorized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements. The Districts are to dedicate the Public Improvements to the Town or other appropriate jurisdiction, to the extent not owned and operated by the Districts, subject to the limitations of the Service Plans.

Pursuant to the terms of the Service Plans, the District, District No. 1 and District No. 3, together, are authorized and permitted to issue up to \$66,000,000 in debt authorization to finance Public Improvements, not including debt which has been refunded by the issuance of refunding debt. Additionally, the Service Plans limit the amount of Debt which may be issued by the District to \$27,000,000, exclusive of Debt issued to refinancing prior Debt.

# **District Powers**

*Generally*. The rights, powers, privileges, authority, functions and duties of the District are established by the constitution and laws of the State, specifically the Special District Act. The powers of the District are, however, limited both by the provisions of its Consolidated Service Plan and its electoral authorization.

The Special District Act sets forth the powers available to the District, which include, among others, the following: to enter into contracts and agreements; to sue and be sued; to incur indebtedness with an election and to issue bonds; to issue revenue bonds; to fix, and from time to time, increase or decrease fees, rates or charges for services or facilities furnished by or available from the District and to pledge such revenues for the payment of any indebtedness of the District; to levy and collect general ad valorem property taxes; to acquire, dispose of and encumber real and personal property, including leases and easements; to have the management, control and supervision of all the business affairs of the District and over the construction, installation, operation and maintenance of the District improvements therein; and to exercise the power of eminent domain for certain purposes. Also, subject to compliance with statutory procedures and the Consolidated Service Plan, the Board may order the inclusion or exclusion of real property to or from the District, thereby modifying the boundaries of the District.

## **Governing Board**

The District is governed by a five-member Board of Directors ("Directors"), who are required by State law to be eligible electors of the District, and are elected to staggered four-year terms of office at successive biennial elections. Such elections are currently required to be held in May of even numbered years. However, beginning in 2023, such elections are required to be held in May of odd numbered years. In order to implement this change, the terms of office of Directors elected in 2020 and 2022 will be only three years. Vacancies occurring on the Board are to be filled by appointment of the remaining Directors, the appointee to serve until the next regular election, at which time the vacancy is to be filled by election for any remaining unexpired portion of the term. With certain exceptions, no nonjudicial elected official of any political subdivision of the State may serve more than two consecutive terms in office, although such term limitation may be lengthened, shortened or eliminated with voter approval. At the District's May 4, 2004 Election, the District's electors eliminated the term limitation for the Directors.

The Directors hold regular meetings and, as needed, special meetings. Each Director is entitled to one vote on all questions before the Board when a quorum is present. Directors may receive a maximum of \$1,600 per year (increasing to \$2,400 per year for Directors serving a term of office commencing on or after January 1, 2018) as compensation for service to the District, payable not in excess of \$100 per meeting attended, including study sessions at which a quorum of the Board is in attendance and notice of the meetings has been given in accordance with the Special District Act or Section 24-6-402(2)(c), C.R.S., and at which information is presented but no official action can be taken by the Board. The Directors receive \$10 per meeting. State law prohibits the Directors from receiving any other form of compensation from the District as employees thereof.

The present Directors, their offices on the Board, principal occupations and present terms of office are as follows.

## **District Board of Directors**

<b>Director</b>	<u>Office</u>	Principal Occupation	Current Term Expires (May)
Jon R. Lee	President and Chair	Developer/Executive VP (1)	2022
Steve Rane	Secretary/Treasurer	Chief Financial Officer (2)	2020
Jessica Brothers	Vice President/Assistant	Administrative Officer (3)	2022
	Secretary		

- (1) Mr. Lee is employed by an affiliate of the Developer, and will be repaid certain amounts from the proceeds of the Bonds for his interest as partial holder of certain of the Refunded Obligations.
- (2) Mr. Rane is employed by an affiliate of the Developer.
- (3) Ms. Brothers is employed by an affiliate of the Developer.

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board, potential conflicts of interest or personal or private interests which are proposed or pending before the Board. According to disclosure statements filed with the Colorado Secretary of State and the District by the Board members prior to taking any official action relating to the Bonds, all of the directors have potential or existing personal or private interests relating to the issuance or delivery of the Bonds or the expenditure of the proceeds thereof because they are one or more of the following: an owner or principal in the Developer entity, an employee of the Developer entity, an owner or employee of an affiliate of the Developer entity, or an owner of property located within the District.

## Administration

The Board is responsible for the overall management and administration of the affairs of the District. The District has no employees. The District engages various professionals for the provision of specialized services including White Bear Ankele Tanaka & Waldron, Centennial, Colorado, which serves as the District's general counsel. CliftonLarsonAllen LLP, Certified Public Accountants, Greenwood Village, Colorado, currently serves as the District's independent auditors. On March 25, 2004, the District executed an accounting services contract with Bellock Construction Company, Inc., a Colorado corporation ("Bellock Construction") and a related entity of the Developer, whereby Bellock Construction agreed to provide accounting services to the District at the hourly rates of Bellock Construction employees. See "DISTRICT FINANCIAL INFORMATION – Financial Statements" and "APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018."

#### **District Facilities and Services**

Generally. As noted herein, the District's Consolidated Service Plan provides that the District has the power to provide for the financing, construction, acquisition and installation of streets, traffic and safety controls, water, sanitary sewage, storm drainage, television relay and translator, transportation, mosquito control and park and recreation improvements and facilities, within and without the boundaries of the District. District No. 1 is responsible for managing the construction and operation of the Public Improvements and services needed to serve the Development. See generally "DEVELOPMENT."

**Public Improvements Constructed to Date.** Construction and installation of all planned Public Improvements necessary to serve all 1,132 dwelling units in the District began in 2005 and, with the inclusion of the escrowed funds discussed below, is now approximately 81% complete and include the following:

- Local streets
- Water distribution
- Sanitary sewer
- Traffic and safety controls
- Park and recreation improvements
- Amenity center and pool
- Common area landscaping
- Storm water drainage improvements

The Public Improvements for 917 of the 1,132 dwelling lots have been completed have been dedicated to the Town of Frederick, Colorado or retained by the District with maintenance of such improvements the responsibility of a homeowners association. All of these completed Public Improvements have been designed, funded and constructed by the District as described herein. See "PLAN OF FINANCING – The Refunded Obligations."

In addition, \$4.2 million is currently held in an escrow account held by Land Title Guarantee Company for completion of the Public Improvements needed for the next phase of lots which consists of the 83 lots owned by Lennar Homes. The remaining 132 lots are estimated to require another \$6.5 million in Public Improvements, which is to be paid by proceeds to be received by the Developer, as seller of these lots, and will be advanced to the District at each bulk-lot closing. In order to assure that funds are available to complete the \$6.5 million in Public Improvements for the remaining 132 lots, funds must be escrowed at each of the two anticipated future closings as a condition for a builder to purchase the remaining 132 lots. See "THE DISTRICT – District Facilities and Services."

Other Services Provided in the District. Various municipal and public utility services are provided within the District by other public and private entities. The Frederick-Firestone Fire Protection District provides fire protection services and the Town provides police protection services. Natural gas service are provided by Black Hills Energy and electrical service are provided by United Power. Water is provided by Left Hand Water District and sanitation service are provided by the St. Vrain Sanitation District. See "THE DEVELOPMENT—Water and Sewer." Telephone services are provided by CenturyLink and Comcast. The District is served by the St. Vrain Valley School District RE-1J. See also "DEVELOPMENT INFORMATION – General."

## **Certain District Agreements**

The District has entered into agreements in furtherance of its purposes and which are described generally below. These descriptions are only a brief summary of selected provisions of the agreements and are not intended to be an exhaustive discussion of all terms and provisions thereof. The following summaries are qualified in their entirety by reference to the actual agreements, copies of which may be obtained from the sources specified in "INTRODUCTION – Additional Information."

Series 2005A Note. District No. 1 previously issued its Subordinate Bond Anticipation Note, Series 2005A in the aggregate principal amount of \$3,279,000 on December 20, 2005 for the purpose of financing a portion of the costs of the Public Improvements. The Series 2005A Note is a special limited obligation of District No. 1 payable solely from the proceeds of general obligation or revenue bonds issued by the District. The Series 2005A Note will remain outstanding after the issuance of the Bonds.

Series 2015 Note. The District previously issued its Subordinate Limited Tax General Obligation Note, Series 2015 in the aggregate principal amount of \$8,230,000 on May 1, 2015 for the purpose of financing a portion of the costs of the Public Improvements. The Series 2015 Note is a special limited obligation of the District payable solely from the proceeds of general obligation or revenue bonds issued by the District. It is anticipated that, on the date of issuance of the Bonds, a portion of the net proceeds of the Bonds will be used to pay and discharge all or a portion of the Series 2015 Note.

2016A Loan. The Board of Directors of the District (the "Board") entered into a Loan Agreement dated June 10, 2016 with ZB, N.A. d/b/a Vectra Bank Colorado, as lender, to obtain a not to exceed \$10,000,000 2016A Limited Tax General Obligation Loan as evidenced by a 2016A Note in order to finance (i) the current refunding of all amounts due on the District's Series 2005 Bonds; (ii) the current refunding of certain amounts due on the Series 2005A Note; (iii) the current refunding of certain amounts due on the District's outstanding Series 2015 Note; and (iv) the payment of costs of issuance of the 2016A Loan. It is anticipated that, on the date of issuance of the Bonds, a portion of the net proceeds of the Bonds will be used to pay and discharge the 2016A Loan in full.

2016B Loan. The Board entered into a loan agreement dated August 18, 2016 with ZB, N.A. d/b/a Vectra Bank Colorado, as lender, to obtain a not to exceed \$10,000,000 2016B Limited Tax General Obligation Loan, which 2016B Loan is Parity Debt (as defined in the 2016A Loan Agreement and 2016B Loan Agreement) and is evidenced by a 2016B Note, for the purpose of financing an additional portion of the costs of the Public Improvements. It is anticipated that, on the date of issuance of the Bonds, a portion of the net proceeds of the Bonds will be used to pay and discharge the Series 2016B Loan in full.

Series 2018B Note. The District previously issued its Subordinate Limited Tax Revenue Notes, Series 2018B in the aggregate principal amount not to exceed \$10,000,000 on December 4, 2018, for the purpose of financing a portion of the costs of the Public Improvements. The Series 2018B Note is a special limited obligation of the District payable solely from the proceeds of general obligation or revenue bonds issued by the District. It is anticipated that, on the date of issuance of the Bonds, a portion of the net proceeds of the Bonds will be used to pay and discharge all or a portion of the Series 2018B Note.

2019A Loan. The Board entered into a loan agreement dated February 8, 2019 wherein the Bank made a loan to the District in an amount not to exceed \$10,000,000 as evidenced by a 2019A Note, for the purpose of (i) refunding on a current basis certain amounts due on the Series 2005A Note, (ii) refunding on a current refunding basis certain amounts due on the District's outstanding Series 2015 Note; and (iii) paying the costs of issuance of the 2019A Loan. It is anticipated that, on the date of issuance of the Bonds, a portion of the net proceeds of the Bonds will be used to pay and discharge the 2019A Loan in full.

Intergovernmental Agreement with the Town. Pursuant to an Intergovernmental Agreement among the Districts and the Town dated August 11, 2005 (the "Town IGA"), the Districts have agreed to convey certain Facilities to the Town, as described in "THE DISTRICT – District Facilities." The Town IGA also provides for, among other matters, certain phasing of construction of the Facilities, a surety required to be provided to the Town prior to the construction of any Facilities, the permitted assumption by the Districts of obligations under annexation agreements between the Developer and the Town, and eligibility for cost recovery amounts from the Town in the event that Facilities are required to be oversized.

Intergovernmental Agreement Among the Districts. Under the District Facilities Construction and Service Agreement dated as of September 1, 2005 (the "Master IGA"), entered into among the District, District No. 1 and District No. 3, District No. 1, as the "operating district" is to construct, own, maintain, and operate the Facilities benefiting the District and District No. 3 and provide certain other services relating to the administration of the Districts, as contemplated in the Service Plan, the cost of which Facilities and services are to be funded by the District and District No. 3. Until such time, if any, that District No. 3 has developed sufficiently to generate tax revenues, it is anticipated that the District will fund all such amounts to become due under the Master IGA. The District is to receive a credit against its obligation in the amount of revenues, if any, paid by District No. 3 from a mill levy to be specified therein. The Master IGA also sets forth certain provisions pertaining to budgets and project plans and specifications, execution and prosecution of construction contracts, administrative management of the Districts, and transfer of funds among the Districts.

## Risk Management; Sovereign Immunity

The District may be exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool, an organization created by an intergovernmental agreement to provide property, liability, public official liability, boiler and machinery and workers compensation coverage to its members. The District pays annual premiums to the Pool for various insurance coverages applicable to the operations of the District. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. See also "APPENDIX D – SELECTED PROVISIONS OF THE SENIOR INDENTURE – General Covenants" and "APPENDIX E – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – General Covenants."

The District does not have unlimited sovereign immunity, although by statute it does enjoy immunity from suit for injuries resulting from all except for a specified list of causes. The Governmental Immunity Act of 1972, Title 24, Article 10, Part 1, C.R.S. (the "Government Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Government Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions, including, without limitation, the operation of a non-emergency motor vehicle owned or leased by the public entity; operation and maintenance of any public water, gas, sanitation, electrical, power or swimming facility; a dangerous condition of any public buildings; the operation of any public water facility; and a dangerous condition of a public highway, road

or street as provided in the Government Immunity Act. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment.

The maximum amounts that may be recovered under the Government Immunity Act for injuries occurring on or after January 1, 2018, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000; except in such instance, no person may recover in excess of \$387,000. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. Lower maximum amounts are recoverable for injuries accruing prior to January 1, 2018, and the maximum recoverable amounts will increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. The District may, by resolution, increase any maximum amount that may be recovered from the District for the type of injury described in the resolution; however, the District has never done so. The District may not be held liable either directly or by indemnification for punitive or exemplary damages in accordance with State law. In the event the District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten mills per annum for all outstanding settlements or judgments.

The District may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

## DISTRICT FINANCIAL INFORMATION

# **Accounting Policies**

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. By State law, the fiscal year of the District is the calendar year. See also "Revenue and Spending Limitations – TABOR" below.

The accounts of the District are organized on the basis of self-balancing funds, each of which is considered a separate accounting entity. The District currently maintains three governmental funds. The General Fund is the District's primary operating fund and is used to account for all financial resources of the District except those required to be accounted for in another fund, the Debt Service Fund is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds and the Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

## **Financial Statements**

State law requires that an annual audit be made of the District's financial statements at the end of each fiscal year. The audited financial statements must be filed with the Board within six months after the end of the fiscal year and with the State auditor 30 days thereafter. Failure to comply with the audit requirement may result in the withholding of the District's property tax revenue by the County Treasurer pending compliance. Exemptions from the audit requirement are provided for local governments with *de minimis* revenues and expenditures. See "THE DISTRICT – Organization and General Description." The

District's audited financial statements for calendar year 2018 are appended to this Official Statement. Such audited financial statements have been prepared by CliftonLarsonAllen LLP (the "Auditor"), and have been included in reliance upon the report of the Auditor. The District is not aware of any facts that would make such financial statements misleading. CliftonLarsonAllen LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report, nor has CliftonLarsonAllen LLP performed any procedures relating to this Official Statement.

# **Revenue and Spending Limitations**

*TABOR*. Article X, Section 20 to the State constitution, referred to therein as the Taxpayer's Bill of Rights and commonly referred to as "TABOR," applies to the State and any local governments, including the District (but excluding government-owned enterprises as defined in TABOR discussed below), and among other things contains restrictions regarding taxes, spending, revenue increases and borrowing. The applicable limitations established pursuant to TABOR may be exceeded with prior voter approval. District electors have exempted all District revenues from the limitations of TABOR, commonly referred to as "De-Brucing."

With certain exceptions, TABOR requires the District to obtain voter approval prior to the imposition of any new tax, tax rate increase, mill levy above that for the prior year, assessed valuation ratio increase, extension of an expiring tax or a tax policy change directly causing a net revenue gain to the District. Exceptions to this requirement include tax increases required to meet debt service requirements on general obligation debt outstanding at the time TABOR was adopted or general obligation debt subsequently issued to refinance such outstanding bonds. Exceptions are also provided for tax increases imposed when annual district revenue is less than annual payments on general obligation bonds, pensions and final court judgments, and emergency taxes.

Except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, the creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years must be voter-approved prior to the incurrence of such debt or obligation.

At elections of the District held on May 4, 2004 and November 1, 2005 (the "Elections"), District electors approved an election question allowing the District to collect, retain and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, grants or any other fee, rate, toll, penalty, or other charge authorized by law or contract to be imposed, collected or received by the District, without regard to any spending, revenue-raising, or other limitation contained within TABOR.

## **Sources of Revenue**

The primary source of revenue to the District has been and is expected to continue to be the general ad valorem property tax levied on and against all of the taxable property within the District. The District also receives a proportionate share of specific ownership taxes imposed by the State in connection with the registration of certain motor vehicles, collected by the County Treasurer and allocated among taxing entities in the County based on the amount of taxes levied, and interest earnings on investments. Each of these revenue sources is described in more detail hereafter. See also "Budgets and Appropriations" in this section.

## **Ad Valorem Property Taxes**

General. The primary source of revenue to the District is ad valorem property taxes. The District's Consolidated Service Plan permits the District to impose (for all purposes, including debt service and operations) a maximum levy of 50 mills, subject to adjustment for changes occurring in the method of calculating assessed valuation on or after February 13, 2004, as more particularly provided in the

Consolidated Service Plan. As adjusted, the maximum permissible total mill levy is currently 55.664 mills. See "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – *The Senior Pledged Revenue* – <u>Senior Required Mill Levy</u>," "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – *The Subordinate Pledged Revenue* – <u>Subordinate Required Mill Levy</u>," "DISTRICT DEBT STRUCTURE – General Obligations – *Mill Levy Limitation*."

**Property Subject to Taxation.** Subject to the limitations discussed in "Revenue and Spending Limitations – *TABOR*" above in this section, the Board has the power to certify to Weld County a levy for collection of ad valorem taxes against all taxable property within the District.

Property taxes are uniformly levied against the assessed valuation of all taxable property within the District. Both real and personal property located within the District are subject to taxation, although there are certain classes of property which are exempt, including, without limitation, property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; and inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Statutory "Actual" Value. The County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within the county as of January 1<sup>st</sup>. The statutory actual value of a property is not intended to represent current market value, but, with certain exceptions, is determined by the County Assessor utilizing a "level of value" ascertained for each two year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily defined period preceding the assessment date. The statutory actual value is based on the level of value for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two year reassessment cycle (adjusted to the final day of the data-gathering period). This period advances two years with the start of each reassessment cycle. For the 2017 and 2018 tax levy years (2018 and 2019 tax collection years), the level of value for the determination of statutory "actual" value was as of July 1, 2016, based on the period of January 1, 2015 to June 30, 2016; and for the 2019 and 2020 tax levy years (2020 and 2021 tax collection years), the level of value for the determination of statutory "actual" value will be as of July 1, 2018, based on the period of January 1, 2017 to June 30, 2018.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State property tax administrator based upon the value of the utility's tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

**Determination of Assessed Value.** Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the State legislature to adjust the ratio of valuation for assessment of residential property for each year in which a change in the base year level of value occurs based on an estimated target percentage. This adjustment is mandated in order to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year. The State constitution also prohibits any valuation for assessment ratio increase for a property class without prior voter approval. See "Revenue and Spending Limitations – *TABOR*" above in this section. The ratio of valuation for assessment of residential property was 7.96% for the 2003-2016 levy years; however, the residential assessment ratio was reduced to 7.20% of statutory "actual" value for assessment years 2017

& 2018, and has been further reduced to 7.15% of statutory "actual" value for assessment years commencing January 1, 2019 (see "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – *The Senior Pledged Revenue* – *Senior Required Mill Levy*" and "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – *The Subordinate Pledged Revenue* – *Subordinate Required Mill Levy*"). Producing oil and gas property is generally assessed at 87.5% of statutory actual value (75% for property utilizing secondary recovery, tertiary recovery or recycling projects which conserve and avoid waste of oil and gas). All other taxable property, with certain exceptions, is assessed at 29% of statutory actual value.

**Protests, Appeals, Abatements and Refunds.** Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with certain statutory deadlines. Property owners are given the opportunity to object to increases in the actual value of such property, and may petition for a hearing thereon before the Board of Assessment Appeals. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25<sup>th</sup> each year, prepare an abstract of assessment from such data. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the Board of Assessment Appeals, the State courts or by arbitrators appointed by the applicable Board of County Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Board of County Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The State legislature is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the legislature and the State Board of Equalization by September 15<sup>th</sup> of the year in which the study is conducted. Subsequently, the State Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. The District's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Exemption. The State constitution provides property tax exemptions for qualifying senior citizens and for disabled veterans. The senior citizen provision provides that the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least ten years. The same exemption is available to disabled veterans who are homeowners, have served on active duty in the U.S. Armed Forces and are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions. Therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property within the District no later than August 25<sup>th</sup> of each year, and which value is subject to adjustment until December 10<sup>th</sup> of such year. Subject to the limitations of the State constitution, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of taxable property within the District, and together with other legally available District revenues, will raise the amount required by the District in its ensuing fiscal year. The District subsequently certifies to Weld County the rate of levy sufficient to produce the needed

funds. Such certification must be made no later than December 15<sup>th</sup> of the property tax levy year for collection of taxes in the ensuing year.

The County levies the tax on all taxable property within the District. By December 22<sup>nd</sup> of each year, the Board of County Commissioners of the County is required to certify to the County Assessor the levy for all taxing entities within the county. If such certification is not made, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County Treasurer.

**Property Tax Collections.** Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 will be collected in 2020. Taxes are due on January 1<sup>st</sup> in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and the 15<sup>th</sup> day of June) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1<sup>st</sup> until the date of payment unless the whole amount is paid by April 30<sup>th</sup>. If the second installment is not paid by June 15<sup>th</sup>, the unpaid installment will bear interest at the rate of 1% per month from June 16<sup>th</sup> until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly basis.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1<sup>st</sup> of the property tax levy year until paid. Such lien is on parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1<sup>st</sup> of the collection year following notice of delinquency and public notice of sale.

Tax liens may not necessarily be bid on and sold, and the proceeds of tax liens sold may not necessarily be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing authorities, as well as any interest or costs due thereon. If a tax lien is not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to the county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the county after that time.

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# **District Property Tax Data**

Assessed Valuation and Statutory "Actual" Value. The assessed valuation and statutory "actual" valuation of taxable property in the District since the 2013 levy year are as follows. The property values set forth below include the portion of the District that is vacant residential land and Agricultural Land, a portion of which will be excluded from the District and included in District No. 4.

History of District Assessed Valuation and Statutory "Actual" Value

Levy Year/ Collection Year	Assessed Valuation 1	% Change	Statutory "Actual" Value	% Change
2013/2014	\$7,219,655	%	\$57,629,552	%
2014/2015	7,192,300	(0.4)	69,359,890	20.4
2015/2016	11,360,740	58.0	101,071,962	45.7
2016/2017	18,170,390	59.9	128,587,117	27.2
2017/2018	17,420,320	(4.1)	163,635,157	27.3
2018/2019	24,195,650	38.9	202,576,125	23.8
2019/2020	24,279,940	0.3	275,553,014	36.0

<sup>&</sup>lt;sup>1</sup> The residential assessment rate was 7.96% for levy years 2013-2016, 7.2% for levy years 2017 and 2018, and 7.15% for levy years beginning 2019. See "Ad Valorem Property Taxes – *Determination of Assessed Value*" above.

Source: Weld County Assessor's Office

Valuation of Taxable Property in the District by Property Classification. The following table sets forth the assessed valuation and statutory "actual" value of taxable property within the boundaries of the District by property classification. A portion of the property classified as vacant residential land and Agricultural Land as set forth below will be excluded from the District and included in District No. 4.

# Assessed Valuation and Statutory "Actual" Value of Classes of Property in the District

(Totals may not add due to rounding)

Property Class (Assessment Rate) <sup>1</sup>	201 <u>Assessed Va</u>	-	2019 Statutory "Actua	<u>l" Value</u> <sup>2,3,4</sup>
Residential (7.15%)	\$19,209,710	79.2%	\$268,692,278	96.6%
Vacant (29%)	798,400	3.3	2,752,723	1.0
Commercial <sup>4</sup>	11,150	-	38,457	-
Agricultural	14,390	-	48,050	-
Oil & Gas	3,875,670	16.0	5,363,345	1.9
State Assessed	<u>370,620</u>	<u>1.5</u>	1,278,028	<u>0.5</u>
Total	\$24,279,940	100.0%	\$278,172,881	100.0%

<sup>&</sup>lt;sup>1</sup> See "Ad Valorem Property Taxes – Determination of Assessed Value" above.

Source: Weld County Assessor's Office

*Tax Levies.* Set forth in the following table are the District's mill levies and tax collections since the 2015 levy year.

<sup>&</sup>lt;sup>2</sup> See "Ad Valorem Property Taxes – Determination of Assessed Value – Taxation Procedure" above.

<sup>&</sup>lt;sup>3</sup> Statutory "actual" value is determined by the County Assessor using appropriate consideration of cost, market and income approaches to appraisal, with certain exceptions for agricultural land, producing mines and lands or leaseholds producing oil or gas. See "Ad Valorem Property Taxes – Statutory "Actual" Value" above.

<sup>&</sup>lt;sup>4</sup> The oil & gas and vacant residential land within the District is being excluded from the District and will be transferred for inclusion in District No. 4. See "INTRODUCTION – The District – Assessed Valuation" herein.

## History of District Mill Levies and Property Tax Collections

#### Mill Levies

_	(Oı	ne mill equals 1/10 of	1¢)	Property Ta	x Levies and	Collections
Levy Year/	General	Bond	Total	Amount	Amount	Collection
<b>Collection Year</b>	<u>Fund</u>	Redemption	<u>Levy</u>	<b>Levied</b>	<b>Collected</b>	<b>Percentage</b>
2015/2016	50.000	00.000	50.000	\$568,037	\$2,131,746	$375.3\%^{1}$
2016/2017	28.994	21.006	50.000	908,520	908,058	100%
2017/2018	11.005	44.220	55.275	962,908	962,078	100%
2018/2019	15.275	40.000	55.275	1,337,415	1,081,935	$81\%^{2}$
2019/2020	11.133	44.530	55.663	1,351,494	$4.434^{3}$	0.3%

Reflects an error by the Weld County Assessor's Office. The County Assessor incorrectly excluded a portion of property from the District's boundaries that had oil and gas production. The error was noticed and corrected, but not until after the cut-off for the District's budget. Under guidance from legal counsel, the District created its budget based upon the Assessor's records at the time.

Source: District management records; Colorado Department of Local Affairs, Division of Property Taxation, Annual Reports; and the Weld County Treasurer's Office

Tax Levies of Overlapping Taxing Entities. In addition to the District's ad valorem property tax levy, owners of property within the District will be obligated to pay property taxes to other taxing entities in which their property is located. Properties having the same aggregation of taxing entities are grouped into one or more tax areas. For the 2019 levy year (2020 tax collection year), all taxable property in the District is within a single tax area the components of which are set forth in the following table. Such overlapping taxes will remain applicable to the oil & gas and vacant residential land within the District that will be transferred to District No. 4.

# **Current Mill Levies Applicable Within the District**

Taxing Entity <sup>1</sup>	2019 Mill Levy <sup>2</sup>
Weld County	15.038
St. Vrain Valley School District RE-1J	57.559
High Plains Library	3.217
Frederick-Firestone Fire Protection District <sup>3</sup>	14.813
Town of Frederick <sup>4</sup>	6.555
Northern Colorado Water (NCW) <sup>4</sup>	1.000
St. Vrain Sanitation District <sup>4</sup>	0.484
Carbon Valley Rec <sup>4</sup>	4.427
Total mill levies of overlapping taxing entities	103.093
The District	55.663
Total mill levy applicable within the District	158.756

<sup>&</sup>lt;sup>1</sup> The Left Hand Water District and Longmont Conservation District also overlap the District but do not assess a mill levy. A portion of the Wyndham Hill Metropolitan District No. 3 with a mill levy of 55.663 is included in a portion of the District, however not all property owners in the District are subject to this mill levy.

Source: Weld County Assessor's Office

## **Specific Ownership Taxes**

The District will also receive a portion of the revenues of the specific ownership tax imposed by the State, collected by the County Treasurer and remitted to the District pursuant to Article 3 of Title 42, C.R.S., in connection with the registration of certain motor vehicles and other personal property. The total

<sup>&</sup>lt;sup>2</sup> Reflects a rebate owed to an oil and gas producer which reduced the oil and gas revenue collected for the year. Rather than make a payment, the rebate was credited against 2019 tax payments made by the oil and gas producer.

<sup>&</sup>lt;sup>3</sup> Collections by the County Treasurer through January 31, 2020.

<sup>&</sup>lt;sup>2</sup> One mill equals 1/10 of 1¢. These mill levies are for the collection of ad valorem property taxes in 2020.

<sup>&</sup>lt;sup>3</sup> Certain portions of the District are subject to the Mountain View Fire Rescue District with a mil levy of 16.247 instead of the Frederick-Firestone Fire Protection District.

<sup>&</sup>lt;sup>4</sup> Portions of the Northern Colorado Water Conservancy District, St. Vrain Sanitation District, and Carbon Valley Rec District are included in a portion of the District, however not all property owners in the District are subject to these mill levies.

Specific Ownership Taxes collected by the County Treasurer is apportioned among all political and governmental subdivisions located within the County on the basis of the amount of ad valorem property taxes levied by such entities within the County during the preceding calendar year. The Senior Pledged Revenue and the Subordinate Pledged Revenue include the portion of the Specific Ownership Taxes received by the District which is collected as a result of the imposition of the Senior Required Mill Levy and the Subordinate Required Mill Levy, respectively. See "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – *The Senior Pledged Revenue* – <u>Senior Pledged Specific Ownership Taxes</u>" and "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – *The Subordinate Pledged Revenue* – <u>Subordinate Pledged Specific Ownership Taxes</u>."

#### **Fees**

The District is authorized by the Special District Act to impose fees, rates and charges for services or facilities furnished by or available from the District and to pledge such revenues for the payment of any indebtedness of the District. The Consolidated Service Plan provides that other than a one-time development fee, the District is not permitted to impose any rate, fee, charge, assessment or exaction and may not utilize any rate, fee, charge, assessment or exaction imposed by any public or private entity without written consent of the Town. The one-time development fee does not constitute Capital Fees for purposes of the Senior Pledged Revenue or the Subordinate Pledged Revenue.

# **Deposit and Investment of District Funds**

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. The District also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of the Bonds also is subject to the provisions of the Tax Code and the Indentures. See "TAX MATTERS."

# **Historical Operating Results**

For auditing purposes, the District maintains one governmental fund, the General Fund. The General Fund is the main operating fund of the District and is used to account for all financial resources not accounted for in another fund. Set forth hereafter is a comparative statement of the revenues, expenditures and changes in fund balance of the District's governmental funds for fiscal years 2015 through 2019. See also "Financial Statements" above, "THE DISTRICT – Organization and General Description" and the District's 2019 audited financial statements appended to this Official Statement.

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# Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Years Ended December 31, 2014, through December 31, 2018 (GAAP Basis)

	2014 General Fund	2015 General Fund	2016 General Fund	2017 General Fund	2018 General Fund
Revenues					
Property Tax Income	\$360,634	\$355,047	\$2,131,746	\$907,994	\$962,440
Specific Ownership Tax	30,400	26,575	32,333	70,554	73,717
Facilities Fees	45,600	41,600	27,200		
Royalties	1,149	593	284	778	306
Miscellaneous Income	404	404	398	408	
Net Investment Income	188	396	1,325	2,411	6,792
Total revenues	438,375	424,615	2,193,286	982,145	1,043,255
Expenditures					
Current:					
Audit	8,850	9,125	9,125	9,300	9,500
Accounting	3,126				
Treasurer's Fee	5,417	5,334	31,987	13,633	14,443
Trustee Fees		2,150	1,971		
Insurance	2,844	3,687	3,030	3,400	3,384
Miscellaneous Intergovernmental Payment to District No. 1	1,135	398	457	369	365
Debt Service	209,000	8,330,000	5,247,369	1,589,986	5,822,021
Principal		60,000	3,310,000	83,000	301,105
Interest and Fiscal Charges	213,480	213,481	1,205,271	1,115,080	1,088,971
Loan Origination Fees	213,460	30,850	196,125	20,071	167,049
Non-use Fees		30,830	190,123	13,460	4,289
Custodial Fees				3,000	4,500
Total Expenditures	443,852	8,655,025	10,005,335	2,851,299	
DEFICIENCY OF REVENUES OVER/UNDER EXPENDITURES	(5,477)	(8,230,410)	(7,812,049)	(1,869,154)	7,415,627 (6,372,372)
OTHER FINANCING SOURCES Bond Proceeds/Proceeds from Debt Instrument		8,230,000	7,862,922	2,007,149	6,208,441
<del>-</del>		8,230,000	7,862,922		•
Total Other Financing Sources				2,007,149	6,208,441
NET CHANGE IN FUND BALANCE FUND BALANCES – BEGINNING OF	(5,477)	(410)	50,873	137,995	(163,931)
YEAR	35,559	30,082	29,672	80,545	218,540
FUND BALANCE – END OF YEAR	\$30,082	\$29,672	\$80,545	<u>\$218,540</u>	<u>\$54,609</u>

Source: District 2014, 2015, 2016, 2017 and 2018 Audited Financial Statements

# **Budgets and Appropriations**

**Procedure.** State law requires that the District prepare and adopt an annual budget. The budget is to present a complete financial plan for the District, setting forth all estimated expenditures, revenues and other financing sources for the ensuing budget year, together with the corresponding figures for the previous fiscal year. In estimating the anticipated revenues, consideration must be given to any unexpended surpluses

and the historical percentage of tax collections. Further, the budget must show a balanced relationship between the total proposed expenditures and the total anticipated revenues and other financing sources. In addition, the budget must set forth a supplemental schedule showing the District's obligations with respect to any outstanding lease-purchase agreements.

Annual budgets are required to be prepared either on a cash basis, a modified accrual basis or an encumbrance basis. The District uses the modified accrual basis in preparing its budgets.

On or before October 15<sup>th</sup> of each year, the District's budget officer is required to submit to the Board a proposed budget for the ensuing fiscal year. Thereupon notice must be published stating, among other things, that the proposed budget is open for inspection by the public and that interested electors may file or register any objection to the budget.

Before the beginning of the fiscal year, the Board is required to enact an appropriation resolution that corresponds with the budget. The income of the District must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. District expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a majority vote of the Board following proper notice. If the District receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

It is through the preparation of the budget and by taking into consideration all sources of revenue, costs of construction, expenses of operating the District and the debt service requirements of the District's outstanding bonds and other obligations that the rate of mill levy is determined each year. See also "Revenue and Spending Limitations" above.

Comparison of Fiscal Year 2018 and 2019 Budgets. The District's budgets are prepared on a budgetary basis as prescribed by State law, which differs in certain respects from a basis consistent with generally accepted accounting principles ("GAAP") which will be applicable to the preparation of the District's annual audited financial statements.

Set forth below is a comparison of the District's budgets for calendar years 2018, 2019 and 2020.

A comparison of the District's 2018 budget to actual amounts received and expended is included in the District's fiscal year 2018 audited financial statements appended to this Official Statement.

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# **Governmental Fund Budget Comparison**

	2018 Adopted (as amended)	2018 Actual	2019 Adopted	2019 (Unaudited) Final	2020 Adopted(1)
Revenues					
Property Taxes	\$962,042	\$962,440	\$1,337,415	\$1,082,674	\$1,351,494
Specific Ownership Taxes	73,717	73,717	66,871	90,019	91,226
Senior/Veterans Taxes	398	306			
Oil & Gas Royalties	306			591	
Transfers from Wyndham Hill Metro District No. 1					
Transfers from Wyndham Hill Metro District No. 3			75,000		
Net Investment Income	6,792	6,792		7,591	
Miscellaneous Income				6	
Total revenues	\$1,043,255	\$1,043,255	\$1,479,285	\$1,180,881	\$1,442,720
Expenditures	\$1,043,233	\$1,043,233	\$1,479,203	\$1,100,001	\$1,442,720
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Current:	0.500	0.500	0.600	0.600	10.500
Audit	9,500	9,500	9,600	9,600	10,500
Insurance	3,384	3,384	3,200	3,134	3,250
Loan Origination Fees/Bond Counsel	167,049	167,049	200,000	142,440	
Treasurer Fees	14,443	14,443	20,061	16,246	20,272
Other	365	365	5,350	345	10,000
Transfers to Wyndham Hill Metro District No. 1	5,822,021	5,822,041	8,400,000	6,861,376	7,773,609
Subtotal Current Expenses	6,016,761	6,016,781	8,638,211	7,033,141	7,817,631
Debt Service:					
Mandatory Prepayment					
2016A General Obligation Limited Tax Loan			135,635		24,327
2016B General Obligation Limited Tax Loan				91,000	
Principal					
Series 2015 General Obligation Limited Tax Bonds					400,000
Series 2016A General Obligation Limited Tax Loan	143,105	273,034	207,238	207,238	269,424
Series 2016B General Obligation Limited Tax Loan		28,071			87,600
Series 2018B Limited Tax Revenue Notes					
Series 2019 General Obligation Limited Tax Loan					
Interest					
Series 2015 General Obligation Limited Tax Bonds	598,211	598,211	996,859	695,956	878,324
Series 2016A General Obligation Limited Tax Loan	383,657	407,458	373,736	373,736	366,712
Series 2016B General Obligation Limited Tax Loan	107,103	83,302	182,036	182,203	183,293
Series 2018B Limited Tax Revenue Notes					
Series 2019 General Obligation Limited Tax Loan			84,219	70,672	185,548
Non-Use Fee					
Series 2016A General Obligation Limited Tax Loan	81	81			
Series 2016B General Obligation Limited Tax Loan	4,208	4,208	33	31	
Series 2019 General Obligation Limited Tax Loan	, 		13,073	16,631	14,544
Custodial Fee			,	,	,
Series 2016A General Obligation Limited Tax Loan	3,000	3,000	3,000	3,000	3,000
Series 2016B General Obligation Limited Tax Loan	1,500	1,500	1,500	1,500	1,500
Series 2019 General Obligation Limited Tax Loan			1,500	2,000	2,000
Subtotal Debt Service	1,240,866	1,398,866	1,998,559	1,643,969	2,416,272
Subtotal Debt Sci vice	1,270,000	1,070,000	1,770,337	1,040,707	2,710,272
Total Expenditures	\$7,257,627	\$7,415,647	\$10,636,770	\$8,677,110	\$10,233,903
(DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$(6,214,372)	\$(6,372,392)	\$(9,157,485)	\$(7,496,229)	\$(8,791,183)

	2018 Adopted (as amended)	<b>2018 Actual</b>	2019 Adopted	2019 (Unaudited) <u>Final</u>	2020 Adopted(1)
Other Financing Sources					
Proceeds from Developer Advances/2018B Notes	2,078,512	2,078,532	5,000,000	4,888,939	6,215,000
Proceeds from Series 2016A Loan	129,929	129,929			
Proceeds from Series 2016B Loan	4,000,000	4,000,000			
Proceeds from Series 2019A Loan			4,000,000	2,693,988	2,500,000
Change in Working Capital (AR & AP)	(658)	(658)		(1,726)	
<b>Total Other Financing Sources</b>	\$6,207,783	\$6,207,803	\$9,000,000	\$7,581,201	\$8,715,000
NET CHANGE IN FUND BALANCE	(6,588)	(164,588)	(157,485)	84,972	(76,183)
FUND BALANCE – BEGINNING OF YEAR	207,865	207,865	43,277	43,277	128,249
FUND BALANCE – END OF CURRENT PERIOD	<u>\$201,277</u>	<u>\$43,277</u>	<u>\$(114,208)</u>	<u>\$128,249</u>	<u>\$52,066</u>

Source: District 2018, 2019 and 2020 Budgets, the District.

## DISTRICT DEBT STRUCTURE

#### Authorization

As discussed above in "DISTRICT FINANCIAL INFORMATION – Revenue and Spending Limitations – *TABOR*," prior voter approval is required for the creation of any multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years, except for refinancing at a lower interest rate or adding new employees to existing pension plans. In addition, the State constitution and the Special District Act provide that no general obligation debt by loan in any form, whether individually or by contract, may be created by the District unless the question of incurring the same is first submitted to and approved by a majority of the qualified "taxpaying electors" (as defined by statute) voting thereon. Certain obligations, such as revenue obligations of an "enterprise" (as defined in TABOR) and obligations that do not extend beyond the fiscal year in which incurred, do not require prior voter approval.

At the Elections, the District's electors authorized the District to incur \$546,100,000 of indebtedness. After issuance of the Bonds, the District will have available voter-approved indebtedness of \$513,060,000.

# **Debt Limits**

The Special District Act provides that, with certain exceptions, the total principal amount of general obligation debt issued by a special district may not at the time of issuance exceed the greater of \$2 million or 50% of the special District's assessed valuation. Based upon the District's 2019 assessed valuation, the District's current debt limit is \$2 million. Exceptions to this statutory debt limit include obligations that are issued solely to financial institutions or institutional investors as defined in \$32-1-1101 (6)(a)(IV), C.R.S., investment grade rated obligations, obligations that are secured by certain types of credit enhancements, obligations payable from an ad valorem property tax of not more than 50 mills (not subject to adjustment for changes in the method of determining assessed valuation), obligations which are refundings or restructurings of outstanding obligations and certain obligations of an insolvent special district. The Bonds will constitute an exception to, and therefore not count against, the District's statutory debt limit.

<sup>(1)</sup> The District's 2020 Budget does not reflect the issuance of the Bonds and the corresponding repayment of the Refunded Obligations. The District will adopt an amendment to its 2020 Budget to reflect the issuance of the Bonds and repayment of the Refunded Obligations after issuance of the Bonds.

In addition to the District's statutory debt limit, the Service Plan limits the aggregate amount of Debt to be issued by the District to \$27,000,000, exclusive of Debt issued to refund prior Debt.

# **General Obligations**

The District has the authority to issue or incur obligations that are payable from ad valorem property taxes.

*Mill Levy Limitation*. The District's Consolidated Service Plan currently provides that the District is authorized to levy a maximum of 50 mills to support debt service of the District and for Operations and Maintenance of the District, which maximum is subject to adjustment as described in "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *General*." As adjusted, the maximum permissible mill levy is currently 55.664 mills.

*Outstanding General Obligation Debt*. Upon issuance, and refunding of the Refunded Obligations, the Bonds and the remaining balance of the Series 2018B Note will constitute the only outstanding general obligation indebtedness of the District.

Available Voter-Approved Borrowing Authority. After issuance of the Bonds, the District will have available voter-approved indebtedness of \$513,060,000, subject, however, to the debt limits described above. The District has no current plans to issue any Additional Bonds to fund capital improvements. See "Authorization" and "Debt Limits" above, as well as "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – Additional Bonds Payable from the Senior Pledged Revenue" and "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – Additional Bonds Payable from the Subordinate Pledged Revenue."

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Estimated Overlapping General Obligation Debt. A number of public entities in addition to the District also encompass all or a portion of the property in the District. The properties in the District that are within such other jurisdictions are liable for an allocable portion of any general obligation debt that such jurisdictions may have outstanding from time to time. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the District as of the date of this Official Statement. Such overlapping general obligation debt will remain applicable to the agricultural and vacant residential land within the District that will be transferred to District No. 4.

# **Estimated Overlapping General Obligation Debt**

Overlapping Entity <sup>1</sup>	Outstanding General Obligation Debt	<b>District</b>	d Current Portion Amount
Frederick-Firestone Fire Protection			
District	\$890,000	0.0036%	\$32.04
St. Vrain Valley School District RE-1J	514,915,000	0.0034%	17,507.11
Carbon Valley Rec	2,425,000	0.0006%	14.55
Total	\$518,230,000	_	\$17,553.70

The following governments had no outstanding general bonded debt as of December 31, 2019: Weld County, Mountain View Fire, High Plains Library and St Vrain Sanitation.

Source: Weld County Assessor's Office and overlapping entities.

*General Obligation Debt Ratios*. The following table presents selected general obligation debt ratios for the District following the issuance of the Bonds.

## **Selected District General Obligation Debt Ratios**

	The <u>Bonds</u>
General Obligation Debt of the District Estimated Overlapping Debt <sup>1</sup>	\$29,670,000 \$17,554
District Debt plus Overlapping Debt	\$29,687,554
District 2019 Assessed Valuation	\$ 24,279,940 \$278,172,881
Ratio of District Debt to: District 2019 Assessed Valuation District 2019 Statutory "Actual" Value	122.20% 10.66%
Ratio of District and Overlapping Debt to: District 2019 Assessed Valuation District 2019 Statutory "Actual" Value	122.27% 10.70%

<sup>&</sup>lt;sup>1</sup>See "Estimated Overlapping General Obligation Debt" above.

# **Revenue and Other Financial Obligations**

The District also has the authority to issue or incur obligations that are payable from the net revenue of any revenue producing facilities, to enter into obligations that do not extend beyond the current fiscal year and to incur certain other obligations, none of which constitute indebtedness for purposes of Article XI, Section 6 of the State constitution but may require prior voter approval in accordance with TABOR. See "Authorization" in this section and "DISTRICT FINANCIAL INFORMATION – Revenue and Spending Limitations – *TABOR*."

The percentage of an overlapping entity's outstanding debt chargeable to properties in the District is calculated by comparing the current assessed valuation of the overlapping property to the total current assessed valuation of the overlapping entity. This percentage is subject to fluctuation in accordance with future changes in assessed valuations.

## DEVELOPMENT INFORMATION

The following information has been supplied by the Developer for inclusion in this Official Statement. None of the District, the District's advisors or the Underwriter makes any representation regarding projected development plans within the District, the financial soundness of the Developer or its managerial ability to complete development as planned. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Reliance on Increase in District Assessed Valuation; Factors Affecting District Assessed Valuation – Factors Affecting Development in the District."

## General

The District generally encompasses a portion of the "Wyndham Hill" Development being developed by Frederick Development Company, Inc. (the "Developer"). After the exclusion of a portion of the undeveloped, vacant residential land of the District as previously discussed, the Development will encompass approximately 381.58 acres of land located in the District, and approximately 264.15 acres located outside the boundaries of the District. The Development is generally located in the Town west of Interstate 25, south of County Line Road 16, and north of State Highway 52, and is approximately 30 miles north of metropolitan Denver.

Residential Development. The Development is a master-planned residential and mixed use development zoned for up to 1,960 residential dwelling units with a projected total buildout of 1,960 units, 1,416 of which are single family detached units, 63 are townhomes and 481 are multifamily units. However, only 1,132 residential units will be included in the boundaries of the District and will be subject to the mill levy to repay the Bonds. Of the 1,132 lots remaining in the District, approximately 809 single family lots have been sold. Of the 809 lots sold, 695 have completed homes constructed and are on the tax roll and 21 homes are under construction, leaving 416 vacant lots. 52 lots are owned by Richmond American Homes and are building-permit ready with 15 homes currently under construction, and 83 lots were sold to Lennar Homes in December 2019 and are anticipated to be building-permit ready by third-quarter 2020. 63 townhome lots and 128 multifamily lots have also been sold to date. The remaining 828 residential units to plat and sell will be excluded from this financing and from the District's boundaries and will be included in the boundaries of District No. 4, as discussed previously in this Official Statement.

**Commercial Development.** The Development includes 90 acres of commercial zoned property, approved for up to 1,087,000 in total square footage. All of the commercial zoned property is within the boundaries of District No. 3 and is currently not developed. The Developer anticipates commencement of construction of commercial square footage in 2021.

Assessed Valuation. The District's 2019 (for tax year 2020) certified assessed valuation is \$24,279,940. This figure includes \$3,875,670 in assessed value for oil & gas production and \$798,400 in assessed value for vacant residential land within the District. The District anticipates exclusion orders to be issued for a portion of the agricultural and vacant land properties and for these properties to be included in the newly formed District No. 4. See "AERIAL VIEW OF THE DISTRICT," "WYNDHAM HILL COMMUNITY MAP" and "REGIONAL MAP" at the beginning of this Official Statement.

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The following chart shows the homeowner sales and construction status.

**Homeowner Sales and Construction Status** 

		<u>Ho</u>	meowner Sal	es and Construct	on Status			
		Plattin	g Status	Home	owner Sales Stati	us_	Construction	n Status
	Total		Planned	Homes	Homes Under	Not Sold	Completed	
	Planned	Platted	Lots;	Closed to	Contract to	or Under	or Under	Vacant
	<u>Homes</u>	<u>Lots</u>	<u>Unplatted</u>	<u>Homeowners</u>	<u>Homeowners</u>	Contract	Construction	<u>Lots</u>
Single Family								
Richmond	383	383	-	318	15	50	19	46
Lennar	157	157	-	74	-	83	-	83
Century	63	63	-	63	-	-	-	-
DR Horton	206	206	-	206	-	-	-	-
TBD	132	132	-	-	-	132		132
Total Single Family	941	941	-	661	15	265	19	261
Multi Family								
New Expression	63	63	-	28	-	35	6	29
Windsor Development	128	128	-	-	-	128	-	128
Total Multi Family	191	191	<u>-</u>	28	-	163	6	157
Grand Totals	1,132	1,132	-	689	15	428	25	418

The Developer acquired all the property comprising the Development between the years 2005-2018 from various third party entities for a total purchase price of approximately \$40,000,000. The entire Development is considered developable and is approximately 50% developed. Approximately 60% of all required public improvements for the Development (including approximately 81% of the public improvements within the District) have been completed by District No. 1.

#### **Schools**

The Development is served by St. Vrain Valley School District, which includes the following schools (all presently open): Black Rock Elementary School (grades K-5), Erie Middle School (grades 6-8); and Erie High School (grades 9-12). Please see the following website for additional information with respect to the school district: <a href="https://www.svvsd.org">www.svvsd.org</a>.

## **Marketing and Advertising**

The marketing of lot sales within the Development is managed internally by the Developer. The Developer is utilizing a variety of methods to target commercial developers, homebuilders and prospective homebuyers, including, but not limited to on- and off-site promotions, various print media advertising, and a website (<a href="www.communitydevelopmentgroup.com">www.communitydevelopmentgroup.com</a>). Separate marketing may be undertaken by individual developers and homebuilders. A marketing packet is available from the Developer upon request.

## Competition

The Developer has sold 1,000 of the 1,960 residential lots within the Development. The remaining 960 residential lots to be sold are expected to all be sold in the next 12 months, all to national homebuilders.

Lot finish construction and all remaining public improvements are anticipated to be completed within the next 24 months See the Market Study attached as Appendix C.

# The Developer

The Developer of the Wyndham Hill Development is Frederick Development Company, Inc., a Colorado corporation, having as its principals and directors, Charles R. Bellock and Jon R. Lee. Since 1977, the principals of the Developer have collaborated under the trade name of "Community Development Group" ("CDG"). CDG is the umbrella "brand" for multiple real estate projects and over eighty development and investment entities, including the construction and development management company, Bellock Construction Company, Inc., which was established in 1976.

For over forty years, CDG, led by Chuck Bellock and Jon Lee, has demonstrated its ability to create successful, award-winning master planned communities. Focused on gaining difficult entitlements in growth-restrictive jurisdictions, CDG has been able to optimize returns and create opportunities for national and regional homebuilders in limited entry markets along the Front Range of Colorado. The CDG team of expert professionals utilizes a hands-on collaborative approach to create neighborhoods and amenities that enhance local towns and the lifestyles of their residents.

CDG's conservative approach to real estate development has enabled them to navigate major economic downturns and bring award-winning master planned communities to market in Boulder, Broomfield, Louisville, Lafayette, Westminster, Douglas County, Erie, Frederick and Dacono.

Frederick has been the direct beneficiary of job and population growth in the region. Located within close proximity to the job creators that Boulder, Broomfield, Westminster, Louisville and Longmont have historically provided and the oil and gas employment opportunities being created in Weld County, the Frederick area offers affordable single-family housing. Growth restrictions continue to cause these employees to locate in the affordable homes CDG's communities provide, and national homebuilders unable to acquire suitable sites in the Boulder/Broomfield/Longmont markets have chosen CDG communities in Frederick and Erie to obtain much sought after single family lots.

CDG has developed over 20,000 residential units and 1,000 acres of commercial sites within the greater Denver/Boulder market.

#### **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to give the Series 2020A Senior Bonds the rating of "AA" based upon the issuance of the Policy by the Bond Insurer. Moody's Investors Service, Inc. ("Moody's") has assigned a rating on the Series 2020A Senior Bonds as indicated on the cover page to this Official Statement. The ratings reflect only the view of Moody's, and there is no guaranty that they will continue for any given period of time after obtained or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2020A Senior Bonds.

No application has been or is intended to be made for a rating of the Series 2020B Subordinate Bonds.

#### **SERIES 2020A SENIOR BONDS BOND INSURANCE**

#### **Bond Insurance and Reserve Fund Surety Policy**

Concurrently with the issuance of the Series 2020A Senior Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2020A Senior Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2020A Senior Bonds when due as set forth in the form of the Policy included as APPENDIX K to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

#### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <a href="www.standardandpoors.com">www.standardandpoors.com</a>. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$534.9 million, \$132.5 million and \$402.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above

(Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "SERIES 2020A SENIOR BONDS BOND INSURANCE" and APPENDIX K-SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

#### LITIGATION

There is no litigation now pending or, to the knowledge of the District officials responsible for the issuance of the Bonds, threatened which questions the validity of the Bonds or of any proceedings of the District taken with respect to the issuance or sale thereof.

#### **LEGAL MATTERS**

#### General

Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Kline Alvarado Veio, P.C., Denver, Colorado, as Bond Counsel, whose opinions are expected to be delivered in substantially the forms set forth in "APPENDIX H – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020A SENIOR BONDS" and "APPENDIX I – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020B SUBORDINATE BONDS." Certain matters will be passed upon for the District by White Bear Ankele Tanaka & Waldron, Centennial, Colorado, as general counsel to the District. Stradling Yocca Carlson & Rauth, a Professional Corporation, Denver, Colorado, has served as counsel to the Underwriter in connection with this financing. Kline Alvarado Veio, P.C. has also served as disclosure counsel to the District and in such capacity has assisted in the preparation of this Official Statement.

The legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization and insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles that may limit the specific enforcement under state law of certain remedies; to the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; and to the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving an important public purpose.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

#### TAX MATTERS

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Bonds for the investors described below and is based on the advice of Kline Alvarado Veio, P.C., as Bond Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Bonds.

#### General

In the opinion of Kline Alvarado Veio, P.C., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is exempt from federal alternative minimum tax.

The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal tax purposes. The opinions set forth above are subject to continuing compliance by the District and others with such covenants. Failure to

comply with such covenants could cause interest on the Bonds to be included in gross income retroactive to the date of issue of such Bonds.

**Original Issue Premium**. Certain of the Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

*Original Issue Discount*. Certain of the Bonds may be offered at a discount ("original issue discount") equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

#### **Exemption Under State Tax Law**

In Bond Counsel's further opinion, interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds.

#### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

#### **MUNICIPAL ADVISOR**

The District has retained Piper Sandler & Co., Denver, Colorado, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds and with respect to the authorization, execution and delivery of the Bonds. *The Municipal Advisor was not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.* The Municipal Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Bonds.

#### **UNDERWRITING**

The Series 2020A Senior Bonds are being purchased from the District by the Underwriter at an aggregate purchase price of \$20,241,735.29 (the aggregate principal amount of the Series 2020A Senior Bonds less underwriting discount of \$175,590.81 plus net premium of \$347,326.10) and the Series 2020B Subordinate Bonds are being purchased from the District by the Underwriter at an aggregate purchase price of \$9,480,010.37 (the aggregate principal amount of the Series 2020B Subordinate Bonds less underwriting discount of \$119,989.63) pursuant to the terms of a Bond Purchase Agreement entered into by and between the District and the Underwriter. The Bond Purchase Agreement requires the Underwriter to purchase all of the Bonds if any are purchased, and provides that the obligation to purchase the Bonds is subject to certain terms and conditions, including the approval of certain legal matters by counsel. The Underwriter intends to offer the Bonds to the public at the offering price(s) set forth on the inside front cover of this Official Statement.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Securities, LLC, member NYSE, FINRA, NFA, and SIPC.

Wells Fargo Securities, LLC ("WFS"), the underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA") for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFS will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFS has also entered into an agreement (the "WFBNA Distribution Agreement") with its affiliate, Wells Fargo Bank, N.A., acting through its Municipal Finance Group ("WFBNA"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFBNA Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFS, and WFA are each wholly- owned subsidiaries of Wells Fargo & Company.

#### **CONSULTANTS**

The Market Study, including the COVID-19 Addendum, and the Financial Projection have been included in this Official Statement in reliance upon the knowledge and experience of Metrostudy and Simmons & Wheeler, P.C., respectively, as experts in such matters.

#### CONTINUING DISCLOSURE

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) ("Rule 15c2-12"), the District has covenanted, for the benefit of the holders of the Bonds, to provide certain financial information and other operating data and notices of material events after the Bonds are issued. The District will enter into a Continuing Disclosure Agreement with UMB Bank, n.a., in its capacity as both the Senior Indenture Trustee and the Subordinate Indenture Trustee, in which the District will agree to provide, or cause to be provided, to the MSRB, through its EMMA system, certain information concerning the District and the Bonds on an annual basis, as well as contemporaneous notice of the occurrence of certain events affecting the Bonds. See "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT" for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Agreement.

Failure of the District to comply with the Continuing Disclosure Agreement does not constitute a Senior Indenture Event of Default or a Subordinate Indenture Event of Default, but the Continuing

Disclosure Agreement provides that any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations thereunder.

The District has not incurred any financial obligations that have been subject to Rule 15c2-12 and therefore has never delivered a continuing disclosure undertaking pursuant to such Rule.

#### **MISCELLANEOUS**

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. THE DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

The Colorado Municipal Bond Supervision Act generally provides for the Colorado Securities Commissioner (the "Commissioner") to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the act requires that all bonds, debentures, or other obligations (defined in the Act as "bonds") issued by a special district must first be registered with the Commissioner unless exempt under the Act. The Bonds qualify for exemptions from such registration.

There can be no assurance that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or adverse history or economic prospects connected with a particular issue or industry, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price. Consequently, Owners may be required to bear the financial risks of this investment for an indefinite period of time.

The appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Brief descriptions of the Bonds, the Indentures, the District and various other documents, statutes, reports or other instruments are included in this Official Statement and the appendices hereto. These descriptions do not purport to be comprehensive or definitive. All references herein to the documents, statutes, reports or other instruments described herein are qualified in the entirety by reference to each such document, statute, report or other instrument. Copies of documents, statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Official Statement are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from the sources specified in "INTRODUCTION – Additional Information."

So far as any statements made in this Official Statement involve matters of opinion, projections, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The information contained in this Official Statement has been obtained from sources which are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors

under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

UMB BANK, N.A., BY ACCEPTANCE OF ITS DUTIES AS THE SENIOR INDENTURE TRUSTEE AND THE SUBORDINATE INDENTURE TRUSTEE, HAS NOT REVIEWED THIS OFFICIAL STATEMENT AND HAS MADE NO REPRESENTATIONS AS TO THE INFORMATION CONTAINED HEREIN.

[Remainder of page intentionally left blank.]

#### OFFICIAL STATEMENT CERTIFICATION

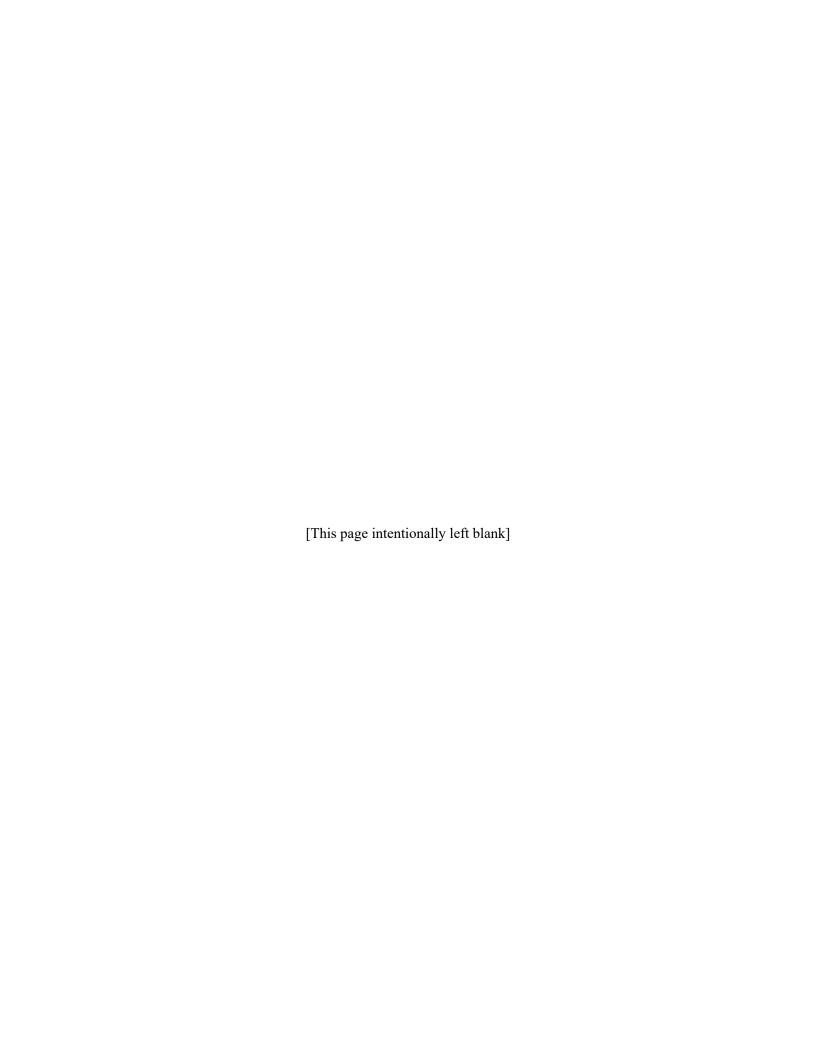
The preparation and distribution of this Official Statement has been authorized by the Board. This Official Statement is not to be construed as an agreement or contract between the District and any purchaser, Owner, Beneficial Owner or other holder of any Bond or any interest therein.

WYNDHAM HILL METROPO	LITAN
DISTRICT NO. 2	

By	/s/	Jon Lee	
-	Presid	dent	

#### APPENDIX A

### AUDITED FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018



# WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

## WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 TABLE OF CONTENTS YEAR ENDED DECEMBER 31, 2018

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#### **INDEPENDENT AUDITORS' REPORT**

Board of Directors Wyndham Hill Metropolitan District No. 2 Frederick, Colorado

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 2, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Board of Directors Wyndham Hill Metropolitan District No. 2

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Wyndham Hill Metropolitan District No. 2 as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management omitted the management's discussion and analysis that accounting principals generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

CliftonLarsonAllen LLP

Clifton Larson Allen LLP

Greenwood Village, Colorado April 24, 2019

#### WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 STATEMENT OF NET POSITION DECEMBER 31, 2018

Governmental Activities
\$ 43,277
2,248
1,337,415
5,656
3,428
1,392,024
285,415
207,238
21,638,657
2,078,512
24,209,822
1,337,415
1,337,415
10,412
,
(24,165,625)
\$ (24,155,213)

#### WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenue Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities: General Government Interest and Related Costs on Long-Term Debt	\$ 5,849,713 1,380,227 \$ 7,229,940	\$ - - \$ -	\$ (5,849,713) (1,380,227) (7,229,940)
	General Revenue: Property Taxes Specific Ownersh Royalties Net Investment In Total Gene	nip Taxes	962,440 73,717 306 6,792 1,043,255
	Change in Net Po	sition	(6,186,685)
	Net Position - Begi	nning of Year	(17,968,528)
	Net Position - End	d of Year	\$ (24,155,213)

## WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 BALANCE SHEET GOVERNMENTAL FUND DECEMBER 31, 2018

	General Fund
ASSETS	 T dild
Cash and Investments	\$ 43,277
Accounts Receivable	2,248
Property Tax Receivable	1,337,415
Due from Other Governments	5,656
Prepaid Items	 3,428
Total Assets	\$ 1,392,024
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	 1,337,415
Total Deferred Inflows of Resources	1,337,415
FUND BALANCE	
Nonspendable	3,428
Restricted for:	
TABOR Bald Consider	10,412
Debt Service	 40,769
Total Fund Balance	 54,609
Total Deferred Inflows of Resources, and Fund Balance	\$ 1,392,024

## WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION DECEMBER 31, 2018

Total Fund Balance - Total Governmental Fund \$ 54,609

Amounts reported for governmental activities in the statement of net position are different because:

Some liabilities are not due in the current period and, therefore, are not reported in the fund balance sheet.

Limited Tax Obligation Notes (21,845,895)
Subordinate Limited Tax Revenue Notes (2,078,512)
Accrued Interest and Non-Use Fees (285,415)
(24,209,822)

Net Position of Governmental Activities \$ (24,155,213)

#### WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND YEAR ENDED DECEMBER 31, 2018

	General Fund
REVENUES	
Property Tax Income	\$ 962,440
Specific Ownership Taxes	73,717
Royalties	306
Net Investment Income	6,792
Total Revenues	1,043,255
EXPENDITURES	
Current:	
Audit	9,500
Treasurer's Fee	14,443
Insurance	3,384
Miscellaneous	365
Intergovernmental Payment to District No. 1	5,822,021
Debt Service:	
Principal	301,105
Interest and Fiscal Charges	1,088,971
Loan Origination Fees	167,049
Non-use Fees	4,289
Custodial Fees	4,500
Total Expenditures	7,415,627
DEFICIENCY OF REVENUE OVER EXPENDITURES	(6,372,372)
OTHER FINANCING SOURCES	
Proceeds from Debt Instrument	6,208,441
Total Other Financing Sources	6,208,441
NET CHANGES IN FUND BALANCE	(163,931)
Fund Balance - Beginning of Year	218,540
FUND BALANCE - END OF YEAR	\$ 54,609

# WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balance - Total Governmental Fund

\$ (163,931)

(6.208.441)

301,105

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

either transaction, nowever, has any effect on net position.

Proceeds from Debt Instrument

Payment of Principal

A decrease in accrued interest and non-use fees does not have any impact on governmental fund expenditures. This transaction, however, does decrease the amount of interest expense and non-use fees on the statement of activities. Accrued Interest and Non-Use Fees

ccrued Interest and Non-Use Fees (115,418)

Change in Net Position of Governmental Activities \_\_\_\_\$ (6,186,685)

#### NOTE 1 DEFINITION OF REPORTING ENTITY

Wyndham Hill Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized by order and decree of the District Court in Weld County on May 26, 2004, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District operates under a Consolidated Service Plan with Wyndham Hill Metropolitan District No. 1 (District No. 1) and Wyndham Hill Metropolitan District No. 3 (District No. 3) approved by the Town of Frederick on February 13, 2004 as amended on August 11, 2005, October 12, 2006, and February 14, 2008. Pursuant to the Service Plan, the District and District No. 3, the financing districts, are intended to provide funding to District No. 1, the operating district, for construction, operation and maintenance of the public improvements, while District No. 1 is intended to manage the financial, construction and operation and maintenance of such improvements.

The District was established to provide financing for the design, acquisition, construction, and completion of public improvements, including streets, traffic and safety controls and devices, transportation services, park and recreation, water, mosquito and pest control and sanitation facilities, generally located in the collector roadway system, services and programs. District No. 1 contracts with the Wyndham Hill Master Association, Inc. for the maintenance of park and recreation facilities including a District No. 1 operated pool and community building. The operation and maintenance of all other services and facilities is anticipated to be provided by other entities and not by the District.

The District has no employees and all administrative functions are contracted.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity, including District No. 1, District No. 3 and the Town of Frederick.

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and intergovernmental revenues.

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Government-Wide and Fund Financial Statements (Continued)**

The statement of net position reports all financial resources of the District. The difference between the assets, liabilities and deferred outflows and inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Increases in bonds payable are recorded as an increase in liabilities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major revenue source susceptible to accrual is property taxes. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

#### **Budgets**

In accordance with the State Budget Law, the District's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's board of directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. During fiscal year 2018, the Board of Directors approved a supplemental appropriation of \$6,280,696.

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Property Taxes**

Property taxes are levied by the District's board of directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal instalments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

#### **Fund Balance and Net Position**

Net position is reported in the governmental activities and is classified as restricted or unrestricted. Restrictions of net position represent amounts that are not available for appropriation or are legally restricted. As of December 31, 2018, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are not spendable in form or because they are legally or contractually required to be maintained intact. This includes amounts that are not expected to be converted to cash, for example, prepaid amounts.

<u>Restricted</u> – amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

<u>Committed</u> – amounts that are subject to a purpose constraint imposed by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified or rescinded only through resolutions approved by the Board.

<u>Assigned</u> – amounts that are subject to a purpose constraint that represents an intended use established by the District in its budget process. The purpose of the assignment must be narrower than the purpose of the General Fund.

<u>Unassigned</u> – represents the residual classification for the District's General Fund and could report a surplus or deficit.

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Restricted Fund Balance**

Emergency Reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. In compliance with this requirement, \$10,412 of the General Fund balance has been restricted.

Nonspendable fund balance of \$3,428 is equal to the amount of prepaid insurance for the District that will benefit a future period.

The remaining fund balance of the District of \$40,769 is restricted to meet contractual commitments under debt obligations (see Note 4) and intergovernmental agreements (see Notes 5 and 6).

The District's order of fund balance spending policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. The District reserves the right to selectively spend unassigned fund balance.

#### NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 consist of the following:

Cash Deposits	\$ 32,483
Investments	 10,794
Total Cash	\$ 43,277

#### **Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2018, the District's cash deposits had a carrying balance of \$32,483.

#### NOTE 3 CASH AND INVESTMENTS (CONTINUED)

#### **Investments**

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments. The District also follows investment policies in bond or note agreements when those agreements are more restrictive than state statutes. The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and World Bank securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds\*
- Guaranteed investment contracts
- Local government investment pools
- Certain reverse repurchase agreements
- Certain corporate bonds
- Certain securities lending agreements

Colorado revised statutes limit investment maturities to five years or less depending on the specific investment held unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of U.S. local government, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

As of December 31, 2018, the District had the following investments:

Investment	Maturity	Amo	rtized Cost
*NANA	Lasa than One Van	Φ.	40.704
*Money Market Fund - Fidelity Treasury	Less than One Year	\$	10,794

As of December 31, 2018, the District had \$10,794 invested in Fidelity Treasury Money Market Funds. The investment is rated AAAm by Standard & Poor's and is valued at amortized cost because the investment instruments within the accounts are money market funds which are valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72.

#### NOTE 4 LONG-TERM OBLIGATIONS

The District's long-term obligations consist of the following for the year ended December 31, 2018:

	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
General Obligation Limited					
Tax Bonds - Series 2015	\$ 8,230,000	\$ -	\$ -	\$ 8,230,000	\$ -
General Obligation Limited					
Tax Notes - Series 2016	9,787,071	4,129,929	301,105	13,615,895	207,238
Subordinate Limited Tax					
Revenue Notes - Series 2018B		2,078,512		2,078,512	
Total Long-Term					
Obligations	\$ 18,017,071	\$ 6,208,441	\$ 301,105	\$ 23,924,407	\$207,238

#### Series 2015 Bonds

The District issued the 2015 Subordinate Limited Tax General Obligation Bonds on May 1, 2015, in the amount of \$8,230,000. The proceeds of such debt was used for issuance costs and to repay the developer advances incurred by District No. 1 to fund the cost of public infrastructure improvements. Bond interest is payable annually on December 15, with the principal due at maturity on December 15, 2054. The interest rate is 8.5% and interest is computed on the basis of a 360-day year of twelve 30-day months. The District incurred \$691,777 in interest expense on the 2015 Bonds during the year ended December 31, 2018.

The 2015 Subordinate Bonds are secured by and payable from Subordinate Pledged Revenue, which includes the residual property taxes derived from the Required Mill Levy, net of the cost of collection, specific ownership taxes allocable to the Required Mill Levy, Development Fees and any other legally available moneys of the District after payment of senior debt obligations. The Required Mill Levy is defined in the Trust Indenture as a mill levy imposed upon all taxable property of the District each year.

The following summarizes the debt services requirements to maturity for the bonds:

Year Ending December 31,	Principal Interest		Interest		Total		
2019	\$ _	_	\$	699,550	-	\$	699,550
2020	-			699,550			699,550
2021	-			699,550			699,550
2022	_			699,550			699,550
2023	_			699,550			699,550
2024-2028	_			3,497,750			3,497,750
2029-2033	_			3,497,750			3,497,750
2034-2038	_			3,497,750			3,497,750
2039-2043	_			3,497,750			3,497,750
2044-2048	_			3,497,750			3,497,750
2049-2053	_			3,497,750			3,497,750
2054	8,230,000			668,459			8,898,459
Total	\$ 8,230,000	_	\$	25,152,709		\$	33,382,709

#### NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

#### Series 2016 Note

The District issued the 2016A Limited Tax Obligation Note on June 10, 2016 for an amount not to exceed \$10,000,000 with the ability to draw on the Note through June 10, 2019. On August 18, 2016, the District executed a second agreement, 2016B Limited Tax Obligation Note, under the same terms as 2016A for an amount not to exceed \$4,000,000. The proceeds of such debt were used to refund all of the amounts due on the District's General Obligation Limited Tax Bonds, Series 2005; refunding of certain amounts on District No. 1's advances received from Developer; refunding of certain amounts due on District No. 1's outstanding Subordinate Bond Anticipation Note, Series 2005A: refunding of certain amounts due on the District's outstanding Subordinate Limited Tax Obligation Note, Series 2015; and the payment of costs of issuance of the 2016 Note. The District does not have optional prepayment of principal through the second anniversary of the date of the Note. A prepayment fee of 1% will be added to the principal balance if prepayment occurs after the second anniversary date but before the third anniversary date. No prepayment fee is incurred if prepayment occurs after the third anniversary date and before the fifth anniversary date of the Note. On May 25, 2021, and each five year anniversary until the maturity date, the interest rate will reset to the Bank Qualified Tax-Exempt Rate on the reset date. Interest payments are due on June 1 and December 1 of each year. The District is subject to non-use fees in the amount of 0.25% of the unfunded portion of the maximum advance amount computed on the basis of a 360-day year and actual days elapsed beginning on the commencement date of the Initial Advance stated below. The District incurred \$3,460 in non-use fees on the unfunded balance as of December 31, 2018.

Each advance is subject to the terms as noted above. Below is a summary of each draw made through December 31, 2018:

	Original Amount	Outstanding Principal	ncipal Paid in 2018	Interest Incurred in 2018						Date of Advance	Effective Interest Rate
2016A											
Initial Advance	\$ 6,795,744	\$ 6,614,907	\$ 123,683	\$	258,549	June 10, 2016	3.790%				
Second Advance	1,067,178	1,038,783	19,423		39,370	September 1, 2016	3.675%				
Third Advance	224,534	222,650	-		9,499	January 25, 2017	4.208%				
Fourth Advance	1,110,515	1,101,177	-		43,877	June 1, 2017	3.930%				
Fifth Advance	672,100	666,448	-		27,467	October 19, 2017	4.065%				
Sixth Advance	129,929		 129,929		4,444	March 1, 2018	4.478%				
2016A Total	10,000,000	9,643,965	273,035		383,206						
2016B											
Initial Advance	2,585,726	2,585,726	-		92,309	March 19, 2018	4.478%				
Second Advance	1,148,582	1,120,512	28,070		28,778	June 19, 2018	4.643%				
Third Advance	265,692	265,692			450	December 18, 2018	4.695%				
2016B Total	4,000,000	3,971,930	28,070		121,537						
Total	\$14,000,000	\$13,615,895	\$ 301,105	\$	504,743						

#### NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

The following summarizes the debt services requirements to maturity for the 2016 Notes:

Year Ending December 31,	Principal		Interest		_	Total	
2019	\$	207,238	\$	556,528		\$ 763,766	
2020		300,342		550,005		850,347	
2021		116,048		536,234		652,282	
2022		136,184		531,513		667,697	
2023		186,618		525,927		712,545	
2024-2028		1,060,237		2,507,033		3,567,270	
2029-2033		1,606,917		2,250,979		3,857,896	
2034-2038		2,535,574		1,848,146		4,383,720	
2039-2043		3,875,294		1,227,311		5,102,605	
2044-2046		3,591,443		314,800	_	3,906,243	
Total	\$	13,615,895	\$	10,848,476		\$ 24,464,371	

#### Series 2018B Note

The District issued the 2018B Subordinate Limited Tax Revenue Note on December 4, 2018 for an amount not to exceed \$10,000,000 with the ability to draw on the Note as needed. Draw are to be issued to the Developer, a related party (see Note 5), for amounts advanced to the District by the Developer for capital projects of District No.1. Interest payments are due annually on December 15 at a rate of 8% computed on the basis of a 360-day year with the principal due at maturity on December 1, 2048. The repayment of the Note will be subordinate to any outstanding senior debt. During 2018, the District drew down \$2,078,512 and incurred \$8,696 of interest.

Each draw is subject to the terms as noted above. Below is a summary of each draw made through December 31, 2018:

	Original	Outstanding	Principal Paid	Interest	Date of	Effective
	Amount	Principal	in 2018	Incurred in 2018	Draw	Interest Rate
Initial Draw	\$ 2,078,512	\$ 2,078,512	\$ -	\$ 8,696	December 4, 2018	8.000%
Total	\$ 2,078,512	\$ 2,078,512	\$ -	\$ 8,696		

The following summarizes the debt service requirements to maturity for the 2018B Note:

Year Ending December 31,	Principal		Interest		Total		
2019	\$	-	\$	166,281		\$	166,281
2020		-		166,281			166,281
2021		-		166,281			166,281
2022		-		166,281			166,281
2023		-		166,281			166,281
2024-2028		-		831,405			831,405
2029-2033		-		831,405			831,405
2034-2038		-		831,405			831,405
2039-2043		-		831,405			831,405
2044-2048		2,078,512		817,548	_		2,896,060
Total	\$	2,078,512	\$	4,974,572		\$	7,053,084

#### NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

#### **Authorization**

The District has been authorized to issue debt and the principal amount not to exceed \$140,100,000 as voted on in November 2004. The voted authorization has been limited by the service plan approved by the Town of Frederick. During November 2005, District voters authorized up to \$406,000,000 of debt principal. The service plan limits the total new money revenue and general obligation debt of the District and District No. 1 and District No. 3 to \$36,000,000. At December 31, 2018, the District had remaining authorized but unissued indebtedness of \$382,075,593.

#### NOTE 5 RELATED PARTY

All of the members of the board of directors are employees or are associated with Bellock Construction Company, the Construction Manager and accountants for the District, and Frederick Development Company, Inc., the Developer within the District. During 2018, District No. 1, the District, and District No. 3 had the same board of directors.

#### **Construction Management Agreement**

A construction management agreement was entered into during 2005 between District No. 1 and Bellock Construction Company. The agreement calls for Bellock Construction Company to provide management services of all activities related to construction projects to be completed within Wyndham Hill Metropolitan Districts No. 1, No. 2 and No. 3. The agreement expires on December 31 of each year, but is automatically extended for a successive annual period so long as sufficient funds have been appropriated, unless contrary action is taken.

#### **Accounting Services Agreement**

An accounting services contract was entered into with Bellock Construction Company on March 10, 2005. Under this agreement, accounting services are provided to District No. 1, No. 2 and No. 3 at the hourly annual rates of Bellock Construction Company employees. During 2015, the District incurred \$0 in accounting services fees.

### NOTE 6 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (SERVICE CONTRACT) AND OTHER AGREEMENTS

In order to implement the Service Plan, the District entered into an intergovernmental agreement with District No. 1 and District No. 3. The agreement shall remain in full force and effect until such time as each of the terms and conditions has been performed in their entirety or until the agreement is terminated by mutual written agreement of the Districts.

District No. 1 is to construct the facilities benefiting the three Districts and transfer them to the Town of Frederick or the HOA. The District and District No. 3 will, to the extent that they benefit, pay the capital costs and the service costs of operation and maintenance of such facilities (authorized service costs).

### NOTE 6 DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (SERVICE CONTRACT) AND OTHER AGREEMENTS (CONTINUED)

The District is required to fund, on an annual basis, the amount of actual service costs that it would be capable of funding through property tax revenue plus other fee revenue as determined in the annual budget. If the Districts disagree as to the amount to be paid, then the District must pay District No. 1 the amount set forth in the annual budget. During fiscal year 2017, the Colorado legislature reduced the residential assessment ratio from 7.96% to 7.20% causing the property tax mill rate for general obligation bonds and service costs to increase from 50 mills to 55.275 mills. The rate remained the same for 2018.

#### NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2018. The Pool is an organization created by intergovernmental agreement to provide property, liability, public official's liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded insurance coverage in the past three years.

The District pays annual premiums to the Pool for liability and public official's liability. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool, may be returned to the members pursuant to a distribution formula.

#### NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, referred to as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

#### NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 2, 2004, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all annual District revenue without regard to any limitations under TABOR.

#### NOTE 9 INTERGOVERNMENTAL REVENUES AND EXPENDITURES

The following intergovernmental revenue and expenses occurred during fiscal year ended December 31, 2018:

	Wyndham Hill		Wyndham Hill		Wyndham Hill			
	Metropolitan		Metropolitan		Metropolitan		Total	
	District No. 1		District No. 2		District No. 3		Revenues	
Wyndham Hill Metropolitan:								
District No. 1	\$	-	\$	5,822,021	\$	1,485	\$	5,823,506
District No. 3		3,764		_				3,764
Total Expenditures	\$	3,764	\$	5,822,021	\$	1,485	\$	5,827,270
•								

#### NOTE 10 NET POSITION

The District has net position consisting of two components - Restricted and unrestricted.

Restricted net position includes net position that is restricted for use either by externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

The District had a deficit net position at December 31, 2018 of \$24,155,213. This deficit amount is the result of the District being responsible for the repayment of bonds issued for public improvements, which are recorded as an asset with District No. 1.

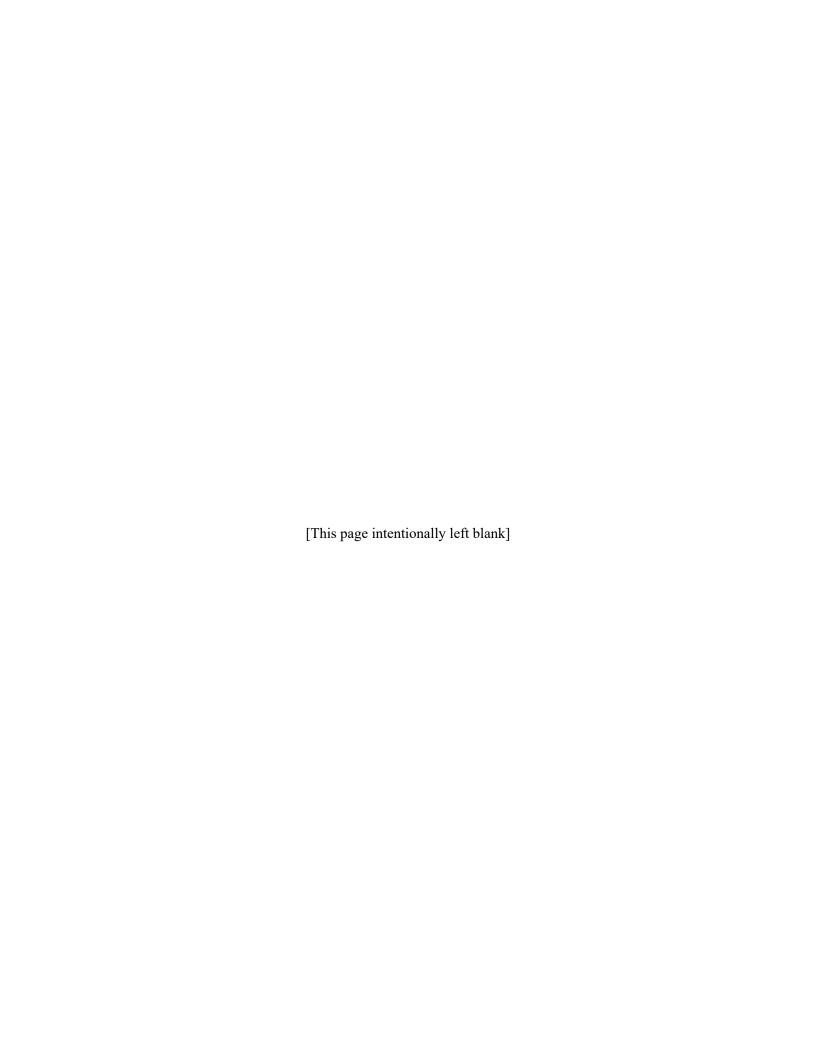
#### NOTE 11 SUBSEQUENT EVENT

In February 2019, the District issued the 2019A Limited Tax Obligation Note for an amount not to exceed \$10,000,000 with the ability to draw on the Note through February 8, 2022. The terms are similarly to the 2016A Note and 2016B Note as described in Note 6. On February 8, 2019, the District had an initial draw of \$1,496,639.

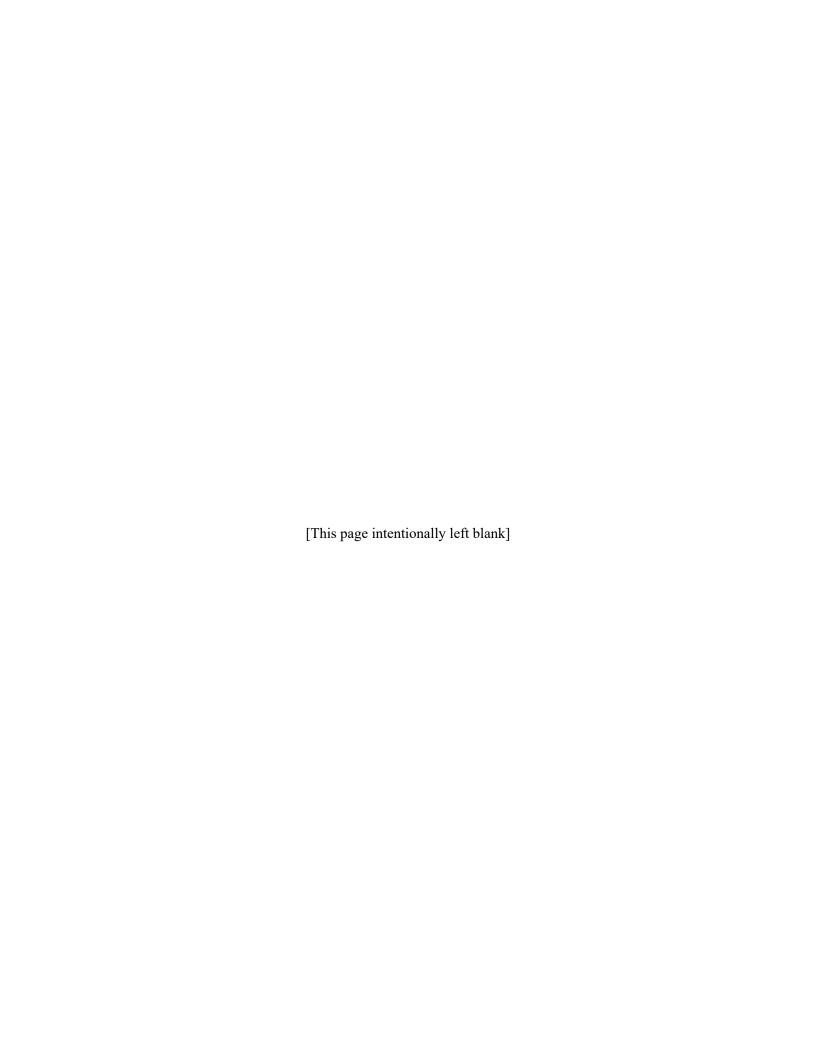
REQUIRED SUPPLEMENTARY INFORMATION

# WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND YEAR ENDED DECEMBER 31, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 962,908	\$ 962,440	\$ 962,440	\$ -
Specific Ownership Taxes	48,145	73,717	73,717	-
Royalties	_	306	306	-
Net Investment Income		6,792	6,792	
Total Revenues	1,011,053	1,043,255	1,043,255	-
EXPENDITURES				
Current:				
Audit	9,500	9,500	9,500	-
Treasurer's Fee	14,444	14,443	14,443	-
Insurance	3,700	3,384	3,384	-
Miscellaneous	10,000	365	365	-
Intergovernmental Payment:				
District No. 1	126,902	5,822,021	5,822,021	-
Debt Service				
Principal	274,488	301,105	301,105	-
Interest	682,429	1,088,971	1,088,971	-
Loan Origination Fees	-	167,049	167,049	-
Non-use Fees	10,468	4,289	4,289	-
Custodial Fees	3,000	4,500	4,500	
Total Expenditures	1,134,931	7,415,627	7,415,627	
DEFICIENCY OF REVENUES OVER EXPENDITURES	(123,878)	(6,372,372)	(6,372,372)	-
OTHER FINANCING SOURCES				
Proceeds from Debt Instrument	3,000,000	6,208,441	6,208,441	
Total Other Financing Sources	3,000,000	6,208,441	6,208,441	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	2,876,122	(163,931)	(163,931)	-
		,	,	
Fund Balances - Beginning of Year	207,366	218,540	218,540	
FUND BALANCE - END OF YEAR	\$ 3,083,488	\$ 54,609	\$ 54,609	\$ -



### APPENDIX B FINANCIAL PROJECTION



# Wyndham Hill Metropolitan District No. 2 Forecasted Statement of Sources and Uses of Cash

For the Years Ending December 31, 2020 through 2050

(303) 689-0833

Board of Directors

Wyndham Hill Metropolitan District No. 2

Town of Frederick, Weld County, Colorado

Management is responsible for the accompanying forecast of Wyndham Hill Metropolitan District No. 2, which comprises the accompanying forecasted statements of sources and uses of cash (Exhibit I), the related debt service schedules (Exhibits II, III and IV), analysis of absorption and market values (Exhibit V) and calculations of assessed valuations (Exhibit I) for the years ending December 31, 2020 through 2050, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

April 23, 2020

Simmons & Whala P.C.

Summary of Significant Assumptions and Accounting Policies
December 31, 2020 through 2050

The foregoing forecast is based on information provided by representatives of the Board of Directors of the Wyndham Hill Metropolitan District No. 2 collectively referred to as "management" herein. Management has relied on a market analysis and absorption forecast prepared by Metrostudy, Inc., Denver, Colorado dated April 10, 2020 for the taxable value and absorption of the residential property. The foregoing forecast presents, to the best of management's knowledge and belief, the expected cash receipts and disbursements for the forecast period. Accordingly, the forecast reflects management's judgment as of April 23, 2020. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The purpose of this forecast is to show the amount of funds available for debt retirement for the proposed Senior General Obligation Limited Tax Bonds, Series 2020A (the "Series 2020A Bonds") in the amount of \$20,070,000 and the proposed Subordinate General Obligation Limited Tax Bonds, Series 2020B (the "Series 2020B Bonds") in the total amount of \$9,600,000. The Series 2020A and the Series 2020B Bonds are forecasted to be issued on May 5, 2020. The proceeds will be used for the purposes of refunding all or a portion of the Series 2015 Bonds, Series 2016 Note, Series 2019 Note and the Series 2018B Note, funding the Series 2020 Insurance Policy (as described in the Series 2020 indenture) and to pay the costs of issuing the Series 2020A Bonds and Series 2020B Bonds.

### Note 1: Ad Valorem Taxes

The primary source of revenues for the District will be the collection of ad valorem taxes.

Residential property is assessed at 7.15% of market values for collection year 2020. Prior to the construction of a dwelling unit, residential lots are assessed at 29% of market values. Per the Metrostudy report, the residential development within the District is anticipated to include 1,132 units, of which, 411 were completed prior to 2018 and 721 will be completed from 2018 through completion in 2024. Market values for the residential property in the District are forecasted to average in a range from \$302,723 to \$505,298 for each product type as of 2020 as detailed in Exhibit V. Finished lots are forecasted at 10% of current market values and are assessed at 29% of the forecasted market values. Prior to construction, market values of residential dwelling units are forecasted to inflate at 1% per year. After the construction of residential property market values are assumed to inflate at 2% biennially.

Exhibit V details the forecasted absorption and market values. The related assessed values are reflected in Exhibit I.

Property is assumed to be assessed annually as of January 1st. Property included in this forecast is assumed to be assessed on the January 1<sup>st</sup> subsequent to completion. The forecast recognizes the related property taxes as revenue in the subsequent year.

The County Treasurer currently charges a 1.5% fee for the collection of property taxes.

Summary of Significant Assumptions and Accounting Policies
December 31, 2020 through 2050

### Note 1: Ad Valorem Taxes (continued)

Pursuant to the Service Plan, the maximum mill levy the District is permitted to impose for operations and debt service is 50.000 mills (subject to adjustment for changes in the method of calculating the assessed valuation after February 12, 2004). As a result of the residential rate change from 7.96% in 2004 to 7.15% in collection year 2020 the total mill levy can increase to 55.664 mills (subject to further adjustment for any changes in the residential assessment rate). For collection year 2020, the District has certified a levy of 11.133 mills for operations and 44.530 mills for debt service. The District will impose 4.664 mills for operations and 51.000 mills for debt service beginning in collection year 2021.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 6% of property taxes collected.

### Note 2: Bond Assumptions

### **Current Debt**

The District issued the Series 2018B Subordinate Limited Tax Revenue Note (the "Series 2018B Note") for an amount not to exceed \$10,000,000 on December 4, 2018. It is intended that on April 23, 2020 the District will adopt an Amended and Restated Note Resolution in regards to the Series 2018B Note, effective on the date that the Series 2020A and Series 2020B Bonds are issued. The Note carries a coupon rate of 8.000% and matures on December 1, 2048. \$3,580,530 of outstanding interest and principal on the Series 2018B Note will be refunded from proceeds of the Series 2020B Bonds. The Series 2018B Note holder has agreed to a remaining outstanding principal balance of \$3,461,941 as reflected in Exhibit IV. The Series 2018B Note discharges on December 1, 2048. The repayment of the Series 2018B Note will be subordinate to the Series 2020A and Series 2020B Bonds.

### **Forecasted Debt**

The District intends to issue the Series 2020A Bonds in the total amount of \$20,070,000 on May 5, 2020. The Series 2020A Bonds are forecasted to carry coupon rates ranging from 3.000% to 5.000% and mature on December 1, 2049. The Series 2020A Bonds will be secured by a maximum debt service mill levy of 51.000 mills (adjusted as described in Note 1) and the portion of specific ownership taxes attributable to the property taxes used for the Series 2020A debt service. Exhibit I reflects the total mill levy of 51.000 mills (adjusted as described in Note 1) for the entire forecast period. The limited maximum mill levy is required to further adjust for changes in the ratio of residential assessed values to market values occurring after the issuance of the Series 2020 Bonds. The Series 2020A Bonds discharge on December 1, 2049. Exhibit II reflects the forecasted repayment of principal and interest on the Series 2020A Bonds.

Summary of Significant Assumptions and Accounting Policies
December 31, 2020 through 2050

### Note 2: Bond Assumptions (continued)

The District intends to issue its Series 2020B Bonds totaling \$9,600,000 on May 5, 2020. The Series 2020B Bonds are forecasted to carry a coupon rate of 7.625% and are forecasted to mature on December 15, 2044. The Series 2020B Bonds are cash flow bonds with annual payments anticipated to be made on December 15, commencing December 15, 2020. Unpaid interest compounds annually on December 15 at the rate of 7.625%. Payments toward interest and principal can be made provided the Series 2020A Bonds (and any other Senior Obligations outstanding) are current. The District is required to impose the maximum required mill levy of 51.000 mills (adjusted as described in Note 1) less the mill levies required to be imposed by the District for payment of the Senior Obligations (including the Series 2020A Bonds) until the Series 2020B Bonds are fully paid or discharged on December 15, 2049. Other revenue pledged to the payment of the Series 2020B Bonds includes the portion of the specific ownership taxes attributable to the property taxes imposed for debt service on the Series 2020B Bonds. Exhibit III reflects the forecasted repayment schedule of the Series 2020B Bonds.

The scheduled payment of principal and interest on the Series 2020A Bonds when due will be guaranteed under an insurance policy issued by Build America Mutual Assurance Company.

The following table reflects the forecasted sources and uses of funds for the Series 2020A Bonds and the Series 2020B Bonds.

	Series 2020A	Series 2020B	Total
	<u> 2020A</u>	<u>2020B</u>	Total
Bond proceeds	\$ 20,070,000	\$ 9,600,000	\$ 29,670,000
Bond premium	761,310	-	761,310
Bond discount	(413,984)		(413,984)
Bond proceeds	\$ 20,417,326	\$ 9,600,000	\$ 30,017,326
Issuance costs	\$ 505,923	\$ 235,374	\$ 741,297
Bond Insurance	237,194		237,194
Refund - Series 2015	3,379,628	5,328,398	8,708,026
Refund - Series 2016	13,548,171	-	13,548,171
Refund - Series 2018B - Portion		4,036,228	4,036,228
Refund - Series 2019A	2,746,410		2,746,410
	\$ 20,417,326	\$ 9,600,000	\$ 30,017,326

Summary of Significant Assumptions and Accounting Policies
December 31, 2020 through 2050

### Note 3: District Improvements

This forecast does not reflect any additional cost of eligible District improvements that may be needed to complete the infrastructure and facilities within the District nor the source of the funds to pay for such costs.

### Note 4: Operating Expenses

Operating expenses for the District are forecasted to be paid from property taxes. This forecast reflects the net property taxes that will be annually available for operating expenses. The mill levy for operations imposed by the District is forecasted to be 4.664 mills (adjusted as described in Note 1). The portion of Specific Ownership Taxes attributable to the above described property tax revenues are also available for District operating expenses. In Exhibit I, the General Fund reflects the net tax revenues that are forecasted to be available for District operations.

	Total	2020	2021	2022	2023	2024	2025	2026
				General Fu	ınd			
Revenues								
Property taxes	6,064,423	270,309	105,733	120,086	139,391	161,423	175,005	181,276
Specific ownership taxes Less County treasurer fees	363,866 (90,968)	16,219 (4,055)	6,344 (1,586)	7,205 (1,801)	8,363 (2,091)	9,685 (2,421)	10,500 (2,625)	10,877 (2,719)
Available for operations	6,337,321	282,473	110,491	125,490	145,663	168,687	182,880	189,434
Mill Levy Operations		11.133	4.664	4.664	4.664	4.664	4.664	4.664
				Debt Service	Fund			
Beginning cash available	\$ 126,419 \$	126,419 \$	296 \$	- \$	- \$	- \$	- \$	<u>·</u>
Revenues								
Property taxes	64,438,801	1,081,186	1,156,168 69,370	1,313,117 78,787	1,524,216 91,453	1,765,128 105,908	1,913,645	1,982,219 118,933
Specific ownership taxes Bond proceeds - Series 2020A	3,866,328 20,070,000	64,871 20,070,000	09,370	70,707	91,400	100,900	114,819	110,933
Bond premium - Series 2020A	761,310	761,310						
Bond discount - Series 2020A	(413,984)	(413,984)						
Bond proceeds - Series 2020B	 9,600,000	9,600,000						
	 98,322,455	31,163,383	1,225,538	1,391,904	1,615,669	1,871,036	2,028,464	2,101,152
Expenditures								
Debt service - Series 2020A (Exhibit II)	34,375,985	745,629	958,769	1,024,019	1,020,519	1,041,519	1,040,769	1,064,269
Debt service - Series 2020B (Exhibit III)	24,155,657	505,333	244,722	343,188	567,287	798,040	953,990	1,002,150
Debt service - Series 2018B (Exhibit IV)	4,908,688		•	-	-	-	-	-
Refund - Series 2015 Refund - Series 2016	8,708,026 13,548,171	8,708,026 13,548,171						
Refund - Series 2018B - Portion	4,036,228	4,036,228						
Refund - Series 2019A	2,746,410	2,746,410						
Issuance Costs	978,491	978,491						
Paying agent / trustee fees	155,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
County treasurer fees	 966,584	16,218	17,343	19,697	22,863	26,477	28,705	29,733
	 94,579,240	31,289,506	1,225,834	1,391,904	1,615,669	1,871,036	2,028,464	2,101,152
Ending cash available	\$ 3,869,634 \$	296 \$	- \$	- \$	- \$	- \$	- \$	-
Mill Levy - Debt Service		44.530	51.000	51.000	51.000	51.000	51.000	51.000
Total Mill Levy	_	55.663	55.664	55.664	55.664	55.664	55.664	55.664
Outstanding Debt - Series 2020A	_	19,770,000	19,575,000	19,305,000	19,025,000	18,710,000	18,380,000	18,010,000
Ratio of o/s Debt / Assessed value	_	87.21%	76.03%	64.59%	54.97%	49.86%	47.29%	46.34%
Senior Debt Service Coverage Ratio - Max Levy		4177%	125%	134%	156%	177%	192%	194%

	2027	2028	2029	2030	2031	2032	2033	2034
				General F	und			
Revenues Property taxes Specific ownership taxes Less County treasurer fees	181,276 10,877 (2,719)	184,901 11,094 (2,774)	184,901 11,094 (2,774)	188,599 11,316 (2,829)	188,599 11,316 (2,829)	192,371 11,542 (2,886)	192,371 11,542 (2,886)	196,219 11,773 (2,943)
Available for operations	189,434	193,221	193,221	197,086	197,086	201,027	201,027	205,049
Mill Levy Operations	4.664	4.664	4.664	4.664	4.664	4.664	4.664	4.664
				Debt Servic	e Fund			
Beginning cash available	\$ - \$	- \$	- \$	- \$	485 \$	54 \$	517 \$	32
Revenues Property taxes Specific ownership taxes Bond proceeds - Series 2020A Bond premium - Series 2020A Bond discount - Series 2020A Bond proceeds - Series 2020B	1,982,219 118,933	2,021,864 121,312	2,021,864 121,312	2,062,301 123,738	2,062,301 123,738	2,103,547 126,213	2,103,547 126,213	2,145,618 128,737
	2,101,152	2,143,176	2,143,176	2,186,039	2,186,039	2,229,760	2,229,760	2,274,355
Expenditures  Debt service - Series 2020A (Exhibit II)  Debt service - Series 2020B (Exhibit III)  Debt service - Series 2018B (Exhibit IV)  Refund - Series 2015  Refund - Series 2016  Refund - Series 2018B - Portion  Refund - Series 2019A  Issuance Costs	1,060,769 1,005,650 -	1,086,519 1,021,329	1,085,019 1,022,829	1,107,019 1,042,600	1,107,419 1,043,116	1,127,019 1,065,725	1,130,019 1,063,674	1,152,769 1,083,564 -
Paying agent / trustee fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
County treasurer fees	29,733	30,328	30,328	30,935	30,935	31,553	31,553	32,184
Ending cash available	2,101,152 \$ - \$	2,143,176	2,143,176	2,185,554 485 \$	2,186,470 54 \$	2,229,297 517 \$	2,230,246	2,273,517 870
•	<u> </u>	<u> </u>	<u> </u>					
Mill Levy - Debt Service Total Mill Levy	51.000 55.664							
Outstanding Debt - Series 2020A	17,625,000	17,195,000	16,745,000	16,255,000	15,745,000	15,195,000	14,620,000	14,005,000
Ratio of o/s Debt / Assessed value	44.46%	43.37%	41.41%	40.20%	38.17%	36.84%	34.75%	33.29%
Senior Debt Service Coverage Ratio - Max Levy	195%	194%	194%	194%	194%	195%	194%	194%

	2035	2036	2037	2038	2039	2040	2041	2042
				General l	Fund			
Revenues								
Property taxes	196,219	200,143	200,143	204,146	204,146	208,229	208,229	212,394
Specific ownership taxes Less County treasurer fees	11,773 (2,943)	12,009 (3,002)	12,009 (3,002)	12,249 (3,062)	12,249 (3,062)	12,494 (3,123)	12,494 (3,123)	12,744 (3,186)
Available for operations	205,049	209,150	209,150	213,333	213,333	217,600	217,600	221,952
Mill Levy Operations	4.664	4.664	4.664	4.664	4.664	4.664	4.664	4.664
			Г	Debt Servic	e Fund			
Beginning cash available	\$ 870 \$	307	\$ 931 \$			262 \$	761 \$	863
Revenues								
Property taxes	2,145,618	2,188,530	2,188,530	2,232,301	2,232,301	2,276,947	2,276,947	2,322,486
Specific ownership taxes Bond proceeds - Series 2020A Bond premium - Series 2020A	128,737	131,312	131,312	133,938	133,938	136,617	136,617	139,349
Bond discount - Series 2020A Bond proceeds - Series 2020B								
	2,274,355	2,319,842	2,319,842	2,366,239	2,366,239	2,413,564	2,413,564	2,461,835
Expenditures								
Debt service - Series 2020A (Exhibit II)	1,153,169	1,172,569	1,175,169	1,197,825	1,198,125	1,222,613	1,220,475	1,248,150
Debt service - Series 2020B (Exhibit III)  Debt service - Series 2018B (Exhibit IV)	1,084,565	1,108,821	1,107,350	1,129,753	1,129,970	1,151,299	1,153,833	1,174,563
Refund - Series 2015	·	•		•			•	·
Refund - Series 2016								
Refund - Series 2018B - Portion								
Refund - Series 2019A Issuance Costs								
Paying agent / trustee fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
County treasurer fees	32,184	32,828	32,828	33,485	33,485	34,154	34,154	34,837
	2,274,918	2,319,218	2,320,347	2,366,063	2,366,580	2,413,065	2,413,462	2,462,550
Ending cash available	\$ 307 \$	931	\$ 427 \$	603 \$	262 \$	761 \$	863 \$	149
Mill Levy - Debt Service	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000
Total Mill Levy	55.664	55.664	55.664	55.664	55.664	55.664	55.664	55.664
Outstanding Debt - Series 2020A	13,365,000	12,680,000	11,965,000	11,205,000	10,420,000	9,585,000	8,725,000	7,805,000
Ratio of o/s Debt / Assessed value	31.14%	29.55%	27.34%	25.60%	23.34%	21.47%	19.16%	17.14%
Senior Debt Service Coverage Ratio - Max Levy	194%	195%	194%	194%	194%	194%	195%	194%

	2043	2044	2045	2046	2047	2048	2049	2050
				General Fu	nd			
Revenues								
Property taxes	212,394	216,641	216,641	220,974	220,974	225,394	225,394	229,902
Specific ownership taxes Less County treasurer fees	12,744 (3,186)	12,998 (3,250)	12,998 (3,250)	13,258 (3,315)	13,258 (3,315)	13,524 (3,381)	13,524 (3,381)	13,794 (3,449)
Available for operations	221,952	226,389	226,389	230,917	230,917	235,537	235,537	240,247
Mill Levy Operations	4.664	4.664	4.664	4.664	4.664	4.664	4.664	4.664
				Debt Service	Fund			
Beginning cash available	\$ 149 \$	837 \$	- \$	- \$	- \$	- \$	- \$	1,247,574
Revenues Property taxes Specific ownership taxes Bond proceeds - Series 2020A Bond premium - Series 2020A Bond discount - Series 2020A Bond proceeds - Series 2020B	2,322,486 139,349	2,368,936 142,136	2,368,936 142,136	2,416,314 144,979	2,416,314 144,979	2,464,641 147,878	2,464,641 147,878	2,513,933 150,836
	2,461,835	2,511,072	2,511,072	2,561,293	2,561,293	2,612,519	2,612,519	2,664,769
Expenditures Debt service - Series 2020A (Exhibit II) Debt service - Series 2020B (Exhibit III)	1,248,575 1,172,735	1,272,675 1,179,570	1,269,500	1,300,000	1,297,875	1,324,250	1,322,975	-
Debt service - Series 2018B (Exhibit IV) Refund - Series 2015 Refund - Series 2016 Refund - Series 2018B - Portion Refund - Series 2019A Issuance Costs	,,,,,,,,,	19,130	1,201,038	1,220,048	1,222,173	1,246,299		
Paying agent / trustee fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
County treasurer fees	34,837	35,534	35,534	36,245	36,245	36,970	36,970	37,709
	2,461,147	2,511,909	2,511,072	2,561,293	2,561,293	2,612,519	1,364,945	42,709
Ending cash available	\$ 837 \$	- \$	- \$	- \$	- \$	- \$	1,247,574 \$	3,869,634
Mill Levy - Debt Service	51.000	51.000	51.000	51.000	51.000	51.000	51.000	51.000
Total Mill Levy	55.664	55.664	55.664	55.664	55.664	55.664	55.664	55.664
Outstanding Debt - Series 2020A	6,850,000	5,835,000	4,785,000	3,665,000	2,505,000	1,275,000	-	-
Ratio of o/s Debt / Assessed value	14.75%	12.56%	10.10%	7.74%	5.18%	2.64%	N/A	N/A
Senior Debt Service Coverage Ratio - Max Levy	194%	194%	195%	194%	194%	194%	N/A	N/A

	Total	2020	2021	2022	2023	2024	2025	2026
				Calculation of Assess	ed Valuation			
Market values - residential property (000's) Beginning Increases (see Exhibit V)	184,278 305,656	184,278 55,384	268,667 44,988	313,656 22,800	342,729 56,208	398,937 56,955	463,871 56,314	520,185 13,006
Increases (decreases) - prior year Biennial reassessment (2% biennially)	25,320 174,156	25,320 3,686		6,273	-	7,979		10,404
Ending	689,410	268,667	313,656	342,729	398,937	463,871	520,185	543,595
Residential assessment ratio	_	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
Assessed value - residential (000's)		19,210	22,426	24,505	28,524	33,167	37,193	38,867
Market values - Oil & Gas Beginning Increases (decreases) - prior year	11,225 (11,225)	11,225 (6,796)	4,429 (4,429)	-	-	-	-	-
Ending	-	4,429	-	-	-	-	-	<u>.</u>
Oil & Gas assessment ratio	<u>_</u>	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%
Assessed value - Oil & Gas (000's)		3,876	-	-	-	-	-	<u>.</u>
Market values - finished lots (000's) Beginning Increases - Finished Lots (see Exhibit V) Increases (decreases) - prior year	2,806 (5,538) 987	2,806 (1,040) 987	2,753 (2,219)	840 3,285	4,284 18	4,699 (117)	4,978 (4,216)	1,135 (1,250)
Adjustments	1,746		306	159	397	397	373	115
Ending	-	2,753	840	4,284	4,699	4,978	1,135	(0)
Market values - commercial (000's) Beginning Adjustments Adjustments prior years	1,004 (1,366) 363	1,004 363	1,366 (1,366)			-		
Ending	-	1,366		-		-	-	
Commercial assessment ratio		29.00%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%
Assessed value - commercial (000's)		1,195	244	1,242	1,363	1,444	329	(0)
Total assessed valuation	<u> </u>	24,280	22,670	25,747	29,887	34,610	37,522	38,867

	2027	2028	2029	2030	2031	2032	2033	2034
				Calculation of Asse	essed Valuation			
Market values - residential property (000's) Beginning Increases (see Exhibit V) Increases (decreases) - prior year	543,595	543,595 10,872	554,467	554,467 11,089	565,556	565,556	576,867	576,867 11,537
Biennial reassessment (2% biennially)  Ending	543,595	554,467	554,467	565,556	565,556	576,867	576,867	588,405
= Residential assessment ratio	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
Assessed value - residential (000's)	38,867	39,644	39,644	40,437	40,437	41,246	41,246	42,071
Market values - Oil & Gas Beginning Increases (decreases) - prior year		-	-			-		-
Ending =		-		-	-			-
Oil & Gas assessment ratio	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%
Assessed value - Oil & Gas (000's)								-
Market values - finished lots (000's) Beginning Increases - Finished Lots (see Exhibit V) Increases (decreases) - prior year Adjustments	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Ending	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Market values - commercial (000's) Beginning Adjustments Adjustments prior years					-			
Ending =	-	-		-	-			-
Commercial assessment ratio	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%
Assessed value - commercial (000's)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total assessed valuation	38,867	39,644	39,644	40,437	40,437	41,246	41,246	42,071

	2035	2036	2037	2038	2039	2040	2041	2042
			C	Calculation of Asses	sed Valuation			
Market values - residential property (000's) Beginning Increases (see Exhibit V) Increases (decreases) - prior year Biennial reassessment (2% biennially)	588,405	588,405 11,768	600,173	600,173	612,176	612,176 12,244	624,420	624,420 12,488
Ending	588,405	600,173	600,173	612,176	612,176	624,420	624,420	636,908
Residential assessment ratio	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
Assessed value - residential (000's)	42,071	42,912	42,912	43,771	43,771	44,646	44,646	45,539
Market values - Oil & Gas Beginning Increases (decreases) - prior year		-		-	-			
Ending =		-	-	-	-	-	•	<u>.</u>
Oil & Gas assessment ratio	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%
Assessed value - Oil & Gas (000's)				-			-	<u>.</u>
Market values - finished lots (000's) Beginning Increases - Finished Lots (see Exhibit V) Increases (decreases) - prior year Adjustments	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Ending	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Market values - commercial (000's) Beginning Adjustments Adjustments prior years	-		÷	·		-	·	-
Ending		-	-			-		
Commercial assessment ratio	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%
Assessed value - commercial (000's)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total assessed valuation	42,071	42,912	42,912	43,771	43,771	44,646	44,646	45,539

	2043	2044	2045	2046	2047	2048	2049	2050
				Calculation of Asses	sed Valuation			
Market values - residential property (000's) Beginning Increases (see Exhibit V) Increases (decreases) - prior year Biennial reassessment (2% biennially)	636,908	636,908 12,738	649,646 -	649,646 12,993	662,639	662,639 13,253	675,892	675,892 13,518
Ending	636,908	649,646	649,646	662,639	662,639	675,892	675,892	689,410
Residential assessment ratio	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
Assessed value - residential (000's)	45,539	46,450	46,450	47,379	47,379	48,326	48,326	49,293
Market values - Oil & Gas Beginning Increases (decreases) - prior year	-		-					
Ending =		-		-		-	-	-
Oil & Gas assessment ratio	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%
Assessed value - Oil & Gas (000's)	-	-			-	-		
Market values - finished lots (000's) Beginning Increases - Finished Lots (see Exhibit V) Increases (decreases) - prior year Adjustments	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Ending	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Market values - commercial (000's) Beginning Adjustments Adjustments prior years	-		-			·	-	
Ending	-	-	-	-		-	-	-
Commercial assessment ratio	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%
Assessed value - commercial (000's)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Total assessed valuation	45,539	46,450	46,450	47,379	47,379	48,326	48,326	49,293

# Wyndham Hill Metropolitan District No. 2 Forecasted Schedule of General Obligation Debt - Series 2020A For the Years Ended December 31, 2020 through 2049

				Annual	Outstanding
<u>Year</u>	<u>Principal</u>	Coupon	<u>Interest</u>	<u>Total</u>	<u>Balance</u>
2020	300,000	5.000%	445,629	745,629	19,770,000
2021	·		381,884	·	19,770,000
2021	195,000	5.000%	381,884	958,769	19,575,000
2022			377,009		19,575,000
2022	270,000	5.000%	377,009	1,024,019	19,305,000
2023			370,259		19,305,000
2023	280,000	5.000%	370,259	1,020,519	19,025,000
2024			363,259		19,025,000
2024	315,000	5.000%	363,259	1,041,519	18,710,000
2025			355,384		18,710,000
2025	330,000	5.000%	355,384	1,040,769	18,380,000
2026			347,134		18,380,000
2026	370,000	5.000%	347,134	1,064,269	18,010,000
2027			337,884		18,010,000
2027	385,000	5.000%	337,884	1,060,769	17,625,000
2028			328,259		17,625,000
2028	430,000	5.000%	328,259	1,086,519	17,195,000
2029			317,509		17,195,000
2029	450,000	4.000%	317,509	1,085,019	16,745,000
2030			308,509		16,745,000
2030	490,000	4.000%	308,509	1,107,019	16,255,000
2031			298,709		16,255,000
2031	510,000	4.000%	298,709	1,107,419	15,745,000
2032			288,509		15,745,000
2032	550,000	4.000%	288,509	1,127,019	15,195,000
2033			277,509		15,195,000
2033	575,000	3.000%	277,509	1,130,019	14,620,000
2034			268,884		14,620,000
2034	615,000	4.000%	268,884	1,152,769	14,005,000
2035			256,584		14,005,000
2035	640,000	4.000%	256,584	1,153,169	13,365,000
2036			243,784		13,365,000
2036	685,000	4.000%	243,784	1,172,569	12,680,000
2037			230,084		12,680,000
2037	715,000	3.125%	230,084	1,175,169	11,965,000
2038			218,913		11,965,000
2038	760,000	3.250%	218,913	1,197,825	11,205,000
2039			206,563		11,205,000
2039	785,000	3.250%	206,563	1,198,125	10,420,000
2040			193,806		10,420,000
2040	835,000	3.250%	193,806	1,222,613	9,585,000
2041			180,238		9,585,000

# Wyndham Hill Metropolitan District No. 2 Forecasted Schedule of General Obligation Debt - Series 2020A For the Years Ended December 31, 2020 through 2049

				Annual	Outstanding
<u>Year</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Balance</u>
2041	415,000	3.500%			9,170,000
2041	445,000	4.000%	180,238	1,220,475	8,725,000
2042			164,075		8,725,000
2042	445,000	3.500%			8,280,000
2042	475,000	4.000%	164,075	1,248,150	7,805,000
2043			146,788		7,805,000
2043	460,000	3.500%			7,345,000
2043	495,000	4.000%	146,788	1,248,575	6,850,000
2044			128,838		6,850,000
2044	485,000	3.500%			6,365,000
2044	530,000	4.000%	128,838	1,272,675	5,835,000
2045			109,750		5,835,000
2045	500,000	3.500%			5,335,000
2045	550,000	4.000%	109,750	1,269,500	4,785,000
2046			90,000		4,785,000
2046	535,000	3.500%			4,250,000
2046	585,000	4.000%	90,000	1,300,000	3,665,000
2047			68,938		3,665,000
2047	555,000	3.500%			3,110,000
2047	605,000	4.000%	68,938	1,297,875	2,505,000
2048			47,125		2,505,000
2048	585,000	3.500%			1,920,000
2048	645,000	4.000%	47,125	1,324,250	1,275,000
2049			23,988		1,275,000
2049	605,000	3.500%			670,000
2049	670,000	4.000%	23,988	1,322,975	
	20,070,000	_	14,305,985	34,375,985	

### Exhibit III

# Wyndham Hill Metropolitan District No. 2 Forecasted Schedule of Subordinate General Obligation Debt - Series 2020B For the Years Ended December 31, 2020 through 2044

		7.625%					
	Funds	Accrued	Principal	Interest	Unpaid	Total	Principal
<del>-</del>	Available	Interest	Paid	Paid	Interest	Paid	Balance
5/5/2020							9,600,000
12/15/2020	505,629	447,333	58,000	447,333	-	505,333	9,542,000
12/15/2021	244,722	727,578	-	244,722	482,855	244,722	9,542,000
12/15/2022	343,188	764,395	-	343,188	904,062	343,188	9,542,000
12/15/2023	567,287	796,512	-	567,287	1,133,287	567,287	9,542,000
12/15/2024	798,040	813,991	-	798,040	1,149,238	798,040	9,542,000
12/15/2025	953,990	815,207	-	953,990	1,010,454	953,990	9,542,000
12/15/2026	1,002,150	804,625	-	1,002,150	812,929	1,002,150	9,542,000
12/15/2027	1,005,650	789,563	-	1,005,650	596,842	1,005,650	9,542,000
12/15/2028	1,021,329	773,087	-	1,021,329	348,599	1,021,329	9,542,000
12/15/2029	1,022,829	754,158	-	1,022,829	79,928	1,022,829	9,542,000
12/15/2030	1,043,085	733,672	229,000	813,600	-	1,042,600	9,313,000
12/15/2031	1,043,170	710,116	333,000	710,116	-	1,043,116	8,980,000
12/15/2032	1,066,242	684,725	381,000	684,725	-	1,065,725	8,599,000
12/15/2033	1,063,705	655,674	408,000	655,674	-	1,063,674	8,191,000
12/15/2034	1,084,434	624,564	459,000	624,564	-	1,083,564	7,732,000
12/15/2035	1,084,872	589,565	495,000	589,565	-	1,084,565	7,237,000
12/15/2036	1,109,753	551,821	557,000	551,821	-	1,108,821	6,680,000
12/15/2037	1,107,777	509,350	598,000	509,350	-	1,107,350	6,082,000
12/15/2038	1,130,356	463,753	666,000	463,753	<u>-</u>	1,129,753	5,416,000
12/15/2039	1,130,232	412,970	717,000	412,970	<u>-</u>	1,129,970	4,699,000
12/15/2040	1,152,060	358,299	793,000	358,299	-	1,151,299	3,906,000
12/15/2041	1,154,696	297,833	856,000	297,833	-	1,153,833	3,050,000
12/15/2042	1,174,711	232,563	942,000	232,563	_	1,174,563	2,108,000
12/15/2043	1,173,572	160,735	1,012,000	160,735	_	1,172,735	1,096,000
12/15/2044	1,198,700	83,570	1,096,000	83,570	-	1,179,570	-
-,,		,	.,,	,		.,,	
	_	14,555,657	9,600,000	14,555,657	_	24,155,657	

### Wyndham Hill Metropolitan District No. 2 Forecasted Schedule of Subordinate Note - Series 2018B For the Years Ended December 31, 2020 through 2048

		8.000%					
	Funds	Accrued	Principal	Interest	Unpaid	Total	Principal
	Available	Interest	Paid .	Paid	Interest	Paid	Balance
_	· ·						_
5/5/2020							3,461,941
12/15/2020	=	169,250	•	Ē	169,250	-	3,461,941
12/15/2021	=	276,955	•	Ē	446,206	-	3,461,941
12/15/2022	=	276,955	•	Ē	723,161	-	3,461,941
12/15/2023	=	276,955	•	Ē	1,000,116	-	3,461,941
12/15/2024	-	276,955	-	-	1,277,072	-	3,461,941
12/15/2025	-	276,955	-	-	1,554,027	-	3,461,941
12/15/2026	-	276,955	-	-	1,830,982	-	3,461,941
12/15/2027	-	276,955	-	-	2,107,937	-	3,461,941
12/15/2028	-	276,955	-	-	2,384,893	-	3,461,941
12/15/2029	-	276,955	-	-	2,661,848		3,461,941
12/15/2030	-	276,955	-	-	2,938,803	-	3,461,941
12/15/2031	-	276,955	-	-	3,215,759	-	3,461,941
12/15/2032	-	276,955	-	-	3,492,714	-	3,461,941
12/15/2033	-	276,955	-	-	3,769,669	-	3,461,941
12/15/2034	-	276,955	-	-	4,046,624	-	3,461,941
12/15/2035	-	276,955	-	-	4,323,580	-	3,461,941
12/15/2036	-	276,955	-	-	4,600,535	-	3,461,941
12/15/2037	-	276,955	-	-	4,877,490	-	3,461,941
12/15/2038	-	276,955	-	-	5,154,445	-	3,461,941
12/15/2039	-	276,955	-	-	5,431,401	-	3,461,941
12/15/2040	-	276,955	-	-	5,708,356	-	3,461,941
12/15/2041	-	276,955	-	-	5,985,311	-	3,461,941
12/15/2042	-	276,955	-	-	6,262,267	-	3,461,941
12/15/2043	-	276,955	-	-	6,539,222	-	3,461,941
12/15/2044	19,130	276,955	-	19,130	6,797,047	19,130	3,461,941
12/15/2045	1,201,038	276,955	-	1,201,038	5,872,965	1,201,038	3,461,941
12/15/2046	1,220,048	276,955	-	1,220,048	4,929,872	1,220,048	3,461,941
12/15/2047	1,222,173	276,955	-	1,222,173	3,984,654	1,222,173	3,461,941
12/1/2048	1,246,299	276,955	-	1,246,299	3,015,311	1,246,299	3,461,941
	_	7,000,055		4 000 000		4.000.055	
	_	7,923,998	-	4,908,688	<u> </u>	4,908,688	

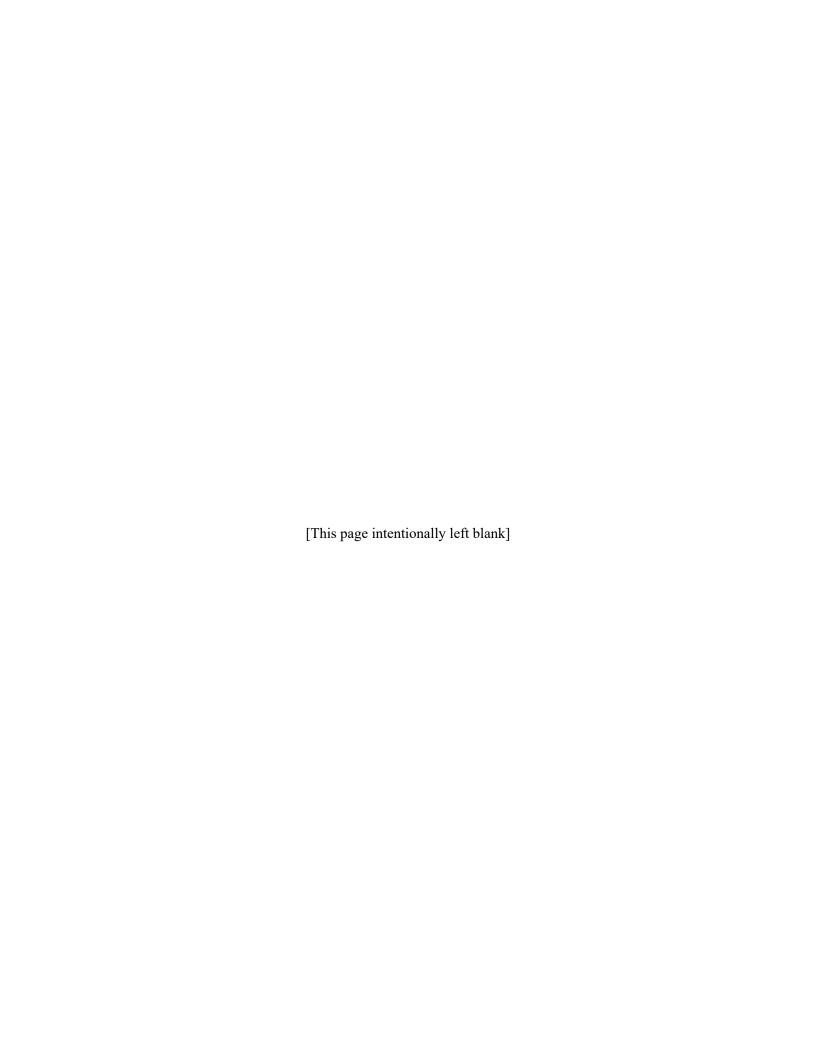
### Wyndham Hill Metropolitan District No. 2 Forecasted Schedules of Absorption and Market Values For the Years Ended December 31,2019 through 2027

	<b>!</b>			Schedule of Absorption							
Property Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Residential - Units											
Product 1 - Condominiums (Windsor Development)				18	36	39	35				128
Product 2 - THs 25' X 75' (new Expression)	9	13	10	14	12						58
Product 3 - SFD 50' X 110' (Richmond-Seasons)	64	19	17	57	8						165
Product 4 - SFD 50' X 110' (Richmond-Landmark)	26	15	15	4							60
Product 5 - SFD 50' X 110' (Lennar)			2	42	39						83
Product 6 - SFD 50' X 110' (TBD)					27	48	4				79
Product 7 - SFD 60' X 110' (TBD)					13	14					27
Product 8 - SFD 70' X 110' (TBD)						26					26
Product 9 - SFD 50'-51' X 110' (Century)	9	33	10								52
Product 10 - SFD 60' X 100' (Century)	5	6									11
Completed Project 13 - SFD 60' X 110' (Richmond)	10	18									28
Completed Project 14 - SFD 70' X 110' (Richmond)	4										4
Total residential	127	104	54	135	135	127	39	•	•	-	721
				Schedule of	Absorption - Finishe	d Lots					
Finished Lots	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Residential - Units	20.0	20.0	2020	2021	2022	2020	202.	2020	2020	2027	7000
Product 1 · Condominiums (Windsor Development)		-	18	18	3	(4)	(35)				-
Product 2 - THs 25' X 75' (new Expression)	4	(3)	4	(2)	(12)						(9)
Product 3 - SFD 50' X 110' (Richmond-Seasons)	(45)	(2)	40	(49)	(8)						(64)
Product 4 - SFD 50' X 110' (Richmond-Landmark)	(11)		(11)	(4)		-		-			(26)
Product 5 - SFD 50' X 110' (Lennar)		2	40	(3)	(39)	-		-			
Product 6 - SFD 50' X 110' (TBD)		-	-	27	21	(44)	(4)	-	-	-	-
Product 7 - SFD 60' X 110' (TBD)		-	-	13	1	(14)	-	-	-	-	-
Product 8 - SFD 70' X 110' (TBD)		-	-		26	(26)	-	-	-	-	-
Product 9 - SFD 50'-51' X 110' (Century)	24	(23)	(10)		-	-	-	-			(9)
Product 10 - SFD 60' X 100' (Century)	1	(6)	-	-	-	-	-	-			(5)
Completed Project 13 - SFD 60' X 110' (Richmond)	8	(18)					-			-	(10)
Completed Project 14 - SFD 70' X 110' (Richmond)	(4)	-	-		-	-	-			-	(4)
Total residential	(23)	(50)	81		(8)	(88)	(39)	-	-		(127)

### Wyndham Hill Metropolitan District No. 2 Forecasted Schedules of Absorption and Market Values For the Years Ended December 31,2019 through 2027

Market Value   per librit   p					_								
Part					<u></u>	Schedu	ile of Market Values						
Product 1 - Condominium   Windsor Development   391,723   2019		Market Value											
Penigent 1 - Condominisms (Windoor Development)   302,725   302,728   4,661,297   3,508,698   4,861,287   3,508,698   4,861,287   3,508,698   4,861,287   3,508,698   4,861,287   3,508,698   4,861,287   3,508,698   4,861,287   3,508,698   4,861,287   3,508,698   4,861,287   4,661,		per Unit /											
Product 1 - Condominismus Windows Development   30.2,723   30.2,838   7.94,716   3.508,890   4.816,127   3.508,890   4.816,287   3.508,890   4.816,2		Square foot	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Product 2 - THs 257 A75 (now Expression)   350,888   3,157,321   4,561,227   3,506,860   4,981,288   4,286,058   5,407,488   3,428,058   5,828,059   1,407,488   3,428,058   5,828,059   1,407,488   3,428,058   5,828,059   1,407,488   3,428,058   1,408,031   1,408,041													
Product 3 - SF1 507 X 110					-			12,163,937	11,025,517	-	-	-	
Product 4 SED 697 X 110 (Rechmond Landmark)   476,016   12,376,416   7,140,240   1,227,050   1930,728   19,740,741   18,513,985   1,980,931   1,980,931   38,684,687   1,980,931   38,684,687   1,980,931   1,98								-	•	-	-	-	
Product   S. F.				7,947,016	7,110,488		3,413,369	-	-	-	-	-	
Product   S. FD 60' X 110' (TBD)	Product 4 - SFD 50' X 110' (Richmond-Landmark)		12,376,416	7,140,240			-	-	-	-	-	-	
Product 7 - SEP 607 X 1107 (TBD)	Product 5 - SFD 50' X 110' (Lennar)	465,364	-	-	930,728	19,740,741	18,513,995	-	-	-	-	-	39,185,464
Product P. SED 70'X 110' (TRIC)	Product 6 - SFD 50' X 110' (TBD)	475,909	-	-	-	-	13,107,819	23,535,817	1,980,931	-	-	-	
Product 1 0 - SPD 80" SN 110" (Century)	Product 7 - SFD 60' X 110' (TBD)	490,745			-	-	6,507,917	7,078,611	-	-	-	-	13,586,528
Product 10 - SP D GV X 100' (Century)	Product 8 - SFD 70' X 110' (TBD)	505,298	-			-	•	13,535,835		-	-	-	13,535,835
Completed Project 14 - SFD 70' X 110' (Richmond)   490,745   4,907,450   8,833,410   22,799,836   56,208,096   56,955,255   56,314,199   13,006,448   305,656,445   305,	Product 9 - SFD 50'-51' X 110' (Century)	410,969	3,698,721	13,561,977	4,109,690	-	•	-		-	-	-	21,370,388
Completed Project 14 - SFD 70' X 110' (Richmond)   505,288   2,021,192   55,384,221   44,988,410   22,799,836   56,208,096   56,955,235   56,314,199   13,006,448   305,656,445	Product 10 - SFD 60' X 100' (Century)	490,745	2,453,725	2,944,470		-	•	-		-	-	-	5,398,195
Total residential   Fig.   Finished Lots (10% of Market Values   Per-Unit   Square foot   2018   2019   2020   2021   2022   2023   2024   2025   2026   2027   Total   Product 1 - Chordominiums (Windsor Development)   30,272	Completed Project 13 - SFD 60' X 110' (Richmond)	490,745	4,907,450	8,833,410				-		-	-	-	13,740,860
Market Value per Unit / Square for   2018   2019   2020   2021   2022   2023   2024   2025   2026   2027   Total	Completed Project 14 - SFD 70' X 110' (Richmond)	505,298	2,021,192	-	-	-	-	-	-	-	-	-	2,021,192
Market Value   per Unit   Square foot   2018   2019   2020   2021   2022   2023   2024   2025   2026   2027   Total	Total residential	=	55,384,221	44,988,410	22,799,836	56,208,096	56,955,235	56,314,199	13,006,448	-	-	-	305,656,445
Market Value   per Unit   Square foot   2018   2019   2020   2021   2022   2023   2024   2025   2026   2027   Total													
Finished Lats (10% of Market Values)   Square foot   2018   2019   2020   2021   2022   2023   2024   2025   2026   2027   Total					Г	Schedule of M	arket Values - Finish	ed Lots					
Finished Lots (10% of Market Values)   Square foot   2018   2019   2020   2021   2022   2023   2024   2025   2026   2027   Total						Schedule of M	arket Values - Finish	ed Lots					
Residential - Units		Market Value				Schedule of M	arket Values - Finish	ed Lots					
Product 1 - Condominiums (Windsor Development)         30,272         - 544,901         544,901         90,817         (121,089)         (1,059,531)						Schedule of M	arket Values - Finish	ed Lots					
Product 2 - THs 25' X 75' (new Expression)         35,087         140,348         (105,261)         140,348         (70,174)         (421,043)	Finished Lots (10% of Market Values)	per Unit /	2018	2019	2020				2024	2025	2026	2027	Total
Product 3 · SFD 50' X 110' (Richmond-Seasons)         41,826         (1,882,188)         (83,653)         1,673,056         (2,049,494)         (334,611)         · · · · · · · · · · · · · · · · · · ·		per Unit /	2018	2019	2020				2024	2025	2026	2027	Total
Product 4 - SFD 50' X 110' (Richmond-Landmark)         47,602         (523,618)         - (523,618)         (190,406)	Residential - Units	per Unit / Square foot	2018	2019		2021	2022	2023	-	2025	2026	2027	Total .
Product 5 - SFD 50' X 110' (Lennar)         46,536         93,073         1,861,456         (139,609)         (1,814,920)         -	Residential - Units Product 1 - Condominiums (Windsor Development)	per Unit / Square foot 30,272	-		544,901	2021 544,901	2022 90,817	2023	-	2025	2026	2027	
Product 6 · SFD 50' X 110' (TBD)         47,591         - 1,284,954         999,409         (2,094,000)         (190,364)         0           Product 7 · SFD 60' X 110' (TBD)         49,075         - 637,969         49,075         (687,043)	Residential - Units Product 1 - Condominiums (Windsor Development) Product 2 - THs 25' X 75' (new Expression)	per Unit / Square foot 30,272 35,087	140,348	(105,261)	544,901 140,348	2021 544,901 (70,174)	2022 90,817 (421,043)	2023	-	2025 - -	2026 - -	2027	(315,782)
Product 7 · SFD 60' X 110' (TBD)         49,075         · · · · · 637,969         49,075         (687,043)         · · · · · · · · · · · · · · · · · · ·	Residential - Units Product 1 - Condominiums (Windsor Development) Product 2 - THs 25' X 75' (new Expression) Product 3 - SFD 50' X 110' (Richmond-Seasons)	per Unit / Square foot 30,272 35,087 41,826	140,348 (1,882,188)	(105,261)	544,901 140,348 1,673,056	2021 544,901 (70,174) (2,049,494)	2022 90,817 (421,043)	2023	-	2025	2026	2027	(315,782) (2,676,890)
Product 8 - SFD 70' X 110' (TBD)       50,530       -       -       1,313,775       (1,313,775)       -       -       (369,872)         Product 9 - SFD 50' 51' X 110' (Century)       41,097       986,326       (945,229)       (410,969)       -       -       -       (245,373)         Product 10 - SFD 60' X 100' (Century)       49,075       49,075       (294,447)       -       -       -       -       -       (245,373)         Completed Project 13 - SFD 60' X 110' (Richmond)       49,075       392,596       (883,341)       -       -       -       -       -       -       (490,745)         Completed Project 14 - SFD 70' X 110' (Richmond)       50,530       (202,119)       -	Residential - Units Product 1 - Condominiums (Windsor Development) Product 2 - THs 25' X 75' (new Expression) Product 3 - SFD 50' X 110' (Richmond-Seasons) Product 4 - SFD 50' X 110' (Richmond-Landmark)	per Unit / Square foot 30,272 35,087 41,826 47,602	140,348 (1,882,188)	(105,261) (83,653)	544,901 140,348 1,673,056 (523,618)	2021 544,901 (70,174) (2,049,494) (190,406)	90,817 (421,043) (334,611)	2023	-	2025	2026	2027	(315,782) (2,676,890)
Product 9 - SFD 50'-51' X 110' (Century)       41,097       986,326       (945,229)       (410,969)	Residential - Units Product 1 - Condominiums (Windsor Development) Product 2 - THs 25' X 75' (new Expression) Product 3 - SFD 50' X 110' (Richmond-Seasons) Product 4 - SFD 50' X 110' (Richmond-Landmark) Product 5 - SFD 50' X 110' (Lennar)	per Unit / Square foot 30,272 35,087 41,826 47,602 46,536	140,348 (1,882,188)	(105,261) (83,653) - 93,073	544,901 140,348 1,673,056 (523,618)	2021 544,901 (70,174) (2,049,494) (190,406) (139,609)	90,817 (421,043) (334,611) (1,814,920)	2023 (121,089) - - - -	(1,059,531) - - - -	2025	2026	2027	(315,782) (2,676,890) (1,237,642)
Product 10 · SFD 60' X 100' (Century)       49,075       49,075       49,075       (294,447)       · · · · · · · · · · · · · · · · · · ·	Residential - Units Product 1 - Condominiums (Windsor Development) Product 2 - THs 25' X 75' (new Expression) Product 3 - SFD 50' X 110' (Richmond-Seasons) Product 4 - SFD 50' X 110' (Richmond-Landmark) Product 5 - SFD 50' X 110' (Lennar) Product 6 - SFD 50' X 110' (TBD)	per Unit / Square foot 30,272 35,087 41,826 47,602 46,536 47,591	140,348 (1,882,188)	(105,261) (83,653) - 93,073	544,901 140,348 1,673,056 (523,618)	2021 544,901 (70,174) (2,049,494) (190,406) (139,609) 1,284,954	90,817 (421,043) (334,611) (1,814,920) 999,409	2023 (121,089) - - - - - (2,094,000)	(1,059,531) - - - -	2025	2026	2027	(315,782) (2,676,890) (1,237,642)
Completed Project 13 · SFD 60' X 110' (Richmond) 49,075 392,596 (883,341) · · · · · · · · · · · · · · · · · · ·	Residential - Units  Product 1 - Condominiums (Windsor Development) Product 2 - Thls 25' X 75' (new Expression) Product 3 - SFD 50' X 110' (Richmond-Seasons) Product 4 - SFD 50' X 110' (Richmond-Landmark) Product 5 - SFD 50' X 110' (Lennar) Product 6 - SFD 50' X 110' (TBD) Product 7 - SFD 60' X 110' (TBD)	per Unit / Square foot 30,272 35,087 41,826 47,602 46,536 47,591 49,075	140,348 (1,882,188)	(105,261) (83,653) - 93,073	544,901 140,348 1,673,056 (523,618)	2021 544,901 (70,174) (2,049,494) (190,406) (139,609) 1,284,954 637,969	90,817 (421,043) (334,611) (1,814,920) 999,409 49,075	2023 (121,089) 	(1,059,531) - - - -	2025	2026	2027	(315,782) (2,676,890) (1,237,642)
Completed Project 13 · SFD 60' X 110' (Richmond) 49,075 392,596 (883,341) · · · · · · · · · · · · · · · · · · ·	Residential - Units  Product 1 - Condominiums (Windsor Development)  Product 2 - THs 25' X 75' (new Expression)  Product 3 - SFD 50' X 110' (Richmond-Seasons)  Product 4 - SFD 50' X 110' (Richmond-Landmark)  Product 5 - SFD 50' X 110' (Lennar)  Product 6 - SFD 50' X 110' (TBD)  Product 7 - SFD 60' X 110' (TBD)  Product 8 - SFD 70' X 110' (TBD)	per Unit / Square foot 30,272 35,087 41,826 47,602 46,536 47,591 49,075 50,530	140,348 (1,882,188) (523,618)	(105,261) (83,653) - 93,073 -	544,901 140,348 1,673,056 (523,618) 1,861,456	544,901 (70,174) (2,049,494) (190,406) (139,609) 1,284,954 637,969	90,817 (421,043) (334,611) (1,814,920) 999,409 49,075 1,313,775	2023 (121,089) 	(1,059,531) - - - -	2025	2026	2027	(315,782) (2,676,890) (1,237,642) 0
Completed Project 14 - SFD 70' X 110' (Richmond) 50,530 (202,119)	Residential - Units  Product 1 - Condominiums (Windsor Development)  Product 2 - THs 25' X 75' (new Expression)  Product 3 - SFD 50' X 110' (Richmond-Seasons)  Product 4 - SFD 50' X 110' (Richmond-Landmark)  Product 5 - SFD 50' X 110' (TBD)  Product 6 - SFD 50' X 110' (TBD)  Product 7 - SFD 60' X 110' (TBD)  Product 8 - SFD 70' X 110' (TBD)  Product 9 - SFD 50'-51' X 110' (Century)	per Unit / Square foot 30,272 35,087 41,826 47,602 46,536 47,591 49,075 50,530 41,097	140,348 (1,882,188) (523,618)	(105,261) (83,653) - 93,073 - - - - (945,229)	544,901 140,348 1,673,056 (523,618) 1,861,456	544,901 (70,174) (2,049,494) (190,406) (139,609) 1,284,954 637,969	90,817 (421,043) (334,611) (1,814,920) 999,409 49,075 1,313,775	2023 (121,089) 	(1,059,531) - - - -	2025	2026	2027	(315,782) (2,676,890) (1,237,642) 0
Total commercial (1,039,581) (2,218,857) 3,285,174 18,141 (117,499) (4,215,907) (1,249,894) · · · · (5,538,422)	Residential - Units  Product 1 - Condominiums (Windsor Development) Product 2 - THs 25' X 75' (new Expression) Product 3 - SFD 50' X 110' (Richmond-Seasons) Product 4 - SFD 50' X 110' (Richmond-Landmark) Product 5 - SFD 50' X 110' (Lennar) Product 6 - SFD 50' X 110' (TBD) Product 7 - SFD 60' X 110' (TBD) Product 8 - SFD 70' X 110' (TBD) Product 9 - SFD 50'-51' X 110' (Century) Product 10 - SFD 60' X 100' (Century)	per Unit / Square foot 30,272 35,087 41,826 47,602 46,536 47,591 49,075 50,530 41,097 49,075	140,348 (1,882,188) (523,618)	(105,261) (83,653) - 93,073 - - (945,229) (294,447)	544,901 140,348 1,673,056 (523,618) 1,861,456	544,901 (70,174) (2,049,494) (190,406) (139,609) 1,284,954 637,969	90,817 (421,043) (334,611) (1,814,920) 999,409 49,075 1,313,775	2023 (121,089) 	(1,059,531) - - - -	2025	2026	2027	(315,782) (2,676,890) (1,237,642) 0
	Residential - Units  Product 1 - Condominiums (Windsor Development) Product 2 - THs 25' X 75' (new Expression) Product 3 - SFD 50' X 110' (Richmond-Seasons) Product 4 - SFD 50' X 110' (Richmond-Landmark) Product 5 - SFD 50' X 110' (TBD) Product 6 - SFD 50' X 110' (TBD) Product 7 - SFD 60' X 110' (TBD) Product 8 - SFD 70' X 110' (TBD) Product 9 - SFD 50'-51' X 110' (Century) Product 10 - SFD 60' X 100' (Century) Completed Project 13 - SFD 60' X 110' (Richmond)	per Unit / Square foot 30,272 35,087 41,826 47,602 46,536 47,591 49,075 50,530 41,097 49,075	140,348 (1,882,188) (523,618) - - - 986,326 49,075 392,596	(105,261) (83,653) - 93,073 - - (945,229) (294,447)	544,901 140,348 1,673,056 (523,618) 1,861,456	544,901 (70,174) (2,049,494) (190,406) (139,609) 1,284,954 637,969	90,817 (421,043) (334,611) (1,814,920) 999,409 49,075 1,313,775	2023 (121,089) 	(1,059,531) - - - -	2025	2026	2027	(315,782) (2,676,890) (1,237,642) 0

# APPENDIX C MARKET STUDY





# WYNDHAM HILL IN THE TOWN OF FREDERICK

### **WELD COUNTY**

Prepared for:

WYNDHAM HILL METROPOLITAN DISTRICT No. 2

First Quarter 2020

Meyers Research | Metrostudy | Hanley Wood

Denver, Colorado Office 9033 East Easter Place, Suite 116 Centennial, CO 80112 www.metrostudy.com

Phone: (720) 493-2020

Study Analysis/Original Deliverable: April 10, 2020

Minor Edits Adjustment: April 14, 2020

Mr. Steve Rane
Wyndham Hill Metropolitan District No. 2
C/o Community Development Group

2500 Arapahoe Avenue, Suite 220 Boulder, Colorado 80302

RE: Wyndham Hill Metropolitan District No. 2 Market Study

Dear Mr. Rane:

Metrostudy is pleased to present this market analysis and absorption forecast for the Wyndham Hill Metropolitan District. We have evaluated the Denver Market area as well as the competitive area around the community, and rendered our conclusions in the following report. Metrostudy has reviewed the financial projections utilized in sizing the proposed Bond issuance and the District's ability to meet the debt service requirements of such Bonds including absorption rates, valuation, growth, and inflation rates, and has evaluated the same in comparison to current and projected market conditions for the Denver Market and the Wyndham Hill Competitive Market Area.

Rob Bookhout, Consultant, Outside Consultant Jeff Whiton, and Tom Hayden, Vice President of Advisory conducted this report, with participation from John Covert, Senior Director of Colorado. Metrostudy has been engaged in analyzing residential market conditions since 1975 with its proprietary lot-by-lot survey, and locally within the state of Colorado since 2001.

Please contact us at your convenience with any comments or questions regarding this report, or any other matter relevant to your real estate market research needs.

Respectfully Submitted,

### Metrostudy

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## **Executive Summary**

The purpose of this report is to provide the Wyndham Hill Metropolitan District No. 2 with an overview of the Denver Market economy and the competitive market area ("CMA") surrounding the subject property, the actively-selling Wyndham Hill community, within the Town of Frederick, in Weld County, Colorado. The Wyndham Hill Metropolitan District No. 2 totals 1,132 single-family detached lots, townhomes, and potentially future condominiums, all developed by Community Development Group ("CDG"). Active and planned homebuilders of the 941 single-family detached lots include Richmond American Homes, Lennar, and Century Communities. The District also includes 63 townhome lots actively selling by New Expression Homes and a planned 128-unit condominium site, sold to Windsor Development Corporation.

Metrostudy analyzed the competitive position of Wyndham Hill as it relates to other communities in the competitive market area. We have compiled data on the Denver Market economy, including demographics for Greater Denver and the Wyndham Hill CMA. We have collected and reviewed data for both new and resale single-family detached and attached housing, and we have conducted field research in the competitive market area. Utilizing these data and research, Metrostudy has provided its conclusions about the marketability, competitive positioning, product mix, and absorption levels that should be achievable within the development.

Note: This report was completed during the ongoing global health crisis created by the COVID-19 (coronavirus) outbreak, the duration and consequences of which are still largely unknown. Our research and conclusions are based upon the best information available to us at the time of publication.

Market projections and the majority of data points utilized within this study were determined prior to the outbreak, and the likelihood of achieving these projections will be increasingly challenging the longer the disruption extends.

While prospects for the housing market through the remainder of 2020 and beyond have become clouded by the pandemic, we believe this has the full attention of the federal, state, and local governments to help minimize both its health and economic impact.

### **Socioeconomic Overview**

With the recent preliminary employment figures by the Colorado Department of Labor and Employment, the state remains one of the strongest economies in the country. The majority of the strong employment statewide occurred in the Denver Market, Initial reports show Denver-Boulder-Aurora employers added 45,500 jobs to their payrolls over the twelve months ended with January 2020, posting the 115<sup>th</sup> consecutive month of growth. The average annual growth rate was 2.7%; up from the 2.2% recorded twelve months earlier, as growth over the past year ticked back up in recent months after a declining rate of growth for most of the past year. Unemployment in the Denver region ticked up to a rate of 2.7%, slightly below the statewide level (2.8%), and below the national level of 3.6%. Weld County, where Wyndham Hill is located, reported an unemployment rate of 2.7%, down from the previous year mark at 3.8%.

The Denver Market still reports a positive net 200,200 jobs over the past five years and continues to extend its best run of job growth since 2000. The low unemployment rate is creating a demand for jobs and higher incomes as businesses have to compete for workers.

Denver's population continues to grow with current estimates expecting the area to approach the 3.6 million mark by 2024. Household formations are expected to rise 5.6% over the next five years. Estimates indicate the CMA population will rise at an annual rate of 2.7%, rising to nearly 75,800 residents and 26,500 households by 2024. The CMA is roughly the same age with more wealth than the Denver Market overall, with a median age of 36.7 years (Denver Market = 36.6) and median household income of \$101,638 (Denver Market = \$81,930).

Within the Wyndham Hill CMA, the greatest percentage increases are forecasted to occur in the age groups 65-84 ( $\pm$ 2.7%), though the 85+ segment is also expected to trend up ( $\pm$ 0.5%). In terms of household incomes within the CMA, the largest gains are forecasted for the \$100,000+ income range (approximately  $\pm$ 2,200 households over the next five years).

### For-Sale New Housing Market Overview

#### **Denver Market**

Denver's continued strong economy and supply-restricted housing market has translated into continued increases in new and resale home prices. Despite rising home prices and resulting home equity gains, many existing homeowners remain reluctant to move, preferring to remodel or improve their current home. Additionally, new construction deliveries have been unable to meet demand due to construction labor shortages. At the end of 2018 many homebuilders had concerns regarding attainable home prices, limited lot availability, high material and labor costs, and mid-term election and interest rate volatility. As a result, homebuilders pulled back on housing starts the next three quarters (4Q18-2Q19) until 3Q19, which exacerbated inventory supplies and housing unaffordability.

<u>Denver experienced a 9% decrease in annual starts and a 2% increase in annual closings from 4Q18 to 4Q19</u>. A total of 12,369 new homes were started in the Denver Market over the trailing 12 months, compared to 13,551 new homes in 2018. A total of 13,298 new homes were closed over the trailing 12 months, compared to 13,015 closings the preceding 12 months.

Denver reported 8,448 single-family detached annual starts from 1Q19 to 4Q19, a decline of 11% from the 9,516 single-family detached homes started the preceding year, a reduction of 1,068 homes. Single-family detached closings (9,432 homes) from 1Q19 to 4Q19 dipped 1% compared to the previous year's total of 9,532 closings. The single-family detached market experienced a 1% increase in Vacant Developed Lots ("VDL") rising from 12,638 home sites at the end of 4Q18 to 12,789 home sites at the end of 4Q19. Because of the decline in housing starts and the uptick in VDL, the months-of-supply increased to the current 18.2 months-of-supply compared to 15.9 months as of the end of 4Q18.

As single-family detached home prices escalate across the metropolitan Denver area, attached housing demand continues to gain traction. The Denver Market reported 3,921 attached annual starts at the end of 4Q19, actually a dip of just under 3%, but still 6% higher than the pace two years ago. As of the end of 4Q19, annual closings rose 11% to 3,866 attached homes closed compared to 3,483 attached home closings a year ago and only 2,475 attached home closings two years prior. The Denver Market experienced a 9% gain in the number of VDL designated for attached housing. As of the end of 4Q19, there were 4,096 attached VDL. With the dip in housing starts and gains within VDL, the months-of-supply rose to 12.5 months.

#### **Wyndham Hill CMA**

Historically, the Wyndham Hill CMA has been a strong area for new housing demand, especially for more attainable new homes within the metropolitan Denver Market. While the west side of the CMA includes areas of Erie and Longmont that carry larger premiums, the east side of the CMA has typically served as a competitive, blue collar, affordability-focused sub-market. Frederick in particular, where Wyndham Hill is located, offers great access to transportation corridors and appeals to entry-level and first-time buying singles and families (with Wyndham Hill as the lone Frederick project located on the west side of the I-25 corridor, typically offering more "value" compared other western-located competition).

At 882 single-family detached and 24 single-family attached home starts through the four quarters ended 4Q19 (906 total annual starts), the Wyndham Hill CMA reported a production increase of 25% over the past year from the 724 total annual starts in 4Q18. Through 4Q19, annual closings rose 19% to 823 homes closed from 694 home closings the previous year.

Annual lot deliveries through 4Q19 totaled 889 home sites, a 16% decline over the 1,061 annual lots delivered in 4Q18 (7% were attached deliveries). The 889 annual lot deliveries in 4Q19 were 2% below the pace of home production (906 home starts) after an over-supplied result in the previous eight quarters. This resulted in the VDL months-of-supply through 4Q19 registering a 16.8-month supply, compared to 21.3 months in 4O18.

A total of 147 new lots were delivered in the fourth quarter of 2019, 27% below the starts pace for the quarter. This followed the third quarter's 603 lot deliveries, the largest one-quarter lot delivery since 2002. The 200 home starts in the quarter matched the two-year historical average. Nearly all second quarter activity was single-family detached (96% of lot deliveries and 94% of starts). With the influx of CMA lots in 2018 and 2019 coming primarily from Colliers Hills in Erie, Barefoot Lakes north of Firestone, Clark Ranch, and Westview in Frederick, and Autumn Valley Ranch in Dacono, the CMA rebounded in 2019 and remains positioned well headed into 2020.

• The 882 new single-family detached home annual starts in the Wyndham Hill CMA in 4Q19 was 55% above the ten-year average of 570 starts and 17% higher than the five-year average of 756 starts. The 782 new single-family detached home closings in the CMA through 4Q19 was 45% above the ten-year average of 541 home closings and 10% above the five-year average of 712 closings.

- The 24 new single-family attached home annual starts in the Wyndham Hill CMA through 4Q19 was 71% above the ten-year average of only 14 starts and 4% above the five-year average of 23 starts. The CMA's 41 new single-family attached home closings in 4Q19 was 141% above the ten-year average of 17 closings and 95% above the five-year average of 21 homes closed.
- The CMA's current VDL supply (4Q19) of 1,187 home sites for single-family detached homes was 1% above the ten-year average of 1,177 home sites and was 25% above the five-year average of 951 home sites.
- The CMA's current VDL supply (4Q19) of 84 home sites for single-family attached homes was 147% above the ten-year average of 34 home sites and 110% above the five-year average of 40 home sites.
- The CMA's 889 annual lot deliveries ending 4Q19 for all homes was 75% above the ten-year average of 508 home site deliveries and 12% above the five-year average of 793 home site deliveries.

Prior to the corona virus outbreak, Metrostudy had projected Denver's housing growth to see a leveling off in 2020 in terms of new home closings as a result of the 9% dip in housing starts between 2018 and 2019. Given the slowdown in housing starts, 2020 annual closings would trend relatively flat, just above 13,400 homes. Metrostudy had expected new housing starts to continue to be strong (rebounding ~5%), as the market responded to the momentum of new jobs, higher wages, and overall tight supplies, albeit still challenged by rising home prices. New lot deliveries in existing and new communities will need to continue to ensure this starts pace could continue. Depending on the duration and severity of both the virus and job losses, the anticipated recovery could be relatively quick (re-establishing the strong demand that was occurring in the first two months), or be more drawn out. Obviously, if the job losses transition from temporary to permanent, these new housing projections will not likely be met.

The Wyndham Hill CMA is an evolving housing submarket that remains in high demand for its affordability. Declines in market share over the prior three years halted in 2019 with an anticipated rebound. As new development activates, and in some cases dormant projects re-emerge, the CMA is projected to gradually return to, and potentially exceed its historical capture percentage of the Denver market closings over the next ten years steadily.

Denver Market and Wyndham Hill CMA Closing Forecasts										
	10-Yr Avg	2018	2019	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Market	8,703	13,016	13,368	13,414	14,025	13,616	14,203	15,477	16,914	17,896
CMA	583	694	823	852	1,172	1,172	1,136	1,089	1,185	1,251
CMA %	7%	5%	6%	6%	8%	9%	8%	7%	7%	7%

Note: For additional information, please refer to Exhibits 6 & 7.

The subject property has the following positive features:

- Easy access to Interstate 25, Highway 52, Highway 85, and Highway 119 offer short travel time to major attractions and employment centers throughout the north Denver Market, as well as into the Greeley and Fort Collins-Loveland markets.
- Wyndham Hill is located in the St. Vrain Valley RE1 School District, ranked 31<sup>st</sup> out of 126 school districts across the state (according to Schooldigger.com). Grandview Pre-School and Elementary are located within the Wyndham Hill community. The facilities were recently built, opening in Fall 2018, and are state-of-the-art.
- For the 12 months ending in January 2020, the average new home single-family closing price in the CMA was \$495,375 compared to much higher price points in nearby areas including Thornton (\$518,005), Broomfield (\$632,887), and Boulder (\$2.1M), as well as the overall Denver Market (\$572,196). Given its relative affordability, the CMA should continue to drive first-time, entry-level homebuyer demand in this cycle.
- Resales during for the prior 12 months ending January 2020 averaged \$462,822 for single-family detached homes, \$296,452 for townhomes, and \$280,305 for condominiums.
- Community Development Group, the developer at Wyndham Hill, has a longstanding positive reputation in the region. CDG has strong relationships with Colorado's largest homebuilders.
- Richmond American led Wyndham Hill to its highest volume in 2018 since opening in 2006, with 127 homes closed. Richmond's Seasons Collection was as huge success that year netting 50% of the sales. Coupled with their larger Landmark Collection, they accounted for 71%. With Richmond taking down at least the Filing 9a for Seasons, and Lennar entering the community later this year, the development has demonstrated that with the right homebuilders and product offerings, it can close homes at a high volume.
- Weld County accounted for more than 9% of the Denver region's latest in-migration report total. Traditionally, Weld County has offered
  more affordable and attainable homes than can be found closer to the urban core.
- Due to the expense and limited shares of CBT water, Wyndham Hill and other active communities and/or those that have already secured water rights have a distinct advantage over future projects working their way through the development process that do not.

Some potential challenges and concerns associated with the project are:

- Covid-19 (Coronavirus) Influenced Events (see addendum regarding COVID-19 Response).
- More than 50% of new home CMA buyers in 2019 put down less than 20% on their mortgage (19% put down less than 5%). Within just the Tri-Cities of Frederick, Firestone, and Dacono, this rose to 60% and 30%, respectively. The area remains sensitive to the potential

rising mortgage interest rates, oil prices, and other potential economic impacts. Combined with rising home prices, this has the ability to affect demand levels more sharply than in less sensitive locations. This will be especially true towards those relying on single-household income to cover the mortgage.

- Weld is Colorado's highest oil and gas producing county. This has brought strong economic growth in terms of jobs, as well as adding to the annual incomes and wealth of many county residents. At the same time, concerns/conflicts about the interface/spacing between wells or operations and homes have heightened in recent years with added regulations. Wyndham Hill has many highly visible oil wells and gathering stations onsite, with even more plugged wells historically. Thus far, these concerns have not appeared to have any limiting effects on new home sales.
- Given the area's industry ties, the ongoing global feud between Saudi Arabia and Russia over oil production, along with the sharp drop in demand due to the COVID-19 crisis, has devastated global oil prices. As of this publication, the WTI spot price for oil was hovering around \$20 per barrel, a decline of 66% since January and well below what is financially viable for most operators in Northern Colorado. Major producers in this area have already made sizable cuts to their field operations and plans for growth in 2020.
- Competitive levels within the CMA are on the rise again with continued influxes of both small and large-scale communities, offering potential homebuyers a variety of choices.
- The attached housing market within the Wyndham Hill CMA is finding its place among what has historically been a limited segment, as is typical in more affordable sub-areas. Townhome and paired housing in the CMA have been introduced to mixed reaction thus far; depending on the buyer profile targeted and price point. No new condominiums have been built within the CMA since the last condominium unit at Blue Sky in Vista Ridge (off the golf course) closed in 2011. Actively selling Wyndham's townhomes (\$350,900) and Barefoot Lakes paired homes (\$411,500) compare with the 2019 Tri-Cities average resale prices of \$388,700 on a detached home and \$247,200 on an attached home. Condominium resales averaged \$279,992 in 2019 on units sized on average of 1,171 square feet and built in 2005 (42 sales).

Based on the current and proposed product offerings and trends in the surrounding CMA, Metrostudy believes Wyndham Hill Metropolitan District No. 2 has the potential to absorb up to 135+/- homes during its anticipated peak years of 2022 and 2023 (with four to five product lines selling), an average of 11-to-12 home closings per month. This rate is based upon projected growth of the Denver Market and upon forecasted levels of home production in the Market, the Wyndham Hill CMA capture rate of the Market, and the Subject Property's capture rate within the CMA.

Subject Property Absorption Projection Summary (Home Closings)										
	Pre-2018	2018	2019	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Wyndham Hill Closings	411	127	104	54	135	135	127	39	0	0
Wyndham Hill Mkt Share of CMA		18%	13%	6%	12%	12%	11%	4%	0%	0%

Note: For additional information, please refer to Exhibits 10, 11, & 12.

Additional information utilized in this analysis and our conclusions for the subject property are included within the context of the report beginning on the next page, as well as the Exhibit Package beginning on page 29.

### Introduction

The Wyndham Hill Metropolitan District No. 2 is inclusive of the actively-selling development community by Community Development Group, featuring 381.58 acres and a total of 1,132 single family detached homes, townhomes, and potentially future condominiums. The development originally opened in 2006, but has emerged strongly in recent years with its easy access to Interstate 25 and Highway 52. Active and planned homebuilders include Richmond American Homes, Lennar, Century Communities, and New Expression Homes. DR Horton has also built homes in the community in the past. Future planned 128-unit condominium project is under the control of Windsor Development (no timeline on their plans was made available for this study).

Through the end of 2019, Wyndham Hill ranked eighth in the CMA in annual home starts with 46 homes, and fourth in annual home closings with 104 homes. The community was approximately 59% built-out through Metrostudy's fourth quarter lot-by-lot survey, with 9 model homes, and 21 inventory homes (7 finished vacant and 14 under construction). Having reached a peak of home closings in 2018 at 127 homes, there has been a dip in production just as builders have been in the process of moving into new parcels. As reported through Metrostudy's Weekly Traffic and Contracts report (as of April 8<sup>th</sup>, 2020), Richmond American had 330 net contracts project to-date and 5 contracts year-to-date. Century, also winding down, reported 64 contracts project-to-date and one in 2020. Lennar is moving dirt and anticipated to open near the end of the year.

Specifically, Wyndham Hill is located one mile west of Interstate 25, on the north side of Highway 52, within the Town of Frederick, in Weld County.

For local conveniences, the subject property is located a few miles from retail, grocery, gas and dining. A Safeway store is located 5.6 miles to the northeast along Colorado Boulevard, and there are five gas stations within 1.5 miles. There are quick dining options at the Fredrick Travel Center (1.5 miles) and sit-down dining options near the town's center off Fifth Street just over four miles away.

Retail and entertainment options have short commutes, highlighted by The Orchard Town Center in Broomfield, about 10.7 miles to the south, and Village at the Peaks in Longmont (11.4 miles to the north).

Bella Rosa (5.9) and Saddleback (7.4) golf courses are nearby; to the north, St. Vrain Park is 5.8 miles and Union Reservoir Nature Area is about 9.6 miles away, in Longmont.

Downtown Longmont is approximately 11.3 miles to the northwest, the Erie Town Center is 6.9 miles to the southwest, and the I-25 intersect with Highway 7 is about 7.2 miles to the south.

Exhibit 1 : Location of Subject Property

Welland
Rail

Puritan

Exhibit 2 : Site Drive-Time Analysis Map

A Centura Health ER & Urgent Care Center across I-25, 2.1 miles away. 50-bed UC Health Longs Peak Hospital approximately 8.8 miles from the site, and 201-bed, Level-3 trauma center, Centura Longmont United Hospital is 14.2 miles to the north.

The site is under the jurisdiction of the St. Vrain Valley Re-1 School District, which is ranked 31st among 126 school districts in the state of Colorado (according to Schooldigger.com). The schools serving the site are Grand View Elementary (PK, K-5; onsite, with an individual score of 339 of 965 schools, but having opened in Fall 2018); Erie Middle (6-8; 5.3 miles to the southwest, with an individual score of 101 of 458), and Erie High School (9-12; 4.3 miles to the southwest, with an individual score of 78 out of 411 schools).

Major employment centers are within a reasonable commute, utilizing Interstate 25 (one mile to the east of the site), with additional routes off nearby Highway 119, Highway 52, and Highway 85.

With these transit routes, Longmont is within a about a 15-minute drive (minus high traffic volume time periods), and nearly all locations within Thornton, Broomfield, Westminster, Northglenn, and Brighton are within about a 20-30-minute drive.

Boulder, Greeley, Loveland, Fort Collins, Lakewood, Denver, and Denver International Airport are all accessible within about 40-to-60 minutes.

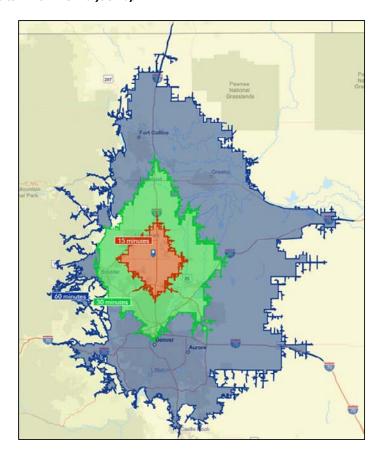


Exhibit 3 : Subject Property Site Map

Onsite, lot development remains to be completed for the 78 lots in Filing 2d on the western side of the community (builders to be determined). The 83-lot parcel in Filing 9b is currently under development by Lennar with plans to open by Fall 2020. Filing 9c (54 lots) has yet to be developed.

Community plan includes a neighborhood park, pocket parks, and walking trails. The Wyndham Hill Clubhouse (and pool) are open, as is the elementary school.

Approximately nine well sites remain onsite in the development, and a couple gathering stations are on the property.

Windsor Development's condo parcel in Filing 3 development timeline was not determined.



At the end of the narrative of the report, an Exhibit Package has been included (page 29). In this package, additional exhibits and information utilized to analyze the market and determine conclusions are provided.

#### Methodology

The Denver Market and Wyndham Hill Competitive Market Area were analyzed by evaluating historical trends in housing supply, demographics, employment, and household formation to determine economic expansion trends and associated levels of housing demand. Further, to supplement the data indicating increasing demand from surrounding areas into the broader Denver Market area, we reviewed nearby major employment centers and known workforce commuting patterns.

The Metrostudy housing survey monitors the supply of detached and attached homes on a quarterly basis. Our survey tracks all condominium, townhome, duplex and single-family construction activity in the 11-county Colorado Front Range. The survey allows us to accurately track the size of the total market, as well as supply and demand within the sub-markets. Further, it helps us establish the depth of the market and the scope of the competition. In this study, Metrostudy supplemented the quarterly data with specific fieldwork needed to analyze the Wyndham Hill competitive market area within the Denver Market.

#### **Definitions**

- Annual Starts: The number of homes started during the last four quarters. A "start" occurs when a slab or foundation is initiated.
- **Annual Closings:** The number of homes closed during the last four quarters. A "closing" occurs when a home is moved into and occupied. Metrostudy tracks move-ins, as they are a better indicator of demand than deed deliveries.
- Square Footage: All measures of a home size are in terms of air-conditioned space.
- **Models:** Must be fully finished, furnished and decorated.
- **Finished Vacant:** Construction is complete, the site is clean, but there is no evidence of occupancy.
- **Finished Vacant Months of Supply:** F/V months of supply is calculated by dividing the number of F/V homes by the current annual closings pace; and then multiplying by twelve to yield months.
- Vacant Developed Lots: Also referred to as "VDL" and "Finished Lots"; a lot on a recorded plat with streets and utilities in place, ready for construction of a new home.
- Vacant Developed Lots Months of Supply: VDL months-of-supply is calculated by dividing the number of VDL by the current annual starts pace; and then multiplying by twelve to yield months.
- Future Lots: Lots that are platted, but not yet developed.

 Denver Market: Defined as the Denver MSA, or Denver Metropolitan Statistical Area, including all of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Elbert and Jefferson counties. This market area also includes the southern portion of Weld County, as demarcated in the adjoining map.



Exhibit 5 : Wyndham Hill CMA Map

• Wyndham Hill CMA: The Competitive Market Area ("CMA") has been defined to encompass a territory that includes a representative portion of the competitive new housing market in the north Denver market. The north border is along the Country Road 38; the east boundary generally follows along Highway 85; the west and southern borders follow the Weld County line. The CMA boundary includes competitive developments that are comparable to Subject Property's product types being proposed. The boundary considers drive times, school districts, county lines, infrastructure, and other socioeconomic factors.



# **Housing Market Statistics and Analysis**

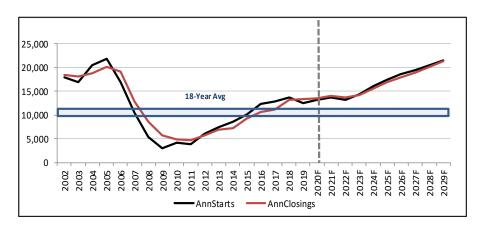
At the peak in 2005, homebuilders started over 21,700 homes in the Denver Market. The low point for housing starts came in 2009 at the end of the Great Recession when builders started fewer than 3,100 homes, an 86% decline from the peak. Up until recently, home starts had continued to trend upwards. In 2018, homebuilders started 13,551 homes, 70% of which were single-family detached and 30% attached homes. This equates to 9,516 single-family detached and 4,035 attached homes being started in their respective product class. The 13,551 new home starts in 2018 was 5.3% higher than the start total reported for 2017 (12,872 starts). Through the end of 2019, preliminary figures show 12,369 new homes started, which is 8.7% down from 2018.

New home closings within the Denver Market also peaked in 2005 at more than 20,300 homes closed, with the low point coming in 2011 when homebuilders closed less than 4,700 homes. In 2018, homebuilders closed 13,015 homes, 73% of which were single-family detached and 27% attached homes. This equates to 9,532 single-family detached and 3,483 attached home closings annually. The 13,015 new home closings in 2018 was 16.3% higher than the closings total reported for 2017 (11,189 closings). Through the end of 2019, preliminary figures show 13,298 new homes closed, which is 2.2% above the 2018 result.

There is continued evidence that Denver's economy and housing market remain strong:

- Denver employers added 45,500 non-farm jobs (2.7% annual growth) to their payrolls in the 12 months ended with January 2020, representing the 115th consecutive month of growth. The Denver Market has added over 200,000 jobs over the past five years.
- Denver's unemployment rate is 2.7%; slightly below the Colorado rate of 2.8% and well below the national rate of 3.6%; Weld County's unemployment rate, where the site is located, is 2.7%.
- Denver's population continues to grow. It is expected to reach over 3,560,000 residents by 2024.

Exhibit 6 : Projected Denver Market Total Starts and Closing Forecast



• Resale supplies remain tight. The number of (single-family) resale listings decreased 29.4% year-over-year to 6,346 listings in December. While total resale activity (sales) were up almost 17% in December compared to one year prior, to 4,093 sales.

- At \$435,000 through December 2019, the Denver median resale price for single-family product was up 4.8% over the 2018 price; attached product saw median prices rise 4.5% over the past year to \$312,000.
- The Denver rental market remains strong with increasing rents/sf (+3.3%) and occupancy rates (+0.2%), this is despite the fact there has been an influx of new apartments being brought to the market recently.
- Homebuilders have closed 283 more homes (total) over the past 12 months than during the previous 12 months.

While the Denver Market continues to expand, the following factors are influential:

- Homebuilder concerns of home price attainability have resulted in product and lot revamping to smaller templates, resulting in temporary inventory constraints.
- Trade labor shortages have been easing due to starts reductions; however, continue to constrain new home deliveries.
- Low unemployment, strong job growth, and positive in-migration continue to drive housing demand in Colorado.
- High labor, materials, land, water, municipality fees, and development costs continue to drive up the cost of housing.
- New and resale home pricing growth continues to exceed wage growth and exacerbate housing affordability/attainability. While wages have increased to enable more buyers to qualify for higher home mortgages, consumers are still challenged with coming up with the larger down payments required by the higher home prices.
- Existing homeowners that have been in their homes for the last several years have realized strong equity gains; however, many remain reluctant to move due to the higher prices, many preferring to remodel their home rather than moving.
- Homeowners discouraged from downsizing and/or becoming move-up buyers limit entry-level home availability.
- Reduced affordability forces buyers to sacrifice location (longer commutes), product type, size, and/or new home purchases.
- Demand for attached housing continues to account for a larger percentage of housing starts and closings.
- New homes prices may be approaching a ceiling as the delta between new and resale prices widens.

Prior to the corona virus outbreak, Metrostudy believed that Denver had neared a pricing plateau where pricing grows at a decreasing rate and/or homes are built on smaller lots and/or feature less square footage. Metrostudy anticipated that Denver would experience a temporary decline in housing starts in 2019 /2020 as builders and developers transition their product lines to make them more attainable to a larger audience. Metrostudy reported that the Denver Market reached 13,368 total home closings by the end of 2019, up 2.2% from the 13,086 total closings at the end of 2018. Looking ahead, the slowdown in housing starts (approximately -9% for 2019) will result in a relatively flat home closing trend in 2020 just north of 13,400 homes (this forecast is likely to be recast as more is learned on the severity and duration of the health and economic impacts of the corona virus outbreak).

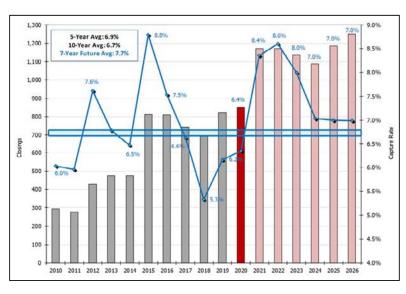
# **Competitive Market Analysis**

In reviewing the most competitive master planned communities and subdivisions within the Wyndham Hill CMA, Metrostudy coupled data obtained from its quarterly survey database with field research, wherein the various developments and site locations were inspected, and sales agents and developers were interviewed.

Historically, the Wyndham Hill CMA has been one of the top subareas of Denver for affordable housing. Activity levels have risen when demand was high and fallen off sharply when the market softens.

- From 2003 to 2004, the CMA increased new home closings 31%.
- At its peak in 2005, the CMA reported 1,385 new home closings, representing 6.9% of all closings within the Denver Market, respectively.
- In 2006 and 2007, the CMA experienced a precipitous 33% drop in closing volume, recording 928 closings in 2007, while its share of the Denver Market actually rose to 7.3%.
- Following another 30% decline in 2008, closing volumes continued to decline from 2008 to 2009 another 45%, from 652 to 361 homes. Market capture fell from a high of 7.6% in 2008, to 6.3% in 2009.
- After another 19% decline in 2010, volumes bottomed out in 2011 at only 277 new home closings and a 6.0% market-wide share of closings, as the devastating effects of the housing recession continued.

Exhibit 7: Wyndham Hill CMA Seven-Year Forecast & Market Capture



- New home closings rebounded 55% to 429 homes in 2012 and grew to 476 homes in 2013 as the CMA emerged from the recession doldrums. In 2014, the CMA reported no change at 476 homes closed, capturing 6.5% of market-wide closings. By 2016, the CMA grew 70% to 808 closings and a 7.5% share of Denver market closings.
- In 2017, with the completion/near completion of several projects and delay in replacement opportunities, the CMA experienced an 8% decrease in new home closings, at 742 home closings and a 6.6% share.
- In 2018, the CMA slowed further, down 7% to 694 home closings and capturing a historical low 5.3%.
- Through 4Q19, the CMA reported a rebound with new community introductions and an annual closings gain of 19% (823 closings and a 6.2% capture). Annual starts were up 25% to its highest total since 2006 (906 annual starts and a 7.3% capture), while annual lot deliveries fell off of 2018's high delivery pace by 16% (889 lots and still accounted for 6.9% of market-wide deliveries).

On the previous page is an illustration of the CMA's historical and projected closings volumes and capture rates of the Denver Market. Actual annual closings within the CMA are noted from 2010 through 2019 in the grey columns. The solid blue line represents the CMA's capture of all annual closings within the Denver Market. A housing forecast for 2020 through 2026 is provided, identified by the red columns. More discussion of these figures is offered in the following pages concentrating on the CMA's Housing and Lot Supply Build-out model (Exhibit 10). The forecasted annual closings totals are derived from the Denver Market housing forecasts (as represented in Exhibit 6). Metrostudy believes that as the Denver Market's new housing activity moves forward, the Wyndham Hill CMA can grow as well, especially feeding the demand for affordability in the north-I-25 corridor of the market.

As can be seen within the following exhibits, the Wyndham Hill CMA is composed primarily of mid-size to large master planned communities with a mix of single and multiple builder-controlled developments. In addition, as shown below, individual project volumes fluctuate from year to year depending on the life stage of the community (introduction, growth, maturity, and closeout), as well as when lots are delivered and made available in the individual communities.

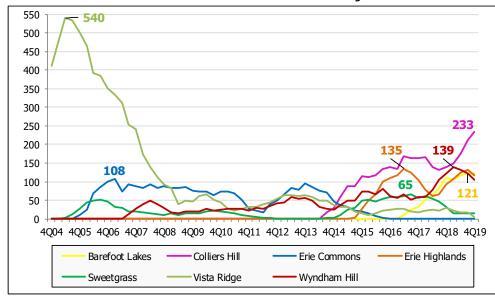


Exhibit 8 : Selected CMA Communities Historical Closings Trends & Peak

For the trailing four quarters ended 4Q19, the Colliers Hill community led the CMA with 233 new home closings (28.3% capture rate of CMA activity), followed by Barefoot Lakes (121 closings – 14.7% share), Erie Highlands (118 closings – 14.3% share), and Wyndham Hill (104 closings – 12.6% share).

Exhibit 9: Selected Communities Profile and Starts/Closings Capture of CMA

						-	-			
MPCs	Built-Out	Lots Remain	VDL	Home Inv	Ann Starts Capture	Historical Peak 8	•	Ann Close Capture	Historical Peak 8	•
Barefoot Lakes	6.9%	3,553	217	121	19.1%	19.1%	4Q19	14.7%	16.0%	4Q18
Colliers Hill	35.0%	1,518	189	167	30.0%	31.4%	2Q19	28.3%	28.3%	4Q19
Erie Commons	74.1%	235	0	0	0.0%	27.9%	4Q09	0.0%	26.7%	1Q11
Erie Highlands	46.9%	511	10	23	8.6%	18.2%	1Q19	14.3%	16.7%	2Q19
Sweetgrass	19.9%	1,441	4	2	1.7%	9.7%	1Q10	1.8%	8.3%	1Q18
Vista Ridge	93.8%	136	7	3	0.0%	45.5%	4Q04	0.7%	39.2%	2Q05
Wyndham Hill	41.0%	956	92	30	5.1%	21.8%	3Q18	12.6%	20.1%	1Q19
Combined Total		8.350	519	346	,					

#### **Lot Supplies**

Currently, there are 1,271 vacant developed lots and an estimated 11,922 undeveloped future lots in actively selling communities within the CMA. In addition, future projects currently moving through the development process will continue to enter the market in the next decade, pending entitlement approvals, development financing and ultimately, land development. These future proposed communities have an additional 30,184 potential lots.

For the purpose of understanding market supply in the years ahead, we have projected a build-out of active CMA communities' remaining lots, as well as estimated future projects' lots. This build-out model helps to identify when demand for lots and new home options in this portion of the Denver Market will no longer be met within the CMA within the framework of the currently active developments. This is a comprehensive list of all known lots in this CMA at the present time, featuring larger communities while grouping together the smaller scale communities. Projected absorptions for 2020 through 2026 are based on reasonable absorption projections of their remaining supply based on past performance and the stage of the community (introduction, growth, mature, close-out). Attached multi-family units including townhome, duplex, and condominiums are also reflected within this model.

In our model, we have listed the competitive communities with their current housing trends, build-out percentage (highlighted in blue), historical absorption and projected an annual future absorption based on projected growth in the CMA, product segmentation, location strength analysis, and their overall anticipated position within the CMA housing market segment.

Six future planned communities are represented within the model. All reasonable efforts have been made to determine the conceptual plans of these future communities, but many of these communities, even those fully platted, could face potential delays of one kind or another, changes in product segmentation to reflect market conditions, financing and other variables that could affect their market entry timeline. It is important to remember many are still conceptual and undefined future communities, while seeking a more macro view of the future lot supply within the Wyndham Hill CMA.

In red at the bottom of the exhibit, we have listed the CMA communities' combined annual closings, as well as their combined historical and projected closing totals, representing the CMA totals based on these community absorptions, and further tracking the forecasted CMA capture rate of closings within the overall Denver Market. This has been done in coordination with Metrostudy's Denver Market housing forecast, also represented in red. Also in red, the Denver Market actual and projected annual closings are provided.

Projected Closings Volum CMA Selected MPCs Ann Lot Del Ann St Ann Cl Hm Inv VDL Inv Future 46 104 30 92 104 54 Wyndham Hil Autumn Valley Ranch 60.7% 150 Barefoot Lakes 173 121 217 3.215 6.9% 121 140 163 220 200 225 127 189 35.0% 200 200 200 Colliers Hill 233 167 1.162 116 138 138 233 210 23 10 478 104 94 50 100 Erie Highlands 78 118 46,9% 27 109 118 75 100 31 Maple Ridge II 64.8% 22 24 151 0.0% Morgan Hill 43 Neighbors Poin 51.0% 328 60 60 Sorrento Sweetgrass 1,435 19.9% Village East/Clark Ranch 171 12.6% 105 53 Vista Ridge 126 93.8% 45 Westview 26.4% 0 Other (Combined 71.5% Cambria Crossing Silverstone 1,428 0.0% 2,600 Todd Creek Village North 1,433 0.0% 1.433 1,789 1,789 Waterfront at Foster Lake 0.0% 654 Westerly 1,179 Other (Combined) 0.0% 9,236 10.723 11.188 13.016 13.368 13.414 14.025 13.616 14.203 15.477 16.914 17.896

Exhibit 10 : CMA Projected Build-Out Model

This model tracks a moving target with many variables and requires amending over time as existing and future competition evolve. At the present time, many builders are trying to balance absorption pace with pricing due to the unpredictability of labor availability and material costs. The most notable observation from this model is that the odds of a drop-off in the number of potential closings, and the failure to match already established CMA capture rates of the Denver Market is dramatically high. This is especially evident given the delays over the past year-and-a-half in delivering new lots to the CMA. The Wyndham Hill CMA has a ten-year historical Denver Market closings capture rate of new home closings of 6.7%, and a

<sup>1-</sup> Fithing lot counts are based on currently known breakouts of lots already identified within the Competitive Market Area. This figure may increase/decrease as future development parcel plans are realized

<sup>2: 2020</sup> forecast is based on a projetion of all four quarters closing activity given current market trends through 4Q19 (based on Metrostudy's lot-by-lot survey).

<sup>3-</sup> Information including total lots, closing pace and market entry time frames are estimated for all future communities based on information collected from developers and planners. Some of these future communities may have additional lot counts and sizes as se unknown at this time that enter the market during this time period; some of the communities listed may utlimately not enter the market. Actual lot counts and product type may prove different than information collected at this time.

Other (Combined) represent the combined total of remaining CMA subdivisions identified at this time, both within Active and Future segments.

five-year average of 6.9%, but finished below those averages for the third consecutive year in 2019. Given its availability of land, affordable housing, and evolving location within the region, the CMA should develop at a higher rate long term, as the Denver Market grows. Annual lot deliveries and lot absorption already reflect this, at 6.9% and 7.3% through the 4Q19 survey. This should result in gains of capture for the CMA over time, as defined.

If some of the replacement communities fail to gain traction, due to challenges many developers/land owners face in trying to secure entitlements, water, services, and financing, the potential for existing communities to gain market volume exists. Success will be dependent on each of these communities' relevance to the consumer based on work commute times, price attainability, and lifestyle.

#### **Demand Analysis**

The assessment of housing demand and market capture is an iterative process with numerous ever-changing variables to consider. We have approached demand using our projected new home closings forecast within the Denver Market. We accounted for demand based on a review of all active and future lots within the CMA, and all the variables previously discussed to generate a supply-based CMA capture rate (as noted within the build-out model). From there, we reviewed the ratio of currently active to future planned lots, the transition of communities to build-out, and plausible timelines for new communities. We then reviewed demographic and economic trends and the outlook for new housing supply availability, and projected a CMA capture rate, estimated at a seven-year annual average of 7.5%.

We then calculated a potential demand variance of +/- 3.0% to account for unknown factors that could cause a negative or positive market movement from our estimate.

The resulting model is featured on the next page:

Exhibit 11: Demand Variance Analysis Model

						Wyndhar	n Hill CMA					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
			Actual						Forecast			
Total Denver Mkt Closings Projections <sup>1</sup>	9,236	10,723	11,188	13,016	13,368	13,414	14,025	13,616	14,203	15,477	16,914	17,896
	812	808	742	694	823	852	1,172	1,172	1,136	1,089	1,185	1,251
Total CMA Capture <sup>2</sup>	8.8%	7.5%	6.6%	5.3%	6.2%	6.4%	8.4%	8.6%	8.0%	7.0%	7.0%	7.0%
	812	808	742	694	823	852	1,037	932	851	739	735	701
Active Communitity Capture <sup>3</sup>	100%	100%	100%	100%	100%	100%	88%	80%	75%	68%	62%	56%
	0	0	0	0	0	0	135	240	285	350	450	550
Future Community Capture <sup>4</sup>	0%	0%	0%	0%	0%	0%	12%	20%	25%	32%	38%	44%
Wyndham Hill	73	61	58	127	104	54	135	135	127	39	0	0
Closings & CMA %	9%	8%	8%	18%	13%	6%	12%	12%	11%	4%	0%	0%
Potential Demand Variance <sup>6</sup>												
CMA @ 4.5% Capture	NA	NA	NA	NA	NA	-251	-544	-562	-500	-396	-428	-450
CMA @ 10.5% Capture	NA	NA	NA	NA	NA	554	298	255	352	533	587	624

#### Notes:

This demand analysis is consistent with historical trending and current projected upward growth within the Wyndham Hill CMA. While we believe that these figures represent a realistic view of the market based on our experience, these types of demand models are best served as points of discussion.

<sup>&</sup>lt;sup>1</sup> Annual closings for 2015 to 2019 are based on Metrostudy 4Q19 data for the Wyndham Hill CMA. Future annual closings between 2020 through 2026 are forecasted by Metrostudy. This level of sales can only be achieved if the housing market fundamentals continue to improve and homebuilders offer appropriately priced product in locations with price ranges in demand by the homebuying public.

<sup>&</sup>lt;sup>2</sup> Includes all annual closings within the Wyndham Hill CMA per Metrostudy. Market share percentages between 2015 and 2019 are actual capture rates, at an average of 6.9%. Future closings within this segment were forecasted based on estimated capture rates that follow established start production and closing trends which are consistent with those listed in previous exhibits.

<sup>&</sup>lt;sup>3</sup> The combined total of all currently active selling communities' related closings within the CMA. 2015 through 2019 figures are actual capture counts, therefore equal 100%. Future closings with this segment were forecasting based on historical and anticipated absorption of these same communities within the CMA up until their completion.

<sup>&</sup>lt;sup>4</sup> The combined total of all currently future planned communities and their closings within the CMA. Years 2015 through 2019 will not have any activity since these communities are yet to enter the market. Future closings within this segment were forecasted based on estimated market entry for each community and anticipated absorption given what is currently known about each potential community. As with any future plans, all estimates are subject to change. Given today's current housing development environment, it is very possible that some of these communities may never be fully realized, may enter the market at another time than projected, and/or that additional communities currently unknown may enter the market over the next seven years.

<sup>&</sup>lt;sup>5</sup> Based on the absorption analysis for the subject property, as shown within the build-out model.

<sup>&</sup>lt;sup>6</sup> Metrostudy acknowledges the possibilities of a variance in demand brought on by unforeseen circumstances such as interest rates spikes, gaps in lot deliveries and the ebb and flow of consumer confidence brought on by a variety of factors. Therefore, we have shown a +/- 3.0% variance from the average 7.5% capture rate by the CMA over the next 7 years.

## **Conclusions**

Wyndham Hill Metropolitan District No. 2 has the ability to capture up to a 12% share of the CMA's home buying demand with the active and planned homebuilders moving forward involved, offering a mix of attached and detached product at various price points steered towards the affordable segment. With its established record, the community should continue to appeal primarily to first-time and first-move-up family buyers as well as move-down couples in the northern Denver area, as well as potentially some outside the state relocations. The much higher home prices and living costs in northern Denver Market areas including Boulder, Broomfield, Westminster, and Thornton, should continue to push affordability-seeking demand into the CMA. And even with the CMA, price escalation within areas to the west such as Erie, have only further highlighted the affordable option in Frederick, Firestone, and Dacono (the "Tri-Cities").

The single-family detached product at Wyndham Hill appears well positioned within the CMA. At current and projected closing prices, Wyndham Hill single-family detached product, anchored by two of Colorado's most successful homebuilders Richmond American and Lennar, will likely continue to serve as one of the more affordable options in the area, particularly on the west side of the Interstate-25 corridor. These price points also come in slightly above 2019 price levels in Autumn Valley Ranch (\$367,700 in Dacono) and Westview (\$406,400 in Frederick), but below those found within Maple Ridge (\$457,700 in Frederick), Barefoot Lakes (\$488,400 in Firestone), and Colliers Hill (\$555,300 in Erie).

The active townhome product by New Expressions has had steady volume, but at its price point (\$350,869), is also competing with single-family detached homes in locations further east or north. The townhomes will continue to find their place among a limited attached housing segment today, but one that is likely to grow over the next five years. The future condominium product, upon realization, will need to find its place among a nonexistent condominium-housing segment today given the last new condominium within the CMA closed in 2011. In today's market, the two attached selling competitive CMA products, Wyndham's and Barefoot Lakes are targeting different buyer profiles (Barefoot Lakes paired at \$411,500), and these compare with Tri-Cities average resale prices of \$388,700 on a detached home and \$247,200 on an attached home.

As employment in the northern I-25 corridor continues to expand, the subject property will benefit, attracting prospective buyers employed in the area looking for affordable family housing and reasonable commute travel times.

Based on this review of the competitive market area, a projected build-out and demand analysis, product mix, and other information provided by the Client and planned homebuilder regarding the subject property, Metrostudy has provided an absorption schedule forecast of the lots within the Wyndham Hill Metropolitan District No. 2 (set forth in Exhibit 12 below), which we believe is reasonable and supported within this report.

Exhibit 12 : Absorption Summary (based on the build-out model)

Product Type <sup>3</sup>	Average Close Price <sup>1</sup>	Unit	Mix <sup>2</sup>	Pre-2018	01	201 Q2 (		01	20		24 0		2020 2 Q3	04	01	202		4101		022	04	01	202		Q4 (		2024		01	202		04	Q1 Q	2026	04
		LUG	70		ŲΙ	QZ	52   C	Ų	. QZ	Q5 C	77 9	110	2 Q3	ĮΨ	ŲΙ	QZ I	کی ام	T Q.	_	Įψ	ŲΤ		_	_	_	_	_		Ųι	٧٤	ÇJ	QT I	5116	2   Q3	T
Product 1 - Condominiums (Windsor Development)	\$302,723	128	11.3%	0			_					_			_		9 9	9	9	9	9	9	9	12	9	9 9	12	2 5	ш	ш		_	_		ٰٰٰٰٰٰ
Product 2 - THs 25' x 75' (New Expression)	\$350,869	63	5.6%	5	0	6	3 0	2	7	4	0 1	1 3	3	3	3	3	4 4	3	3	4	2											_			
Product 3 - SFD 50' x 110' (Richmond-Seasons)	\$418,264	236	20.8%	71	11	27	12 14	9	6	1	3 (	0 2	6	9	12	15	15 1	5 8																	
Product 4 - SFD 50' x 110' (Richmond-Landmark)	\$476,016	60	5.3%	0		8	11 7	3	5	4	3 2	2 4	5	4	4																				
Product 5 - SFD 50' x 110' (Lennar)	\$465,364	83	7.3%	0										2	9	12	12 9	12	12	12	3												$\Box$		
Product 6 - SFD 50' x 110' (TBD)	\$475,909	79	7.0%	0															9	9	9	12	12	12	12	4									
Product 7 - SFD 60' x 110' (TBD)	\$490,745	27	2.4%	0																4	9	12	2							П		$\Box$			
Product 8 - SFD 70' x 110' (TBD)	\$505,298	26	2.3%	0																		9	9	8						П		T			
Product 9 - SFD 50'-51' x 110' (Century)	\$410,969	52	4.6%	0		2	1 6	4	8	10 1	11 8	8 2																		П		$\neg$	$\neg$		
Product 10 - SFD 60' x 100' (Century)	Built-out	11	1.0%	0		1	1 3	3	3																										
Completed Product 9 - SFD 55' x 110' (DR Horton)	Built-out	31	2.7%	31																												П	$\Box$		
Completed Product 10 - SFD 65' x 110' (DR Horton)	Built-out	104	9.2%	104																							Т					П			П
Completed Product 11 - SFD 75' x 120' (DR Horton)	Built-out	71	6.3%	71																															
Completed Product 12 - SFD 60' x 110' (Lennar)	Built-out	74	6.5%	74											Tì															П		$\neg$	$\neg$		
Completed Product 13 - SFD 60' x 110' (Richmond)	Built-out	78	6.9%	50	1	1	1 7	9	7	1	1							1												П		$\neg$	$\top$		
Completed Product 14 - SFD 70' x 110' (Richmond)	Built-out	9	0.8%	5	2	0	2		$\Box$		7							1							_		$\top$		П	П		$\neg$	$\neg$		
Total		1,132	100.0%	411	14	45	31 37	30	36	20 :	18 1	1 1	1 14	18	28	30	40 3	7 32	33	38	32	42	32	32	21 :	13 9	12	2 5	0	0	0	0	0 0	0	0
	Annual Closings			411	$\equiv$	127	,	Т	10	)4	T		54			13	5	T	1	35			12	7	T		39		П	0	)	Ŧ		0	_

#### Notes:

Based on this product offering and trends in the surrounding CMA, Metrostudy believes that Wyndham Hill has the potential to absorb up to 135 homes during its peak years (2021 and 2022), an average of 11.0-to-12.0 home closings per month. With the current scheduled lot delivery and anticipated opening schedule (of the future single-family detached and condominium product lines), we estimate full community build-out to occur by the fourth quarter of 2024.

The CMA's capture rate of the Denver Market has averaged 6.9% over the past five years (2015 to 2019), but has fallen below that rate for the past three years. This has mostly been due to delays in delivering new lots to the area, as much of the new lot supply will be coming from large master plan development, but has also been a consequence of rising development costs (especially the rise in water) and the transition of oil and gas regulations. Based on current economic and competitive conditions, land availability, and established history of the area, Metrostudy estimates the future capture rate of the CMA to rebound somewhat as these new developments enter the market in the next two years. The CMA average capture should uptick closer to between 7.0% and 8.0% of the Denver Market's new housing activity over the next five years. The CMA is trending in this direction with annual lot deliveries through 4Q19 at 6.9% of market-wide deliveries and annual starts at 7.3%, respectively. **Metrostudy believes that Wyndham Hill has the potential to capture about 11% to 12% of the CMA's total home closings, which seems** 

<sup>1-</sup> Average Close Price was calculated as the average among a representative sampling of builder floor plans (if available) selling as base prices with a lot premium average and option/upgrade package estimate based on all currently available information regarding the Subject Property as provided by the developer and active homebuilders, as well as an analysis within the competitive market.

<sup>2.</sup> Unit mix is based upon information from the Client and reconciliation of lot survey history (for completed product lines). Product-3 includes all identified Richmond Seasons collection product estimated within Filings 1a, 1b, and 4b; Product 4 includes all indentified Richmond Landmark collection within Filings 2c, 5a, & 9a.

<sup>&</sup>lt;sup>3</sup> Product type information provided by the actively-selling homebuilders. For future Lennar product in Filing 9b (Product. 5), Metrostudy assumed comparable product to the CMA; for future Products 6 (Filings 2d & 9c), 7 (Fil 2d), & 8 (Fil 2d), comparable product already within the community was assumed.

<sup>&</sup>quot;Windsor Development has not released a schedule for development and was unresponsive during this analysis. Metrostudy made assumptions based on timing, product, and price based on resale analysis within the CMA (there have not been any new condo sales in the CMA since 2011).

Anticipated delivery of condominium lots was 302020, with the first unit closinos by 102021.

<sup>5°</sup> Lot Status survey results are based on most recently completed Metrostudy independent quarterly Lot-by-Lot Survey. Historical figures provided by the developer and homebuilders within the community may sometimes vary slightly based on the timing of the lot survey and methodologies used in defining homes closed.

reasonable given previous capture rates by the development historically, compared to similar-sized communities in the CMA, and based upon the potential demand for housing in the CMA.

If the Denver Market achieves greater volumes than those forecasted by Metrostudy, absorption potential would obviously increase. On the other hand, if home prices continue to increase in the Denver Market, while mortgage rates rise, purchasing power of the potential homebuyers will decline, forcing many buyers to opt for a home at a lower price, with different features, in a different location, or make the decision not to purchase a home altogether. And finally, should other communities build-out earlier than expected, or run short on available lots, capture rates would also increase (at the same time, of other competition emerges sooner than expected, capture rates could potentially decline).

#### Price Positioning in the Competitive Market

Metrostudy has evaluated the CMA in terms of price positioning, absorption levels, and market share. The recommendations and conclusions of Metrostudy with respect to estimated pricing for the subject property, which are based on present competition and market conditions, are set forth in Exhibit 13. We have utilized plan and price information of the Richmond American, Century, and New Expressions product offerings at the community provided by the builders for the actively selling product. For the remaining future planned single-family detached and conceptual condominium product lines, Metrostudy has taken into account any development plans, coupled with fieldwork to evaluate the competitive market area and an assumed product segmentation and positioning.

Pricing for future releases may need adjustment as the market continues to evolve. Over the past year, competitive single-family detached communities within the CMA have reported an average 3.4% increase in base price overall, at \$454,206. **Single-family detached new home closings prices increased 2.7% to \$496,695, while the average square footage held steady at 2,603 square feet.** Resale closing prices rose 2.6% to \$460,238, with an unchanged home size at 2,357 square feet.

With only a handful of attached (townhome/duplex) communities within the CMA, there is a limited view of trending. Over the past year, attached CMA communities have reported an average 0.5% gain in base price overall, at \$363,890. **Attached new home closing prices ticked down 0.9% to \$360,193, while the average square footage rose 3.5% to 1,467 square feet.** Resale closing prices for attached housing increased 14.9% to \$293,794, with an 8.6% gain in home size at 1,573 square feet.

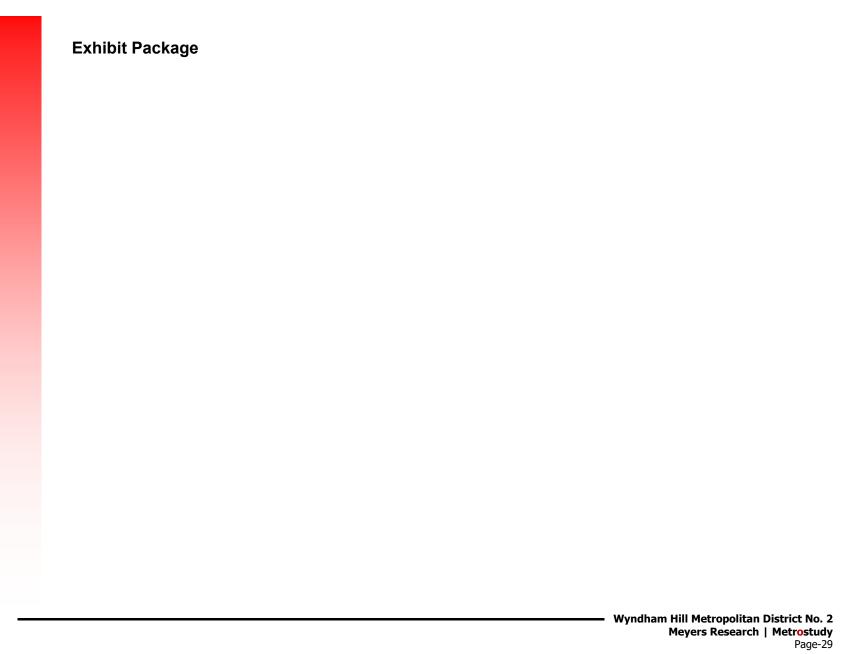
These prices represent the current minimum base price for all active product lines within the subject property. These base prices were matched against other competitive offerings base prices within the CMA. To calculate average closing prices, past deed records were reviewed and values for lot premiums and options/upgrades were estimated based on field data collected from interviews with sales agents and a review of deed records. Premiums varied based on the product line offered and consumer targeted. Lot premium values are typically based on orientation, size, topography, and the quality of views and open space behind the home site. Typical options/upgrades are the addition and finishing of basements and improvements to kitchens, bathrooms, and floorings from the base offering by the homebuilder. For details per product line on estimated premiums and options/upgrades, please refer to the Wyndham Hill Pricing Program in Exhibit 13 on the next page.

Exhibit 13: Wyndham Hill Metropolitan District Home Pricing Program

	2		Base Price		Lot Premium	Opt /	Est. Close Price	Close \$/Sq.				Base Price		Lot	Opt /	Est. Close	Close 9
Product 1 - Condominiums	Plan Plan 1	(Sq. Ft.)	(\$) \$275,000	\$275.00	0.5%	Upgrade 1.5%	\$280,521	\$280.52		Plan	(Sq. Ft.)	(\$)	Ft.	Premium	Upgrade	Price	Ft
(Windsor	Plan 2	1,150	\$290,000	\$273.00	0.5%	2.0%	\$297,279	\$258.50	Product 5 - SFD 50'	Plan 1	1,800	\$410,000	\$227.78	2.0%	3.0%	\$430,746	\$239
Development)	Plan 3	1,300	\$300,000	\$230.77	1.0%	2.5%	\$310,575	\$238.90	x 110' (Lennar)	Plan 2 Plan 3	2,050	\$435,000 \$450,000	\$212.20	2.0%	3.0%	\$457,011 \$475.088	\$222 \$206
zereiepinency	Plan 4	1,500	\$310,000	\$206.67	1.5%	2.5%	\$322,516	\$215.01		Plan 3 Plan 4	2,300	\$450,000	\$195.65 \$184.31	2.5%	3.0%	\$475,088	\$19
[		1,238	\$293,750	\$237.37	0.9%	2.1%	\$302,723	\$244.62		110111	2,175	\$441,250	\$202.87	2.3%	3.1%	\$465,364	\$21
	Plan		Base Price	Base \$ /	Lot	Opt /	Est. Close	Close \$ /			Unit Size	Base Price	Rase \$/Sa	Lot	Opt /	Est. Close	Close
Product 2 - THs 25' x 75' (New	Breckenridge	(Sq. Ft.) 1,419	( <b>\$</b> ) \$339,900	<b>Sq. Ft.</b> \$239.53	0.3%	Upgrade 0.5%	Price \$342,624	<b>Sq. Ft.</b> \$241.45		Plan	(Sq. Ft.)	(\$)	Ft.	Premium	Upgrade	Price	F
Expression)	2037	2,037	\$347,900	\$170.79	0.3%	0.5%	\$350,514	\$172.07	Product 6 - SFD 50'	Plan 1	1,800	\$420,000	\$233.33	2.0%	3.0%	\$441,252	\$24
Expression	2097	2,097	\$355,900	\$169.72	0.5%	0.5%	\$359,468	\$171.42	x 110' (TBD)	Plan 2	2,100	\$445,000	\$211.90	2.0%	3.0%	\$467,517	\$22
Г		1.851	\$347,900	\$187.95	0.4%	0.5%	\$350,869	\$189.56		Plan 3	2,300	\$460,000	\$200.00	2.5%	3.0%	\$485,645	\$2
		1,031	\$547,500	\$107.55	0.470	0.570	\$330,009	\$109.50		Plan 4	2,600	\$480,000	\$184.62	2.5%	3.5%	\$509,220	\$19
	Plan	Unit Size (Sq. Ft.)	Base Price (\$)	Base \$/Sq. Ft.	Lot Premium	Opt / Upgrade	Est. Close Price	Close \$/Sq. Ft.			2,200	\$451,250	\$205.11	2.3%	3.1%	\$475,909	\$2
market 3 CFD FO	Amethyst	1,400	\$356,950	\$254.96	3.0%	7.5%	\$395,233	\$282.31			Unit Size	Base Price	Base \$/Sq.	Lot	Opt /	Est. Close	Close
Product 3 - SFD 50' x 110' (Richmond-	Onyx	1,550	\$364,950	\$235.45	3.0%	7.5%	\$404,091	\$260.70		Plan	(Sq. Ft.)	(\$)	Ft.	Premium	Upgrade	Price	Cios
Seasons)	Alexandrite	1,740	\$373,950	\$214.91	3.5%	8.0%	\$418,001	\$240.23	Product 7 - SFD 60'	Plan 1	1,800	\$410,000	\$227.78	4.5%	8.0%	\$462,726	\$2
Scasonsy	Coral	1,800	\$375,950	\$208.86	3.5%	8.5%	\$422,182	\$234.55	x 110' (TBD)	Plan 2	2,200	\$425,000	\$193.18	4.5%	8.0%	\$479,655	\$2
	Citrine Lapis	1,950 2,180	\$380,950 \$391,950	\$195.36 \$179.79	3.5% 4.0%	8.5% 8.5%	\$427,797 \$442,276	\$219.38 \$202.88	x 220 (122)	Plan 3	2,600	\$440,000	\$169.23	5.0%	8.0%	\$498,960	\$1
	Lapis									Plan 4	3,000	\$460,000	\$153.33	5.0%	8.0%	\$521,640	\$1
L		1,770	\$374,117	\$211.37	3.4%	8.1%	\$418,264	\$236.31			2,400	\$433,750	\$180.73	4.8%	8.0%	\$490,745	\$2
			Base Price		Lot	Opt /	Est. Close	Close \$/Sq.									
	Plan	(Sq. Ft.)	(\$)	Ft.	Premium	Upgrade	Price	Ft.						Lot	Opt /	Est. Close	Clos
Product 4 - SFD 50'	Arlington	1,886	\$407,950	\$216.30	3.5%	8.0%	\$456,007	\$241.79		Plan	(Sq. Ft.)	(\$)	Ft.	Premium	Upgrade	Price	+2
x 110' (Richmond-	Bedford Hemingway	2,300	\$400,950 \$438,950	\$174.33 \$176.14	3.5%	8.0% 8.0%	\$448,182 \$490,658	\$194.86 \$196.89	Product 8 - SFD 70'	Plan 1 Plan 2	1,800	\$410,000 \$425,000	\$227.78	6.0%	9.5% 9.5%	\$475,887	\$2 \$2
Landmark)	Coronado	2,610	\$415,950	\$170.14	4.0%	8.0%	\$467,195	\$179.00	x 110' (TBD)	Plan 2 Plan 3	2,200 2,600	\$425,000	\$193.18 \$169.23	6.5%	9.5%	\$493,298 \$513,117	\$2 \$1
	Hopewell	2,680	\$424,950	\$158.56	4.0%	8.0%	\$477,304	1470.40	Plan 4	3,000	\$460,000	\$153.33	6.5%	10.0%	\$513,117	\$1	
	Dillon II	3,210	\$457,950	\$142.66	4.0%	8.5%	\$516,751	\$160.98		riaii 4							
		2,530	\$424,450	\$167.79	3.8%	8.1%	\$476.016	\$188.17			2,400	\$433,750	\$180.73	6.3%	9.6%	\$505,298	\$2

#### --- Notes ---

- Product prices and plan information for the Subject Property is based on all currently
  available information regarding the Subject Property as provided by the District, and
  identified homebuilder. Additional assumptions and estimates have been included
  based on an analysis within the competitive market to determine the most likely
  additional product information.
- Average prices for the Subject Property is based on all currently available information regarding the Subject Property, as provided by the Client. Plan information used was from actively selling product lines when available, and when not, from a compilation of competitive market information for the most reasonable product comparison.
- All information is based on current market conditions. Pricing at the Subject Property's release may need adjustment. Metrostudy estimates a 2% to 3% annual increase in pricing in the CMA due to rising material and labor costs.



### **Economic Overview**

### **Employment and Job Growth**

Exhibit 14: Denver, CO Employment by Industry Sector

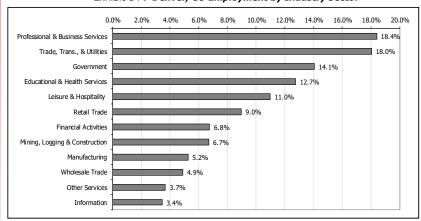
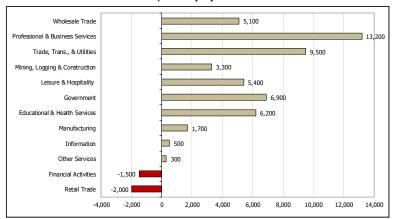


Exhibit 15: Denver, CO Employment Growth Year-Over-Year



Ranked by Current Industry Sector	One-Year Grov	wth		Net Jobs			
Sector	Jan 2020	Jan 2019	1-Yr	3-Yr	5-Yr	Capture %	YOY %
Wholesale Trade	84,700	79,600	5,100	7,300	10,500	4.9%	6.4%
Professional & Business Services	319,000	305,800	13,200	31,400	42,100	18.4%	4.3%
Trade, Trans., & Utilities	312,800	303,300	9,500	23,300	35,500	18.0%	3.1%
Mining, Logging & Construction	116,000	112,700	3,300	14,900	19,800	6.7%	2.9%
Leisure & Hospitality	190,600	185,200	5,400	13,200	26,100	11.0%	2.9%
Government	243,700	236,800	6,900	14,000	23,600	14.1%	2.9%
Educational & Health Services	221,100	214,900	6,200	14,900	25,500	12.7%	2.9%
Manufacturing	91,000	89,300	1,700	4,500	6,900	5.2%	1.9%
Information	59,500	59,000	500	5,000	5,900	3.4%	0.8%
Other Services	63,600	63,300	300	2,200	4,500	3.7%	0.5%
Financial Activities	117,100	118,600	-1,500	3,200	10,300	6.8%	-1.3%
Retail Trade	155,300	157,300	-2,000	1,000	6,900	9.0%	-1.3%
Total Non-Farm	1,734,400	1,688,900	45,500	126,600	200,200	100.0%	2.7%

To further break down the economic characters of the area, we have provided a historical look at select county unemployment rates, as well as against the Denver region, the state, and national rates. As some rates begin to fall, there are some additional factors to consider when reviewing unemployment rate trends. These include fewer people looking for work and demographic shifts as workers who delayed retirement during the recession now begin to leave the workforce, leaving job openings to fill.

Weld County (green-colored line), where Wyndham Hill is located, has historically held and continues to report unemployment rates slightly below the state. Currently, Weld County's unemployment rate stands at 2.7%, in-line with the Denver Region (2.7%), slightly below Colorado (2.8%) and well below the National (3.6%) rate.

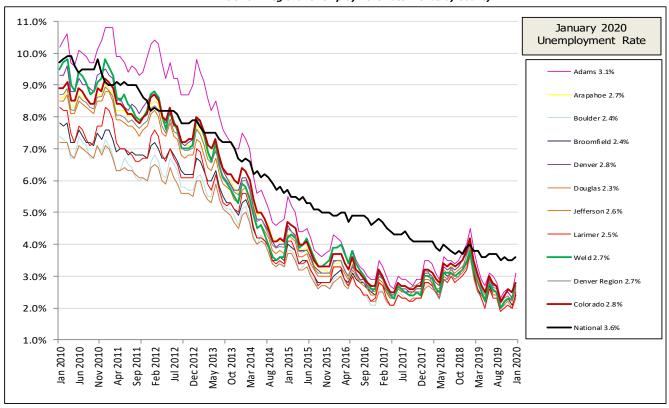


Exhibit 16: Regional Unemployment Rate Trends by County

# Demographic Overview Population and Households

Exhibit 17: Denver Market Total Population

Denver Market	Total Pop	ulation	
	2010 Census	2019 Estimate	2024 Projection
Population	2,880,572	3,368,211	3,560,279
Total Numerical Change		487,639	192,068
Total Percent Change		16.9%	5.7%
Annual Number Change		54,182	38,414
Annual Percent Change		1.8%	1.1%
Households	1,135,215	1,323,763	1,398,083
Total Numerical Change		188,548	74,320
Total Percent Change		16.6%	5.6%
Annual Number Change		20,950	14,864
Annual Percent Change		1.7%	1.1%
<b>Average Household Size</b>	2.5	2.5	2.5

Source: Metrostudy/Neustar/U.S. Census Bureau

Exhibit 18: Wyndham Hill CMA Total Population

Wyndham Hill CMA	Total Po	pulation	
	2010 Census		2024 Projection
Population	49,217	66,334	75,766
Total Numerical Change		17,117	9,432
Total Percent Change		34.8%	14.2%
Annual Number Change		1,902	1,886
Annual Percent Change		3.4%	2.7%
Households	17,120	23,198	26,490
Total Numerical Change		6,078	3,292
Total Percent Change		35.5%	14.2%
Annual Number Change		675	658
Annual Percent Change		3.4%	2.7%
Average Household Size	2.9	2.9	2.9
CMA % of Market			
Population	1.7%	2.0%	2.1%
Households	1.5%	1.8%	1.9%

Source: Metrostudy/Neustar/U.S. Census Bureau

# **Age Distribution**

Exhibit 19: Market Age Distribution

Fxhihit	20 •	CM4	∆ae	Distribution

Denver Mar	ket						Wyndham Hill CN	1A					
	2010 Ce	nsus	2019 Est	imate	2024 Proj	ection		2010 Ce	nsus	2019 Est	timate	2024 Pro	jection
Age Group	Total	%	Total	%	Total	%	Age Group	Total	%	Total	%	Total	%
0-24	977,672	33.9%	1,045,551	31.0%	1,084,084	30.4%	0-24	17,479	35.5%	23,251	35.1%	25,652	33.9%
25-34	436,926	15.2%	557,249	16.5%	504,953	14.2%	25-34	6,943	14.1%	8,276	12.5%	9,079	12.0%
35-44	425,262	14.8%	488,058	14.5%	532,316	15.0%	35-44	8,195	16.7%	9,537	14.4%	9,995	13.2%
45-54	424,331	14.7%	436,360	13.0%	467,924	13.1%	45-54	7,269	14.8%	9,144	13.8%	10,276	13.6%
55-64	328,769	11.4%	403,713	12.0%	417,374	11.7%	55-64	5,485	11.1%	8,258	12.4%	9,319	12.3%
65-74	161,924	5.6%	272,011	8.1%	324,190	9.1%	65-74	2,634	5.4%	5,298	8.0%	7,025	9.3%
75-84	88,791	3.1%	117,177	3.5%	166,534	4.7%	75-84	968	2.0%	2,027	3.1%	3,398	4.5%
85+	36,896	1.3%	48,091	1.4%	62,904	1.8%	85+	244	0.5%	543	0.8%	1,021	1.3%
	2,880,572	100.0%	3,368,211	100.0%	3,560,279	100.0%		49,217	100.0%	66,334	100.0%	75,766	100.0%
Annual Chan	<u>ige</u>						<u>Annual Change</u>						
0-24	-	-	7,542	0.7%	7,707	0.7%	0-24	-	-	641	3.2%	480	2.0%
25-34	-	-	13,369	2.7%	-10,459	-2.0%	25-34	-	-	148	2.0%	161	1.9%
35-44	-	-	6,977	1.5%	8,852	1.8%	35-44	-	-	149	1.7%	92	0.9%
45-54		-	1,337	0.3%	6,313	1.4%	45-54		-	208	2.6%	226	2.4%
55-64	-	-	8,327	2.3%	2,732	0.7%	55-64	-	-	308	4.7%	212	2.4%
65-74	-	-	12,232	5.9%	10,436	3.6%	65-74	-	-	296	8.1%	345	5.8%
75-84	-	-	3,154	3.1%	9,871	7.3%	75-84	-	-	118	8.6%	274	10.9%
85+	-	-	1,244	3.0%	2,963	5.5%	85+	-	-	33	9.3%	96	13.5%
Median Age	35.6	5	36.0	5	38.	5	Median Age	35.2	2	36.	7	38.	2

Source: Metrostudy/Neustar/U.S. Census Bureau

Source: Metrostudy/Neustar/U.S. Census Bureau

# **Household Income**

Exhibit 21: Market Household Income

<b>Denver Market</b>						
	2010 C	ensus	2019 Est	timate	2024 Pro	jection
Annual Household Inc.	<b>Total HH</b>	%	<b>Total HH</b>	%	Total HH	%
Under \$25,000	229,058	20.2%	168,825	12.8%	169,940	12.2%
\$25,000-\$34,000	107,778	9.5%	88,242	6.7%	89,505	6.4%
\$35,000-\$49,000	149,894	13.2%	139,576	10.5%	143,827	10.3%
\$50,000-\$74,000	203,454	17.9%	215,965	16.3%	224,414	16.1%
\$75,000-\$99,000	150,326	13.2%	177,748	13.4%	186,705	13.4%
\$100,000-\$149,000	168,258	14.8%	253,927	19.2%	273,763	19.6%
\$150,000+	126,448	11.1%	279,481	21.1%	309,930	22.2%
	1,135,215	100.0%	1,323,763	100.0%	1,398,083	100.0%
Average Household Inc.	\$78,	919	\$105,	754	\$108,	,439
Median Household Inc.	\$59,	546	\$81,	930	\$84,	554

Source: Metrostudy/Neustar/U.S. Census Bureau

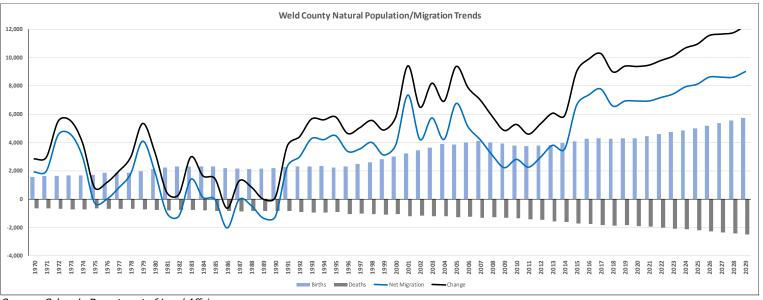
Exhibit 22 : CMA Household Income

Wyndham Hill CMA						
	2010 C	ensus	2019 Es	timate	2024 Pro	jection
Annual Household Inc.	Total HH	%	<u>Total HH</u>	%	Total HH	%
Under \$25,000	2,091	12.2%	1,599	6.9%	1,749	6.6%
\$25,000-\$34,000	862	5.0%	1,016	4.4%	1,145	4.3%
\$35,000-\$49,000	2,068	12.1%	1,663	7.2%	1,788	6.7%
\$50,000-\$74,000	3,833	22.4%	3,315	14.3%	3,596	13.6%
\$75,000-\$99,000	3,445	20.1%	3,773	16.3%	4,197	15.8%
\$100,000-\$149,000	3,172	18.5%	5,917	25.5%	6,892	26.0%
\$150,000+	1,649	9.6%	5,915	25.5%	7,122	26.9%
	17,120	100.0%	23,198	100.0%	26,490	100.0%
Average Household Inc.	\$83,	549	\$119,	372	\$122,	.322
Median Household Inc.	\$73,	209	\$101,	638	\$104,	.662

Source: Metrostudy/Neustar/U.S. Census Bureau

Exhibit 23: Natural Population and Migration Trends into Weld County, CO

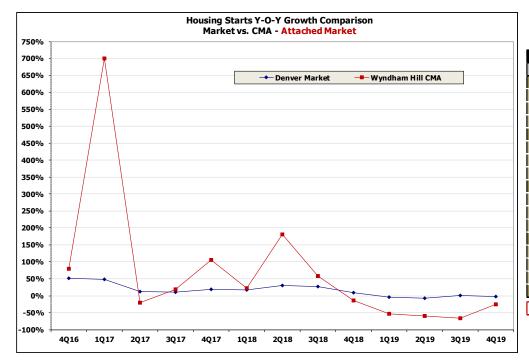
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Population	248,959	254,230	258,815	264,127	270,195	276,093	285,109	294,993	305,267	314,250	323,637	333,004	342,463	352,255	362,351	373,014	383,958	395,509	407,165	418,920	431,178
Change		5,271	4,585	5,312	6,068	5,898	9,016	9,884	10,274	8,983	9,387	9,366	9,459	9,792	10,096	10,664	10,944	11,551	11,655	11,755	12,258
Births	3,923	3,799	3,751	3,795	3,815	3,961	4,083	4,256	4,309	4,271	4,285	4,316	4,468	4,613	4,731	4,865	5,018	5,197	5,378	5,556	5,740
Deaths	1,314	1,352	1,435	1,456	1,566	1,611	1,732	1,751	1,832	1,880	1,845	1,901	1,959	2,019	2,081	2,146	2,215	2,286	2,359	2,434	2,513
Net Migration	2,234	2,824	2,269	2,973	3,819	3,548	6,665	7,379	7,797	6,592	6,948	6,952	6,950	7,197	7,446	7,945	8,141	8,639	8,637	8,634	9,032



Source: Colorado Department of Local Affairs

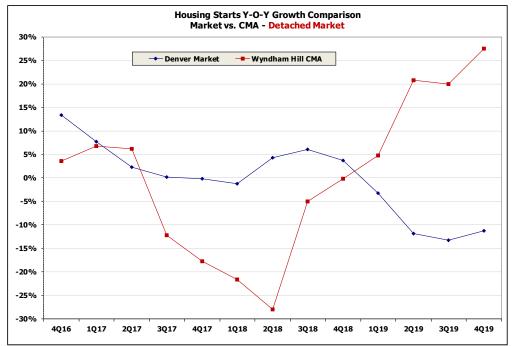
# Housing Market Overview New Home Production

Exhibit 24: Housing Starts Activity – Attached



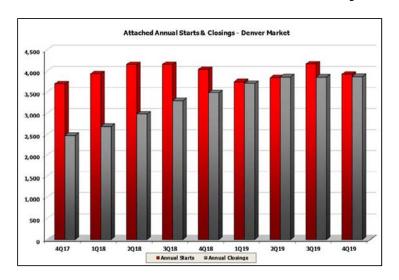
Quarter	Denv	er Market	Wyndh	am Hill CMA
·	Ann Starts	% YOY Growth	Ann Starts	% YOY Growth
4Q15	2,051	*	10	*
1Q16	2,254	*	4	*
2Q16	2,812	*	20	*
3Q16	2,958	*	22	*
4Q16	3,108	51.5%	18	80.0%
1Q17	3,343	48.3%	32	700.0%
2Q17	3,174	12.9%	16	-20.0%
3Q17	3,284	11.0%	26	18.2%
4Q17	3,693	18.8%	37	105.6%
1Q18	3,932	17.6%	39	21.9%
2Q18	4,150	30.7%	45	181.3%
3Q18	4,152	26.4%	41	57.7%
4Q18	4,035	9.3%	32	-13.5%
1Q19	3,744	-4.8%	18	-53.8%
2Q19	3,839	-7.5%	18	-60.0%
3Q19	4,162	0.2%	14	-65.9%
4Q19	3,921	-2.8%	24	-25.0%
Hist. Avg.	3,448	16.3%	24	71.3%

Exhibit 25 : Housing Starts Activity - Detached



Quarter	Denv	er Market	Wyndh	am Hill CMA
	Ann Starts	% YOY Growth	Ann Starts	% YOY Growth
4Q15	8,115	*	813	*
1Q16	8,671	*	798	*
2Q16	9,011	*	795	*
3Q16	9,150	*	837	*
4Q16	9,201	13.4%	842	3.6%
1Q17	9,340	7.7%	852	6.8%
2Q17	9,220	2.3%	844	6.2%
3Q17	9,169	0.2%	735	-12.2%
4Q17	9,179	-0.2%	693	-17.7%
1Q18	9,222	-1.3%	668	-21.6%
2Q18	9,616	4.3%	608	-28.0%
3Q18	9,723	6.0%	698	-5.0%
4Q18	9,516	3.7%	692	-0.1%
1Q19	8,921	-3.3%	700	4.8%
2Q19	8,476	-11.9%	734	20.7%
3Q19	8,440	-13.2%	837	19.9%
4Q19	8,448	-11.2%	882	27.5%
Hist. Ava.	9.025	-0.3%	766	0.4%

Exhibit 26: New Housing Starts and Closings Activity Comparison - Attached



	Denver Market - Attached							
Quarter	Annual Starts		Annual	Annual Closings				
4Q17	3,693	18.8%	2,475	9.5%	1,218			
1Q18	3,932	17.6%	2,689	18.5%	1,243			
2Q18	4,150	30.7%	2,983	28.1%	1,167			
3Q18	4,152	26.4%	3,296	37.2%	856			
4Q18	4,035	9.3%	3,483	40.7%	552			
1Q19	3,744	-4.8%	3,703	37.7%	41			
2Q19	3,839	-7.5%	3,859	29.4%	-20			
3Q19	4,162	0.2%	3,856	17.0%	306			
4Q19	3,921	-2.8%	3,866	11.0%	55			
9-Qtr Avg	3,959	9.8%	3,357	25.4%	602			

	Wyndham Hill CMA - Attached								
Quarter	Annual	Starts	Annual	Annual Closings					
4Q17	37	105.6%	4	-82.6%	33				
1Q18	39	21.9%	4	-80.0%	35				
2Q18	45	181.3%	10	-16.7%	35				
3Q18	41	57.7%	17	325.0%	24				
4Q18	32	-13.5%	20	400.0%	12				
1Q19	18	-53.8%	33	725.0%	-15				
2Q19	18	-60.0%	42	320.0%	-24				
3Q19	14	-65.9%	43	152.9%	-29				
4Q19	24	-25.0%	41	105.0%	-17				
9-Otr Ava	30	16.5%	24	205.4%	6				

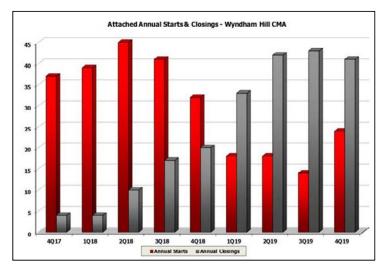
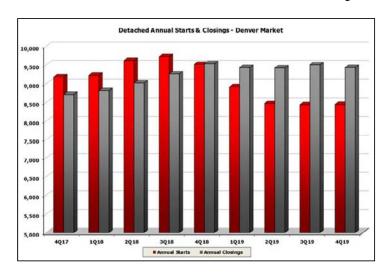
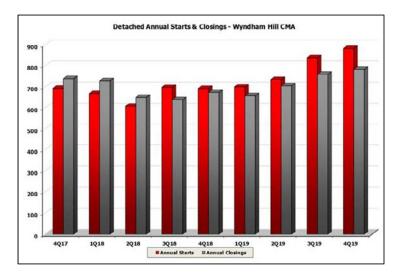


Exhibit 27: New Housing Starts and Closings Activity Comparison - Detached



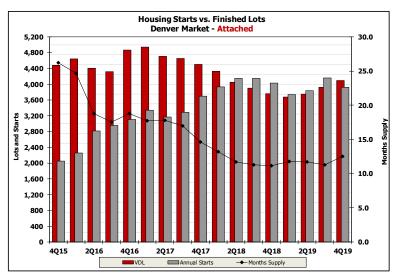
	Denver Market - Detached								
Quarter	Annua	Starts	Annual (	Annual Closings					
4Q17	9,179	-0.2%	8,714	3.0%	465				
1Q18	9,222	-1.3%	8,821	1.3%	401				
2Q18	9,616	4.3%	9,023	-0.3%	593				
3Q18	9,723	6.0%	9,262	4.2%	461				
4Q18	9,516	3.7%	9,532	9.4%	-16				
1Q19	8,921	-3.3%	9,430	6.9%	-509				
2Q19	8,476	-11.9%	9,420	4.4%	-944				
3Q19	8,440	-13.2%	9,506	2.6%	-1,066				
4Q19	8,448	-11.2%	9,432	-1.0%	-984				
9-Qtr Avg	9,060	-3.0%	9,238	3.4%	-178				

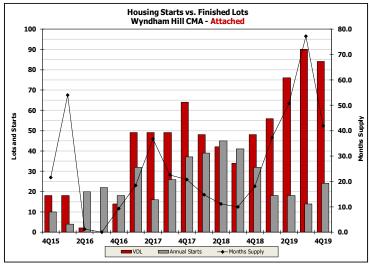
	Wyndham Hill CMA - Detached								
Quarter	Annua	Annual Starts		Annual Closings					
4Q17	693	-17.7%	738	-6.0%	-45				
1Q18	668	-21.6%	728	-9.1%	-60				
2Q18	608	-28.0%	650	-18.8%	-42				
3Q18	698	-5.0%	639	-18.2%	59				
4Q18	692	-0.1%	674	-8.7%	18				
1Q19	700	4.8%	658	-9.6%	42				
2Q19	734	20.7%	705	8.5%	29				
3Q19	837	19.9%	758	18.6%	79				
4Q19	882	27.5%	782	16.0%	100				
9-Qtr Avg	724	0.1%	704	-3.0%	20				



# **Lot Supply**

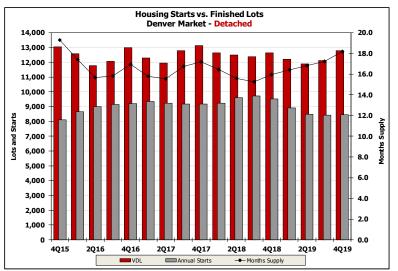
Exhibit 28: Vacant Developed Lots and Months of Supply – Attached

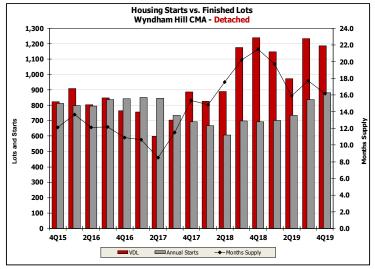




Quarter	Den	ver Market - Attac	hed	Wyndł	Wyndham Hill CMA - Attached			
	VDL	Annual Starts	Months Supply	VDL	Annual Starts	Months Supply		
4Q16	4,864	3,108	18.8	14	18	9.3		
4Q17	4,500	3,693	14.6	64	37	20.8		
4Q18	3,757	4,035	11.2	48	32	18.0		
4Q19	4,096	3,921	12.5	84	24	42.0		
Hist. Avg	4,295	3,448	14.9	44	24	21.4		

Exhibit 29: Vacant Developed Lots and Months of Supply – Detached





Quarter	Den	ver Market - Detac	ched	Wyndham Hill CMA - Detached			
	VDL	Annual Starts	Months Supply	VDL	Annual Starts	Months Supply	
4Q16	12,996	9,201	16.9	765	842	10.9	
4Q17	13,140	9,179	17.2	887	693	15.4	
4Q18	12,638	9,516	15.9	1,240	692	21.5	
4Q19	12,789	8,448	18.2	1,187	882	16.1	
Hist. Avg	12,457	9,025	16.6	928	766	14.5	

# **Future Lot Supply**

Total Future Lot Detail - Wyndham Hill CMA 38,000 36,000 □ CMA - Attached 34,000 ■ CMA - Detached 32,000 30,000 28,000 26,000 24,000 22,000 20,000 18,000 **월** 16,000 · ₹ <sub>14,000</sub> 12,000 10,000 8,000 6,887 6,542 6,000 3,932 4,000 2,000 0 208 132 <u>75</u> 247 138 600 0 0 Survey Stakes Equipment On-Site Streets In Total Future Lots Vacant Land Excavation Street Paving Stage of Lot Development

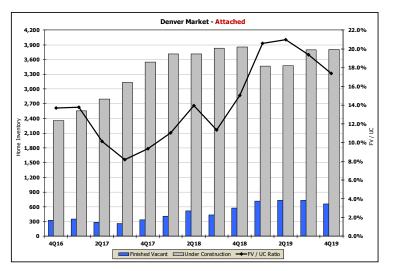
Exhibit 30 : Development Status of Future Lots and Future Supply

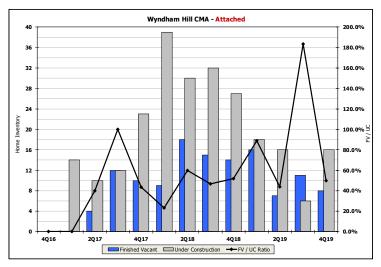
4Q19	Denver M		Wyndham Hill CMA			
	Attached Future Lot Detail					
Total Future Lots	96,279	100.0%	6,887	100.0%		
Vacant Land	83,438	86.7%	6,542	95.0%		
Survey Stakes	817	0.8%	0	0.0%		
Equipment On-Site	1,921	2.0%	132	1.9%		
Excavation	9,161	9.5%	75	1.1%		
Street Paving	929	1.0%	138	2.0%		
Streets In	13	0.0%	0	0.0%		
In-Process	12,841	13.3%	345	5.0%		
		Detached Fut	ure Lot Detail			

	Detached Future Lot Detail								
Total Future Lots	173,478	100.0%	35,646	100.0%					
Vacant Land	149,716	86.3%	30,659	86.0%					
Survey Stakes	1,051	0.6%	208	0.6%					
Equipment On-Site	8,286	4.8%	3,932	11.0%					
Excavation	11,140	6.4%	247	0.7%					
Street Paving	3,276	1.9%	600	1.7%					
Streets In	9	0.0%	0	0.0%					
In-Process	23,762	13.7%	4,987	14.0%					

# **Housing Inventory**

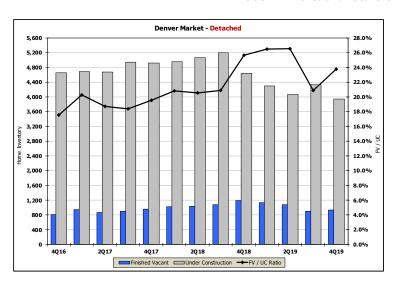
Exhibit 31: Finished and Vacant vs. Under Construction Inventory - Attached

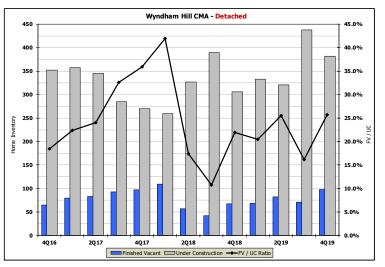




Quarter		Denver Ma	arket - Att	ached			Wyndham I	Hill CMA - A	ttached	
	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio
4Q16	323	2,358	56	2,737	13.7%	0	0	0	0	0.0%
1Q17	352	2,556	60	2,968	13.8%	0	14	0	14	0.0%
2Q17	283	2,794	61	3,138	10.1%	4	10	0	14	40.0%
3Q17	256	3,139	77	3,472	8.2%	12	12	0	24	100.0%
4Q17	332	3,549	74	3,955	9.4%	10	23	0	33	43.5%
1Q18	411	3,717	83	4,211	11.1%	9	39	1	49	23.1%
2Q18	518	3,714	73	4,305	13.9%	18	30	1	49	60.0%
3Q18	434	3,830	64	4,328	11.3%	15	32	1	48	46.9%
4Q18	579	3,854	74	4,507	15.0%	14	27	4	45	51.9%
1Q19	714	3,466	72	4,252	20.6%	16	18	0	34	88.9%
2Q19	729	3,473	83	4,285	21.0%	7	16	2	25	43.8%
3Q19	736	3,800	98	4,634	19.4%	11	6	2	19	183.3%
4Q19	661	3,803	98	4,562	17.4%	8	16	4	28	50.0%
Hist. Avg	487	3,389		3,950	14.4%	10	19		29	51.0%

Exhibit 32: Finished and Vacant vs. Under Construction Inventory - Detached

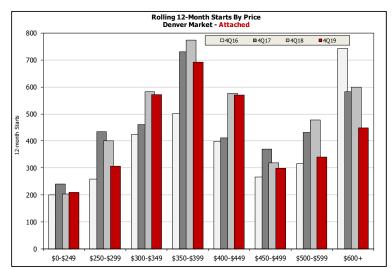




Quarter		Denver Ma	rket - Det	ached			Wyndham F	iil CMA - De	etached	
	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio	Finished Vacant	Under Construction	Models	Total Inventory	FV / UC Ratio
4Q16	818	4,653	402	5,873	17.6%	65	352	31	448	18.5%
1Q17	950	4,691	417	6,058	20.3%	80	357	31	468	22.4%
2Q17	876	4,674	428	5,978	18.7%	83	345	35	463	24.1%
3Q17	909	4,948	451	6,308	18.4%	93	285	38	416	32.6%
4Q17	963	4,924	451	6,338	19.6%	97	270	36	403	35.9%
1Q18	1,031	4,953	475	6,459	20.8%	109	260	39	408	41.9%
2Q18	1,042	5,070	459	6,571	20.6%	57	327	37	421	17.4%
3Q18	1,087	5,201	481	6,769	20.9%	42	390	43	475	10.8%
4Q18	1,191	4,641	490	6,322	25.7%	67	306	48	421	21.9%
1Q19	1,139	4,304	507	5,950	26.5%	68	333	49	450	20.4%
2Q19	1,079	4,065	483	5,627	26.5%	82	321	47	450	25.5%
3Q19	904	4,331	468	5,703	20.9%	71	438	45	554	16.2%
4Q19	939	3,947	452	5,338	23.8%	98	382	41	521	25.7%
Hist. Avg	994	4,646		6,100	21.4%	78	336		454	23.2%

# **Price Distribution**

Exhibit 33 : 12-Month Starts by Price - Denver Market - Attached



26					
24		□4Q16	<b>m</b> 4Q17	□4Q18	■4Q19
22					
20					
18					
16					
14					
12					
10					
8					
6					
4					

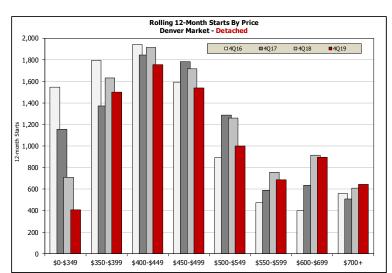
Exhibit 34: 12-Month Starts by Price – Wyndham Hill CMA - Attached

Denver Ma	rket - Attac	ched	12-Month Annual Starts by Price Segment									
Quarter	\$0-\$249	\$250-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$599	\$600+				
4Q16	200	259	424	501	399	266	316	742				
4Q17	241	434	461	731	412	370	432	582				
4Q18	204	401	582	773	577	319	477	600				
4Q19	209	306	571	692	570	299	341	449				
Market Sh	are											
4Q16	6.4%	8.3%	13.6%	16.1%	12.8%	8.6%	10.2%	23.9%				
4Q17	6.6%	11.8%	12.6%	20.0%	11.2%	10.1%	11.8%	15.9%				
4Q18	5.2%	10.2%	14.8%	19.7%	14.7%	8.1%	12.1%	15.3%				
4Q19	6.1%	8.9%	16.6%	20.1%	16.6%	8.7%	9.9%	13.1%				

Wyndham Hi	II CMA - Att	tached	12-Month Annual Starts by Price Segment								
Quarter	\$0-\$249	\$250-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$599	\$600+			
4Q16	9	9	0	0	0	0	0	0			
4Q17	6	6	0	25	0	0	0	0			
4Q18	13	13	0	6	0	0	0	0			
4Q19	0	0	0	18	0	0	0	0			
Market Shar	e						,				
4Q16	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
4Q17	16.2%	16.2%	0.0%	67.6%	0.0%	0.0%	0.0%	0.0%			
4Q18	40.6%	40.6%	0.0%	18.8%	0.0%	0.0%	0.0%	0.0%			
4Q19	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%			

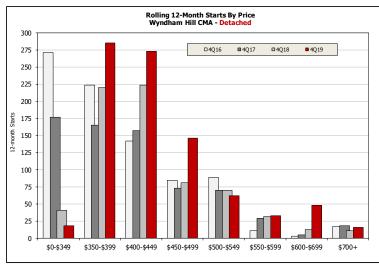
\$0-\$249 \$250-\$299 \$300-\$349 \$350-\$399 \$400-\$449 \$450-\$499 \$500-\$599

Exhibit 35: 12-Month Starts by Price – Denver Market - Detached



Denver Ma	rket - Deta	ched	12-Month Annual Starts by Price Segment								
Quarter	\$0-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$699	\$700+			
4Q16	1,548	1,794	1,940	1,594	891	473	402	559			
4Q17	1,156	1,374	1,844	1,784	1,287	589	637	507			
4Q18	711	1,632	1,914	1,718	1,258	757	917	609			
4Q19	409	1,500	1,755	1,537	999	688	896	645			
Market Sh	are										
4Q16	16.8%	19.5%	21.1%	17.3%	9.7%	5.1%	4.4%	6.1%			
4Q17	12.6%	15.0%	20.1%	19.4%	14.0%	6.4%	6.9%	5.5%			
4Q18	7.5%	17.2%	20.1%	18.1%	13.2%	8.0%	9.6%	6.4%			
4Q19	4.9%	17.8%	20.8%	18.2%	11.9%	8.2%	10.6%	7.7%			

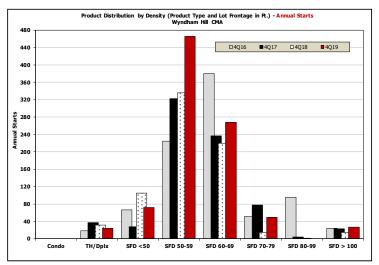
Exhibit 36: 12-Month Starts by Price – Wyndham Hill CMA - Detached

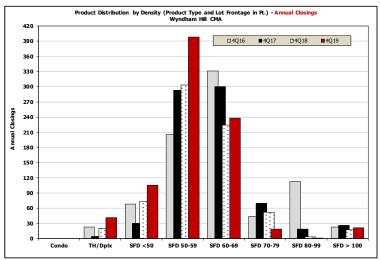


Wyndham Hi	II CMA - De	tached	12-Month Annual Starts by Price Segment									
Quarter	\$0-\$349	\$350-\$399	\$400-\$449	\$450-\$499	\$500-\$549	\$550-\$599	\$600-\$699	\$700+				
4Q16	271	224	142	85	89	11	3	17				
4Q17	177	165	157	73	70	29	5	18				
4Q18	41	220	224	81	70	32	13	11				
4Q19	18	285	273	146	62	33	48	16				
<b>Market Shar</b>	re											
4Q16	32.2%	26.6%	16.9%	10.1%	10.6%	1.3%	0.4%	2.0%				
4Q17	25.5%	23.8%	22.6%	10.5%	10.1%	4.2%	0.7%	2.6%				
4Q18	5.9%	31.8%	32.4%	11.7%	10.1%	4.6%	1.9%	1.6%				
4Q19	2.0%	32.3%	31.0%	16.6%	7.0%	3.7%	5.4%	1.8%				

# **Product Distribution**

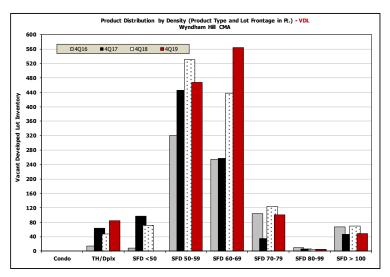
Exhibit 37 : CMA Product Distribution, Annual Starts and Annual Closings

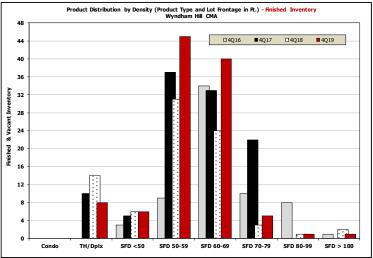




Wyndham	Hill CMA			А	nnual Starts	by Product 1	ype/Lot Size		
Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	<u>Total</u>
4Q16	0	18	66	225	380	51	96	24	860
4Q17	0	37	28	323	237	78	4	23	730
4Q18	0	32	105	336	220	15	1	15	724
4Q19	0	24	72	466	268	49	0	27	906
Market Sha	are								
4Q16	0.0%	2.1%	7.7%	26.2%	44.2%	5.9%	11.2%	2.8%	100%
4Q17	0.0%	5.1%	3.8%	44.2%	32.5%	10.7%	0.5%	3.2%	100%
4Q18	0.0%	4.4%	14.5%	46.4%	30.4%	2.1%	0.1%	2.1%	100%
4Q19	0.0%	2.6%	7.9%	51.4%	29.6%	5.4%	0.0%	3.0%	100%

Exhibit 38 : CMA Product Distribution, Vacant Developed Lots and Finished Inventory



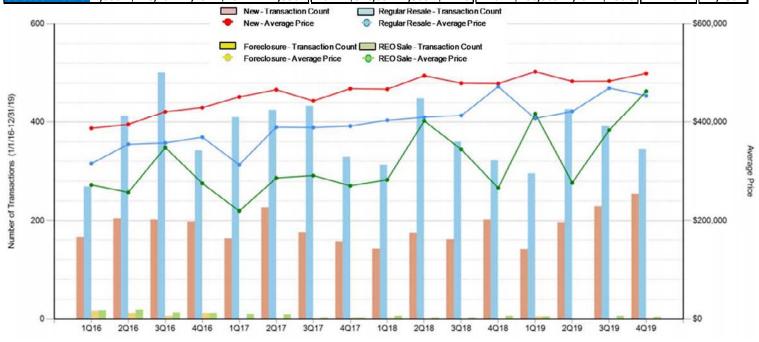


	Wyndham Hill	СМА			Vacant Developed Lots by Product Type/Lot Size									
	Quarter	Condo	TH/Dplx	SFD <50	SFD 50-59	SFD 60-69	SFD 70-79	SFD 80-99	SFD > 100	<u>Total</u>				
	4Q16	0	14	9	320	255	104	10	67	779				
	4Q17	0	64	97	446	257	35	6	46	951				
	4Q18	0	48	72	531	438	124	5	70	1,288				
l	4Q19	0	84	0	468	564	101	5	49	1,271				
	Market Share													
	4Q16	0.0%	1.8%	1.2%	41.1%	32.7%	13.4%	1.3%	8.6%	100%				
	4Q17	0.0%	6.7%	10.2%	46.9%	27.0%	3.7%	0.6%	4.8%	100%				
	4Q18	0.0%	3.7%	5.6%	41.2%	34.0%	9.6%	0.4%	5.4%	100%				
1	4Q19	0.0%	6.6%	0.0%	36.8%	44.4%	7.9%	0.4%	3.9%	100%				

Exhibit 39: New, Resale, and Foreclosures by Housing Type - CMA

# New, Resale, and Foreclosures By Housing Type Wyndham Hill CMA

		Date Range: 2/1/2019 - 1/31/2020													
		Single Family					TH/Plex/Other			Condominium				Other/Unkn	Total
Transaction Type	Count	Avg Price	Avg SF	\$ / SF	Avg Lot SF	Count	Avg Price	Avg SF	\$ / SF	Count	Avg Price	Avg SF	\$ / SF	Count	Count
New	787	\$495,375	2,595	\$190.8	7,099	12	\$366,974	1,511	\$243.9	0				10	809
Regular Resale	1,224	\$462,822	2,366	\$210.3	18,824	48	\$296,452	1,586	\$205.4	40	\$280,305	1,194	\$238.0	104	1,416
Foreclosure	6		1,855		6,595	1		1,462		0				1	8
REO Sale	13	\$427,515	2,275	\$189.9	68,583	1		1,462		0				3	17
<b>Selection Totals</b>	2,030	\$475,204	2,452	\$202.7	14,550	62	\$310,557	1,565	\$214.3	40	\$280,305	1,194	\$238.0	118	2,250



# Competitive Market Analysis Competitive Market Comparables & Positioning

Exhibit 40 : CMA Comparable Subdivisions – Attached Housing - Product Details

			· · · · · · · · · · · · · · · · · · ·	•									
	Village East CMA Market Rate Competitive Positioning - Attached Townhomes and Duplex Units												
					l	Init							
Project Name/Community Area/Lot Size/Builder	Planned Units	Occ.	Avg. Mos/Ann. Start & Ann. Closed	Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
1 Barefoot Lakes/Villas	52	2	1.5	Villa One	1 - 1.5	1 - 2	1,348	\$369,880	(\$3,500)		\$0	\$366,380	
Firestone		3.8%	18	Villa Three w/fb	2 2.5	1 - 2	1,647	\$389,880	(\$3,500)	\$4,250	\$0	\$386,380	
Duplex Units Brookfield			0.2 2	Villa Two w/fb	2 - 2.5	1 - 2	2,043	\$379,880	(\$3,500)	\$4,140	\$0	\$376,380	\$18
Note: Filing 3. Age-targeted.					Averages		1,679	\$379,880	(\$3,500)	\$4,140	\$0	\$376,380	\$23
2 Wyndham Hill/Glasco Park	63	26	0.0	Aspen	3 - 2.5	2 - 2	1,313	\$367,500	(\$3,500)	\$4,004	\$2,448	\$364,000	\$27
Frederick	_	41.3%	0	Crested Butte	2 - 2.5	2 - 2	1,318	\$367,500	(\$3,500)	\$4,004	\$2,448	\$364,000	\$27
Townhouse Units			1.1	Durango	3 - 2.5	2 - 2	1,358	\$359,900	(\$3,500)	\$3,920	\$2,448	\$356,400	\$26
New Expression			13	Breckenridge	3 - 2.5	2 - 2	1,419	\$339,900	(\$3,500)	\$3,700	\$2,448	\$336,400	\$23
Note: Filing 5. 3Q19-4Q19 pricing.				Eldora	3 - 2.5	2 - 1	1,535	\$374,900	(\$3,500)	\$4,085	\$2,448	\$371,400	\$24
				2037	3 - 2.5	2 - 2	2,037	\$347,900	(\$3,500)	\$3,788	\$2,448	\$344,400	\$16
				2097	3 - 2.5	2 - 1	2,097	\$355,900	(\$3,500)	\$3,876	\$2,448	\$352,400	\$16
					Averages		1,582	\$359,071	(\$3,500)	\$3,911	\$2,448	\$355,571	\$23
Competitive Market Area Summary:													
Planne	d 115		1.5	Avg. Monthly	Min.		1,313	\$339,900	-\$3,500	\$3,700	\$0	\$336,400	\$16
Oc	. 28		18	Last Ann. Start	Max.		2,097	\$389,880	-\$3,500	\$4,250	\$2,448	\$386,380	\$27
Remainin	g 87		1.3	Avg. Monthly	Avera	ige	1,612	\$365,314	-\$3,500	\$3,980	\$1,714	\$361,814	\$23
			15	Last Ann. Close	Media	n	1,477	\$367,500	-\$3,500	\$4,004	\$2,448	\$364,000	\$24

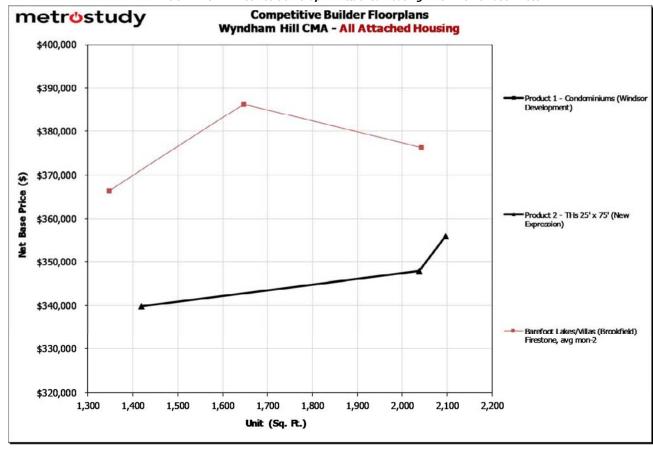


Exhibit 41 : CMA Price Position Graph - Attached Housing - New Home Base Prices

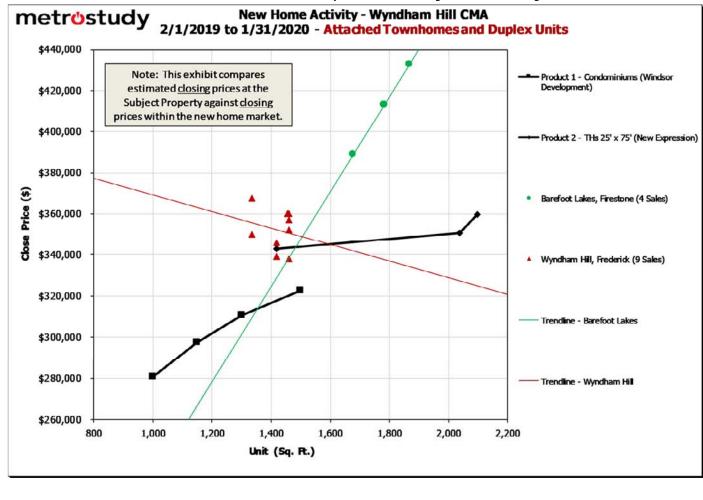


Exhibit 42: CMA Price Position Graph - Attached Housing - New Home Closing Prices

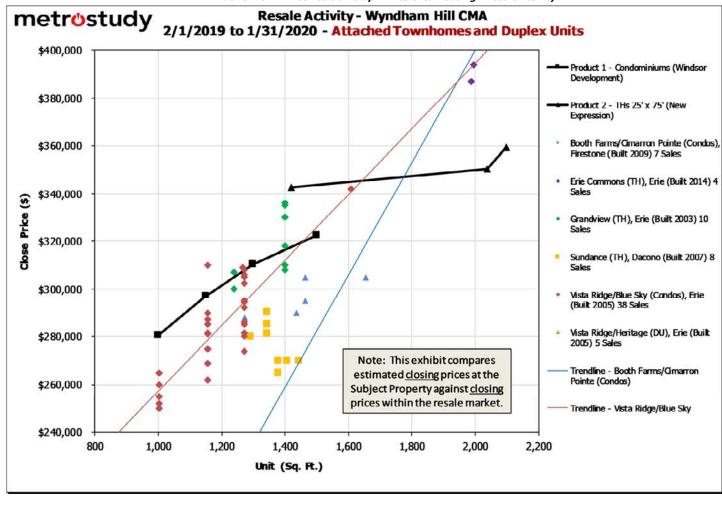


Exhibit 43: CMA Price Position Graph - Attached Housing - Resale Activity

Exhibit 44 : CMA Comparable Subdivisions – Single-Family Detached 50' to 59' - Product Details

Wyndham Hill CMA Market Rate Competitive Positioning - Single-Family Detached 50' to 59'													
	Planned		Avg. Mos/Ann.		ι	Jnit Floors-	Size			Base Tax		Net Base	Price /
Project Name/Community Area/Lot Size/Builder	Units	Occ.	Start & Ann. Closed	Plan Name	Bed- Bath	Parking	(Sq.Ft.)	Base Price	Incen's	Rate	Ann. HOA	Price	Sq.Ft.
1 Autumn Valley Ranch	225	128	4.2	37101	3 - 2.0	1 - 2	1,405	\$336,990	\$0	\$3,707		\$336,990	
Dacono 55 55 400 440		56.9%	50	36203	3 - 2.5	2 - 2	1,605	\$342,990	\$0	\$3,773		\$342,990	
SF Detached - Avg. 50-55 x 100-110 Century			5.7 68	39102 36204	3 - 2.0 4 - 2.5	1 - 2 2 - 2	1,610 1,868	\$347,990 \$358,990	\$0 \$0	\$3,828 \$3,949		\$347,990 \$358,990	
Note: Filing 1-4. Additional incentives include \$9-10	K to desian	and 1/2	00	39103	3 - 3.0	1 - 2	1,936	\$358,990	\$0 \$0	\$3,949		\$358,990	
off lot premiums.				39205	4 - 2.5	2 - 2	1,970	\$368,990	\$0	\$4,059		\$368,990	
				39206	5 - 3.0	2 - 2	2,274	\$383,990	\$0	\$4,224		\$383,990	\$169
				39208	5 - 2.0	2 - 2	2,408	\$388,990	\$0	\$4,279		\$388,990	
				39209	5 - 3.0	2 - 2	2,834	\$403,990	\$0	\$4,444	\$456	\$403,990	\$143
					Averages		1,990	\$365,768	\$0	\$4,023	\$456	\$365,768	\$190
2 Barefoot Lakes/Avenue	56	55	0.1	Avenue 3	2 - 2.0	1 - 2	1,175	\$357,880	\$0	\$3,937	\$780	\$357,880	\$305
Firestone		98.2%	1	Avenue 1	2 - 2.5	2 - 2	1,719	\$370,455	\$0	\$4,075	\$780	\$370,455	\$216
SF Detached - Avg. 55 x 110			1.6	Avenue 2	3 - 2.5	2 - 2	1,722	\$361,880	\$0	\$3,981		\$361,880	
Brookfield			19	Avenue 5	2 - 2.5	2 - 2	1,930	\$366,880	\$0	\$4,036		\$366,880	
Note: Filing 1				Avenue 4	3 - 2.5	2 - 2	2,002	\$374,880	\$0	\$4,124		\$374,880	
				Avenue 6	3 - 2.5	2 - 2	2,019	\$372,880	\$0	\$4,102		\$372,880	
					Averages		1,761	\$367,476	\$0	\$4,042	\$780	\$367,476	
3 Barefoot Lakes/Ovation	55	0	1.4	Ovation - One	2 - 2.0	1 - 2	1,807	\$427,880	(\$3,500)	\$4,668		\$424,380	
Firestone		0.0%	17	Ovation - Two	2 - 2.5	1 - 2	2,067	\$457,880	(\$3,500)	\$4,998		\$454,380	
SF Detached(Patio) - Avg. 55 x 107			0.0	Ovation - Three	3 - 2.5	2 - 2	2,467	\$462,880	(\$3,500)	\$5,053		\$459,380	
Brookfield			0	Ovation - Four	3 - 2.5	2 - 2	2,696	\$467,880	(\$3,500)	\$5,108	\$0	\$464,380	\$172
Note: Filing 3. Age targeted. Additional incentives in hometown heros	nclude \$3K	to		-	Averages		2,259	\$454,130	(\$3,500)	\$4,957	\$0	\$450,630	\$203
4 Barefoot Lakes/Inspire	73	23	3.2	Ambition	3 - 2.0	1 - 2	1,382	\$364,500	(\$5,000)	\$3,955		\$359,500	-
Firestone	, , ,	31.5%	38	Aspire	3 - 2.0	1 - 2	1,532	\$367,500	(\$5,000)	\$3,988		\$362,500	
SF Detached - Avg. 55 x 110-125			1.9	Vision	3 - 2.5	2 - 2	1,624	\$371,500	(\$5,000)	\$4,032		\$366,500	
KB Home			23	Chaucer	3 - 2.0	1 - 2	1,821	\$376,500	(\$5,000)	\$4,087	\$780	\$371,500	\$204
Note: Filing 1-2				Glimpse	3 - 2.5	2 - 2	1,923	\$381,500	(\$5,000)	\$4,142		\$376,500	
				Memory	3 - 2.5	2 - 2	2,282	\$393,500	(\$5,000)	\$4,274		\$388,500	
				Sparkle	3 - 2.5	2 - 2	2,502	\$409,500	(\$5,000)	\$4,450		\$404,500	
				Serendipity	3 - 2.5	2 - 2	2,583	\$414,500	(\$5,000)	\$4,505		\$409,500	
					Averages		1,956	\$384,875	(\$5,000)	\$4,179	\$780	\$379,875	
5 Barefoot Lakes/Pioneer	71	20	3.7	Pioneer- Elbert	3 - 2.5	2 - 2	1,884	\$416,900	(\$5,000)	\$4,531		\$411,900	
Firestone		28.2%	44	Pioneer - Evans	4 - 2.5	2 - 2	2,141	\$432,900	(\$5,000)	\$4,707		\$427,900	
SF Detached - Avg. 50 x 110			1.7	Pioneer - Pike	4 - 3.5	2 - 2	2,380	\$441,900	(\$5,000)	\$4,806		\$436,900	
Lennar Note: Filing 2			20	Pioneer - Pinnacle Pioneer - Chelton	4 - 2.5 4 - 3.5	2 - 2 2 - 3	2,380 2,612	\$445,900 \$486,900	(\$5,000) (\$5,000)	\$4,850 \$5,301		\$440,900 \$481,900	
Note. Timing 2				Tioneer - Chellott		2 - 3							
	1				Averages		2,279	\$444,900	(\$5,000)	\$4,839		\$439,900	
6 Clark Ranch	134	22	8.1	Neuville	3 - 2.0	1 - 2	1,644	\$377,990	(\$8,000)	\$4,070		\$369,990	
Frederick		16.4%	97 1.8	Orchard Cali	3 - 2.0 4 - 2.0	1 - 2 1 - 2	1,787 1.902	\$380,990	(\$8,000)	\$4,103		\$372,990	
SF Detached - Avg. 50 x 120 Express/DR Horton			1.8 22	Galen	4 - 2.0 4 - 2.5	1 - 2 2 - 2	1,902 2,556	\$384,990 \$413,990	(\$8,000) (\$8,000)	\$4,147 \$4,466		\$376,990 \$405,990	
Note: Filing 1			22	Herring	4 - 2.5	2 - 2	2,336	\$427,990	(\$8,000)	\$4,400		\$405,990	
				Hayden	5 - 3.0	2 - 2	2,725	\$417,990	(\$8,000)	\$4,510		\$409,990	
					Averages		2,222	\$400,657	(\$8,000)	\$4,319		\$392,657	\$183
					Averages		۷,۷۷	⊅ <del>"</del> υυ,υ⊃/	(\$0,000)	ът,319	φU	\$J72,03/	\$102

Project Name   Community Area   Lot Size   Facility		Wyndh	am Hill	CMA Market	Rate Competitive P			amily Deta	ched 50' to 5	9'				
Fire   Special	Project Name/Community Area/Lot Size/Builder		Occ.	Start & Ann.	Plan Name		Floors-		Base Price	Incen's		Ann. HOA		
Separated - Ang. 52 x 110   Shea3D 403   4 - 3.5   2 - 3   2,78   Shea3D 400   50   55,008   51,152   5490,009   57,00	7 Colliers Hill/Shea3D	55	54	1.4	Shea3D 401	2 - 2.5	1 - 2	2,015	\$439,000	\$0	\$4,829	\$1,152	\$439,000	\$218
Shear More: Fing JD. 2019 pixens.    Secondary Shear S	Erie		98.2%	17	Shea3D 402	3 - 3.5	2 - 3	2,514	\$465,500	\$0	\$5,121	\$1,152	\$465,500	\$185
Note: Fing 3D. 2019 picking.   Note: Fing 3D. 2019 picking.   Soliton   Note: Fing 3D. 2019 picking.   Soliton   Note: Fing 4D. 2019 picking.	SF Detached - Avg. 52 x 110								\$480,400		\$5,284			
Scaliers Hil/Canyon   33   12   Canyon - Platte   3   2.0   1   2   1.819   9415,490   90   94,590   1818   9415,490   9188   948,490   9188   948,490   9188   948,490   9188   948,490   9188   948,490   9188   948,490   9188   918				25	Shea3D 404	3 - 4.0	2 - 3	2,882	\$490,900	\$0	\$5,400	\$1,152	\$490,900	\$170
Security	Note: Filing 3D. 2Q19 pricing.				Λνα	arages		2 532	¢468 050	¢Λ	¢5 150	¢1 152	¢468 050	¢188
Eric   ST-04th   Fire   ST-04th	9 Colliers Hill/Capyon	22	10	1.2			1 2	,						
SF Deached - Avg. 50 x 110   Carryon - Colder Creek   4 - 3.0   2 - 3   2.635   54166,490   59   55,516   51,152   5416,490   5122   5417,490   5182   5416,490   5182   5416,590   5416,590   5														
Mertage   Mote: Flang 4B   Mote   Mote: Flang 4B   Mote   Mote   Mote: Flang 4B   Mote   Mo			37.070						, ,,					
Averages   2,610   \$475,490   \$0   \$5,230   \$1,152   \$475,490   \$188														
9 Colliers Hill/Seasons  112 39 4.8 Seasons - Amethyst 2 - 2 0 1 - 2 1,430 \$383,950 \$(\$11,519) \$4,097 \$1,152 \$372,432 \$200 \$1.59 \$1.59 \$4,097 \$1.50 \$393,950 \$1.59 \$4,097 \$1.50 \$393,950 \$1.59 \$4,097 \$1.50 \$393,950 \$1.59 \$4,097 \$1.50 \$393,950 \$1.59 \$4,097 \$1.50 \$393,950 \$1.59 \$4,097				1,	carryon Golden Gate	1 1.0	2 3	3,103	ψ501, 150	40	ψ3,310	ψ1,132	ψ301, 130	Ψ10Z
Erie   34.8%   58   Seasons - Onyx   3 - 2.0   1 - 2   1,580   \$391,950   \$511,759   \$41,82   \$31,512   \$380,912   \$241   \$241,000   \$32,000   \$12,029   \$44,278   \$1,152   \$380,912   \$241   \$44,000   \$44,					Ave	erages		2,610	\$475,490	\$0	\$5,230	\$1,152	\$475,490	\$188
Sebached - Avg. 52 x 110   33   Seasons - Alexandrite   3 - 2.0   1 - 2   1,750   5400,950   511,2029   541,785   51,152   5389,922   5222   3200   Abote: Fling 4C. Addikbnal incentives include \$20K to design/structural   58   Seasons - Citrine   3 - 2.5   2 - 2   1,970   5407,950   (511,293)   541,552   531,552		112			Seasons - Amethyst									
Richmord   Seasons - Corri   3 - 2.5   2 - 2   1,830   \$399,950   \$11,999   \$4,267   \$1,152   \$387,952   \$212   \$1,000			34.8%											
Seasons - Cliffine   3 - 2.5   2 - 2   1,970   \$407,950   \$11,239   \$44,333   \$1,152   \$395,712   \$201														
Seasons - Lapis   3 - 2.5   2 - 2   2,240   \$413,950   \$12,419   \$4,417   \$1,152   \$401,532   \$179   \$441,750   \$1,152   \$401,532   \$179   \$441,750   \$1,152   \$401,532   \$179   \$441,750   \$1,152   \$401,532   \$179   \$441,750   \$1,152   \$451,750	Richmond			39										
Averages   1,800   \$399,783   \$11,994   \$4,266   \$1,152   \$387,790   \$219		to design/stn	uctural											
10   Colliers Hill/Villages   85   32   4.3   Villages - Alcott   3 - 2.0   1 - 2   1,920   \$445,950   \$0   \$4,905   \$1,152   \$445,950   \$222	upgrades				Seasons - Lapis	3 - 2.5	2 - 2							
Erie   \$7.6%   \$51					Ave	erages		1,800	\$399,783	(\$11,994)	\$4,266	\$1,152	\$387,790	\$219
SF Detached - Avg. 50 x 110   2.7   Villages - Twain   4 - 2.5   2 - 2   2,190   \$448,950   \$0   \$4,938   \$1,152   \$448,950   \$205   \$1,000   \$1,	10 Colliers Hill/Villages	85	32	4.3	Villages - Alcott	3 - 2.0	1 - 2	1,920	\$445,950	\$0	\$4,905	\$1,152	\$445,950	\$232
Richmond Note: Filing 4A. Additional incentives include free finished basement    Villages - Bedford   3 - 2.0   2 - 2   2,340   3449,950   \$0   \$4,494   \$1,152   \$449,950   \$192     Villages - Hemingway   4 - 2.5   2 - 2   2,490   \$478,950   \$0   \$5,268   \$1,152   \$478,950   \$175     Villages - Hopewell   3 - 2.0   2 - 2   2,750   \$481,950   \$0   \$5,232   \$1,152   \$481,950   \$175     Villages - Coronado   3 - 2.0   2 - 2   2,750   \$481,950   \$0   \$5,232   \$1,152   \$483,950   \$175     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,232   \$1,152   \$483,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$495,950   \$0   \$5,466   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$195     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$195     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$195     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$195     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$495,950   \$0   \$5,207   \$1,152   \$496,950   \$195     Villages - Sheridan   3 - 2.0   2 - 2   2,377   \$474,900   \$0   \$5,207   \$1,152   \$496,950   \$195     Villages - Sheridan   3 - 2.0   2 - 2   2,377   \$474,900   \$0   \$5,207   \$1,152   \$496,950   \$195     Villages - Sheridan   3 - 2.0   2 - 2   2,375   \$495,900   \$0   \$5,207   \$1,152   \$496,950   \$195     Villages - Sheridan   3 -	Erie		37.6%			3 - 2.0					\$4,960	\$1,152		
Note: Filing 4A. Additional incentives include free finished basement   Villages - Hemingway   4 - 2.5   2 - 2   2,490   \$478,950   \$0   \$5,268   \$1,152   \$478,950   \$192     Villages - Coronado   3 - 2.0   2 - 2   2,790   \$481,950   \$0   \$5,301   \$1,152   \$481,950   \$175     Villages - Coronado   3 - 2.0   2 - 2   2,790   \$481,950   \$0   \$5,301   \$1,152   \$481,950   \$175     Villages - Andrea   3 - 2.0   2 - 2   2,870   \$491,950   \$0   \$5,411   \$1,152   \$491,950   \$171     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$491,950   \$0   \$5,411   \$1,152   \$491,950   \$171     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,566   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,566   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,566   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,566   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,566   \$1,152   \$496,950   \$173     Villages - Sheridan   3 - 2.5   2 - 2   2,870   \$496,950   \$0   \$5,565   \$0   \$503,950   \$162     Erie   Highlands/Vista Point   3 - 2.5   2 - 2   2,377   \$474,900   \$0   \$5,520   \$1,152   \$473,350   \$192     Il Erie Highlands/Vista Point   3 - 2.5   2 - 2   2,377   \$474,900   \$0   \$5,520   \$0   \$474,900   \$0   \$5,620   \$0   \$474,900   \$0   \$5,620   \$0   \$474,900   \$0   \$0   \$0   \$0   \$0   \$0   \$0														
Villages - Hopewell   3 - 2.0   2 - 2   2,750   \$481,950   \$0   \$5,301   \$1,152   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175   \$481,950   \$175				32										
Villages - Coronado   3 - 2.0   2 - 2   2,790   \$483,950   \$0   \$5,323   \$1,152   \$483,950   \$173	Note: Filing 4A. Additional incentives include free fil	inished basen	nent											
Villages - Andrea   3 - 2.0   2 - 2   2,870   \$491,950   \$0   \$5,411   \$1,152   \$491,950   \$171   \$1,152   \$491,950   \$171   \$1,152   \$491,950   \$173   \$1,152   \$496,950   \$173   \$1,152   \$496,950   \$173   \$1,152   \$496,950   \$173   \$1,152   \$496,950   \$173   \$1,152   \$496,950   \$173   \$1,152   \$496,950   \$173   \$1,152   \$496,950   \$173   \$1,152   \$473,350   \$1,														
Villages - Sheridan   3 - 2.0   2 - 2   2,870   \$496,950   \$0   \$5,466   \$1,152   \$496,950   \$173   \$1152   \$496,950   \$173   \$1152   \$496,950   \$173   \$1152   \$496,950   \$173   \$1152   \$496,950   \$173   \$1152   \$496,950   \$173   \$1152   \$473,350   \$168   \$1152   \$473,350   \$168   \$1152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$1152   \$173,350   \$152   \$173,350   \$152   \$1152   \$173,350   \$152   \$152   \$173,350   \$152   \$152   \$173,350   \$152   \$152   \$173,350   \$152   \$152   \$173,350   \$152   \$														
Villages - Seth   4 - 2.5   2 - 2   3,000   \$503,950   \$0   \$5,543   \$1,152   \$503,950   \$168														
Averages   2,514   \$473,350   \$0   \$5,207   \$1,152   \$473,350   \$192														
11 Erie Highlands/Vista Point 32 26 1.3 Vista Pt - Silverton 3 - 2.5 2 - 2 2,377 \$474,900 \$0 \$5,224 \$0 \$474,900 \$200 \$10 \$10 \$10 \$10 \$10 \$10 \$10 \$10 \$10 \$							2 - 2			1.5				
Erie 81.3% 16 Vista Pt - Palmer 3 - 3.0 1 - 2 2,518 \$505,900 \$0 \$5,565 \$0 \$505,900 \$201 \$FD Etached - Avg. 54 x 110 2.2 Vista Pt - Glenwood 4 - 2.5 2 - 2 2,530 \$495,900 \$0 \$5,655 \$0 \$495,900 \$197 \$0 \$100 \$100 \$100 \$100 \$100 \$100 \$100														
SF Detached - Avg. 54 x 110  Oakwood  Note: Filing 11. 3Q19 pricing  12		32												
Oakwood Note: Filing 11. 3Q19 pricing  26 Vista Pt - Pagosa 4 - 2.5 2 - 2 2,892 \$510,900 \$0 \$5,620 \$0 \$510,900 \$177 Note: Filing 11. 3Q19 pricing  27 Vista Pt - Cortez 4 - 2.5 3 - 2 3,199 \$525,900 \$0 \$5,785 \$0 \$525,900 \$164 Note: Filing 11. 3Q19 pricing  28 Vista Pt - Cortez 4 - 2.5 3 - 2 3,199 \$525,900 \$0 \$5,785 \$0 \$525,900 \$164 Note: Filing 11. 3Q19 pricing  29 Vista Pt - Cortez 4 - 2.5 3 - 2 3,199 \$525,900 \$0 \$5,785 \$0 \$525,900 \$164 Note: Filing 1 - 2 1,703 \$502,700 \$10 \$5,785 \$0 \$525,900 \$164 Note: Filing 1 - 2 1,705 \$188,995 \$0 \$4,196 \$396 \$381,495 \$420 Note: Filing 1 - 2 1,766 \$389,995 \$0 \$4,290 \$396 \$389,995 \$220 Note: Filing 1 - 2 1,846 \$392,995 \$0 \$4,232 \$396 \$389,995 \$213 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$205 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$120 Note: Filing 1 - 2 1,942 \$120			81.3%											
Note: Filing 11. 3Q19 pricing  Vista Pt - Cortez  4 - 2.5  3 - 2  3,199  \$525,900  \$0  \$5,785  \$0  \$525,900  \$164   Averages  2,703  \$502,700  \$0  \$5,530  \$0  \$502,700  \$188  12 Sweetgrass/Legacy  12 123  1.3  Birch  2 - 2.0  1 - 2  1,565  \$381,495  \$0  \$4,196  \$396  \$381,495  \$244  Dacono  96.9%  15  Chaucer  2 - 2.0  1 - 2  1,766  \$389,995  \$0  \$4,290  \$389,995  \$20  \$389,995  \$221  KB Homes  15  Hawthorn  2 - 2.0  1 - 2  1,846  \$392,995  \$0  \$4,233  \$396  \$392,995  \$213  KB Homes  Note: Filing 1  Julesburg  3 - 2.5  2 - 2  2,188  \$397,495  \$0  \$4,313  \$396  \$397,495  \$188  \$405,995  \$10  \$4,323  \$396  \$397,495  \$10  \$409,995  \$162														
Averages 2,703 \$502,700 \$0 \$5,530 \$0 \$502,700 \$188  12 Sweetgrass/Legacy 127 123 1.3 Birch 2 - 2.0 1 - 2 1,565 \$381,495 \$0 \$4,196 \$396 \$381,495 \$244  Dacono 96,9% 15 Chaucer 2 - 2.0 1 - 2 1,776 \$389,995 \$0 \$4,290 \$396 \$389,995 \$220  SF Detached - Avg. 50 x 100-110 1.3 Conifer 2 - 2.0 1 - 2 1,846 \$392,995 \$0 \$4,232 \$396 \$392,995 \$213  KB Homes 15 Hawthorn 2 - 2.0 2 - 2 1,942 \$398,495 \$0 \$4,323 \$396 \$392,995 \$220  Note: Filing 1				26										
12 Sweetgrass/Legacy 127 123 1.3 Birch 2 - 2.0 1 - 2 1,565 \$381,495 \$0 \$4,196 \$396 \$381,495 \$244 Dacono 96.9% 15 Chaucer 2 - 2.0 1 - 2 1,776 \$389,995 \$0 \$4,290 \$396 \$389,995 \$220 SF Detached - Avg. 50 x 100-110 1.3 Conifer 2 - 2.0 1 - 2 1,846 \$392,995 \$0 \$4,232 \$396 \$389,995 \$221 KB Homes 15 Hawthorn 2 - 2.0 2 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$392,995 \$213 KB Homes 15 Hawthorn 2 - 2.0 2 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$393,495 \$0 \$4,290 \$397,495 \$0 \$4,290 \$397,495 \$182 \$182 \$182 \$182 \$182 \$182 \$182 \$182	Note: Plling 11. 3Q19 pricing						3 - 2			1.5				
Dacono         96.9%         15         Chaucer         2 - 2.0         1 - 2         1,776         \$389,995         \$0         \$4,290         \$396         \$389,995         \$220           SF Detached - Avg. 50 x 100-110         1.3         Conifer         2 - 2.0         1 - 2         1,846         \$392,995         \$0         \$4,323         \$396         \$392,995         \$213           KB Homes         15         Hawthorn         2 - 2.0         2 - 2         1,942         \$398,495         \$0         \$4,383         \$396         \$398,495         \$0           Note: Filing 1         Julesburg         3 - 2.5         2 - 2         2,188         \$397,495         \$0         \$4,372         \$396         \$397,495         \$182           Kremmling         3 - 2.5         2 - 2         2,335         \$405,495         \$0         \$4,460         \$396         \$405,495         \$162           Lewis         3 - 2.5         2 - 2         2,524         \$409,995         \$0         \$4,510         \$396         \$409,995         \$162								•						
SF Detached - Avg. 50 x 100-110     1.3     Conifer     2 - 2.0     1 - 2     1,846     \$392,995     \$0     \$4,323     \$396     \$392,995     \$213       KB Homes     15     Hawthorn     2 - 2.0     2 - 2     1,942     \$398,495     \$0     \$4,383     \$396     \$398,495     \$205       Note: Filing 1     Julesburg     3 - 2.5     2 - 2     2,188     \$397,495     \$0     \$4,372     \$396     \$397,495     \$102       Kremmling     3 - 2.5     2 - 2     2,235     \$405,495     \$0     \$4,60     \$396     \$405,495     \$174       Lewis     3 - 2.5     2 - 2     2,524     \$409,995     \$0     \$4,510     \$396     \$409,995     \$162		127												
KB Homes 15 Hawthorn 2 - 2.0 2 - 2 1,942 \$398,495 \$0 \$4,383 \$396 \$398,495 \$205  Note: Filing 1 3 - 2.5 2 - 2 2,188 \$397,495 \$0 \$4,372 \$396 \$397,495 \$182  Kremmling 3 - 2.5 2 - 2 2,188 \$397,495 \$0 \$4,372 \$396 \$397,495 \$182  Lewis 3 - 2.5 2 - 2 2,524 \$409,995 \$0 \$4,510 \$396 \$409,995 \$162			96.9%											
Note: Filing 1       Julesburg       3 - 2.5       2 - 2       2,188       \$397,495       \$0       \$4,372       \$396       \$397,495       \$182         Kremmling       3 - 2.5       2 - 2       2,335       \$405,495       \$0       \$4,460       \$396       \$405,495       \$174         Lewis       3 - 2.5       2 - 2       2,524       \$409,995       \$0       \$4,510       \$396       \$409,995       \$162														
Kremmling 3 - 2.5 2 - 2 2,335 \$405,495 \$0 \$4,460 \$396 \$405,495 \$174 Lewis 3 - 2.5 2 - 2 2,524 \$409,995 \$0 \$4,510 \$396 \$409,995 \$162				15										
Lewis 3 - 2.5 2 - 2 2,524 \$409,995 \$0 \$4,510 \$396 \$409,995 \$162	NOLE. FILITY I				•									
								•						

	Wyndł	nam Hill	CMA Market	Rate Competitive Po	sitioning -	Single-F	amily Deta	ched 50' to 5	9'				
					l	Jnit							
Project Name/Community Area/Lot Size/Builder	Planned Units	Occ.	Avg. Mos/Ann. Start & Ann. Closed	Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
13 Wyndham Hill	49	39	2.3	36203	3 - 2.5	2 - 2	1,605	\$369,990	\$0	\$4,070	\$648	\$369,990	\$231
Frederick		79.6%	27	39102	3 - 2.0	1 - 2	1,610	\$371,990	\$0	\$4,092	\$648	\$371,990	
SF Detached - Avg. 50-51 x 110-115			2.5	36204	4 - 2.5	2 - 2	1,866	\$369,990	\$0	\$4,070	\$648	\$369,990	\$198
Century			30	39103	3 - 2.0	1 - 2	1,936	\$372,990	\$0	\$4,103	\$648	\$372,990	\$193
Note: Filing 2,5				39205	4 - 2.5	2 - 2	1,981	\$384,990	\$0	\$4,235	\$648	\$384,990	\$194
				39216	5 - 3.0	2 - 2	2,248	\$391,990	\$0	\$4,312	\$648	\$391,990	\$174
				39208	5 - 2.0	2 - 2	2,408	\$402,990	\$0	\$4,433	\$648	\$402,990	\$167
				39209	5 - 3.0	2 - 2	2,834	\$402,950	\$0	\$4,432	\$648	\$402,950	\$142
				Ave	rages		2,061	\$383,485	\$0	\$4,218	\$648	\$383,485	\$191
14 Wyndham Hill/Landmark	60	38	1.3	Landmark - Arlington	3 - 2.0	1 - 2	1,886	\$407,950	(\$12,239)	\$4,353	\$648	\$395,712	\$210
Richmond		63.3%	15	Landmark - Bedford	3 - 2.5	2 - 2	2,300	\$400,950	(\$12,029)	\$4,278	\$648	\$388,922	\$169
SF Detached - Avg. 50 x 100-115			1.3	Landmark - Hemingway	4 - 2.5	2 - 2	2,492	\$438,950	(\$13,169)	\$4,684	\$648	\$425,782	\$171
Richmond			15	Landmark - Coronado	3 - 2.5	2 - 2	2,610	\$415,950	(\$12,479)	\$4,438	\$648	\$403,472	\$155
finished basement or \$30K to design/structure upgr	ades; plus 3	% off		Landmark - Hopewell	3 - 2.5	2 - 2	2,680	\$424,950	(\$12,749)	\$4,534	\$648	\$412,202	\$154
base.				Landmark - Dillon II	4 - 3.5	2 - 3	3,210	\$457,950	(\$13,739)	\$4,886	\$648	\$444,212	\$138
				Ave	rages		2,530	\$424,450	(\$12,734)	\$4,529	\$648	\$411,717	\$166
15 Wyndham Hill/Seasons	82	78	0.3	Seasons - Amethyst	2 - 2.0	1 - 2	1,400	\$356,950	(\$10,709)	\$3,809	\$648	\$346,242	\$247
Frederick		95.1%	3	Seasons - Onyx	3 - 2.0	1 - 2	1,550	\$364,950	(\$10,949)	\$3,894	\$648	\$354,002	\$228
SF Detached - Avg. 50 x 110-120			1.6	Seasons - Alexandrite	3 - 2.0	1 - 2	1,740	\$373,950	(\$11,219)	\$3,990	\$648	\$362,732	\$208
Richmond			19	Seasons - Coral	3 - 2.5	2 - 2	1,800	\$375,950	(\$11,279)	\$4,011	\$648	\$364,672	\$203
Note: Filing 1B,4				Seasons - Citrine	3 - 2.5	2 - 2	1,950	\$380,950	(\$11,429)	\$4,065	\$648	\$369,522	\$189
• '				Seasons - Lapis	3 - 2.5	2 - 2	2,180	\$391,950	(\$11,759)	\$4,182	\$648	\$380,192	\$174
				Aver	rages		1,770	\$374,117	(\$11,224)	\$3,992	\$648	\$362,893	\$208
Competitive Market Area Summary:		Ť				•							
Planned			38.6	Avg. Monthly	Min.		1,175	\$336,990	-\$13,739	\$3,707	\$0	\$336,990	
Occ.	696		463	Last Ann. Start	Max.		3,210	\$525,900	\$0	\$5,785	\$1,152	\$525,900	
Remaining	553		30.8	Avg. Monthly	Avera		2,174	\$415,739	-\$3,646	\$4,533	\$663	\$412,093	
			370	Last Ann. Close	Media	ın	2,104	\$403,490	\$0	\$4,400	\$648	\$400,013	\$192

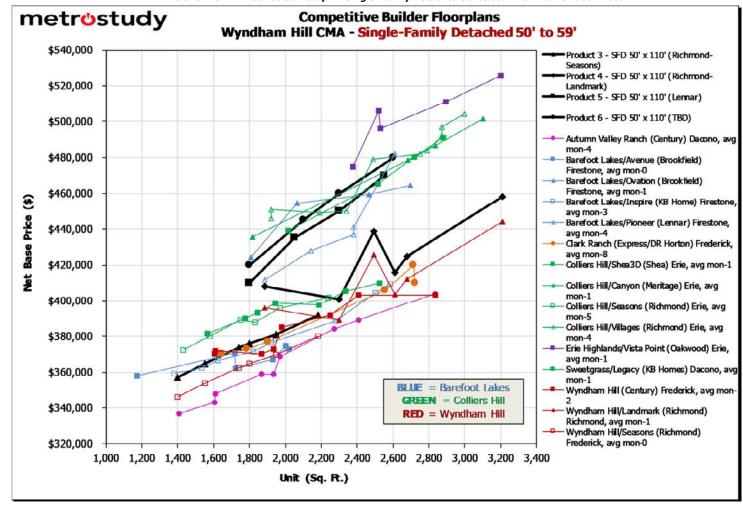


Exhibit 45 : CMA Price Position Graph - Single-Family Detached 50' to 59' - New Home Base Prices

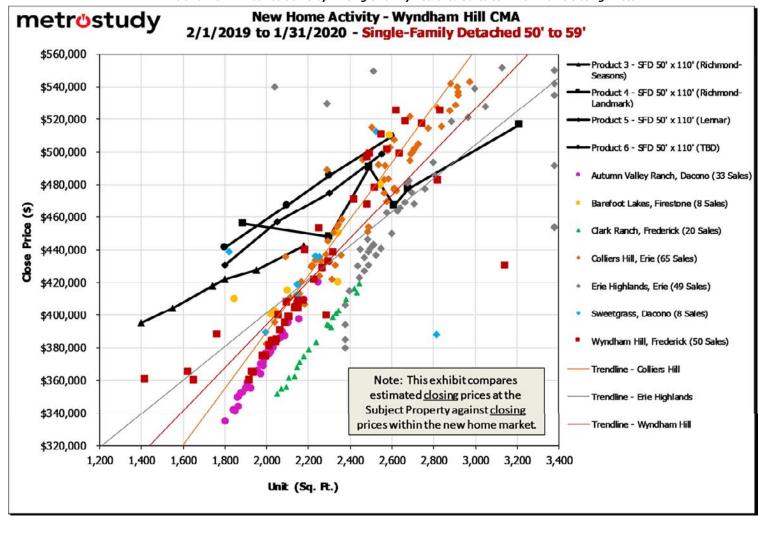


Exhibit 46: CMA Price Position Graph - Single-Family Detached 50' to 59' - New Home Closing Prices

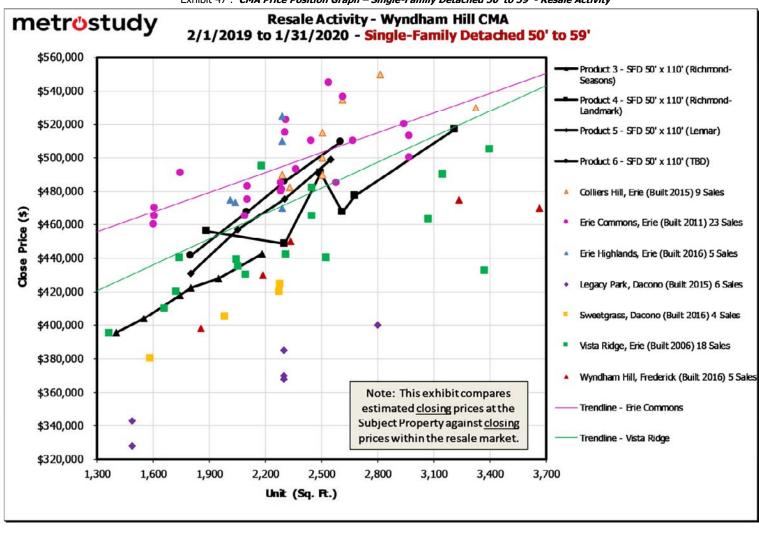


Exhibit 47: CMA Price Position Graph - Single-Family Detached 50' to 59' - Resale Activity

Exhibit 48 : CMA Comparable Subdivisions – Single-Family Detached 60' to 69' - Product Details

	Wyndh	am Hill	CMA Market	Rate Competitive P	ositionina -	Single-Fa	amily Deta	ched 60' to 69	9'				
	wynan		OT IN THATREE	nate competitive i		Jnit	anniny Deca	crica oo to o					
Project Name/Community Area/Lot Size/Builder	Planned Units	Occ.	Avg. Mos/Ann. Start & Ann. Closed	Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
1 Barefoot Lakes/Harvest	106	48	1.2	Harvest 7	3 - 2.5	1 - 3	2,329	\$488,880	(\$3,500)	\$5,339	\$780	\$485,380	\$208
Firestone		45.3%	14	Harvest 1	3 - 2.5 3 - 2.5	1 - 2 2 - 3	2,552	\$518,880	(\$3,500)	\$5,669	\$780	\$515,380	\$202
SF Detached - Avg. 60-67 x 110-130 Brookfield			1.9 23	Harvest 5 Harvest 2	3 - 2.5 3 - 2.5	2 - 3	2,768 2,934	\$492,880 \$537,880	(\$3,500) (\$3,500)	\$5,383 \$5,878	\$780 \$780	\$489,380 \$534,380	\$177 \$182
Note: Filing 1-2. Additional incentives include \$17,50	nn to desian	center	23	Harvest 6	4 - 3.5	2 - 3	3,151	\$534,880	(\$3,500)	\$5,845	\$780	\$531,380	\$162
Note: / ming 1 Er nadikana meentives meade \$11/30	o to acagn	center		Harvest 3	4 - 3.5	2 - 3	3,305	\$554,880	(\$3,500)	\$6,065	\$780	\$551,380	\$167
				Ave	erages		2,840	\$521,380	(\$3,500)	\$5,697	\$780	\$517,880	\$184
2 Barefoot Lakes	94	57	2.7	Arlington	3 - 2.0	1 - 2	1,970	\$448,950	(\$13,469)	\$4,790	\$780	\$435,482	\$221
Firestone	-	60.6%	32	Alcott	4 - 3.0	1 - 3	2,150	\$450,950	(\$13,529)	\$4,812	\$780	\$437,422	\$203
SF Detached - Avg. 60 x 110-112			1.4	Hemingway	5 - 4.0	2 - 3	2,523	\$452,950	(\$13,589)	\$4,833	\$780	\$439,362	\$174
Richmond			17	Hopewell	4 - 3.0	2 - 3	2,683	\$455,950	(\$13,679)	\$4,865	\$780	\$442,272	
Note: Filing 1-2				Coronado	4 - 3.0	2 - 3	2,740	\$451,950	(\$13,559)	\$4,822	\$780	\$438,392	
				Yorktown	5 - 4.0	2 - 3	2,931	\$468,950	(\$14,069)	\$5,004	\$780	\$454,882	\$155
				Ave	erages		2,500	\$454,950	(\$13,649)	\$4,854	\$780	\$441,302	\$180
3 Barefoot Lakes	33	0	0.3	A Little Gem	2 - 2.0	2 - 3	1,875	\$494,100	(\$8,000)	\$5,347	\$780	\$486,100	\$259
Firestone		0.0%	3	On Cloud 9	3 - 2.5	2 - 3	2,369	\$513,300	(\$8,000)	\$5,558	\$780	\$505,300	\$213
SF Detached - Avg. 60 x 115-131			0.0	The Other Guy	3 - 2.5	2 - 3	2,370	\$513,250	(\$8,000)	\$5,558	\$780	\$505,250	\$213
Creekstone			0	Oh Me, Oh My	4 - 2.5	2 - 2	2,352	\$514,600	(\$8,000)	\$5,573	\$780	\$506,600	\$215
Note: Filing 2				Center of Attention	4 - 2.5 3 - 2.5	2 - 3 2 - 3	2,852 2,733	\$541,750 ¢541,200	(\$8,000)	\$5,871	\$780 ¢780	\$533,750	\$187
				Make an Entrance		2 - 3	·	\$541,300	(\$8,000)	\$5,866	\$780	\$533,300	\$195
					erages		2,425	\$519,717	\$0	1-7-	\$780	\$511,717	\$214
4 Clark Ranch	64	9	0.8	Neuville	3 - 2.0	1 - 2	1,644	\$377,990	(\$8,000)	\$4,070	\$0	\$369,990	\$225
Frederick		14.1%	9 0.8	Orchard Cali	3 - 2.0 4 - 2.0	1 - 2 1 - 2	1,787	\$380,990	(\$8,000)	\$4,103	\$0 \$0	\$372,990	\$209 \$198
SF Detached - Avg. 60 x 110 Express/DR Horton			0.8 9	Galen	4 - 2.0	2 - 2	1,902 2,556	\$384,990 \$413,990	(\$8,000) (\$8,000)	\$4,147 \$4,466	\$0 \$0	\$376,990 \$405,990	\$198 \$159
Note: Filing 1			9	Herring	4 - 2.5	2 - 2	2,556	\$427,990	(\$8,000)	\$4,620	\$0 \$0	\$419,990	\$159 \$155
Note. Thing 1				Hayden	5 - 3.0	2 - 2	2,725	\$417,990	(\$8,000)	\$4,510	\$0	\$409,990	\$150
					erages		2,222	\$400,657	(\$8,000)	\$4,319	\$0	\$392,657	\$183
5 Colliers Hill/Sanctuary	192	97	3.3	Sanctuary - Arlington	3 - 2.0	1 - 3	1,920	\$475,950	\$0	\$5,235	\$1,152	\$475,950	\$248
Erie Erie	132	50.5%	40	Sanctuary - Daniel	3 - 2.0	1 - 3	2,326	\$511,950	\$0	\$5,631	\$1,152	\$511,950	\$220
SF Detached - Avg. 60-65 x 110		501570	3.0	Sanctuary - Hemingway	4 - 2.5	2 - 3	2,492	\$506,950	\$0	\$5,576	\$1,152	\$506,950	\$203
Richmond			36	Sanctuary - Seth	4 - 2.0	2 - 3	3,000	\$531,950	\$0	\$5,851	\$1,152	\$531,950	\$177
Note: Filing 1A,3C,4A,4C. Additional incentives include	de free finish	ned baseme	nt	Sanctuary - Dillon	4 - 3.0	2 - 3	3,050	\$534,950	\$0	\$5,884	\$1,152	\$534,950	\$175
				Sanctuary - Dawson	4 - 3.5	2 - 4	3,170	\$556,950	\$0	\$6,126	\$1,152	\$556,950	\$176
				Sanctuary - Dillon II	4 - 3.5	2 - 3	3,210	\$547,950	\$0	\$6,027	\$1,152	\$547,950	\$171
				Sanctuary - Daley	5 - 4.5	2 - 3	3,460	\$585,950	\$0 \$0	\$6,445	\$1,152	\$585,950	\$169
				Sanctuary - Dayton	5 - 4.5	2 - 3	3,950	\$620,950	\$0	\$6,830	\$1,152	\$620,950	\$157
					erages		2,953	\$541,506	\$0	\$5,957	\$1,152	\$541,506	
6 Colliers Hill/Alpine	52	24	1.8	Alpine - Fraser	3 - 3.0	1 - 3	2,484	\$522,490	\$0	\$5,747	\$1,152	\$522,490	\$210
Erie		46.2%	21	Alpine - Fremont	3 - 2.5	2 - 3	3,213	\$542,490	\$0	\$5,967	\$1,152	\$542,490	\$169
SF Detached - Avg. 60 x 110			1.4 17	Alpine - Kenosha	4 - 3.5 4 - 3.5	2 - 3 2 - 3	3,505	\$557,490 \$567,400	\$0 \$0	\$6,132	\$1,152	\$557,490	\$159
Meritage Note: Filing 4B. Additional incentives include up to \$	30K off cum	ent	1/	Alpine - Trail Ridge	4 - 3.5	2 - 3	3,646	\$567,490	\$0	\$6,242	\$1,152	\$567,490	\$156
inventory	SUN UII CUIII	cin.		Ave	erages		3,212	\$547,490	\$0	\$6,022	\$1,152	\$547,490	\$173
				AVC			5/	ψ3 ., , 150	ΨΟ	40,022	42,202	ψ5 ., , 150	Ψ1, 3

	Wyndh	am Hill	CMA Market	Rate Competitive F			amily Deta	ched 60' to 6	9'				
	Planned		Avg. Mos/Ann.		l	Jnit 							
Project Name/Community Area/Lot Size/Builder	Units	Occ.	Start & Ann. Closed	Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
7 Colliers Hill/Peakview	11	10	0.8	Peakview - Suncatcher	3 - 2.5	1 - 2	2,488	\$501,500	(\$5,000)	\$5,462	\$1,152	\$496,500	\$200
Erie		90.9%	9	Peakview - Trailside	5 - 4.5	2 - 2	3,110	\$749,900	(\$5,000)	\$8,194	\$1,152	\$744,900	\$240
SF Detached - Avg. 60 x 120			0.8	Peakview - Raindance	3 - 2.5	2 - 2	3,499	\$544,900	(\$5,000)	\$5,939	\$1,152	\$539,900	\$154
Shea Note: Filing 1B			10	Peakview - Morning Star	4 - 4.5	3 - 2	3,764	\$774,900	(\$5,000)	\$8,469	\$1,152	\$769,900	\$205
				Av	verages		3,215	\$642,800	(\$5,000)	\$7,016	\$1,152	\$637,800	\$199
8 Erie Highlands/Vista Point	33	27	0.5	Vista Pt - Silverton	3 - 2.5	2 - 2	2,377	\$474,900	\$0	\$5,224	\$0	\$474,900	\$200
Erie		81.8%	6	Vista Pt - Palmer	3 - 3.0	1 - 2	2,518	\$505,900	\$0	\$5,565	\$0	\$505,900	\$201
SF Detached - Avg. 60 x 120 Oakwood			0.3 3	Vista Pt - Glenwood	4 - 2.5	2 - 2	2,530	\$495,900	\$0 \$0	\$5,455	\$0 *0	\$495,900	\$196 \$177
Note: Filing 9. 3Q19 pricing			3	Vista Pt - Pagosa Vista Pt - Cortez	4 - 2.5 4 - 2.5	2 - 2 3 - 2	2,892 3,199	\$510,900 \$525,900	\$0 \$0	\$5,620 \$5,785	\$0 \$0	\$510,900 \$525,900	\$177
				Av	verages		2,703	\$502,700	\$0		\$0	\$502,700	\$188
9 Erie Highlands/Overlook	46	40	0.3	Overlook - Boulderado	4 - 2.5	2 - 3	3,378	\$604,000	\$0	\$6,644	\$0	\$604,000	\$179
Erie Erigilianus/Overlook	40	87.0%	3	Overlook - Barrington	4 - 2.5	2 - 3	3,646	\$620,000	\$0	\$6,820	\$0 \$0	\$620,000	\$170
SF Detached - Avg. 60-65 x 115-120		07.070	0.8	Overlook - St. Regis	3 - 2.0	1 - 3	3,655	\$606,000	\$0	\$6,666	\$0	\$606,000	\$166
Oakwood			9	Overlook - Stanley	4 - 2.5	2 - 3	4,180	\$630,000	\$0	\$6,930	\$0	\$630,000	\$151
Note: Filing 1				Overlook - Broadmoor	4 - 2.5	2 - 3	4,372	\$645,000	\$0	\$7,095	\$0	\$645,000	\$148
				Av	erages		3,846	\$621,000	\$0	\$6,831	\$0	\$621,000	\$163
10 Maple Ridge II	70	43	1.7	Mount Elbert	3 - 2.0	1 - 3	1,601	\$401,900	(\$4,000)	\$4,377	\$0	\$397,900	\$249
Frederick		61.4%	20	Mount Princetown	3 - 2.0	1 - 3	1,801	\$412,900	(\$4,000)	\$4,498	\$0	\$408,900	\$227
SF Detached - Avg. 60 x 100			1.8	Maroon Peak	3 - 2.5	2 - 2	1,847	\$404,900	(\$4,000)	\$4,410	\$0	\$400,900	\$217
Alliance			21	Monarch Pass Independence Pass	3 - 2.0 3 - 2.0	1 - 3 1 - 3	1,860 1,884	\$399,900	(\$4,000)	\$4,355 \$4,421	\$0 \$0	\$395,900 \$401,900	\$213 \$213
Note: Filing 2				Mount Evans	3 - 2.0	1 - 3	1,933	\$405,900 \$419,900	(\$4,000) (\$4,000)	\$4,575	\$0 \$0	\$415,900	\$215
				Grays peak	4 - 2.5	2 - 2	1,984	\$410,900	(\$4,000)	\$4,476	\$0 \$0	\$406,900	\$205
				Pikes Peak	4 - 3.0	2 - 2	2,401	\$429,900	(\$4,000)	\$4,685	\$0	\$425,900	\$177
				Sunglight Peak	3 - 2.5	2 - 2	2,464	\$434,900	(\$4,000)	\$4,740	\$0	\$430,900	\$175
				Av	verages		1,975	\$413,456	(\$4,000)	\$4,504	\$0	\$409,456	\$210
11 Morgan Hill	151	0	0.0	36203	3 - 2.5	2 - 2	1,638	\$384,990	\$0	\$4,235	\$0	\$384,990	\$235
Erie		0.0%	0	39102	3 - 2.0	1 - 2	1,654	\$389,990	\$0	\$4,290	\$0	\$389,990	\$236
SF Detached - Avg. 65 x 120			0.0	36204	4 - 2.5	2 - 2	1,893	\$394,990	\$0	\$4,345	\$0	\$394,990	\$209
Century			0	39103	3 - 2.0	1 - 2	1,933	\$409,990	\$0	\$4,510	\$0	\$409,990	\$212
Note: Filing 1				39205	4 - 2.5	2 - 2	2,007	\$402,990	\$0	\$4,433	\$0	\$402,990	\$201
				39208	5 - 3.0	2 - 2	2,427	\$419,990	\$0	\$4,620	\$0	\$419,990	\$173
				49101 49201	4 - 3.0 4 - 2.5	1 - 3 2 - 3	2,458 2,747	\$479,990 \$459,990	\$0 \$0	\$5,280	\$0 \$0	\$479,990 \$459,990	\$195 \$167
				39209	5 - 3.0	2 - 3	2,747	\$459,990 \$449,990	\$0 \$0	\$5,060 \$4,950	\$0 \$0	\$439,990 \$449,990	\$167
				49202	4 - 2.5	2 - 2	2,878	\$469,990	\$0	\$5,170	\$0 \$0	\$469,990	\$163
				49204	5 - 4.0	2 - 3	3,221	\$499,990	\$0	\$5,500	\$0	\$499,990	\$155
				Av	verages		2,330	\$432,990	\$0	\$4,763	\$0	\$432,990	\$192
12 Neighbors Point	179	20	4.3	Neuville	3 - 2.0	1 - 2	1,667	\$390,000	(\$6,000)	\$4,224	\$0	\$384,000	\$230
Firestone		11.2%	52	Orchard	3 - 2.0	1 - 2	1,786	\$402,000	(\$6,000)	\$4,356	\$0	\$396,000	\$222
SF Detached - Avg. 60-65 x 110-135			1.7	Cali	4 - 2.0	1 - 2	1,902	\$407,000	(\$6,000)	\$4,411	\$0	\$401,000	\$211
DR Horton/Express			20	Arden	4 - 2.5	2 - 2	2,024	\$390,000	(\$6,000)	\$4,224	\$0	\$384,000	\$190
Note: Filing 3,4,6,7				Flora	4 - 2.5	2 - 2	2,373	\$405,000	(\$6,000)	\$4,389	\$0	\$399,000	\$168
				Galen	4 - 2.5	2 - 2	2,546	\$427,000	(\$6,000)	\$4,631	\$0 *0	\$421,000	\$165
				Hayden	5 - 3.0 5 - 4.0	2 - 2 2 - 2	2,739	\$444,000	(\$6,000)	\$4,818	\$0 ¢0	\$438,000	\$160
				Herring		2 - 2	2,764	\$452,000	(\$6,000)	\$4,906	\$0	\$446,000	\$161
				Av	erages		2,225	\$414,625	(\$6,000)	\$4,495	\$0	\$408,625	\$188

	Wyndł	nam Hill	CMA Market	Rate Competitive Po	ositioning -	Single-Fa	amily Deta	ched 60' to 69	9'				
					Į	Jnit							
Project Name/Community Area/Lot Size/Builder	Planned Units	Occ.	Avg. Mos/Ann. Start & Ann. Closed	Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
13 Saddleback/Falcon Point	80	0	0.0	Arlington II	3 - 2.0	1 - 2	1,676	\$399,000	\$0	\$4,389	\$0	\$399,000	\$238
Firestone		0.0%	0	Bristol	3 - 2.0	1 - 2	1,714	\$406,000	\$0	\$4,466	\$0	\$406,000	\$237
SF Detached - Avg. 60 x 110			0.0	Dover	3 - 2.0	1 - 2	1,829	\$412,000	\$0	\$4,532	\$0	\$412,000	\$225
DR Horton/Freedom			0	Fowler	3 - 2.0	1 - 2	1,919	\$426,000	\$0	\$4,686	\$0	\$426,000	\$222
Note: Filing 3				Grover	3 - 2.0	1 - 2	2,103	\$429,000	\$0	\$4,719	\$0	\$429,000	\$204
				Haswell	3 - 2.0	1 - 2	2,272	\$438,000	\$0	\$4,818	\$0	\$438,000	\$193
				Juluesburg	4 - 2.0	1 - 2	2,343	\$439,000	\$0	\$4,829	\$0	\$439,000	\$187
				Ave	rages		1,979	\$421,286	\$0	\$4,634	\$0	\$421,286	\$215
14 Westview	121	32	4.7	Shavano	3 - 2.0	1 - 2	1,465	\$396,900	\$0	\$4,366	\$0	\$396,900	\$271
Frederick	_	26.4%	56	Princeton	3 - 2.0	1 - 2	1,745	\$413,900	\$0	\$4,553	\$0	\$413,900	\$237
SF Detached - Avg. 60 x 100			2.7	Yale	3 - 2.5	2 - 2	1,871	\$416,900	\$0	\$4,586	\$0	\$416,900	\$223
LGI			32	Columbia	4 - 2.5	2 - 2	2,171	\$431,900	\$0	\$4,751	\$0	\$431,900	\$199
Note: Filing 1				Harvard	5 - 3.0	2 - 2	2,684	\$464,900	\$0	\$5,114	\$0	\$464,900	\$173
				Ave	rages		1,987	\$424,900	\$0	\$4,674	\$0	\$424,900	\$221
15 Wyndham Hill/Landmark	20	20	0.0	Landmark - Arlington	3 - 2.0	1 - 2	1,886	\$407,950	(\$12,239)	\$4,353	\$648	\$395,712	\$210
Frederick		100.0%	0	Landmark - Bedford	3 - 2.5	2 - 2	2,300	\$400,950	(\$12,029)	\$4,278	\$648	\$388,922	\$169
SF Detached - Avg. 60 x 110			1.2	Landmark - Hemingway	4 - 2.5	2 - 2	2,492	\$438,950	(\$13,169)	\$4,684	\$648	\$425,782	\$171
Richmond			14	Landmark - Coronado	3 - 2.5	2 - 2	2,610	\$415,950	(\$12,479)	\$4,438	\$648	\$403,472	\$155
Note: Filing 2C. Additional incentives include free fin		ent or		Landmark - Hopewell	3 - 2.5	2 - 2	2,680	\$424,950	(\$12,749)	\$4,534	\$648	\$412,202	\$154
\$30K to design/structure upgrades; plus 3% off bas	se.			Landmark - Dillon II	4 - 3.5	2 - 3	3,210	\$457,950	(\$13,739)	\$4,886	\$648	\$444,212	\$138
				Ave	rages		2,530	\$424,450	(\$12,734)	\$4,529	\$648	\$411,717	\$166
Competitive Market Area Summary:													
Planned	, -		22.1	Avg. Monthly	Min.		1,465	\$377,990	-\$14,069	\$4,070	\$0	\$369,990	\$138
Occ.			265	Last Ann. Start	Max.		4,372	\$774,900	\$0	\$8,469	\$1,152	\$769,900	\$271
Remaining	825		17.6	Avg. Monthly	Avera		2,527	\$474,790	-\$3,910	\$5,180	\$387	\$470,880	\$192
			211	Last Ann. Close	Media	n	2,488	\$452,000	-\$3,500	\$4,865	\$0	\$442,272	\$193

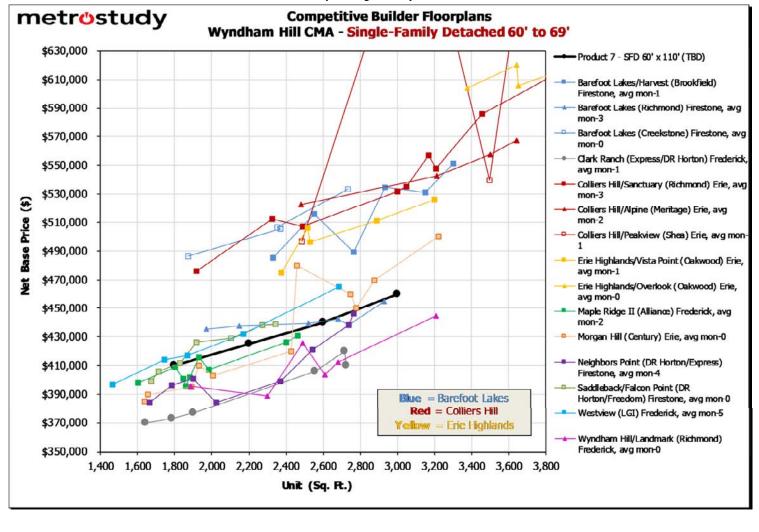


Exhibit 49: CMA Price Position Graph - Single-Family Detached 60' to 69' - New Home Base Prices

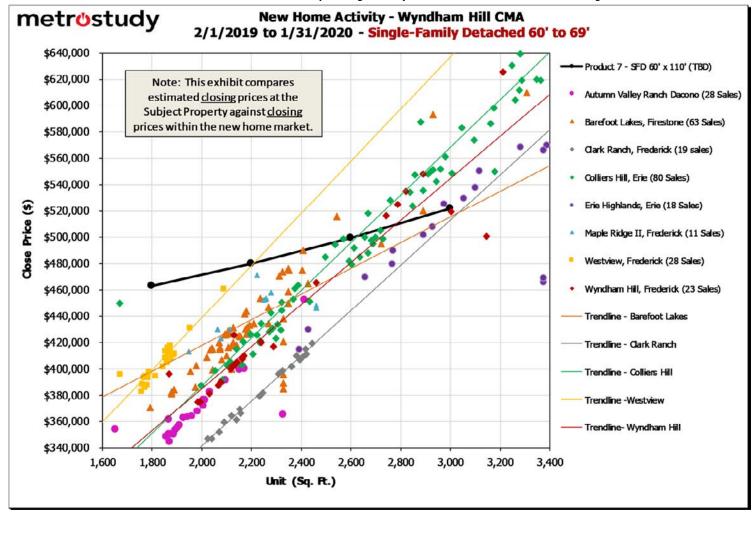


Exhibit 50: CMA Price Position Graph - Single-Family Detached 60' to 69' - New Home Closing Prices

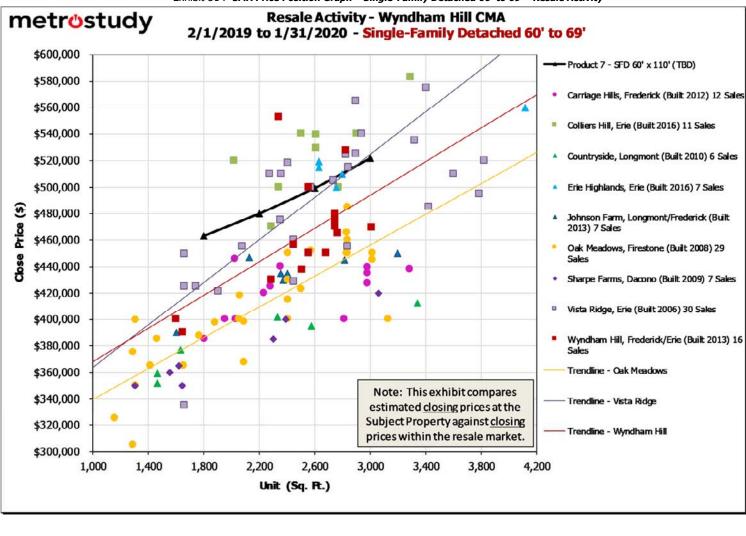


Exhibit 51: CMA Price Position Graph - Single-Family Detached 60' to 69' - Resale Activity

Exhibit 52 : CMA Comparable Subdivisions – Single-Family Detached 70' to 79' - Product Details

	Wyndh	am Hill	CMA Market	Rate Competitive P	ositioning -	Single-Fa	amily Deta	ched 70' to 79	9'				
				_	- (	Jnit							
Project Name/Community Area/Lot Size/Builder	Planned Units	Occ.	Avg. Mos/Ann. Start & Ann. Closed	Plan Name	Bed- Bath	Floors- Parking	Size (Sq.Ft.)	Base Price	Incen's	Base Tax Rate	Ann. HOA	Net Base Price	Price / Sq.Ft.
1 Colliers Hill	58	2	1.0	60150	3 - 2.5	1 - 3	2,855	\$668,990	\$0	\$7,359	\$1,152	\$668,990	\$234
Erie		3.4%	12	60252	4 - 3.5	2 - 3	3,367	\$678,990	\$0	\$7,469	\$1,152	\$678,990	\$202
SF Detached - Avg. 75 x 120			0.2	60253	4 - 3.5	2 - 3	3,652	\$683,990	\$0	\$7,524	\$1,152	\$683,990	\$187
Century Communities Note: Filing 2A			2	60254	5 - 5.0	2 - 3	4,020	\$713,990	\$0	\$7,854	\$1,152	\$713,990	\$178
				Ave	erages		3,474	\$686,490	\$0	\$7,551	\$1,152	\$686,490	\$200
2 Colliers Hill/Reserve	23	4	1.4	Holden	3 - 3.0	1 - 3	2,780	\$593,950	\$0	\$6,533	\$1,152	\$593,950	\$214
Erie		17.4%	17	Darla	4 - 3.5	2 - 3	3,330	\$630,950	\$0	\$6,940	\$1,152	\$630,950	\$189
SF Detached - Avg. 70 x 110			0.3	Harmon	4 - 4.0	2 - 3	4,390	\$680,950	\$0	\$7,490	\$1,152	\$680,950	\$155
Richmond American Note: Filing 4A			4	Hillary	5 - 4.5	2 - 3	4,820	\$694,950	\$0	\$7,644	\$1,152	\$694,950	\$144
Note. Tilling 474				Ave	erages		3,830	\$650,200	\$0	\$7,152	\$1,152	\$650,200	\$176
3 Erie Highlands/Overlook	19	6	1.0	Overlook - Boulderado	4 - 2.5	2 - 3	3,378	\$604,000	\$0	\$6,644	\$0	\$604,000	\$179
Erie		31.6%	12	Overlook - Barrington	4 - 2.5	2 - 3	3,646	\$620,000	\$0	\$6,820	\$0	\$620,000	\$170
SF Detached - Avg. 70 x 120			0.5	Overlook - St. Regis	3 - 2.0	1 - 3	3,655	\$606,000	\$0	\$6,666	\$0	\$606,000	\$166
Oakwood Homes			6	Overlook - Stanley	4 - 2.5	2 - 3	4,180	\$630,000	\$0	\$6,930	\$0	\$630,000	\$151
Note: Filing 13				Overlook - Broadmoor	4 - 2.5	2 - 3	4,372	\$645,000	\$0	\$7,095		\$645,000	\$148
				Ave	erages		3,846	\$621,000	\$0	\$6,831	\$0	\$621,000	\$163
4 Maple Ridge II	19	3	0.2	Mount Elbert	3 - 2.0	1 - 3	1,601	\$401,900	(\$4,000)	\$4,377	\$0	\$397,900	\$249
Frederick		15.8%	2	Mount Princetown	3 - 2.0	1 - 3	1,801	\$412,900	(\$4,000)	\$4,498	\$0	\$408,900	\$227
SF Detached - Avg. 75 x 100			0.3	Maroon Peak	3 - 2.5	2 - 2	1,847	\$404,900	(\$4,000)	\$4,410	\$0	\$400,900	\$217
Alliance Development			3	Monarch Pass	3 - 2.0	1 - 3	1,860	\$399,900	(\$4,000)	\$4,355	\$0	\$395,900	\$213
Note: Filing 2				Independence Pass	3 - 2.0	1 - 3	1,884	\$405,900	(\$4,000)	\$4,421	\$0	\$401,900	\$213
				Mount Evans	3 - 3.0	1 - 3	1,933	\$419,900	(\$4,000)	\$4,575	\$0	\$415,900	\$215
				Grays peak	4 - 2.5	2 - 2	1,984	\$410,900	(\$4,000)	\$4,476	\$0	\$406,900	\$205
				Pikes Peak	4 - 3.0	2 - 2	2,401	\$429,900	(\$4,000)	\$4,685	\$0	\$425,900	\$177
				Sunglight Peak	3 - 2.5	2 - 2	2,464	\$434,900	(\$4,000)		\$0	\$430,900	\$175
	_				erages		1,975	\$413,456	(\$4,000)	\$4,504	\$0	\$409,456	\$210
5 Neighbors Point	12	2	0.0	Neuville	3 - 2.0	1 - 2	1,667	\$390,000	(\$6,000)	\$4,224	\$0	\$384,000	\$230
Firestone		16.7%	0	Orchard	3 - 2.0	1 - 2	1,786	\$402,000	(\$6,000)	\$4,356	\$0	\$396,000	\$222
SF Detached - Avg. 70 x 125-130			0.0	Cali	4 - 2.0	1 - 2	1,902	\$407,000	(\$6,000)	\$4,411	\$0	\$401,000	\$211
DR Horton/Express			0	Arden	4 - 2.5	2 - 2	2,024	\$390,000	(\$6,000)	\$4,224	\$0 \$0	\$384,000	\$190
Note: Filing 1				Flora	4 - 2.5	2 - 2	2,373	\$405,000	(\$6,000)	\$4,389	\$0 \$0	\$399,000	\$168
				Galen	4 - 2.5 5 - 3.0	2 - 2	2,546	\$427,000	(\$6,000)	\$4,631	\$0 \$0	\$421,000	\$165
				Hayden	5 - 3.0 5 - 4.0	2 - 2 2 - 2	2,739 2,764	\$444,000	(\$6,000)	\$4,818	\$0 \$0	\$438,000	\$160 \$161
				Herring		2 - 2	2,764	\$452,000 \$414,625	(\$6,000)	\$4,906 \$4,495	\$0 \$0	\$446,000 \$408,625	\$188
Competitive Market Area Summary:				AVE	erages		2,225	\$414,025	(\$0,000)	\$ <del>4,49</del> 5	\$0	\$ <del>1</del> 00,025	\$108
Planne	d 131		3.6	Avg. Monthly	Min.		1,601	\$390,000	-\$6,000	\$4,224	\$0	\$384,000	\$144
Occ			43	Last Ann. Start	Max.		4,820	\$713,990	\$0			\$713,990	\$249
Remainin	g 114		1.3	Avg. Monthly	Avera		2,801	\$516,329	-\$2,800	\$5,649	\$307	\$513,529	\$190
			15	Last Ann. Close	Media	ın	2,643	\$439,450	-\$4,000	\$4,779	\$0	\$434,450	\$188

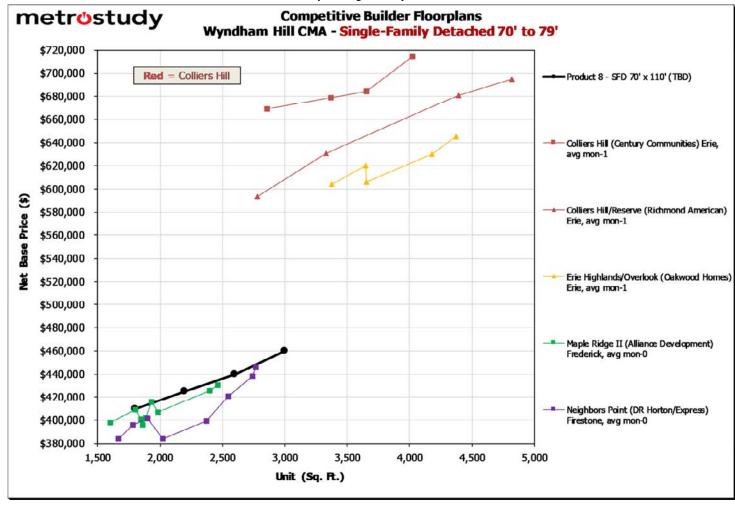


Exhibit 53: CMA Price Position Graph - Single-Family Detached 70' to 79' - New Home Base Prices

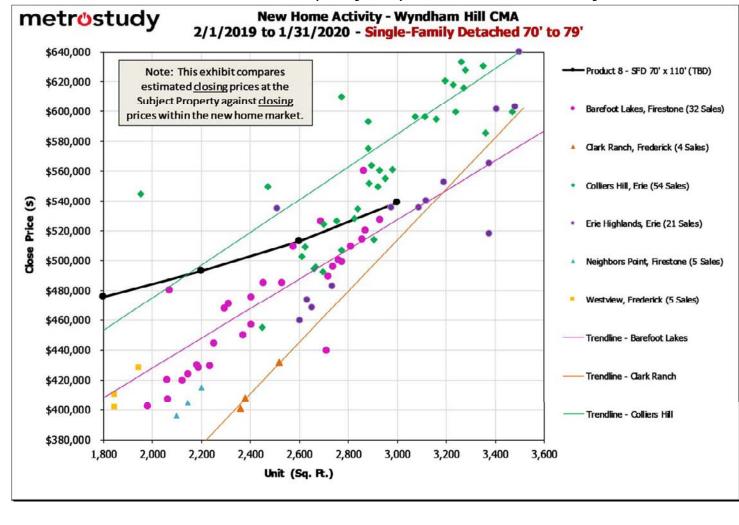


Exhibit 54: CMA Price Position Graph - Single-Family Detached 70' to 79' - New Home Closing Prices

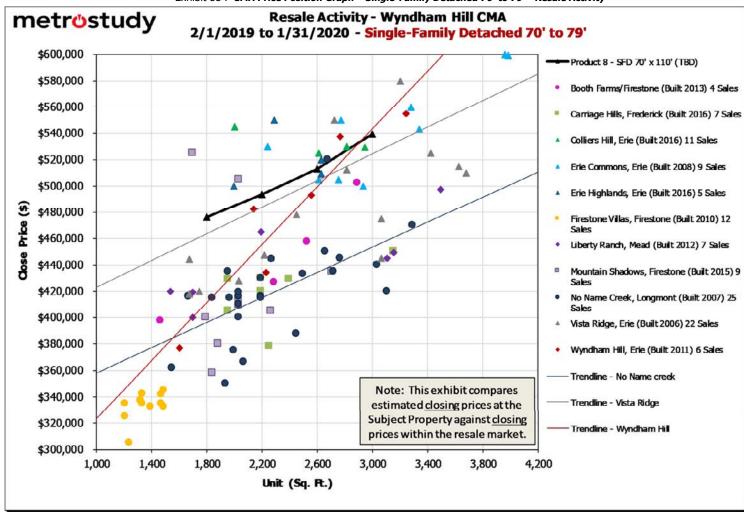


Exhibit 55: CMA Price Position Graph - Single-Family Detached 70' to 79' - Resale Activity

#### **Disclaimer:**

It is understood by Wyndham Hill Metropolitan District No. 2 ("Client") that Metrostudy can make no guarantees about the recommendations in this study, primarily because these recommendations must be based and in some cases inferred from facts discovered by Metrostudy during the course of the study. To protect the Client and to assure that Metrostudy's research results will continue to be accepted as objective and impartial by the business community, it is understood that Metrostudy's fee for this study is in no way dependent upon the specific conclusions reached or the nature of the advice given in this report.

Reasonable efforts have been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions and other information developed by Metrostudy from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agents and representatives or any other data source used in preparing or presenting this study. This report is based on market-wide information that was current as of the end of 4Q2019 and Metrostudy has not undertaken any update of its research effort since such date. Competitive project information was surveyed as of March 2020 through onsite field visits and discussions with third parties. This information includes reported units released, pricing, incentives, and market entry dates for future planned communities. While every reasonable effort was made to collect this information and it is deemed reliable, it cannot be guaranteed for accuracy.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that events will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report and the variations may be material. Therefore, Metrostudy makes no warranty or representation that any of the projected values or results in this study will actually be achieved.

This market analysis was prepared by Meyers Research-Metrostudy, a consulting firm and the nation's leading provider of primary and secondary market information to the housing, retail, and related industries nationwide.



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### Metrostudy Observations on Colorado Front Range Housing Market – April 24, 2020

- Although the 2020 new housing market was entered with considerable momentum in January and February, the evolving COVID-19 pandemic is significantly impacting the local economy. Factors such as social distancing, governmental stay-at-home orders and uncertain health and economic concerns are greatly reducing the amount of home buying activity that is typical at this point of the year. The magnitude and duration of the impact from COVID-19, especially on consumer behaviors, are unknown and therefore cannot be reasonably estimated at this time. The initial health concerns in Colorado which surfaced in late February quickly accelerated to the State and local governments to issue unprecedented measures to "flatten the curve" in order not overwhelm the capacities of the State's hospitals and health care professionals. As of April 22th, 8,280 cases, 1,636 hospitalizations and 357 deaths have occurred in the State. We are closely monitoring the rapidly and constantly evolving health and economic numbers in order to gain clarity on this unprecedented event.
- Through a series of measures progressing from a shutdown of schools, restaurants, and non-essential businesses, social distancing guidelines, and concluding with stay-at-home order on March 25<sup>th</sup>, businesses began furloughing or laying off workers. This in turn, has resulted in a major negative short-term economic impact. The pace and rise of unemployment claims has been unprecedented. There have been 301,177 claims filed in Colorado since March 21<sup>st</sup>; 19,774 the week ending March 21<sup>st</sup>, 61,838 the week ending March 28<sup>th</sup>, 46,326 the week ending April 4<sup>th</sup>, 105,073 the week ending April 11<sup>th</sup>, and 68,667 the week ending April 18th.
- The construction industry has been classified as an essential business, which allowed home builders to at least continue/complete construction on their homes in backlog during the stay at home orders. Many have seen a reduction in labor, supply, and government services. Along the front range, from Larimer to El Paso County, an estimated 20,315 new homes for-sale have been closed over the trailing 12 months (1,693/month average). As of 1st Quarter 2020, an estimated 13,500 were classified as inventory (backlog and spec inventory), equating to +/- 8.0 months of new homes to complete and close.
- On March 27, 2020, President Donald Trump signed the Coronavirus Aid, Relief, and Economic Security Act (also known as the CARES Act) into law.
   Along with the stimulus checks currently being sent to many American citizens, help for small-business owners (Payment Protection Program PPP) and other relief measures. A provision of the CARES Act also allows borrowers with federally-backed mortgages to request temporary loan forbearance for up to four months.



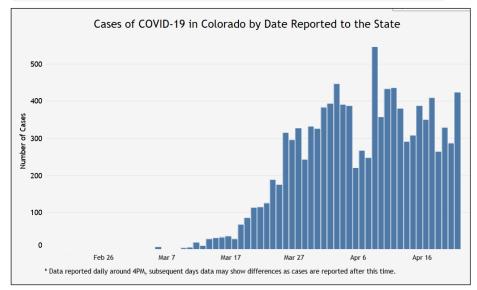
### Metrostudy Observations on Colorado Front Range Housing Market – April 24, 2020

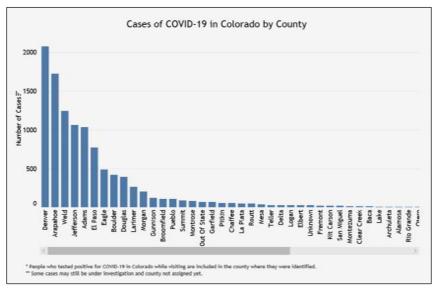
- The shelter-in-place directive for the State began on March 25<sup>th</sup>. This order has resulted in very limited capacity for builders to perform real estate transactions while consumers are in this stay-at-home mode. All are limiting visitations to their model home sales centers to by appointment only, putting more reliance on virtual sales activity via their websites and social channels. Weekly sales contract comparisons for all reporting builders in Denver Metro and Northern CO combined) from 2019 to 2020 for the last week show only 0.50 contracts per project this past week compared to 0.7 contracts for the same time frame a year ago. Weekly sales contract comparisons for all reporting builders in Colorado Springs from 2019 to 2020 for the past week show 1.00 contract per project this past week compared to 1.10 contracts for the same time frame a year ago. The Governor announced this week that the shelter-in-place orders will expire on April 26<sup>th</sup>, and a "soft opening" in terms of store openings, hopefully including the allowance of fully reopening new home sales centers, all with social distancing caveats.
- While the State directive will come to an end, local governments and health agencies along the front range counties are considering local extensions. On April 24th, the City and County of Denver, which has reported the most COVID-19 cases, officially extended its shelter-in-place order through May 8th. Other local governments in the front range are expected to make similar announcements before the state order expires.
- The duration and consequences of both the health and economic crisis in the State remain largely unknown and the economic outlook is dependent on the virus being controlled to a point where State officials feel safe in <u>fully</u> restoring public movement and normal economic activities. It is becoming evident there will be a graduated restoration of public movement, with continued demands for physical distancing. The longer the duration, the larger the negative effect on some businesses will be, which in turn will continue to result in short-term employee furloughs and layoffs, with the probability of an unknown amount turning into permanent job losses. Discussions among governmental officials on the full "path forward" are ongoing and beginning to differ, especially in the metropolitan Denver area. Restaurants and bars will still be closed (beyond take-out), and major gathering events are still not allowed.
- Builders have effectively lost 1 ½ months of "full" sales effectiveness during what is normally the peak spring-selling months of the year. If the decreases experienced the past five weeks are replicated for the total of 6 weeks, this would result in a potential opportunity loss of roughly 2,000 sales contracts across the Front Range Market (approximately. 1,600-1,800 per month average for YTD). The likelihood of recapturing those lost sales before the year ends appears unlikely, especially given the hit to the economy with the large number of temporary job losses (still rising) and the high probability of some of these turning to permanent job losses. The Colorado market has seen its unemployment rate rise from 2.9% in February to an estimated 12.5% as of April 18th.



### COVID-19 Colorado Case Summary (as of 4/22/20)

# COVID - 19 Colorado Case Summary Data is updated daily by about 4 p.m. and includes cases reported through the previous day. 10,878 Cases 2,123 56 Feople Tested Deaths Outbreaks







### The Path Forward

The Governor's Office is using the below image as an illustration for the path forward. Government officials are determining how this will be implemented. With the expiration of stay-at-home orders on April 26<sup>th</sup>, the key message is that it will be a gradual process with communities needing to demonstrate that they have met specific criteria before moving to the next stage. These criteria are under-development at the state level.





# VARIOUS COLORADO & FRONT RANGE ECONOMIC MARKERS



# Preliminary #'s For Metrostudy 1Q 2020 Survey Data....As Expected, Builders Experienced a VERY Strong First Quarter

Denver Metro	8-County	Northern Co	lorado	Colorado Springs					
1Q Starts	Up 32%	1Q Starts	Up 35%	1Q Starts	Up 34%				
Decorated Models Finished Vacant Homes Under Construction Vacant Lots	493 1,606 7,332 14 Mo	Decorated Models Finished Vacant Homes Under Construction Vacant Lots	164 703 2,207 16 Mo	Decorated Models Finished Vacant Homes Under Construction Vacant Lots	109 198 1,571 14 Mo				

Along with Starts, Metrostudy has collected the number of 'inventory' homes, including those that are Finished Vacant as well as Under Construction accounting for approximately 13,500 units. We assume most, if not all of these homes will close in the next couple of quarters. As housing starts are likely to decline 'dramatically' from the first to second quarter, closings will almost certainly outpace new home starts for the foreseeable future. There are a total of 766 decorated model homes in the 11-County Front Range, with all of them closed to normal foot traffic at the present time. With conflicting state (April 26<sup>th</sup>) and local orders (city and county of Denver, as well as Jefferson County (May 8<sup>th</sup>) for stay-at-home restrictions, the opportunity for builders to open their model home centers remains uncertain.



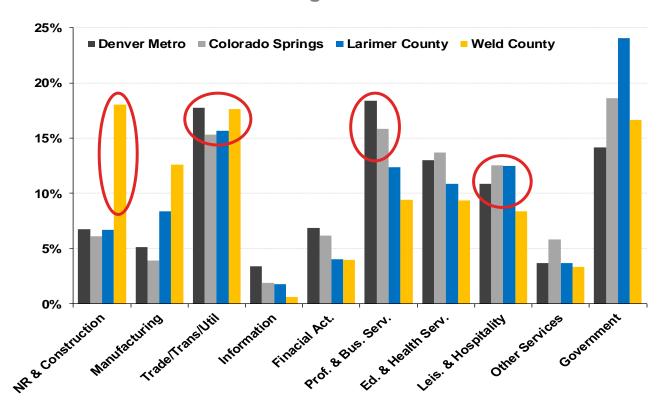
### Total % Employed by Sector in Colorado's Front Range CBSA's

The health crisis will impact the economy along the Front Range in different ways depending on the concentration of employment sectors.

The Denver Metro Area and Colorado Springs have the highest percentages of Professional & Business Services, Information, and Financial Activities sector jobs, which tend to have the higher wages and a stronger likelihood of employees having the ability to work virtually through this crisis.

All of the major Colorado Markets have a high percentage of Retail trade, Transportation and Warehousing jobs, with Denver, Colorado Springs, and Ft. Collins having higher percentages of **Leisure** & Hospitality sector jobs, which have been the hardest hit, along with restaurants and retail, in this crisis.

Weld County has the highest percentage of jobs in lower wage sectors, and has the highest concentration of Oil & Gas jobs by far, which will likely face a significant contraction due to declining oil prices and a sharp reduction in new drilling activity and future investments in the region.





### Colorado Wages 3Q'19\*

There are 2.7 million persons employed in Colorado with an average annual wage of \$61,200 (as of 3019).

In general, many of the employment sectors with wages below the average have been hardest hit during the health crisis and include hotels, restaurants, retail, arts, entertainment and recreation services.

Nearly 60% of Colorado's employed fall below the average annual wage level, the majority of which are bearing the brunt of the layoffs, while the health care and social assistance sector, the state's largest employment base, is confronting the health crisis head on.

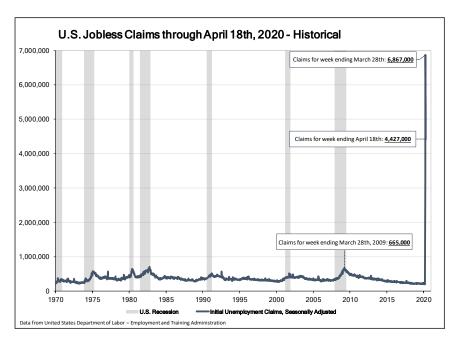
The employment sectors above the average annual wage level for the state include professional and technical services, information, finance and insurance, federal and state government, and manufacturing. Most of which have the ability to operate some aspect of their business virtually. The sector in high paying jobs most at risk include natural resources & mining jobs due to the significant decline in oil prices.

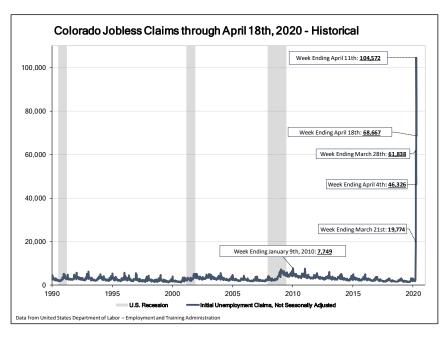
Sector	Total Employment (Thousands)	Share of Employment	Average Wages
Above Average Total	1,115	41.0%	\$88,117
Management of companies and enterprises	42	1.5%	\$142,648
Utilities	8	0.3%	\$109,248
Information	76	2.8%	\$108,196
Professional and technical services	233	8.6%	\$102,596
Finance and insurance	113	4.2%	\$99,721
Natural Resources and Mining	48	1.8%	\$90,297
Wholesale trade	110	4.0%	\$89,010
Federal Government	53	1.9%	\$85,085
Manufacturing	150	5.5%	\$73,539
State Government	106	3.9%	\$66,802
Construction	177	6.5%	\$64,109
All Industries	2,720	100.0%	\$61,200
Real estate and rental and leasing	54	2.0%	\$60,451
Transportation and warehousing	82	3.0%	\$58,586
Health care and social assistance	302	11.1%	\$52,428
Local Government	267	9.8%	\$49,762
Administrative and waste services	161	5.9%	\$45,942
Educational services	37	1.4%	\$42,247
Other services, except public administration	84	3.1%	\$42,096
Arts, entertainment, and recreation	58	2.1%	\$38,952
Retail trade	272	10.0%	\$33,416
Accommodation and food services	285	10.5%	\$24,528
Below Average Total	1,602	58.9%	\$42,452



<sup>\*</sup> Latest information available.

### U.S. and Colorado Initial Unemployment Claims Spike to Unprecedented Levels

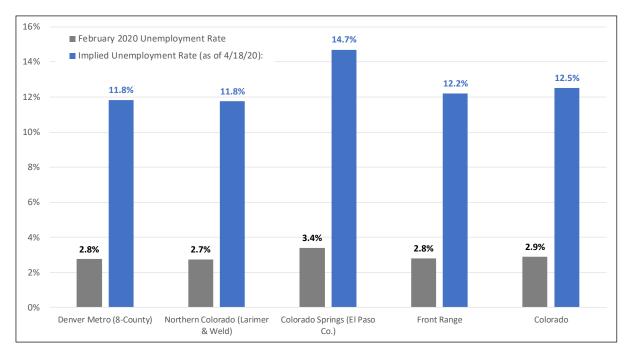




In prior recessions or times of economic uncertainty, claims grew steadily over time. However, never before has there been unemployment claims at these levels in such a short period of time. There have been 26.453,000 claims filed in the United Stats and 301,177 claims filed with the State over the past five weeks ending April 18th. Since the late 80's the previous high in Colorado was the first week of January in 2010 with 7,749 initial claims. The next highest 12 weeks were during the great recession years of 2009-2011.



# Estimated Unemployment Rates as of April 18<sup>th</sup>....Unprecedented Amount in an Extremely Short Time Frame

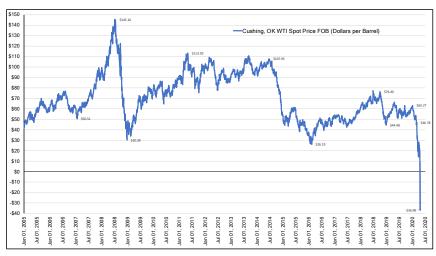


\*The initial unemployment insurance claims are calculated by multiplying the total claims since February 2020 (through 4/18/2020) by 80%, which is the estimated percentage of the labor force in the Front Range's 11 counties (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Elbert, El Paso, Jefferson, Larimer & Weld Counties). \*Unemployment claims are distributed throughout each Front Range County according to their share of unemployment. This assumes all counties are affected proportionally, which may or may not be the case. All data is not seasonally adjusted.



Source: Metrostudy

### Oil Prices Fall and Colorado Drilling Rig Count Declines





Sources: Baker Hughes; US Energy Information Administration

On March 2<sup>nd</sup> the price for oil was at \$46.78 a barrel. As of April 21st, the WTI spot price for crude oil is \$8.91 per barrel, after dipping to a low of negative \$36.98 on April 20<sup>th</sup>. The rapid decline is due to an extreme supply glut brought on by a combination of over-production and minimal consumption (due to travel restrictions and stay-at-home orders). Colorado, one of the top oil producer in the Country, is feeling that impact, especially in Weld County, where the rig count has dropped to 16 rigs as of April 17<sup>th</sup>.

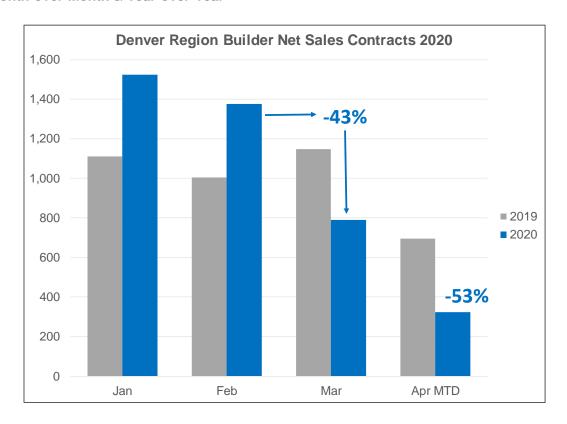


## **DENVER HOUSING MARKET**



### **Denver New Home Market: Builder Net Sales Contracts**

Month-over-Month & Year-over-Year



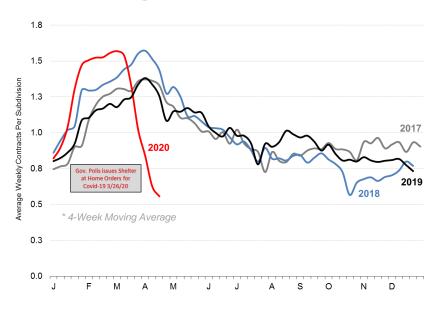
January and February were some of the strongest months for sales in the last decade, as sales were up 37% compared to Jan-Feb 2019. Builder backlog was very robust heading into the health crisis.

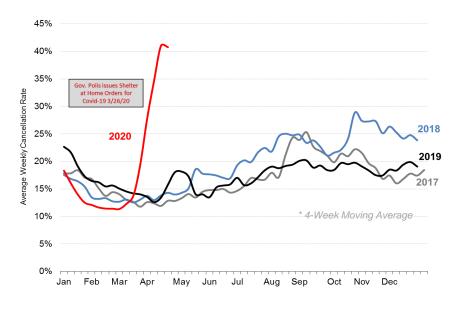
Sales contracts fell -43% in the Denver Region from February to March. And through the first two weeks of April, sales have fallen -53% from the same time period a year ago. If activity has 'found the floor' then it's fair to expect the same number of weekly sales through the rest of April while the 'Stayat-Home' order are in place.



Source: Metrostudy

# Denver New Home Market: Weekly Traffic & Sales Activity Per Subdivision Week Ending April 19





Average sales per projects on a rolling 4-week average are one-third of what they were in February and cancellation rates have spiked in the last month to over 40%. However, activity seems to have 'found the floor' and in the last two weeks sales contracts and cancellation rates have leveled off, and in some areas started to improve slightly.



# Denver New Home Market: Sales & Contract Activity 2019 v. 2020

# YTD Comparison Weekly Comparison

Total Reporting	2019	2020	Total Reporting	4/21/2019	4/12/2020	4/19/2020
# of Projects	<b>324</b>	347	# of Projects	<b>277</b>	231	251
# of Builders	31	36	# of Builders	31	31	32
# of Subdivision	254	279	# of Subdivision	220	184	202
Conversion Rate	9.1%	10.0%	Conversion Rate	8.6%	10.9%	12.3%
Cancellation Rate	15.0%	17.6%	Cancellation Rate	22.9%	42.2%	34.0%
Traffic			Traffic			
Avg (Per Proj)	134.7	115.6	Avg (Per Proj)	8.2	3.4	4.1
Avg (Per Builder)	1407.3	1114.6	Avg (Per Builder)	73.1	25.1	32.6
Avg (Per Sub)	171.8	143.8	Avg (Per Sub)	10.3	4.2	5.2
Net Contracts			Net Contracts			
Avg (Per Proj)	12.2	11.6	Avg (Per Proj)	$\bigcirc$ 0.7	0.4	0.5
Avg (Per Builder)	127.6	111.5	Avg (Per Builder)	6.3	2.7	4.0
Avg (Per Sub)	15.6	14.4	Avg (Per Sub)	0.9	0.5	0.6

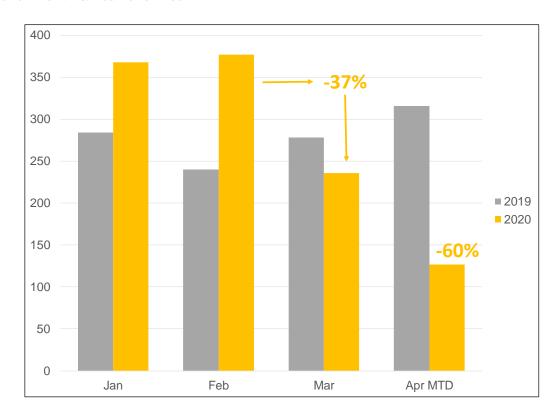


# **COLORADO SPRINGS HOUSING MARKET**



# **Colorado Springs New Home Market: Builder Net Sales Contracts**

Month-over-Month & Year-over-Year

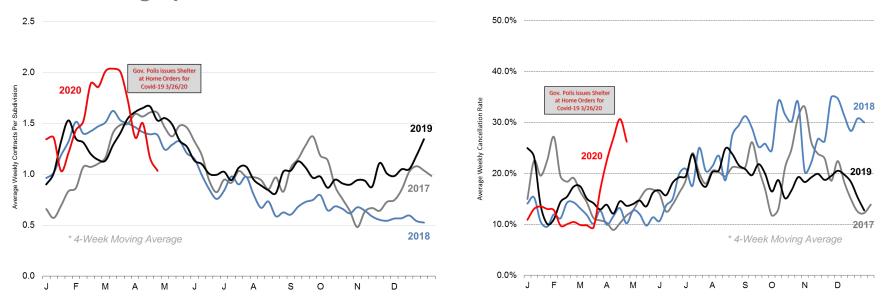


January and February were some of the strongest months for sales in Colorado Springs over the last decade, as sales were up 42% compared to Jan-Feb 2019. A stronger gain than the Denver market.

Sales contracts fell -37% in Colorado Springs from February to March. And through the first three weeks of April, sales have fallen -60% from the same time period a year ago. If activity has 'found the floor' then it's fair to expect the same number of weekly sales through the rest of April while the 'Stay-at-Home' order are in place.



# Colorado Springs New Home Market: Weekly Traffic & Sales Activity Per Subdivision Week Ending April 19



Average sales per projects on a rolling 4-week average are 1/2 of what they were in February and cancellation rates have spiked in the last month to over 30%. However, activity seems to have 'found the floor' and in the last two weeks sales contracts and cancellation rates have improved. Can rates in particular have fallen for three consecutive weeks.



# Colorado Springs New Home Market: Sales & Contract Activity 2019 v. 2020

# YTD Comparison Weekly Comparison

Total Reporting	2019	2020	Total Reporting	4/21/2019	4/12/2020	4/19/2020
# of Projects	<b>56</b>	76	# of Projects	49	40	43
# of Builders	10	13	# of Builders	10	10	11
# of Subdivision	50	63	# of Subdivision	44	37	36
Conversion Rate	13.9%	12.4%	Conversion Rate	10.1%	26.3%	20.6%
Cancellation Rate	12.7%	14.2%	Cancellation Rate	13.3%	28.6%	21.2%
Traffic			Traffic			
Avg (Per Proj)	134.3	117.7	Avg (Per Proj)	10.6	3.8	4.6
Avg (Per Builder)	<b>752.3</b>	688.0	Avg (Per Builder)	51.7	15.2	18.1
Avg (Per Sub)	150.5	142.0	Avg (Per Sub)	11.8	4.1	5.5
Net Contracts			Net Contracts			
Avg (Per Proj)	18.7	14.6	Avg (Per Proj)	1.1	1.0	1.0
Avg (Per Builder)	104.6	85.2	Avg (Per Builder)	5.2	4.0	3.7
Avg (Per Sub)	20.9	17.6	Avg (Per Sub)	1.2	1.1	1.1



# Metrostudy Final Thoughts For the Past Week - April 24, 2020

- A total of 68,667 Colorado residents filed for initial unemployment benefits the week ending April 18<sup>th</sup>, bringing the figure of state residents claiming they lost their jobs to 301,177. The latest weekly data release from the Colorado Department of Labor and Employment covers the week ending April 18, and represents a drop from last week's surge of over 105,073 in new claims for the week prior. Metrostudy estimates that the Colorado unemployment rate is now around 12.5%.
- Governor Polis announced plans to relax the 'Stay at Home' order starting April 27<sup>th</sup>. Guidelines for the 'Safer at Home' initiative, which means partially reopening some businesses with continued social distancing restrictions, including the restarting of individual real estate showings. While open houses are still not allowed, and further details are coming in the days ahead, it appeared the real estate industry would once again be able to engage buyers on a limited basis in some parts of the State. However, this is not likely in the metropolitan Denver area, where Mayor Hancock announced on April 24<sup>th</sup> that he has extended the city and county of Denver's stay-at-home orders until May 8<sup>th</sup> and other neighboring counties are likely to follow suit.
- Since stay at home orders were enacted, 1,354 existing home listings homes were withdrawn from the market and 904 home listings expired in the Denver Market. As restrictions ease, these homes won't all come back on the market right away, keeping inventory tight for buyers looking to make a purchase.
- New home sales for the month of April will likely be down nearly 60% from March sales. However, the last two weeks have shown more stability, and even slight improvement in traffic and contracts from earlier in the health crisis. If restrictions continue to ease, and various sectors of our local economy can begin operating as the Governor has outlined, sales in May could grow for the select areas of the Front Range that actually 'open up'.
- 85% of builders that responded to our weekly builder president's survey saw an increase in 'on-line' traffic from the previous week. A solid indicator that prospective buyers are still out there and have gravitated to builder websites for information.
- To drive traffic, builders in our weekly survey are leaning heavily on the following initiatives including, 1) improving website/social media presence (78% of respondents); 2) investing more in virtual tours (75%); 3) using technology to allow safe tours of models (69%); 4) increasing digital advertising and outreach (53%).



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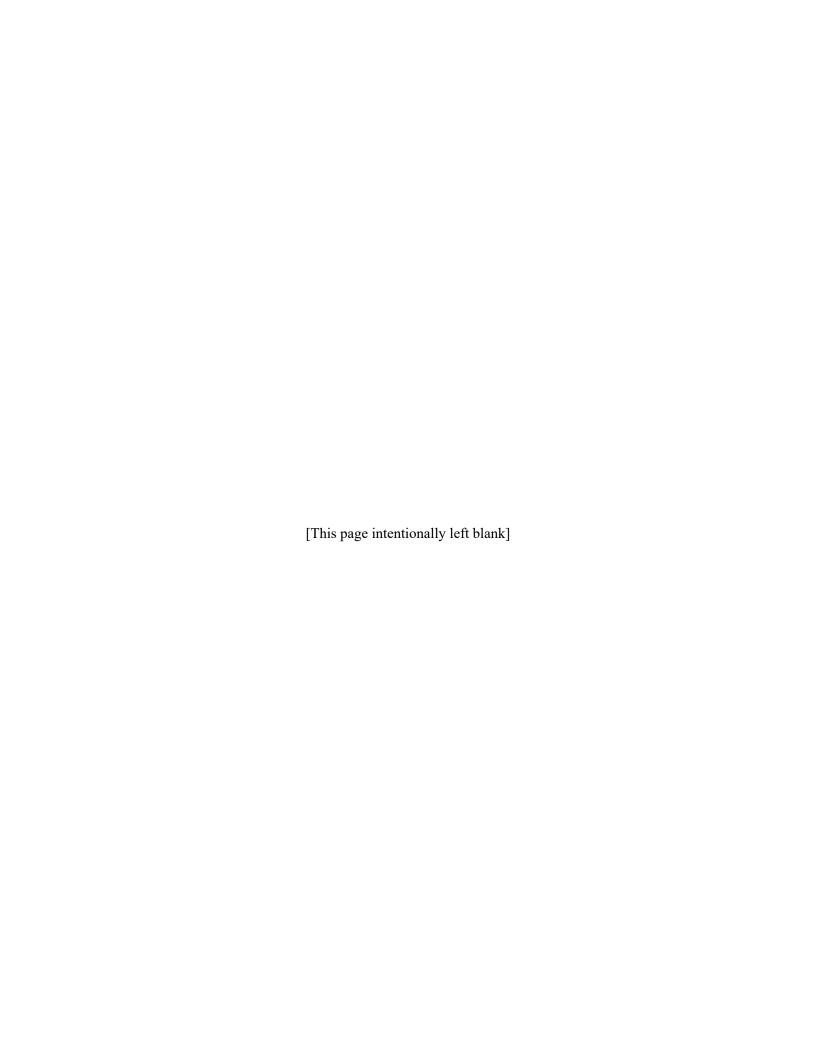
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#### APPENDIX D

#### SELECTED PROVISIONS OF THE SENIOR INDENTURE

Set forth below are summaries of certain provisions of the Senior Indenture. These summaries are in addition and complementary to those found elsewhere in this Official Statement. Reference is made to the Senior Indenture for a complete recital of its terms, copies of which are available from the Underwriter during the period of the initial offering of the Series 2020A Senior Bonds.

# **Tax Covenants**

The District covenants for the benefit of the Owners of the Series 2020A Senior Bonds that it will not take any action or omit to take any action with respect to the Series 2020A Senior Bonds, any funds of the District or any facilities financed with the proceeds of the Series 2020A Senior Bonds if such action or omission (i) would cause the interest on the Series 2020A Senior Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Series 2020A Senior Bonds to lose its exclusion from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, or (iii) would cause interest on the Series 2020A Senior Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

In the event that at any time the District is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Senior Indenture Trustee or held by the District under the Senior Indenture, the District will so restrict or limit the yield on such investment or will so instruct the Senior Indenture Trustee in a detailed certificate, and the Senior Indenture Trustee will take such action as may be necessary in accordance with such instructions.

The District specifically covenants to comply with the provisions and procedures of the certificate signed by the District relating to the requirements of Sections 103 and 141-150 of the Tax Code.

The District further covenants to pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Tax Code and any temporary, proposed or final Treasury Regulations as may be applied to the Series 2020A Senior Bonds from time to time. The payment of such rebate amounts as required by this paragraph supersedes all other provisions of the Senior Indenture concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to this paragraph are not subject to any lien created under the Senior Indenture for the benefit of the Owners of the Series 2020A Senior Bonds. This covenant will survive the payment in full or the defeasance of the Series 2020A Senior Bonds.

The covenants contained in this section will remain in full force and effect until the date on which all obligations of the District in fulfilling such covenants under the Tax Code and Colorado law have been met, notwithstanding the payment in full or defeasance of the Series 2020A Senior Bonds.

See also "TAX MATTERS" in the body of this Official Statement.

#### **General Covenants**

The District irrevocably covenants and agrees in the Senior Indenture with each and every Owner that so long as any of the Series 2020A Senior Bonds remain outstanding:

• The District will not dissolve, merge or otherwise alter its corporate structure in any manner or to any extent as might materially adversely affect the security provided for the payment

of the Series 2020A Senior Bonds, and will continue to operate and manage the District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules and regulations; provided, however, that the foregoing will not prevent the District from dissolving pursuant to the provisions of the Special District Act.

- At least once a year the District will cause an audit to be performed of the records relating to its revenues and expenditures, and the District shall use its reasonable efforts to have such audit report completed no later than September 30 of the calendar year after the calendar year which is the subject of such audit. The foregoing covenant will apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and any audit will be filed and recorded in the places, time and manner provided by law.
- The District will carry general liability, public officials liability and such other forms of insurance on insurable District property upon the terms and conditions, in such amounts and issued by recognized insurance companies, as in the judgment of the District as will protect the District and its operations.
- Each District official or other person having custody of any District funds or responsible for the handling of such funds will be bonded or insured against theft or defalcation at all times.
- In the event the Senior Pledged Revenue and other moneys available under the Senior Indenture for payment of the Series 2020A Senior Bonds is insufficient or is anticipated to be insufficient to pay the principal of, premium, if any, and interest on the Series 2020A Senior Bonds when due, the District will use its reasonable efforts to refinance, refund or otherwise restructure the Series 2020A Senior Bonds so as to avoid such insufficiency.
- In the event any ad valorem taxes are not paid when due, the District will diligently cooperate with the appropriate county treasurer to enforce the lien of such unpaid taxes against the property for which the taxes are owed.
- If the District imposes any Capital Fees, it will enforce the collection thereof in such time and manner as the District reasonably determines will be most efficacious in collecting the same, including, without limitation, the bringing of an action to foreclose any statutory or contractual lien which may exist in connection therewith. Nothing in the Senior Indenture is to be construed to require the District to impose any Capital Fees.

## Additional Bonds Payable from the Senior Pledged Revenue

The Senior Indenture provides that the District may issue Additional Bonds (defined below) that have a lien upon the Senior Pledged Revenue or any part thereof that is either on parity with or subordinate to, but not superior to, the lien of the Series 2020A Senior Bonds. The District may also issue or incur obligations which are not Additional Bonds.

Additional Bonds Defined. For purposes of the Senior Indenture, "Additional Bonds" means: (1) all obligations of the District for borrowed money and reimbursement obligations; (2) all obligations of the District constituting a lien or encumbrance upon any ad valorem tax revenues of the District or any part of the Senior Pledged Revenue; (3) all obligations of the District evidenced by bonds, debentures, notes or other similar instruments; (4) all obligations of the District to pay the deferred purchase price of property or services; (5) all obligations of the District as lessee under capital leases; and (6) all obligations of others guaranteed by the District. "Additional Bonds" for purposes of the Senior Indenture does not include: (a)

obligations the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor, other than capital leases as set forth in (5) above, which obligations do not constitute a multiple-fiscal year financial obligation and do not obligate the District to impose any tax, fee or other governmental charge; (b) obligations which are payable solely from the proceeds of additional District obligations, when and if issued; (c) obligations payable solely from periodic, recurring service charges (e.g., not including Capital Fees) imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under State law; (d) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit or similar credit enhancements so long as (i) such surety bonds, financial guaranties, letters of credit or similar credit enhancements are issued as security for any bonds, notes or other obligations of the District permitted to be issued under the Senior Indenture, and (ii) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations secured by the surety bonds, financial guaranties, letters of credit or similar credit enhancements; and (e) any operating leases, payroll obligations, accounts payable or taxes incurred or payable in the ordinary course of business of the District.

**Subordinate Bonds Defined.** For purposes of the Senior Indenture, "Subordinate Bonds" means Additional Bonds having a lien upon the Senior Pledged Revenue or any part thereof payable in whole or in part from moneys described in priorities FOURTH and FIFTH in "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – Application of Senior Pledged Revenue; Flow of Funds." Additional Bonds having a lien upon the District's ad valorem tax revenues will be considered obligations having a lien upon the Senior Pledged Revenue or any part thereof.

**Permitted Senior Refunding Bonds**. The District may issue Permitted Senior Refunding Bonds at such time or times and in such amounts as may be determined by the District in its absolute discretion without compliance with any of the other terms and conditions of this section of the Senior Indenture. Permitted Senior Refunding Bonds may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District.

"Permitted Refunding Bonds" are defined in the Senior Indenture as Senior Parity Bonds issued for refunding or refinancing purposes, so long as each of the following conditions are met:

- Such refunding obligations are issued solely for the purpose of paying the costs of refunding all or any part of any obligation of the District which constitutes a lien upon the ad valorem tax revenues of the District or the Senior Pledged Revenue or any part thereof, which costs may include amounts sufficient to pay all expenses in connection with such refunding or refinancing, to fund reserve funds, sinking funds and similar funds, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance or other financial products pertaining to such refunding or refinancing.
- Such refunding obligations do not increase the District's scheduled debt service in any year from that which appertained prior to the issuance of such refunding obligations. For purposes of the foregoing, obligations issued for refunding purposes which have any scheduled payment dates in any year which is after the maturity of the obligations being refunded will be deemed to increase the District's debt service in any year.
- If additional or increased reserve funds, surplus funds, sinking funds or other similar funds or accounts are created in connection with such refunding obligations, the Series 2020A Senior Bonds shall also be secured by such additional or increased funds or accounts on a *pari passu* basis. It is the intent of the Senior Indenture that refunding obligations issued pursuant to this definition to partially refund the Series 2020A Senior Bonds may be secured by the Senior Reserve Fund in the same fashion as the Series 2020A Senior Bonds

as provided in "THE SERIES 2020A SENIOR BONDS – Security and Sources of Payment – *The Senior Reserve Fund.*"

- Such refunding obligations are payable on the same day or days of the calendar year as the Series 2020A Senior Bonds, and are not subject to acceleration.
- The ad valorem mill levy pledged to the payment of the refunding obligations is not higher than and is subject to the same deductions and adjustments as the ad valorem mill levy pledged to the payment of the Series 2020A Senior Bonds.
- The remedies for defaults under such refunding obligations are substantially the same as the remedies applicable to the Series 2020A Senior Bonds.

Senior Parity Bonds. The District may issue additional Senior Parity Bonds if such issuance is consented to by the Consent Parties with respect to a majority in aggregate principal amount of the Series 2020A Senior Bonds then outstanding, provided that, with or without such consent, the District may issue additional Senior Parity Bonds if each of the following conditions are met as of the date of issuance of such additional Senior Parity Bonds: (i) no Senior Indenture Event of Default has occurred and is continuing and no amounts of principal or interest on the Series 2020A Senior Bonds or any other Senior Parity Bonds are due but unpaid; (ii) the amount of the Senior Reserve Fund is not less than the Senior Required Reserve; (iii) upon issuance of the additional Senior Parity Bonds, the Debt to Assessed Ratio of the District will be 50% or less; (iv) upon issuance of the additional Senior Parity Bonds, the maximum annual debt service coverage is at least 125%, calculated as set forth in the Senior Indenture; and (v) a separate reserve fund is created for the security of the additional Senior Parity Bonds in an amount not less than 10% of the issue price of such Senior Parity Bonds or such lesser amount as may be permitted to be used for deposits of the proceeds of tax-exempt obligations to reasonably required reserve or replacement funds under then-existing federal income tax rules and regulations, such separate reserve fund to function in substantially the same fashion as the Senior Reserve Fund for the Series 2020A Senior Bonds, which separate reserve fund shall be fully funded as of the date of issuance of the Senior Parity Bonds from the proceeds of the Senior Parity Bonds or from any other source other than Senior Pledged Revenue, and which may be replenished from Senior Pledged Revenue as provided in "THE SERIES 2020A SENIOR BONDS - Security and Sources of Payment - Application of Senior Pledged Revenue; Flow of Funds". Senior Parity Bonds may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District.

*Series 2020B Subordinate Bonds*. The District may issue the Series 2020B Subordinate Bonds at such time or times and on such terms and conditions as may be determined by the District without compliance with any of the other terms and conditions of this section of the Senior Indenture.

Other Subordinate Bonds. The District may issue Subordinate Bonds in addition to the Series 2020B Subordinate Bonds if such issuance is consented to by the Consent Parties with respect to a majority in aggregate principal amount of the Series 2020A Senior Bonds then outstanding, provided that, with or without such consent, the District may issue Subordinate Bonds if each of the following conditions are met as of the date of issuance of such Subordinate Bonds: (i) the maximum mill levy which the District promises to impose for payment of the Subordinate Bonds is not higher than the maximum Senior Required Mill Levy less the mill levy required to be applied in connection with the Series 2020A Senior Bonds, and subject to the same deductions and adjustments as the Senior Required Mill Levy; and (ii) the Subordinate Bonds are payable as to both principal and interest on an annual basis, on a date in any calendar year which is after the final principal or interest payment date due in that calendar year on the Series 2020A Senior Bonds. Subordinate Bonds may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District.

**District Certification**. A written certificate by the President or Vice President or Treasurer of the District that the conditions for issuance of Senior Additional Bonds are met shall conclusively determine the right of the District to authorize, issue, sell and deliver such Additional Senior Bonds.

#### **Defeasance**

Any Series 2020A Senior Bond shall, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Senior Indenture if, for the purpose of paying such Series 2020A Senior Bond (i) there has been deposited with the Senior Indenture Trustee an amount sufficient, without investment, to pay the principal of, premium, if any, and interest on such Series 2020A Senior Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (ii) there has been placed in escrow and in trust with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities (as defined in the Senior Indenture) in which such amount may be invested) to pay the principal of, premium, if any, and interest on such Series 2020A Senior Bond as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant (as defined in the Senior Indenture).

#### **Defaults and Remedies**

**Senior Indenture Events of Default**. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions will constitute a Senior Indenture Event of Default (whatever the reason for such event or condition and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree, rule, regulation or order of any court or any administrative or governmental body):

- (a) The District fails or refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture;
- (b) The District defaults in the performance or observance of any of the covenants, agreements or conditions on the part of the District in the Senior Indenture or the Authorizing Resolution, other than as described in (a) above, and fails to remedy the same after notice thereof pursuant as provided in the Senior Indenture; or
- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2020A Senior Bonds.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, THE DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS INDENTURE AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE BONDS, WHICH SHALL ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THIS ARTICLE 8. THE DISTRICT FURTHER ACKNOWLEDGES AND

AGREES THAT THE APPLICATION OF PLEDGED REVENUE IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE BONDS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SENIOR PLEDGED REVENUE.

Due to the limited nature of the Senior Pledged Revenue, the failure to pay the principal of, premium, if any, or interest on the Series 2020A Senior Bonds when due will not, of itself, constitute a Senior Indenture Event of Default.

**Remedies on Occurrence of a Senior Indenture Event of Default**. Upon the occurrence and continuance of a Senior Indenture Event of Default, the Senior Indenture Trustee has the following rights and remedies which may be pursued:

- Receivership. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Senior Indenture Trustee and of the Owners of the Series 2020A Senior Bonds, the Senior Indenture Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Senior Trust Estate, and of the revenues, income, product and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Senior Indenture Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of the Senior Indenture to, the Senior Indenture Trustee.
- Suit for Judgment. The Senior Indenture Trustee may proceed to protect and enforce its rights and the rights of the Owners of the Series 2020A Senior Bonds under the Special District Act, the Series 2020A Senior Bonds, the Authorizing Resolution, the Senior Indenture and any provision of law by such suit, action or special proceedings as the Senior Indenture Trustee, being advised by counsel, shall deem appropriate.
- Mandamus or Other Suit. The Senior Indenture Trustee may proceed by mandamus or any
  other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of
  the Series 2020A Senior Bonds.

Acceleration of the Series 2020A Senior Bonds is not an available remedy for a Senior Indenture Event of Default.

No recovery of any judgment by the Senior Indenture Trustee shall in any manner or to any extent affect the lien of the Senior Indenture or any rights, powers or remedies of the Senior Indenture Trustee thereunder, or any lien, rights, powers and remedies of the Owners of the of the Series 2020A Senior Bonds, but such lien, rights, powers and remedies of the Senior Indenture Trustee and of the Owners of the Series 2020A Senior Bonds will continue unimpaired as before.

If any Senior Indenture Event of Default described in paragraph (a) of "Senior Indenture Events of Default" above has occurred and if requested by the Owners of not less than 25% in aggregate principal amount of the Series 2020A Senior Bonds then outstanding, the Senior Indenture Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Senior Indenture as the Senior Indenture Trustee, being advised by counsel, deems most expedient in the interests of the Owners of the Series 2020A Senior Bonds; provided that the Senior Indenture Trustee at its option is to be indemnified as provided in the Senior Indenture.

Any amount of outstanding principal and/or accrued interest that remains unpaid as of the Termination Date (December 15, 2049) shall be deemed to be forever discharged and satisfied in full.

Control of Proceedings. The Consent Parties with respect to a majority in aggregate principal amount of the Series 2020A Senior Bonds then outstanding will have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Senior Indenture Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Senior Indenture, or for the appointment of a receiver, and any other proceedings under the Senior Indenture; provided that such direction is in accordance with the provisions of the Senior Indenture; and provided further that at its option the Senior Indenture Trustee is to be indemnified as provided in the Senior Indenture.

Rights and Remedies of Owners. No Owner of any Series 2020A Senior Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Senior Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default has occurred of which the Senior Indenture Trustee has been notified as provided in the Senior Indenture, or of which the Senior Indenture Trustee is deemed to have notice, and unless such default has become a Senior Indenture Event of Default and the Owners of not less than 25% in aggregate principal amount of Series 2020A Senior Bonds then outstanding have made written request to the Senior Indenture Trustee and offered reasonable opportunity either to proceed to exercise the powers granted in the Senior Indenture or to institute such action, suit or proceedings in their own name, nor unless they have also offered to the Senior Indenture Trustee indemnity as provided in the Senior Indenture, nor unless the Senior Indenture Trustee thereafter fails or refuses to exercise the powers granted in the senior Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are at the option of the Senior Indenture Trustee conditions precedent to any action or cause of action for the enforcement of the Senior Indenture, or for the appointment of a receiver or for any other remedy thereunder, it being intended that no one or more Owners of Series 2020A Senior Bonds is to have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Senior Indenture by his, her its, or their action, or to enforce any right thereunder except in the manner provided in the senior Indenture, and that all proceedings at law or in equity are to be instituted, had and maintained in the manner provided in the Senior Indenture and for the equal benefit of the Owners of all Series 2020A Senior Bonds then outstanding.

Application of Moneys. All moneys received by the Senior Indenture Trustee pursuant to any right given or action taken under the provisions of the remedial provisions of the Senior Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys' fees and any other professionals hired by the Senior Indenture Trustee under the Senior Indenture), expenses, liabilities and advances incurred or made by the Senior Indenture Trustee, are to be deposited in the appropriate accounts or accounts created under the Senior Indenture in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium, if any, and interest on all of the Series 2020A Senior Bonds has been paid in full. Whenever all of the Series 2020A Senior Bonds and interest thereon have been paid under the remedial provisions of the Senior Indenture and all expenses and fees of the Senior Indenture Trustee have been paid, any balance remaining in any of the funds held by the Senior Indenture Trustee under the Senior Indenture are to be paid to the District.

Trustee May Enforce Rights Without Bonds. All rights of action and claims under the Senior Indenture or any of the Series 2020A Senior Bonds outstanding thereunder may be enforced by the Senior Indenture Trustee without the possession of any of the Series 2020A Senior Bonds or the production thereof in any trial or proceedings relative thereto. Any suit or proceeding instituted by the Senior Indenture Trustee is to be brought in its name as the Senior Indenture Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Series 2020A Senior Bonds, and any recovery of judgment is to be for the

ratable benefit of the Owners of the Series 2020A Senior Bonds, subject to the provisions of the Senior Indenture.

Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the District, the Senior Indenture Trustee, to the extent permitted by law, is to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Senior Indenture Trustee and of the Owners of the Series 2020A Senior Bonds allowed in such proceedings, without prejudice, however, to the right of any Owner of a Series 2020A Senior Bond to file a claim in his own behalf.

**Delay or Omission No Waiver.** No delay or omission of the Senior Indenture Trustee or of any Owner of a Series 2020A Senior Bond to exercise any right or power accruing upon any default is to exhaust or impair any such right or power or be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by the Senior Indenture may be exercised from time to time and as often as may be deemed expedient.

No Waiver of One Default to Affect Another; Cumulative Remedies. No waiver of any default under the Senior Indenture, whether by the Senior Indenture Trustee or the Owners of the Series 2020A Senior Bonds, is to extend to or affect any subsequent or any other then existing default or impair any rights or remedies consequent thereon. All rights and remedies of the Senior Indenture Trustee and the Owners of the Series 2020A Senior Bonds provided in the Senior Indenture are cumulative, and the exercise of any such right or remedy will not affect or impair the exercise of any other right or remedy.

**Discontinuance of Proceedings on Default.** In case the Senior Indenture Trustee has proceeded to enforce any right under the Senior Indenture and such proceedings are discontinued or abandoned for any reason, or have been determined adversely to the Senior Indenture Trustee, then and in every such case the District and the Senior Indenture Trustee are to be restored to their former positions and rights under the Senior Indenture with respect to the Senior Trust Estate, and all rights, remedies and powers of the Senior Indenture Trustee are to continue as if no such proceedings had been taken.

Waivers of Events of Default. The Senior Indenture Trustee may in its discretion waive any Senior Indenture Event of Default and its consequences, and is required to do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of the Series 2020A Senior Bonds then outstanding; provided however, that there may not be waived without the consent of the Consent Parties with respect to 100% of the Series 2020A Senior Bonds then outstanding as to which the Senior Indenture Event of Default exists any Senior Indenture Event of Default under paragraph (a) of "Senior Indenture Events of Default" above. In case of any such waiver, or in case any proceedings taken by the Senior Indenture Trustee on account of any such default are discontinued or abandoned or determined adversely to the Senior Indenture Trustee, then in every such case the District, the Senior Indenture Trustee and the Owners of the Series 2020A Senior Bonds are to be restored to their former positions and rights under the Senior Indenture, respectively, but no such waiver or rescission is to extend to any subsequent or other default, or impair any right consequent thereon.

Notice of Default; Opportunity to Cure Defaults. The Senior Indenture Trustee is to give to all the Owners of the Series 2020A Senior Bonds notice by mailing to the address shown on the registration books maintained by the Senior Indenture Trustee of all Senior Indenture Events of Default known to the Senior Indenture Trustee (as determined pursuant to the Senior Indenture), within 90 days after the occurrence of such Senior Indenture Event of Default unless such Senior Indenture Event of Default has have been cured before the giving of such notice. The Senior Indenture Trustee may withhold such notice if and so long as a committee of its corporate trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners of the Series 2020A Senior Bonds.

No default under paragraph (b) of "Senior Indenture Events of Default" above will constitute a Senior Indenture Event of Default until actual notice of such default by registered or certified mail is given to the District by the Senior Indenture Trustee or by the Owners of not less than 25% in aggregate principal amount of all Series 2020A Senior Bonds outstanding, the District has had 30 days after receipt of such notice to correct such default or cause such default to be corrected and has not corrected such default or caused such default to be corrected within the applicable period. However, if the default is such that it cannot be corrected within the applicable period, it will not constitute a Senior Indenture Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

## **Supplemental Senior Indentures**

The District and the Senior Indenture Trustee may enter one of more amendments or supplements to the Senior Indenture ("Supplemental Senior Indentures") for various purposes described hereafter.

Supplemental Senior Indentures Not Requiring Consent. The District and the Senior Indenture Trustee may, without the consent of or notice to the Owners or Consent Parties with respect to the Series 2020A Senior Bonds, enter into Supplemental Senior Indentures, for any one or more of the following purposes:

- To cure any ambiguity, to cure, correct or supplement any formal defect or omission or inconsistent provision contained in the Senior Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Senior Indenture or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Series 2020A Senior Bonds;
- To subject to the Senior Indenture additional revenues, properties or collateral;
- To grant or confer upon the Senior Indenture Trustee for the benefit of the Owners of the Series 2020A Senior Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon such Owners or the Senior Indenture Trustee; and
- To qualify the Senior Indenture under the Trust Indenture Act of 1939.

Supplemental Senior Indentures Requiring Consent. Except for Supplemental Senior Indentures delivered pursuant to "Supplemental Senior Indentures Not Requiring Consent" above, the Consent Parties with respect to a majority (or for modifications of provisions of the senior Indenture which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Series 2020A Senior Bonds then outstanding have the right, from time to time, to consent to and approve the execution by the District and the Senior Indenture Trustee of such Supplemental Senior Indentures as are deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Senior Indenture; provided, however, that the consent of the Consent Parties with respect to all the outstanding Series 2020A Senior Bonds affected thereby is required in order to permit:

• A change in the terms of the maturity of any outstanding Series 2020A Senior Bond, in the principal amount of any outstanding Series 2020A Senior Bond, in the optional or mandatory redemption provisions applicable thereto or the rate of interest thereon;

- An impairment of the right of the Owners of the Series 2020A Senior Bonds to institute suit for the enforcement of any payment of the principal of, premium, if any, or interest on the Series 2020A Senior Bonds when due:
- A privilege or priority of any Series 2020A Senior Bond or any interest payment over any other Series 2020A Senior Bond or interest payment; or
- A reduction in the percentage in principal amount of the outstanding Series 2020A Senior Bonds the consent of whose Owners or Consent Parties is required for any such Supplemental Senior Indenture.

If the District requests the Senior Indenture Trustee to enter into a Supplemental Senior Indenture for any of the purposes requiring consent of the Consent Parties, the Senior Indenture Trustee, upon being satisfactorily indemnified with respect to fees and expenses, is to cause notice of the proposed execution of such Supplemental Senior indenture to be given to each Owner of a Series 2020A Senior Bond at the address shown on the registration books of the Senior Indenture Trustee prior to the proposed date of execution and delivery of any such Supplemental Senior Indenture; provided that so long as the Series 2020A Senior Bonds are held by DTC or any other Depository (as defined in the Senior Indenture), such notice may be given by electronic means in lieu of mailed notice. If the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Series 2020A Senior Bonds then outstanding at the time of the execution of any such Supplemental Senior Indenture consent to the execution thereof, no Owner of any Series 2020A Senior Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Senior Indenture Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

Execution of Supplemental Senior Indentures. Prior to the execution of any Supplemental Senior indenture, the Senior Indenture Trustee and the District may require and will be fully protected in relying upon an opinion of nationally recognized municipal bond counsel experienced in matters arising under Section 103 of the Tax Code and acceptable to the Senior Indenture Trustee and the District to the effect that: (i) the Supplemental Senior Indenture will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2020A Senior Bonds; (ii) the District is permitted by the provisions of the Senior Indenture to enter into the Supplemental Senior Indenture; and (iii) the Supplemental Senior Indenture is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by the Senior Indenture.

## **The Senior Indenture Trustee**

Acceptance of Trusts and Duties of Trustee. The Senior Indenture Trustee accepts the trusts imposed upon it by the Senior Indenture and agrees to perform such trusts, but only upon and subject to the express terms and conditions stated in the Senior Indenture, and no implied covenants or obligations are to be read into the Senior Indenture against the Senior Indenture Trustee. The Senior Indenture Trustee, prior to the occurrence of a Senior Indenture Event of Default and after the curing or waiver of any Senior Indenture Event of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Senior Indenture. In case a Senior Indenture Event of Default has occurred (which has not been cured or waived) the Senior Indenture Trustee is to exercise such of the rights and powers vested in it by the Senior Indenture and use the same degree of care and skill in their exercise as a reasonable and prudent trustee would exercise or use under the circumstances in the conduct of the affairs of another.

The Senior Indenture Trustee may execute any of the trusts or powers of the Senior Indenture and perform any of its duties by or through attorneys, agents, receivers or employees, but will be answerable for

the conduct of the same in accordance with the standards specified in the Senior Indenture, and will be entitled to act upon the advice or an opinion of counsel concerning all matters of trust and the its duties under the Senior Indenture, and may in all cases pay (and be reimbursed as provided in the Senior Indenture) such compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts of the Senior Indenture. The Senior Indenture Trustee is not responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or opinion of such attorneys, agents, receivers or employees chosen with due care.

The Senior Indenture Trustee is not responsible for, among other things, for the sufficiency of the security for the Series 2020A Senior Bonds, nor is the Senior Indenture Trustee is bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the District, except as expressly set forth in the Senior Indenture; but the Senior Indenture Trustee may require of the District full information and advice as to the performance of such covenants, conditions and agreements. The Senior Indenture Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Senior Indenture.

The Senior Indenture Trustee makes no representations as to the value or condition of the Senior Trust Estate or any part thereof, or as to the validity or sufficiency of the Senior Indenture or of the Series 2020A Senior Bonds. The Senior Indenture Trustee is not accountable for the use or application of any Series 2020A Senior Bonds or the proceeds thereof (except for funds or investments held by the Senior Indenture Trustee) or of any money paid to or upon the order of the District under any provision of the Senior Indenture. The Senior Indenture Trustee, in its individual or any other capacity, may become the Owner of the Series 2020A Senior Bonds with the same rights which it would have if not the Senior Indenture Trustee.

The Senior Indenture Trustee may rely and will be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons.

The permissive right of the Senior Indenture Trustee to do things enumerated in the Senior Indenture is not to be construed as a duty, and the Senior Indenture Trustee will not be answerable for other than its negligence or willful misconduct, and will not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Senior Indenture Trustee with due care.

The Senior Indenture Trustee is not required to take notice or be deemed to have notice of any default under the Senior Indenture unless the Senior Indenture Trustee is specifically notified in writing of such default by the District or by the Owners of at least 25% in aggregate principal amount of the Series 2020A Senior Bonds then outstanding. All notices or other instruments required by the Senior Indenture to be delivered to the Senior Indenture Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Senior Indenture Trustee, and in the absence of such notice so delivered, the Senior Indenture Trustee may conclusively assume there is no default except as provided above.

All moneys received by the Senior Indenture Trustee, until used or applied or invested as provided in the Senior Indenture, are to be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Senior Indenture or by law.

At any and all reasonable times, the Senior Indenture Trustee or its duly authorized agents, attorneys, experts, engineers, accountants and representatives have the right, but are not required, to inspect any and all books, papers and records of the District pertaining to the Series 2020A Senior Bonds and the Senior Pledged Revenue, and to take such memoranda from and in regard thereto as may be desired.

The Senior Indenture Trustee has the right, but is not required, to demand, in respect of the authentication of any Series 2020A Senior Bonds, or any action whatsoever within the purview of the Senior Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that required by the terms of the Senior Indenture, as a condition of such action by the Senior Indenture Trustee, as may be deemed desirable for the purpose of establishing the right of the District to the authentication of any Series 2020A Senior Bonds, or the taking of any other action by the Senior Indenture Trustee.

All records of the Senior Indenture Trustee pertaining to the Series 2020A Senior Bonds are to be open during reasonable times for inspection by the District.

The Senior Indenture Trustee is not required to advance its own funds, and before taking any action to enforce the terms of the Senior Indenture against the District, the Senior Indenture Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including attorney's fees, and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

Fees and Expenses of the Senior Indenture Trustee. The Senior Indenture Trustee will be entitled to payment and reimbursement of its fees and expenses for ordinary services rendered under the Senior Indenture (which compensation is not intended by the parties to be limited by any provision of law in regard to the compensation of a trustee of an express trust) as and when the same become due, and all advances, agent and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Senior Indenture Trustee in connection with such ordinary services. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services. In the event that it should become necessary for the Senior Indenture Trustee to perform extraordinary services, the Senior Indenture Trustee will be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Senior Indenture Trustee, it will not be entitled to compensation or reimbursement therefor.

Resignation or Replacement of Trustee. The Senior Indenture Trustee may resign, subject to the appointment of a successor, by giving 30 days' notice of such resignation to the District and to all Owners of the Series 2020A Senior Bonds specifying the date when such resignation will take effect. Such resignation will take effect on the date specified in such notice unless a successor has been previously appointed, in which event such resignation will take effect immediately on the appointment of such successor. The Senior Indenture Trustee may petition the courts to appoint a successor in the event no such successor has been previously appointed. The Senior Indenture Trustee may be removed at any time by an instrument in writing, executed by the Consent Parties with respect to a majority in aggregate principal amount of the Series 2020A Senior Bonds then outstanding. Any removal or resignation of the Senior Indenture Trustee and appointment of a successor Senior Indenture Trustee will become effective only upon acceptance of appointment by the successor Senior Indenture Trustee.

In case the Senior Indenture Trustee resigns or is removed or otherwise becomes incapable of acting, a successor may be appointed by the District so long as it is not in default under the Senior Indenture; and otherwise by the Consent Parties with respect to a majority in aggregate principal amount of the Senior Indenture Bonds then outstanding by an instrument or concurrent instruments signed by such Consent Parties or their attorneys-in-fact; provided however, that even if the District is in default under the Senior Indenture, it may appoint a successor until a new successor is appointed by the District or the Consent Parties as authorized by the Senior Indenture. The District, upon making such appointment, is to give notice thereof to the Owners of the Series 2020A Senior Bonds by mailing to the address shown on the registration books maintained by the Senior Indenture Trustee, which notice may be given concurrently with the notice

of resignation given by any resigning Senior Indenture Trustee. Any successor so appointed by the District is to immediately and without further act be superseded by a successor appointed by the District or the Consent Parties, as applicable.

Every successor Senior Indenture Trustee is to always be a commercial bank or trust company in good standing, qualified to act under the Senior Indenture and having a capital and surplus of not less than \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Conversion, Consolidation or Merger of the Senior Indenture Trustee. Any bank or trust company or other person into which the Senior Indenture Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, will be the successor of the Senior Indenture Trustee under the Senior Indenture with the same rights, powers, duties and obligations, and subject to the same restrictions, limitations and liabilities, as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates and other instruments provided for in the Senior Indenture may be accepted by the Senior Indenture Trustee as conclusive evidence of the facts and conclusions stated therein, and the Senior Indenture Trustee will not be required to make any independent investigation in connection therewith. Such resolutions, opinions, certificates and other instruments will be full warrant, protection and authority to the Senior Indenture Trustee for the release of property and the withdrawal of cash under the Senior Indenture. Except as otherwise provided in the Senior Indenture, the Senior Indenture Trustee has no responsibility to seek the approval of any expert for any of the purposes expressed in the Senior Indenture; provided, however, that such provision alters the Senior Indenture Trustee's obligations or immunities provided by statutory, constitutional or common law with respect to the approval of independent experts who may furnish opinions, certificates or opinions of counsel to the Senior Indenture Trustee pursuant to any provisions of the Senior Indenture.

## **Holidays**

If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in the Senior Indenture is a legal holiday or a day on which banking institutions in the city in which the principal office of the Senior Indenture Trustee are located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized or required by law to remain closed with the same force and effect as if done on the nominal date provided in the Senior Indenture.

## **No Recourse Against Officers and Agents**

Pursuant to Section 11-57-209 of the Supplemental Public Securities Ac, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer or agent for payment of the principal, interest or prior redemption premiums on the Series 2020A Senior Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty or otherwise. By the acceptance of the Series 2020A Senior Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Series 2020A Senior Bond specifically waives any such recourse.

#### **Conclusive Recital in the Series 2020A Senior Bonds**

Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, the Series 2020A Senior Bonds will contain a recital that they are issued pursuant to certain provisions of the Supplemental Public Securities Act. Such recital will be conclusive evidence of the validity and the regularity of the issuance of the Series 2020A Senior Bonds after their delivery for value.

#### **Limitation of Actions**

Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Series 2020A Senior Bonds may be commenced more than 30 days after the authorization of the Series 2020A Senior Bonds.

\* \* \*

#### APPENDIX E

## SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE

Set forth below are summaries of certain provisions of the Subordinate Indenture. These summaries are in addition and complementary to those found elsewhere in this Official Statement. Reference is made to the Subordinate Indenture for a complete recital of its terms, copies of which are available from the Underwriter during the period of the initial offering of the Series 2020B Subordinate Bonds.

#### **Tax Covenants**

The District covenants for the benefit of the Owners of the Series 2020B Subordinate Bonds that it will not take any action or omit to take any action with respect to the Series 2020B Subordinate Bonds, any funds of the District or any facilities financed with the proceeds of the Series 2020B Subordinate Bonds if such action or omission (i) would cause the interest on the Series 2020B Subordinate Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Series 2020B Subordinate Bonds to lose its exclusion from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, or (iii) would cause interest on the Series 2020B Subordinate Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

In the event that at any time the District is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Subordinate Indenture Trustee or held by the District under the Subordinate Indenture, the District will so restrict or limit the yield on such investment or will so instruct the Subordinate Indenture Trustee in a detailed certificate, and the Subordinate Indenture Trustee will take such action as may be necessary in accordance with such instructions.

The District specifically covenants to comply with the provisions and procedures of the certificate signed by the District relating to the requirements of Sections 103 and 141-150 of the Tax Code.

The District further covenants to pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Tax Code and any temporary, proposed or final Treasury Regulations as may be applied to the Series 2020B Subordinate Bonds from time to time. The payment of such rebate amounts as required by this paragraph supersedes all other provisions of the Subordinate Indenture concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to this paragraph are not subject to any lien created under the Subordinate Indenture for the benefit of the Owners of the Series 2020B Subordinate Bonds. This covenant will survive the payment in full or the defeasance of the Series 2020B Subordinate Bonds.

The covenants contained in this section will remain in full force and effect until the date on which all obligations of the District in fulfilling such covenants under the Tax Code and Colorado law have been met, notwithstanding the payment in full or defeasance of the Series 2020B Subordinate Bonds.

See also "TAX MATTERS" in the body of this Official Statement.

## **General Covenants**

The District irrevocably covenants and agrees in the Subordinate Indenture with each and every Owner that so long as any of the Series 2020B Subordinate Bonds remain outstanding:

• The District will not dissolve, merge or otherwise alter its corporate structure in any manner or to any extent as might materially adversely affect the security provided for the payment of

the Series 2020B Subordinate Bonds, and will continue to operate and manage the District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules and regulations; provided, however, that the foregoing will not prevent the District from dissolving pursuant to the provisions of the Special District Act.

- At least once a year the District will cause an audit to be performed of the records relating to its revenues and expenditures, and the District shall use its reasonable efforts to have such audit report completed no later than September 30 of the calendar year after the calendar year which is the subject of such audit. The foregoing covenant will apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and any audit will be filed and recorded in the places, time and manner provided by law.
- The District will carry general liability, public officials liability and such other forms of insurance on insurable District property upon the terms and conditions, in such amounts and issued by recognized insurance companies, as in the judgment of the District will protect the District and its operations.
- Each District official or other person having custody of any District funds or responsible for the handling of such funds will be bonded or insured against theft or defalcation at all times.
- In the event any ad valorem taxes are not paid when due, the District will diligently cooperate with the appropriate county treasurer to enforce the lien of such unpaid taxes against the property for which the taxes are owed.
- If the District imposes any Capital Fees, it will enforce the collection thereof in such time and manner as the District reasonably determines will be most efficacious in collecting the same, including, without limitation, the bringing of an action to foreclose any statutory or contractual lien which may exist in connection therewith. Nothing in the Subordinate Indenture is to be construed to require the District to impose any Capital Fees.
- The District will not amend or supplement any of the documents pertaining to the Senior Parity Bonds in any way which (i) alters the amortization of the principal of such Senior Parity Bonds or (ii) increases the rate or rates of interest borne by the Series 2020A Senior Bonds, except upon the prior written consent of the Consent Parties¹ with respect to 100% in aggregate principal amount of the Series 2020B Subordinate Bonds.

## Additional Bonds Payable from the Subordinate Pledged Revenue

The Subordinate Indenture provides that the District may issue Additional Bonds (defined below) that have a lien upon the Subordinate Pledged Revenue or any part thereof that is either on parity with or subordinate to the lien of the Series 2020B Subordinate Bonds. The District may also issue or incur obligations which are not Additional Bonds.

Additional Bonds Defined. For purposes of the Subordinate Indenture, "Additional Bonds" means: (1) all obligations of the District for borrowed money and reimbursement obligations; (2) all obligations of the District constituting a lien or encumbrance upon any ad valorem tax revenues of the District or any part of the Subordinate Pledged Revenue; (3) all obligations of the District evidenced by bonds, debentures,

<sup>&</sup>lt;sup>1</sup> A Consent Party for purposes of the Subordinate Indenture is the Owner of a Series 2020B Subordinate Bond or, if such Series 2020B Subordinate Bond is held in the name of Cede & Co., the Participant (as determined by a list provided by DTC) with respect to such Series 2020B Subordinate Bond. The District may at its option determine whether the Owner of the Series 2020B Subordinate Bond or the Participant is the Consent Party with respect to any particular amendment or other matter under the Subordinate Indenture.

notes or other similar instruments; (4) all obligations of the District to pay the deferred purchase price of property or services; (5) all obligations of the District as lessee under capital leases; and (6) all obligations of others guaranteed by the District. For purposes of the Subordinate Indenture, "Additional Bonds" does not include: (a) obligations the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor, other than capital leases as set forth in (5) above, which obligations do not constitute a multiple-fiscal year financial obligation and do not obligate the District to impose any tax, fee or other governmental charge; (b) obligations which are payable solely from the proceeds of additional District obligations, when and if issued; (c) obligations payable solely from periodic, recurring service charges (e.g., not including Capital Fees) imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under State law; (d) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit or similar credit enhancements so long as (i) such surety bonds, financial guaranties, letters of credit or similar credit enhancements are issued as security for bonds, notes or other obligations of the District permitted to be issued by the Subordinate Indenture, and (ii) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations secured by the surety bonds, financial guaranties, letters of credit or similar credit enhancements; and (e) any operating leases, payroll obligations, accounts payable or taxes incurred or payable in the ordinary course of business of the District.

Subordinate Bonds Defined. For purposes of the Subordinate Indenture, "Subordinate Bonds" means the Series 2020B Subordinate Bonds and any other bonds, notes, debentures or other multiple fiscal year financial obligations payable in whole or in part from the moneys described in the first priority set forth in "THE SERIES 2020B SUBORDINATE BONDS – Security and Sources of Payment – Application of the Subordinate Pledged Revenue; Flow of Funds." Additional Bonds (as defined above) having a lien upon the District's ad valorem tax revenues will be considered obligations having a lien upon the Subordinate Pledged Revenue or any part thereof. Additional Subordinate Bonds may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District.

**Series 2020A Senior Bonds**. The District may issue the Series 2020A Senior Bonds at such time or times and on such terms and conditions as may be determined by the District without compliance with any of the other terms and conditions of the Subordinate Indenture.

Other Senior Parity Bonds. The District may issue other Senior Parity Bonds at such time or times and in such amounts as may be determined by the District in its absolute discretion. Such other Senior Parity Bonds may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District.

**Permitted Senior Refunding Bonds**. The District may issue Permitted Refunding Bonds at such time or times, in such amounts and on such terms and conditions as may be determined by the District in its absolute discretion. Such Permitted Refunding Bonds may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District.

"Permitted Refunding Bonds" are defined in the Subordinate Indenture as Senior Parity Bonds issued for refunding or refinancing purposes, so long as each of the following conditions are met:

• Such refunding obligations are issued solely for the purpose of paying the costs of refunding all or any part of any Senior Parity Bonds, which costs may include amounts sufficient to pay all expenses in connection with such refunding or refinancing, to fund reserve funds, sinking funds and similar funds, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance or other financial products pertaining to such refunding or refinancing.

- Such refunding obligations do not increase the District's scheduled debt service with respect to Senior Parity Bonds in any year from that which appertained prior to the issuance of such refunding obligations. For purposes of the foregoing, obligations issued for refunding purposes which have any scheduled payment dates in any year which is after the maturity of the obligations being refunded will be deemed to increase the District's debt service in any year.
- No additional or increased reserve funds, surplus funds, sinking funds or other similar funds or accounts are created in connection with such refunding obligations if such additional or increased funds or accounts are funded or replenished from the District's ad valorem taxes, Capital Fees or Specific Ownership Taxes. It is the intent of the Subordinate Indenture that the foregoing shall not be construed to apply to any such additional or increased funds or accounts if the same are funded and replenished solely from sources of revenue other than the District's ad valorem taxes, Capital Fees or Specific Ownership Taxes.
- Such refunding obligations are payable on the same day or days of the calendar year as the Senior Parity Bonds being refunded, and are not subject to acceleration.
- The ad valorem mill levy pledged to the payment of the refunding obligations is not higher than, and is subject to the same deductions and adjustments as, the ad valorem mill levy pledged to the payment of the Senior Parity Bonds being refunded.
- The remedies for defaults under such refunding obligations are substantially the same as the remedies applicable to the Senior Parity Bonds being refunded.

Permitted Refunding Bonds issued to refund Senior Parity Bonds may also include amounts to refund a portion of the Series 2020B Subordinate Bonds so long as the foregoing tests are met with respect to the Senior Parity Bonds being refunded.

Second Subordinate Bonds. The District may issue Second Subordinate Bonds if as of the date of issuance of such Second Subordinate Bonds: (i) the maximum mill levy which the District promises to impose for payment of the Second Subordinate Bonds is not higher than the maximum Subordinate Required Mill Levy, and subject to the same deductions and adjustments as the Subordinate Required Mill Levy; and (ii) no amounts can be payable on the Second Subordinate Bonds so long as any Series 2020B Subordinate Bonds are outstanding. Second Subordinate Bonds may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District.

*Issuance by Consent*. Except as provided above, the District may issue Additional Bonds pursuant to the Subordinate Indenture only if the Consent Parties with respect to 100% in aggregate principal amount of the Series 2020B Subordinate Bonds then outstanding consent to the issuance of such Additional Bonds.

## **Defeasance**

Any Series 2020B Subordinate Bond shall, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Subordinate Indenture if, for the purpose of paying such Series 2020B Subordinate Bond (i) there has been deposited with the Subordinate Indenture Trustee an amount sufficient, without investment, to pay the principal of, premium, if any, and interest on such Series 2020B Subordinate Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (ii) there has been placed in escrow and in trust with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities (as defined in the Subordinate Indenture) in which such amount may be invested) to pay the principal of, premium, if any, and interest on such Series 2020B Subordinate Bond as the same becomes

due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities shall be determined by a Certified Public Accountant (as defined in the Subordinate Indenture).

#### **Defaults and Remedies**

**Subordinate Indenture Events of Default.** The occurrence of any one or more of the following events or the existence of any one or more of the following conditions will constitute a Subordinate Indenture Event of Default (whatever the reason for such event or condition and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree, rule, regulation or order of any court or any administrative or governmental body):

- (a) The District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture;
- (b) The District defaults in the performance or observance of any of the covenants, agreements or conditions on the part of the District in the Subordinate Indenture or the Authorizing Resolution, other than as described in (a) above, and fails to remedy the same after notice thereof pursuant as provided in the Subordinate Indenture; or
- (d) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2020B Subordinate Bonds.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED HEREIN, THE DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SUBORDIANTE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS HEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THIS INDENTURE AND A BREACH OF THE COVENANTS MADE HEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE BONDS, WHICH SHALL ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THIS ARTICLE 8. THE DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF PLEDGED REVENUE IN VIOLATION OF THE COVENANTS HEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE BONDS. IN NO EVENT SHALL ANY PROVISION HEREOF BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE.

Due to the limited nature of the Subordinate Pledged Revenue, the failure to pay the principal of, premium, if any, or interest on the Series 2020B Subordinate Bonds when due will not, of itself, constitute a Subordinate Indenture Event of Default.

**Remedies on Occurrence of a Subordinate Indenture Event of Default**. Upon the occurrence and continuance of a Subordinate Indenture Event of Default, the Subordinate Indenture Trustee has the following rights and remedies which may be pursued:

- Receivership. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Subordinate Indenture Trustee and of the Owners of the Series 2020B Subordinate Bonds, the Subordinate Indenture Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Subordinate Trust Estate, and of the revenues, income, product and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Subordinate Indenture Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of the Subordinate Indenture to, the Subordinate Indenture Trustee.
- Suit for Judgment. The Subordinate Indenture Trustee may proceed to protect and enforce its rights and the rights of the Owners of the Series 2020B Subordinate Bonds under the Special District Act, the Series 2020B Subordinate Bonds, the Authorizing Resolution, the Subordinate Indenture and any provision of law by such suit, action or special proceedings as the Subordinate Indenture Trustee, being advised by counsel, shall deem appropriate.
- *Mandamus or Other Suit.* The Subordinate Indenture Trustee may proceed by mandamus or any other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of the Series 2020B Subordinate Bonds.

Acceleration of the Series 2020B Subordinate Bonds is not an available remedy for a Subordinate Indenture Event of Default.

No recovery of any judgment by the Subordinate Indenture Trustee shall in any manner or to any extent affect the lien of the Subordinate Indenture or any rights, powers or remedies of the Subordinate Indenture Trustee thereunder, or any lien, rights, powers and remedies of the Owners of the of the Series 2020B Subordinate Bonds, but such lien, rights, powers and remedies of the Subordinate Indenture Trustee and of the Owners of the Series 2020B Subordinate Bonds will continue unimpaired as before.

If any Subordinate Indenture Event of Default under paragraph (a) of "Subordinate Indenture Events of Default" above has occurred and if requested by the Owners of not less than 25% in aggregate principal amount of the Series 2020B Subordinate Bonds then outstanding, the Subordinate Indenture Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Subordinate Indenture as the Subordinate Indenture Trustee, being advised by counsel, deems most expedient in the interests of the Owners of the Series 2020B Subordinate Bonds; provided that the Subordinate Indenture Trustee at its option is to be indemnified as provided in the Subordinate Indenture.

Any amount of outstanding principal and/or accrued interest that remains unpaid as of the Termination Date shall be deemed to be forever discharged and satisfied in full.

Control of Proceedings. The Consent Parties with respect to a majority in aggregate principal amount of the Series 2020B Subordinate Bonds then outstanding will have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Subordinate Indenture Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Subordinate Indenture, or for the appointment of a receiver, and any other proceedings under the Subordinate Indenture; provided that such direction is in accordance with the provisions of the Subordinate Indenture; and provided further that at its option the Subordinate Indenture Trustee is to be indemnified as provided in the Subordinate Indenture.

Rights and Remedies of Owners. No Owner of any Series 2020B Subordinate Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Subordinate

Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default has occurred of which the Subordinate Indenture Trustee has been notified as provided in the Subordinate Indenture, or of which the Subordinate Indenture Trustee is deemed to have notice, and unless such default has become a Subordinate Indenture Event of Default and the Owners of not less than 25% in aggregate principal amount of Series 2020B Subordinate Bonds then outstanding have made written request to the Subordinate Indenture Trustee and offered reasonable opportunity either to proceed to exercise the powers granted in the Subordinate Indenture or to institute such action, suit or proceedings in their own name, nor unless they have also offered to the Subordinate Indenture Trustee indemnity as provided in the Subordinate Indenture, nor unless the Subordinate Indenture Trustee thereafter fails or refuses to exercise the powers granted in the senior Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are at the option of the Subordinate Indenture Trustee conditions precedent to any action or cause of action for the enforcement of the Subordinate Indenture, or for the appointment of a receiver or for any other remedy thereunder, it being intended that no one or more Owners of Series 2020B Subordinate Bonds is to have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Subordinate Indenture by his, her its, or their action, or to enforce any right thereunder except in the manner provided in the senior Indenture, and that all proceedings at law or in equity are to be instituted, had and maintained in the manner provided in the Subordinate Indenture and for the equal benefit of the Owners of all Series 2020B Subordinate Bonds then outstanding.

Application of Moneys. All moneys received by the Subordinate Indenture Trustee pursuant to any right given or action taken under the provisions of the remedial provisions of the Subordinate Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys' fees and any other professionals hired by the Subordinate Indenture Trustee under the Subordinate Indenture), expenses, liabilities and advances incurred or made by the Subordinate Indenture Trustee, are to be deposited in the appropriate accounts or accounts created under the Subordinate Indenture in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium, if any, and interest on all of the Series 2020B Subordinate Bonds has been paid in full. Whenever all of the Series 2020B Subordinate Bonds and interest thereon have been paid under the remedial provisions of the Subordinate Indenture and all expenses and fees of the Subordinate Indenture Trustee have been paid, any balance remaining in any of the funds held by the Subordinate Indenture Trustee under the Subordinate Indenture are to be paid to the District.

Trustee May Enforce Rights Without Bonds. All rights of action and claims under the Subordinate Indenture or any of the Series 2020B Subordinate Bonds outstanding thereunder may be enforced by the Subordinate Indenture Trustee without the possession of any of the Series 2020B Subordinate Bonds or the production thereof in any trial or proceedings relative thereto. Any suit or proceeding instituted by the Subordinate Indenture Trustee is to be brought in its name as the Subordinate Indenture Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Series 2020B Subordinate Bonds, and any recovery of judgment is to be for the ratable benefit of the Owners of the Series 2020B Subordinate Bonds, subject to the provisions of the Subordinate Indenture.

Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the District, the Subordinate Indenture Trustee, to the extent permitted by law, is to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Subordinate Indenture Trustee and of the Owners of the Series 2020B Subordinate Bonds allowed in such proceedings, without prejudice, however, to the right of any Owner of a Series 2020B Subordinate Bond to file a claim in his own behalf.

**Delay or Omission No Waiver**. No delay or omission of the Subordinate Indenture Trustee or of any Owner of a Series 2020B Subordinate Bond to exercise any right or power accruing upon any default

is to exhaust or impair any such right or power or be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by the Subordinate Indenture may be exercised from time to time and as often as may be deemed expedient.

No Waiver of One Default to Affect Another; Cumulative Remedies. No waiver of any default under the Subordinate Indenture, whether by the Subordinate Indenture Trustee or the Owners of the Series 2020B Subordinate Bonds, is to extend to or affect any subsequent or any other then existing default or impair any rights or remedies consequent thereon. All rights and remedies of the Subordinate Indenture Trustee and the Owners of the Series 2020B Subordinate Bonds provided in the Subordinate Indenture are cumulative, and the exercise of any such right or remedy will not affect or impair the exercise of any other right or remedy.

**Discontinuance of Proceedings on Default**. In case the Subordinate Indenture Trustee has proceeded to enforce any right under the Subordinate Indenture and such proceedings are discontinued or abandoned for any reason, or have been determined adversely to the Subordinate Indenture Trustee, then and in every such case the District and the Subordinate Indenture Trustee are to be restored to their former positions and rights under the Subordinate Indenture with respect to the Subordinate Trust Estate, and all rights, remedies and powers of the Subordinate Indenture Trustee are to continue as if no such proceedings had been taken.

Waivers of Events of Default. The Subordinate Indenture Trustee may in its discretion waive any Subordinate Indenture Event of Default and its consequences, and is required to do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of the Series 2020B Subordinate Bonds then outstanding; provided however, that there may not be waived without the consent of the Consent Parties with respect to 100% of the Series 2020B Subordinate Bonds then outstanding as to which the Subordinate Indenture Event of Default exists any Subordinate Indenture Event of Default under paragraph (a) of "Subordinate Indenture Events of Default" above. In case of any such waiver, or in case any proceedings taken by the Subordinate Indenture Trustee on account of any such default are discontinued or abandoned or determined adversely to the Subordinate Indenture Trustee, then in every such case the District, the Subordinate Indenture Trustee and the Owners of the Series 2020B Subordinate Bonds are to be restored to their former positions and rights under the Subordinate Indenture, respectively, but no such waiver or rescission is to extend to any subsequent or other default, or impair any right consequent thereon.

Notice of Default; Opportunity to Cure Defaults. The Subordinate Indenture Trustee is to give to all the Owners of the Series 2020B Subordinate Bonds notice by mailing to the address shown on the registration books maintained by the Subordinate Indenture Trustee of all Subordinate Indenture Events of Default known to the Subordinate Indenture Trustee (as determined pursuant to the Subordinate Indenture), within 90 days after the occurrence of such Subordinate Indenture Event of Default unless such Subordinate Indenture Event of Default has have been cured before the giving of such notice. The Subordinate Indenture Trustee may withhold such notice if and so long as a committee of its corporate trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners of the Series 2020B Subordinate Bonds.

No default under paragraph (b) of "Subordinate Indenture Events of Default" above will constitute a Subordinate Indenture Event of Default until actual notice of such default by registered or certified mail is given to the District by the Subordinate Indenture Trustee or by the Owners of not less than 25% in aggregate principal amount of all Series 2020B Subordinate Bonds outstanding, the District has had 30 days after receipt of such notice to correct such default or cause such default to be corrected and has not corrected such default or caused such default to be corrected within the applicable period. However, if the default is such that it cannot be corrected within the applicable period, it will not constitute a Subordinate Indenture Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

## **Supplemental Subordinate Indentures**

The District and the Subordinate Indenture Trustee may enter one of more amendments or supplements to the Subordinate Indenture ("Supplemental Subordinate Indentures") for various purposes described hereafter.

**Supplemental Subordinate Indentures Not Requiring Consent.** The District and the Subordinate Indenture Trustee may, without the consent of or notice to the Owners or Consent Parties with respect to the Series 2020B Subordinate Bonds, enter into Supplemental Subordinate Indentures, for any one or more of the following purposes:

- To cure any ambiguity, to cure, correct or supplement any formal defect or omission or inconsistent provision contained in the Subordinate Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Subordinate Indenture or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Series 2020B Subordinate Bonds;
- To subject to the Subordinate Indenture additional revenues, properties or collateral;
- To grant or confer upon the Subordinate Indenture Trustee for the benefit of the Owners of the Series 2020B Subordinate Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon such Owners or the Subordinate Indenture Trustee; and
- To qualify the Subordinate Indenture under the Trust Indenture Act of 1939.

Supplemental Subordinate Indentures Requiring Consent. Except for Supplemental Subordinate Indentures delivered pursuant to "Supplemental Subordinate Indentures Not Requiring Consent" above, the Consent Parties with respect to a majority (or for modifications of provisions of the Subordinate Indenture which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Series 2020B Subordinate Bonds then outstanding have the right, from time to time, to consent to and approve the execution by the District and the Subordinate Indenture Trustee of such Supplemental Subordinate Indentures as are deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Subordinate Indenture; provided, however, that the consent of the Consent Parties with respect to all the outstanding Series 2020B Subordinate Bonds affected thereby is required in order to permit:

- A change in the terms of the maturity of any outstanding Series 2020B Subordinate Bond, in the principal amount of any outstanding Series 2020B Subordinate Bond, in the optional or mandatory redemption provisions applicable thereto or the rate of interest thereon;
- An impairment of the right of the Owners of the Series 2020B Subordinate Bonds to institute suit for the enforcement of any payment of the principal of, premium, if any, or interest on the Series 2020B Subordinate Bonds when due;
- A privilege or priority of any Series 2020B Subordinate Bond or any interest payment over any other Series 2020B Subordinate Bond or interest payment; or
- A reduction in the percentage in principal amount of the outstanding Series 2020B Subordinate Bonds the consent of whose Owners or Consent Parties is required for any such Supplemental Subordinate Indenture.

If the District requests the Subordinate Indenture Trustee to enter into a Supplemental Subordinate Indenture for any of the purposes requiring consent of the Consent Parties, the Subordinate Indenture Trustee, upon being satisfactorily indemnified with respect to fees and expenses, is to cause written notice of the proposed execution of such Supplemental Subordinate indenture to be given to each Owner of a Series 2020B Subordinate Bond at the address shown on the registration books of the Subordinate Indenture Trustee, prior to the proposed date of execution and delivery of any such Supplemental Subordinate Indenture; provided that so long as the Series 2020B Subordinate Bonds are held by DTC or any other Depository (as defined in the Subordinate Indenture), such notice may be given by electronic means in lieu of mailed notice. If the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Series 2020B Subordinate Bonds then outstanding at the time of the execution of any such Supplemental Subordinate Indenture consent to the execution thereof, no Owner of any Series 2020B Subordinate Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Subordinate Indenture Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

Execution of Supplemental Subordinate Indentures. Prior to the execution of any Supplemental Subordinate indenture, the Subordinate Indenture Trustee and the District may require and will be fully protected in relying upon an opinion of nationally recognized municipal bond counsel experienced in matters arising under Section 103 of the Tax Code and acceptable to the Subordinate Indenture Trustee and the District to the effect that: (i) the Supplemental Subordinate Indenture will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2020B Subordinate Bonds; (ii) the District is permitted by the provisions of the Subordinate Indenture to enter into the Supplemental Subordinate Indenture; and (iii) the Supplemental Subordinate Indenture is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by the Subordinate Indenture.

#### The Subordinate Indenture Trustee

Acceptance of Trusts and Duties of Trustee. The Subordinate Indenture Trustee accepts the trusts imposed upon it by the Subordinate Indenture and agrees to perform such trusts, but only upon and subject to the express terms and conditions stated in the Subordinate Indenture, and no implied covenants or obligations are to be read into the Subordinate Indenture against the Subordinate Indenture Trustee. The Subordinate Indenture Trustee, prior to the occurrence of a Subordinate Indenture Event of Default and after the curing or waiver of any Subordinate Indenture Event of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Subordinate Indenture. In case a Subordinate Indenture Event of Default has occurred (which has not been cured or waived) the Subordinate Indenture Trustee is to exercise such of the rights and powers vested in it by the Subordinate Indenture and use the same degree of care and skill in their exercise as a reasonable and prudent trustee would exercise or use under the circumstances in the conduct of the affairs of another.

The Subordinate Indenture Trustee may execute any of the trusts or powers of the Subordinate Indenture and perform any of its duties by or through attorneys, agents, receivers or employees, but will be answerable for the conduct of the same in accordance with the standards specified in the Subordinate Indenture, and will be entitled to act upon the advice or an opinion of counsel concerning all matters of trust and the its duties under the Subordinate Indenture, and may in all cases pay (and be reimbursed as provided in the Subordinate Indenture) such compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts of the Subordinate Indenture. The Subordinate Indenture Trustee is not responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or opinion of such attorneys, agents, receivers or employees chosen with due care.

The Subordinate Indenture Trustee is not responsible for, among other things, for the sufficiency of the security for the Series 2020B Subordinate Bonds, nor is the Subordinate Indenture Trustee is bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the District, except as expressly set forth in the Subordinate Indenture; but the Subordinate Indenture Trustee may require of the District full information and advice as to the performance of such covenants, conditions and agreements. The Subordinate Indenture Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Subordinate Indenture.

The Subordinate Indenture Trustee makes no representations as to the value or condition of the Subordinate Trust Estate or any part thereof, or as to the validity or sufficiency of the Subordinate Indenture or of the Series 2020B Subordinate Bonds. The Subordinate Indenture Trustee is not accountable for the use or application of any Series 2020B Subordinate Bonds or the proceeds thereof (except for funds or investments held by the Subordinate Indenture Trustee) or of any money paid to or upon the order of the District under any provision of the Subordinate Indenture. The Subordinate Indenture Trustee, in its individual or any other capacity, may become the Owner of the Series 2020B Subordinate Bonds with the same rights which it would have if not the Subordinate Indenture Trustee.

The Subordinate Indenture Trustee may rely and will be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons.

The permissive right of the Subordinate Indenture Trustee to do things enumerated in the Subordinate Indenture is not to be construed as a duty, and the Subordinate Indenture Trustee will not be answerable for other than its negligence or willful misconduct, and will not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Subordinate Indenture Trustee with due care.

The Subordinate Indenture Trustee is not required to take notice or be deemed to have notice of any default under the Subordinate Indenture unless the Subordinate Indenture Trustee is specifically notified in writing of such default by the District or by the Owners of at least 25% in aggregate principal amount of the Series 2020B Subordinate Bonds then outstanding. All notices or other instruments required by the Subordinate Indenture to be delivered to the Subordinate Indenture Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Subordinate Indenture Trustee, and in the absence of such notice so delivered, the Subordinate Indenture Trustee may conclusively assume there is no default except as provided above.

All moneys received by the Subordinate Indenture Trustee, until used or applied or invested as provided in the Subordinate Indenture, are to be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Subordinate Indenture or by law.

At any and all reasonable times, the Subordinate Indenture Trustee or its duly authorized agents, attorneys, experts, engineers, accountants and representatives have the right, but are not required, to inspect any and all books, papers and records of the District pertaining to the Series 2020B Subordinate Bonds and the Subordinate Pledged Revenue, and to take such memoranda from and in regard thereto as may be desired.

The Subordinate Indenture Trustee has the right, but is not required, to demand, in respect of the authentication of any Series 2020B Subordinate Bonds, or any action whatsoever within the purview of the Subordinate Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that required by the terms of the Subordinate Indenture, as a condition of such action by the Subordinate Indenture Trustee, as may be deemed desirable for the purpose

of establishing the right of the District to the authentication of any Series 2020B Subordinate Bonds, or the taking of any other action by the Subordinate Indenture Trustee.

All records of the Subordinate Indenture Trustee pertaining to the Series 2020B Subordinate Bonds are to be open during reasonable times for inspection by the District.

The Subordinate Indenture Trustee is not required to advance its own funds, and before taking any action to enforce the terms of the Subordinate Indenture against the District, the Subordinate Indenture Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including attorney's fees, and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

The Subordinate Indenture Trustee is not required to give any bond or surety in respect to the execution of its trusts and powers under the Subordinate Indenture or otherwise with respect to the Series 2020B Subordinate Bonds.

Fees and Expenses of the Subordinate Indenture Trustee. The Subordinate Indenture Trustee will be entitled to payment and reimbursement of its fees and expenses for ordinary services rendered under the Subordinate Indenture (which compensation is not intended by the parties to be limited by any provision of law in regard to the compensation of a trustee of an express trust) as and when the same become due, and all advances, agent and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Subordinate Indenture Trustee in connection with such ordinary services. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services. In the event that it should become necessary for the Subordinate Indenture Trustee to perform extraordinary services, the Subordinate Indenture Trustee will be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Subordinate Indenture Trustee, it will not be entitled to compensation or reimbursement therefor.

Resignation or Replacement of Trustee. The Subordinate Indenture Trustee may resign, subject to the appointment of a successor, by giving 30 days' notice of such resignation to the District and to all Owners of the Series 2020B Subordinate Bonds specifying the date when such resignation will take effect. Such resignation will take effect on the date specified in such notice unless a successor has been previously appointed, in which event such resignation will take effect immediately on the appointment of such successor. The Subordinate Indenture Trustee may petition the courts to appoint a successor in the event no such successor has been previously appointed. The Subordinate Indenture Trustee may be removed at any time by an instrument in writing, executed by Consent Parties with respect to a majority of the Series 2020B Subordinate Bonds then outstanding. Any removal or resignation of the Subordinate Indenture Trustee and appointment of a successor Subordinate Indenture Trustee will become effective only upon acceptance of appointment by the successor Subordinate Indenture Trustee.

In case the Subordinate Indenture Trustee resigns or is removed or otherwise becomes incapable of acting, a successor may be appointed by the District so long as it is not in default under the Subordinate Indenture; and otherwise by the Consent Parties with respect to a majority in aggregate principal amount of the Subordinate Indenture Bonds then outstanding by an instrument or concurrent instruments signed by such Consent Parties or their attorneys-in-fact; provided however, that even if the District is in default under the Subordinate Indenture, it may appoint a successor until a new successor is appointed by the District or the Consent Parties as authorized by the Subordinate Indenture. The District, upon making such appointment, is to give notice thereof to the Owners of the Series 2020B Subordinate Bonds by mailing to

the address shown on the registration books maintained by the Subordinate Indenture Trustee, which notice may be given concurrently with the notice of resignation given by any resigning Subordinate Indenture Trustee. Any successor so appointed by the District is to immediately and without further act be superseded by a successor appointed by the District or the Consent Parties, as applicable.

Every successor Subordinate Indenture Trustee is to always be a commercial bank or trust company in good standing, qualified to act under the Subordinate Indenture and having a capital and surplus of not less than \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Conversion, Consolidation or Merger of the Subordinate Indenture Trustee. Any bank or trust company or other person into which the Subordinate Indenture Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, will be the successor of the Subordinate Indenture Trustee under the Subordinate Indenture with the same rights, powers, duties and obligations, and subject to the same restrictions, limitations and liabilities, as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates and other instruments provided for in the Subordinate Indenture may be accepted by the Subordinate Indenture Trustee as conclusive evidence of the facts and conclusions stated therein, and the Subordinate Indenture Trustee will not be required to make any independent investigation in connection therewith. Such resolutions, opinions, certificates and other instruments will be full warrant, protection and authority to the Subordinate Indenture Trustee for the release of property and the withdrawal of cash under the Subordinate Indenture. Except as otherwise provided in the Subordinate Indenture, the Subordinate Indenture Trustee has no responsibility to seek the approval of any expert for any of the purposes expressed in the Subordinate Indenture; provided, however, that such provision alters the Subordinate Indenture Trustee's obligations or immunities provided by statutory, constitutional or common law with respect to the approval of independent experts who may furnish opinions, certificates or opinions of counsel to the Subordinate Indenture Trustee pursuant to any provisions of the Subordinate Indenture.

### **Holidays**

If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in the Subordinate Indenture is a legal holiday or a day on which banking institutions in the city in which the principal office of the Subordinate Indenture Trustee are located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized or required by law to remain closed with the same force and effect as if done on the nominal date provided in the Subordinate Indenture.

## **No Recourse Against Officers and Agents**

Pursuant to Section 11-57-209 of the Supplemental Public Securities Ac, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer or agent for payment of the principal, interest or prior redemption premiums on the Series 2020B Subordinate Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty or otherwise. By the acceptance of the Series 2020B Subordinate Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Series 2020B Subordinate Bond specifically waives any such recourse.

## **Conclusive Recital in the Series 2020B Subordinate Bonds**

Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, the Series 2020B Subordinate Bonds will contain a recital that they are issued pursuant to certain provisions of the Supplemental Public Securities Act. Such recital will be conclusive evidence of the validity and the regularity of the issuance of the Series 2020B Subordinate Bonds after their delivery for value.

## **Limitation of Actions**

Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Series 2020B Subordinate Bonds may be commenced more than 30 days after the authorization of the Series 2020B Subordinate Bonds.

\* \* \*

#### APPENDIX F

### DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning The Depository Trust Company, New York, New York, and its book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities subject to the DTC book-entry system and certain related matters, but the District takes no responsibility for the accuracy or completeness of such information. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the District, the Senior Indenture Trustee, the Subordinate Indenture Trustee or the Underwriter has any responsibility or obligation to any Beneficial Owner of the Bonds with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Bonds under the applicable Indenture, (3) the payment by DTC or any DTC Participant of any amount received under the applicable Indenture with respect to the Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Bonds or (5) any other related matter.

DTC will act as securities depository for the Bonds. The Bonds will be issued in fully registered form and registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each series and maturity of the Bonds, in the aggregate principal amount due on the maturity date, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com. The District undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of such material contained on such website as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned website.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished

by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to the Indentures. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the applicable Trustee and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the applicable Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the applicable Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Bonds to Cede & Co. (or to such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the applicable Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Senior Indenture Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository) with respect to the Bonds. In such event, Bond certificates will be printed and delivered to DTC.

### APPENDIX G

## FORM OF CONTINUING DISCLOSURE AGREEMENT

## WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 (in the Town of Frederick) Weld County, Colorado

\$20,070,000 SENIOR GENERAL OBLIGATION LIMITED TAX BONDS SERIES 2020A \$9,600,000 SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS SERIES 2020B

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") is entered into as of May 1, 2020, by and between WYNDHAM HILL METROPOLITAN DISTRICT NO. 2, in the Town of Frederick, Weld County, Colorado, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), and UMB BANK, N.A., having corporate trust offices in Denver, Colorado, as trustee (the "Trustee"), under the Indentures (defined below) relating to the above captioned bonds (collectively, the "Bonds").

- **Section 1. Purpose**. This Agreement is being executed and delivered by the parties hereto for the benefit of the holders of the Bonds and in consideration for the purchase by Wells Fargo Securities, LLC, Denver, Colorado (the "Underwriter"), of the Bonds pursuant to the terms of a Bond Purchase Agreement between the Underwriter and the District dated as of April 23, 2020.
- **Section 2. Definitions**. Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings set forth in the Indentures (defined below) and the Official Statement (defined below). The capitalized terms set forth below shall have the following respective meanings for purposes of this Agreement:
- "Audited Financial Statements" means the District's most recent annual financial statements, prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"), which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Colorado.
  - "Beneficial Owner" means any person for which a Participant acquires an interest in the Bonds.
- "Business Day" means (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which trust operations of the Trustee are located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.
- "Certificate of Occupancy" means the final certificate of occupancy issued by Weld County, Colorado, allowing complete occupancy and use of the structure for its intended purposes.
  - "Debt to Assessed Ratio" has the meaning set forth in the Official Statement.
- "Debt to AV Test" means that the Debt to Assessed Ratio is 50% or less. After such debt to assessed value ratio has been reached, the Debt to AV Test shall be deemed satisfied regardless of a subsequent decrease in the assessed valuation of the District.
- "Development" means the approximately 542 acre master-planned community being developed by Frederick Development Company, Inc. (the "Developer") known as "Wyndham Hill," which is planned to

include 1,960 residential dwelling units with a projected total buildout of 1,960 units, 1,416 of which are single family detached, 481 multi-family units, and 63 are townhomes.

"Financial Obligation" a "financial obligation" within the meaning of Rule15c2-12.

"Indentures" means, collectively, the Senior Indenture and the Subordinate Indenture.

"Official Statement" means the Official Statement prepared in connection with the offer and sale of the Bonds dated April 23, 2020.

"MSRB" means the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Participant" means any broker-dealer, bank, or other financial institution from time to time for which DTC (as defined in the Indenture) or another Depository (as defined in the Indentures) holds the Bonds.

"Report" means the annual report provided by the District to the Trustee in the form attached hereto as Appendix A, and as further described in this Agreement.

"Rule 15c2-12" shall mean Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Series 2020A Senior Bonds" means the District's Senior General Obligation Limited Tax Bonds, Series 2020A, in the aggregate principal amount of \$20,070,000, issued pursuant to the Senior Indenture.

"Series 2020B Subordinate Bonds" means the District's Subordinate General Obligation Limited Tax Bonds, Series 2020B, in the aggregate principal amount of \$9,600,000, issued pursuant to the Subordinate Indenture.

"Senior Indenture" means that certain Indenture of Trust between the District and UMB Bank, n.a., in its role as trustee thereunder, dated as of May 1, 2020, pursuant to which the Series 2020A Senior Bonds are issued, including any supplements or amendments thereto adopted in accordance therewith.

"Subordinate Indenture" means that certain Indenture of Trust between the District and UMB Bank, n.a., in its role as trustee thereunder, dated as of May 1, 2020, pursuant to which the Series 2020B Subordinate Bonds are issued, including any supplements or amendments thereto adopted in accordance therewith.

## **Section 3. Requirement for Annual Reports.**

- (a) **Provision of Information to Trustee**. The District hereby undertakes and agrees to provide annually to the Trustee, certain information as set forth in the Report attached hereto as Appendix A.
  - (i) *Timing of Reports*. The District shall provide to the Trustee, each annual Report within 180 days of each Fiscal Year End.
    - (ii) Contents of Reports. For each Report:

- (A) The Trustee shall provide the information required by Section 1 of each Report to the District not later than 10 days prior to the due date of such Report. Any or all of the items required to be updated in such Report may be incorporated by reference from other documents, including official statements of debt issues which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The District shall clearly identify each such document incorporated by reference;
  - (B) The District shall complete Sections 1 and 2 of each Report; and
- (C) The District shall attach to each Report, the Audited Annual Financial Statements of the District (or unaudited as set forth in the Report) and the annual budget of the District as set forth in Section 3 of such Report.
- (iii) Termination of Obligation to Provide Certain Other Information. Commencing with the Report prepared for the Fiscal Year immediately following the Fiscal Year in which the Debt to AV Test has been satisfied, the obligation to provide the information in Sections 1 of each Report shall terminate, after which time the District shall remain obligated to provide (A) Notices of Material Events pursuant to Section 3 of this Agreement; and (B) the information required under Section 2 of each Report (entitled "Additional District Information to be Updated").
- (b) **Provision of Reports to the MSRB**. Within 10 days after receipt of each Report from the District, the Trustee shall provide such Report to the MSRB in an electronic format as prescribed by the MSRB. Each Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as described in Section 3(a)(ii)(B) above.

If the District fails to provide to the Trustee a Report by the date required pursuant to Section 3(a) above, and such failure results in the Trustee's inability to provide a Report to the MSRB by the date required, the Trustee shall file or cause to be filed with the MSRB a notice in substantially the form attached as Appendix B hereto. If the Trustee files or causes to be filed with the MSRB a notice in substantially the form attached as Appendix B hereto, the Trustee shall submit a copy of such filing to the District at:

Wyndham Hill Metropolitan District No. 2 c/o White Bear Ankele Tanaka & Waldron, P.C. 2154 E. Commons Avenue, Suite 2000 Centennial, Colorado 80122 Email: sallen@wbapc.com

Telephone: 303.858.1800

In addition to the foregoing, the Trustee shall, prior to the date of each filing of a Report, determine the appropriate electronic format prescribed by the MSRB. After the Trustee files a Report or the notice described in the preceding paragraph with the MSRB, the Trustee shall upon request send a report to the District stating the date that such Report or notice was filed and listing all the entities to which it was provided.

(c) *Means of Transmitting Information*. Subject to technical and economic feasibility, the District shall employ such methods of information transmission as the Trustee shall reasonably request. All documents provided to the MSRB pursuant to this Agreement shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable; provided that diagrams, images and other non-textual elements are not required to be word-searchable.

**Section 4. Notice of Material Events.** Whenever the District obtains actual knowledge of the occurrence of any of the following events, the District shall cause the Trustee to provide, within ten (10) Business Days, a notice of such event to the MSRB:

- (1) Principal and interest payment delinquencies with respect to the Bonds;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2020 Bonds, or other material events affecting the tax status of the Bonds;
  - (7) Modifications to rights of bondholders, if material;
  - (8) Bond calls, if material, and tender offers;
  - (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the 2020 Bonds, if material;
  - (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;<sup>1</sup>
- (13) The consummation of a merger, consolidation, or acquisition, acquisition involving an obligated person or the sale of all or substantially all of the assets of the

order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

<sup>1</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of Rule 15c2-12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an

obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever the Trustee obtains actual knowledge of the occurrence of any of the aforementioned events, the Trustee shall promptly notify the District of such event. For purposes of this paragraph, "actual knowledge" of the Trustee means actual knowledge by an officer of the Trustee having responsibility for matters regarding the Indentures or the Bonds.

- **Section 5. Termination**. The obligations of the District and the Trustee as to the provision of Reports hereunder shall terminate at such time as none of the Bonds are Outstanding under each of the Indentures, respectively.
- Section 6. Liability for Content of Information Provided. So long as the parties to this Agreement act in good faith, such entities shall not be liable for any errors, omissions or misstatements in the information provided pursuant to this Agreement. Without limiting the foregoing, the District makes no representation as to the accuracy of any information provided to it by third parties with respect to information in Section 1of each Report.
- **Section 7. Amendment**. Notwithstanding any other provision of this Agreement, this Agreement may only be amended with the consent of the majority of the Owners of the Bonds then Outstanding, and any such amendments shall comply with Rule 15c2-12.
- **Section 8. Failure to Perform**. Any failure by the District to perform in accordance with this Agreement shall not constitute an Event of Default under either of the Indentures, and the rights and remedies provided by the Indentures upon the occurrence of an Event of Default shall not apply to any such failure. If the District fails to comply with this Agreement, any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations hereunder.
- **Section 9. Severability.** If any section, paragraph, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Agreement, the intent being that the same are severable.
- **Section 10. Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

**Section 11. Compensation**. As compensation for its services under this Agreement, the Trustee shall be compensated or reimbursed by the District for its reasonable fees and expenses in performing the services specified under this Agreement.

**Section 12. Beneficiaries**. This Agreement shall inure solely to the benefit of the District, the Trustee, the Underwriter and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Trustee. The Trustee shall have only such duties as are specifically set forth in this Agreement, and the District agrees, to the extent permitted by law, to indemnify and save the Trustee, its offers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim or liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The Trustee may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the District. The Trustee shall not be responsible in any manner for the content of any notice or Report prepared by the District pursuant to this Agreement. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

**Section 14. Electronic Transactions**. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 15. Assignment**. The covenants and conditions herein contained apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

[Execution page follows]

IN WITNESS WHEREOF, the parties have caused this Continuing Disclosure Agreement to be executed in their respective names, all as of the date first above written.

# 

WYNDHAM HILL METROPOLITAN

[Signature Page to Continuing Disclosure Agreement]

## APPENDIX A

## FORM OF REPORT

# WYNDHAM HILL METROPOLITAN DISTRICT NO. 2 (in the Town of Frederick) Weld County, Colorado

\$20,070,000 Senior General Obligation Limited Tax Bonds Series 2020A \$9,600,000 SUBORDINATE GENERAL OBLIGATION LIMITED TAX BONDS SERIES 2020B

Date of Report:		, 20		
meanings assigned in the by and between WYNI Weld County, Colorado (the "District"); and UM "Trustee"), under the In	e Contino Cham I o, a quas IB BAN I denture rwise st	used and not otherwise defined in this report shall have the respective ruing Disclosure Agreement ("Agreement") entered into as of May 1, 2020, HILL METROPOLITAN DISTRICT NO. 2, in the Town of Frederick, i-municipal corporation and political subdivision of the State of Colorado K, N.A., having corporate trust offices in Denver, Colorado, as trustee (the s (defined below) relating to the above captioned bonds (collectively, the ated, all information contained herein is the most current information rt specified above.		
Section 1. Fur Trustee; to be updated f		<b>nces</b> . [District to complete, based upon information received from the Report.]		
(a) Bonds is as set		ount on deposit in each of the following funds for the Series 2020A Senior ow:		
	(ii)	amount on deposit in the Senior Bond Fund is \$; and		
	(ii)	amount on deposit in the Senior Reserve Fund is \$		
(b) The amount on deposit in each of the following funds for the Se Subordinate Bonds is as set forth below:		nount on deposit in each of the following funds for the Series 2020B set forth below:		
(i) amount on deposit in the Subordinate Bond Fund is \$		amount on deposit in the Subordinate Bond Fund is \$		
Section 2. Add	Section 2. Additional District Information to be Updated. [District to complete]			
(a) The District shall update the following tables included in the Official Statemer (to be provided annually with the Report):				
	(i) History of District Assessed Valuation and Statutory "Actual Valuation, for the most recent assessment year, a statement of the as valuation and statutory "actual" value by class of property; and			
	(ii)	History of District Mill Levies and Property Tax Collections.		
(b)	The fol	lowing information shall be attached to the Report:		

- (i) Audited Annual Financial Statements of the District for the previous year (20\_\_) (to be provided annually with the Report due within 180 days after the end of each Fiscal Year) If Audited Financial Statements are not available at the time of submission of the annual Report, the annual Report shall contain the unaudited financial statements with respect to the District; and
- (ii) Annual budget of the District for the current year (20\_\_) (to be provided annually with the Report due within 180 days after the end of each Fiscal Year).

The information contained in this Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The information contained in this Report is neither intended nor shall be construed as a document updating the Official Statement for the Bonds, and is neither intended to, nor shall it be, used by the owners or beneficial owners of the Bonds for the purpose of making a subsequent investment decision with respect to the Bonds.

Receipt of this Report by any person or entity shall create no obligation or liability of the District or the Trustee.

The undersigned hereby certifies that they he/she is an authorized representative of the District, and further certifies on behalf of the District that the information contained in the foregoing Report is, to the actual knowledge of the undersigned, true, accurate and complete.

WYNDHAM HILL METROPOLITAN
DISTRICT NO. 2, in the Town of Frederick, Weld
County, Colorado

By			
•	Treasurer		

## APPENDIX B

## NOTICE OF FAILURE TO FILE REPORT

Name of Obligated Person:	Wyndham Hill Metropolitan District No. 2, in the Town of Frederick, Weld County, Colorado (the "District")		
Name of Bond Issue(s):	\$20,070,000 Senior General Obligation Limited Tax Bonds, Series 2020A (the "Series 2020A Senior Bonds")		
	\$9,600,000 Subordinate General Obligation Limited Tax Bonds, Series 2020B (the "Series 2020B Subordinate Bonds")		
CUSIP(S):	98310U AA0 – 98310U AX0		
<b>Date of Issuance:</b> May 5, 2020			
described <i>(check either or bo)</i> Bonds as required by the Conti the District and the Trustee re	GIVEN that the District has not provided a Report with respect to the above <i>th as appropriate)</i> Series 2020A Senior Bonds Series 2020B Subordinate nuing Disclosure Agreement dated May 1, 2020, entered into by and between lating to the Series 2020A Senior Bonds and the Series 2020B Subordinate is that the Report will be filed by <i>(insert date)</i> , 20		
Dated:, 20			
	UMB BANK, N.A., as Trustee		
	ByAuthorized Officer		
	Audiorized Officer		

### APPENDIX H

## FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020A SENIOR BONDS

[Issue Date]

Wyndham Hill Metropolitan District No. 2 Town of Frederick Weld County, Colorado

\$20,070,000

Wyndham Hill Metropolitan District No. 2

(in the Town of Frederick)

Weld County, Colorado

Senior General Obligation Limited Tax Bonds, Series 2020A

### Ladies and Gentlemen:

We have acted as bond counsel to Wyndham Hill Metropolitan District No. 2, in the Town of Frederick, Weld County, Colorado (the "District"), in connection with its issuance of \$20,070,000 Senior General Obligation Limited Tax Bonds, Series 2020A (the "Bonds"). In such capacity, we have examined the District's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

The Bonds are issued and secured pursuant to an authorizing resolution of the Board of Directors of the District adopted on March 30, 2020 (the "Bond Resolution"), and pursuant to that certain Indenture of Trust dated as of May 1, 2020 (the "Indenture"), between the District and UMB Bank, n.a., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the District's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

- 1. The Bonds are valid and binding limited tax general obligations of the District, payable solely from the Pledged Revenue and from funds and accounts pledged therefor under the Indenture.
- 2. All of the taxable property of the District is subject to the levy of an ad valorem tax, in the amount of the Required Mill Levy, for the purpose of paying the Bonds.
- 3. Assuming due authorization, execution, and delivery by the Trustee, the Indenture constitutes a valid and binding obligation of the District.
- 4. The Indenture creates a valid lien on the Pledged Revenue and on the funds and accounts pledged therein for the security of the Bonds, subject to the provisions, conditions, and limitations contained in the Indenture. We express no opinion regarding the priority of the lien on the Pledged Revenue or on the funds and accounts created by the Indenture.

5. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the Bonds is excluded from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District incurred pursuant to the Bonds, the Bond Resolution, and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Except as specifically stated above regarding the Required Mill Levy, no opinion is rendered herein regarding the validity or enforceability of any fees, charges, or other revenue sources which comprise a portion of the Pledged Revenue.

We understand that Build America Mutual Assurance Company has issued a municipal bond insurance policy and a municipal bond debt service reserve insurance policy relating to the Bonds. We express no opinion as to the validity or enforceability of such policies or the security afforded thereby.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds.

Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds should consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

\* \* \*

### APPENDIX I

## FORM OF BOND COUNSEL OPINION FOR THE SERIES 2020B SUBORDINATE BONDS

[Issue Date]

Wyndham Hill Metropolitan District No. 2 Town of Frederick Weld County, Colorado

\$9,600,000

Wyndham Hill Metropolitan District No. 2

(in the Town of Frederick)

Weld County, Colorado

Subordinate General Obligation Limited Tax Bonds, Series 2020B

### Ladies and Gentlemen:

We have acted as bond counsel to Wyndham Hill Metropolitan District No. 2, in the Town of Frederick, Weld County, Colorado (the "District"), in connection with its issuance of \$9,600,000 Subordinate General Obligation Limited Tax Bonds, Series 2020B (the "Bonds"). In such capacity, we have examined the District's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

The Bonds are issued and secured pursuant to an authorizing resolution of the Board of Directors of the District adopted on March 30, 2020 (the "Bond Resolution"), and pursuant to that certain Indenture of Trust dated as of May 1, 2020 (the "Indenture"), between the District and UMB Bank, n.a., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the District's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

- 1. The Bonds are valid and binding limited tax general obligations of the District, payable solely from the Subordinate Pledged Revenue and from funds and accounts pledged therefor under the Indenture.
- 2. All of the taxable property of the District is subject to the levy of an ad valorem tax, in the amount of the Subordinate Required Mill Levy, for the purpose of paying the Bonds.
- 3. Assuming due authorization, execution and delivery by the Trustee, the Indenture constitutes a valid and binding obligation of the District.
- 4. The Indenture creates a valid lien on the Subordinate Pledged Revenue and on the funds and accounts pledged therein for the security of the Bonds, subject to the provisions, conditions and

limitations contained in the Indenture. We express no opinion regarding the priority of the lien on the Pledged Revenue or on the funds and accounts created by the Indenture.

5. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the Bonds is excluded from federal alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District incurred pursuant to the Bonds, the Bond Resolution, and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Except as specifically stated above regarding the Subordinate Required Mill Levy, no opinion is rendered herein regarding the validity or enforceability of any fees, charges, or other revenue sources which comprise a portion of the Subordinate Pledged Revenue.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds.

Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds should consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

\* \* \*

### **APPENDIX J**

#### FORM OF INVESTOR LETTER

Wyndham Hill Metropolitan District No. 2 c/o White Bear Ankele Tanka & Waldron, P.C. 2154 E. Commons Avenue, Suite 2000 Centennial, Colorado 80122

UMB Bank, n.a. 1670 Broadway Denver, Colorado 80202

Re: Wyndham Hill Metropolitan District No. 2 Subordinate Limited Tax General Obligation Bonds, Series 2020B

### Ladies and Gentlemen:

The undersigned (the "Purchaser"), being an initial purchaser of the above-referenced bonds (the "Bonds"), does hereby certify, represent and warrant for the benefit of Wyndham Hill Metropolitan District No. 2 (the "District") and UMB Bank, n.a., as trustee (the "Trustee"), that:

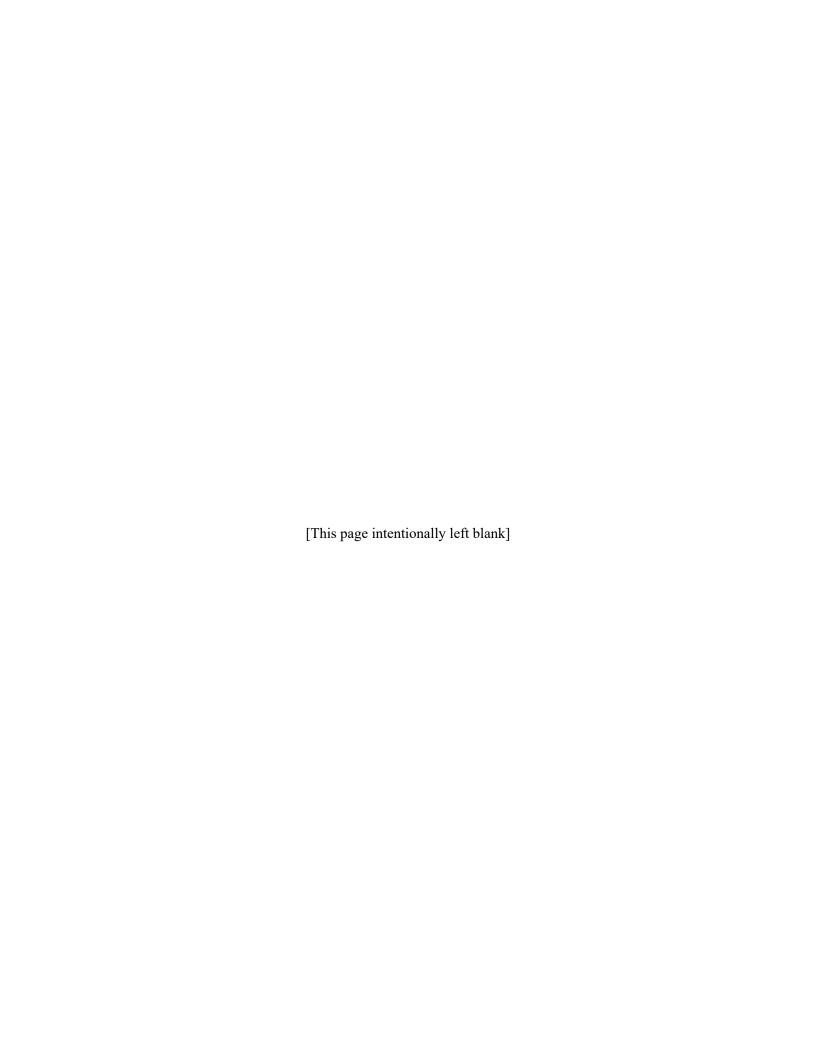
- (a) The Purchaser is a financial institution or institutional investor as described in §32-1-1101 (6)(a)(IV), C.R.S.
- (b) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations and is capable of evaluating the merits and risks of its investment in the Bonds and, based on such knowledge and experience, the Preliminary Official Statement relating to the Bonds dated April 17, 2020 (the "POS"), and the Purchaser's own internal due diligence in reliance on the POS, has evaluated such risks and merits to its satisfaction. The Purchaser is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.
- (c) The Purchaser is acquiring the Bonds solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds. The Purchaser may sell the Bonds at any time, at Purchaser's sole discretion, subject to and in accordance with the terms and conditions of the Bonds, including but not limited to the transfer restrictions described in this letter. The Purchaser understands that the Bonds will be issued in minimum denominations of \$500,000 and integral multiples of \$1,000 in excess thereof.
- (d) The Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended (the "Act") or under any state securities laws. Without limiting the Trustee's or the Underwriter's respective obligations to comply with any applicable state and federal securities laws then in effect with respect to the sale or disposition of the Bonds, the Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.
- (e) Based on the Purchaser's knowledge and experience, the information set forth in the POS, and the Purchaser's own internal due diligence in reliance on the POS, the Purchaser is familiar with the conditions, financial and otherwise, of the District. Further, the Purchaser understands that the Bonds involve a degree of risk. The Purchaser has received and read the POS in connection with and relating to

the Bonds. The Purchaser understands it will receive the final Official Statement at or prior to the time of closing of the Bonds. The Purchaser has reviewed the documents to be executed in conjunction with the issuance of the Bonds, including, without limitation, the Indentures.

- (f) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.
- (g) In entering into this transaction, the Purchaser has relied upon the legal opinion issued by bond counsel, Kline Alvarado Veio, P.C. ("Bond Counsel") with respect to the Bonds. The Purchaser acknowledges that neither the District nor the Underwriter (Wells Fargo Securities, LLC) is issuing any legal opinion with respect to the Bonds. Based on the Purchaser's knowledge and experience, the information set forth in the POS, and the Purchaser's own internal due diligence in reliance on the POS, in entering into this transaction, the Purchaser has made its own analysis with respect to the Bonds, the security, and other material factors affecting the security and payment of the Bonds.
- (h) The Purchaser understands that the Bonds are secured by a pledge of moneys received or to be received from ad valorem property taxation by the District and other sources of revenue described in the POS; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the District, the Town of Frederick, the State of Colorado, or any political subdivision thereof; and that the liability of the District with respect to the Bonds is subject to further limitations as set forth in the Bonds, the Preliminary Official Statement and the Indentures.
- (i) The Purchaser acknowledges that the Bonds may not be transferred by the registered owner thereof to any person other than to a financial institution or an institutional investor as described in §32-1-1101 (6)(a)(IV), C.R.S.
- (j) Neither the Trustee nor the District, nor any of their respective members, governing bodies, or employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from third parties or their agents regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the District to the Purchaser with respect to the Bonds except as set forth in the Official Statement. The Purchaser has sought such accounting, legal and tax advice as it considers necessary to make an informed investment decision. The Purchaser acknowledges that, as between the Purchaser and the District and the Trustee, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds. Notwithstanding anything to the contrary contained herein, (i) the Purchaser may rely on the final opinions furnished by Bond Counsel as set forth as Appendix H to the Official Statement, and (ii) the Purchaser is not waiving any rights it may have against the Underwriter under applicable anti-fraud provisions of the U.S. or any state securities laws.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indentures, each dated as of May 1, 2020 between the District and the Trustee.

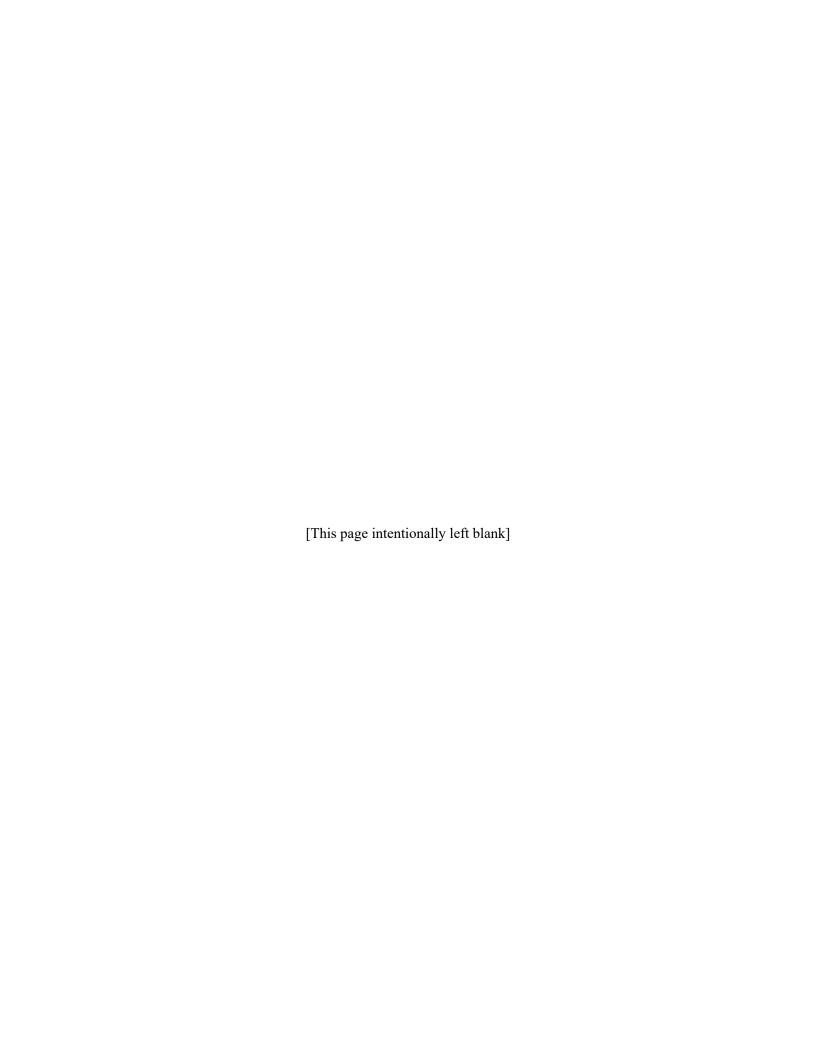
		[Insert Purchaser Name] ("PURCHASER")
		Ву:
		Printed Name:
		Title:
Wells Fargo Securities, LLC ("Und Kline Alvarado Veio, P.C. ("Bond of		
		SUMMARY OF INVESTMENT
		Principal Amount: \$
		CUSIP Number:



## APPENDIX K

## SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[Attached]





## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]	Policy No:
MEMBER: [NAME OF MEMBER]	
BONDS: \$ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]	Effective Date:
	Risk Premium: \$
	Member Surplus Contribution: \$
	Total Insurance Payment: \$

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receive payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment, "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERIC	AMUTUAL	L ASSURANCE COMPAN	4 :
By:			
	Authorized	d Officer	

## Notices (Unless Otherwise Specified by BAM)

Email: <u>claims@buildamerica.com</u>

Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

