

In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants described in the Indentures, interest on the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds is excludable 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 2020A-2 Senior Bonds and the 2020B Subordinate Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. See "TAX MATTERS."

**SOUTHSHORE METROPOLITAN DISTRICT NO. 2
IN THE CITY OF AURORA
ARAPAHOE COUNTY, COLORADO**

\$12,780,000
General Obligation Limited Tax
(Convertible to Unlimited Tax)
Improvement Bonds
Series 2020A-2

\$19,175,000
Subordinate
Limited Tax General Obligation
Refunding And Improvement Bonds
Series 2020B

Dated: Date of Delivery

Due: December 1, 2046 (2020A-2 Senior Bonds)
December 15, 2041 (2020B Subordinate Bonds)

The 2020A-2 Senior Bonds are limited tax (convertible to unlimited tax) general obligations of the District (the "2020A-2 Senior Bonds"). The District is also issuing its Taxable General Obligation Limited Tax (Convertible to Unlimited Tax) Refunding Bonds, Series 2020A-1 (the "2020A-1 Senior Bonds") concurrently with the issuance of the 2020A-2 Senior Bonds; however, on the day of sale of the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds, the 2020A-1 Senior Bonds were directly placed with the 2020A-1 Bond Purchaser and were not sold under the Preliminary Official Statement. The 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds (collectively, the "2020A Senior Bonds") are secured by and payable from the Senior Pledged Revenue on a parity lien basis, and are issued under the same Indenture of Trust (Senior) (the "Senior Indenture"); accordingly, this final Official Statement contains certain references and information pertaining to the 2020A-1 Senior Bonds.

The 2020A Senior Bonds are secured by and payable from the following sources, net of costs of collection (collectively, the "Senior Pledged Revenue"): (a) the Senior Required Mill Levy, (b) the System Development Fee, and (c) any other legally available moneys which the Board of Directors of the District determines, in its absolute discretion, to pledge to the Senior Bond Fund. The 2020A Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which is to be fully funded in the amount of the Senior Reserve Fund Requirement upon issuance of the 2020A Senior Bonds from the deposit of the Reserve Policy.

The 2020B Subordinate Bonds are subordinate limited tax general obligations of the District. The 2020B Subordinate Bonds are secured by and payable from and to the extent of the following, net of any costs of collection (collectively, the "Subordinate Pledged Revenue"): (a) the Subordinate Required Mill Levy, (b) the Subordinate System Development Fee Revenue, and (c) any other legally available moneys which the Board of Directors of the District determines, in its absolute discretion, to pledge to the Subordinate Bond Fund. The 2020B Subordinate Bonds are also secured by amounts on deposit in the Subordinate Reserve Fund, which is to be fully funded in the amount of the Subordinate Reserve Fund Requirement upon issuance of the 2020B Subordinate Bonds from the proceeds thereof and amounts, if any, accumulated in the Subordinate Bonds Surplus Fund from excess Subordinate Pledged Revenue. **Notwithstanding anything in the Subordinate Indenture (defined below) to the contrary, all of the 2020B Subordinate Bonds and interest thereon are to be deemed paid, satisfied, and discharged on December 15, 2046 (the "2020B Subordinate Bond Termination Date"), regardless of the amount of principal and interest paid prior to such date.**

Capitalized terms used on the cover page of this Official Statement are defined in the Introduction and APPENDIX B hereto.

The 2020A Senior Bonds and the 2020B Subordinate Bonds are being issued in denominations of \$5,000 or any integral multiple thereof as fully registered bonds. Interest on the 2020A Senior Bonds is payable semiannually on June 1 and December 1 each year, commencing June 1, 2020. Interest on the 2020B Subordinate Bonds is payable annually on December 15 each year, commencing December 15, 2020.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES
AND CUSIPS ARE SHOWN ON INSIDE COVER**

The scheduled payment of principal and interest on the 2020A Senior Bonds when due and the scheduled payment of principal and interest on the 2020B Subordinate Bonds when due will be guaranteed under two separate municipal bond insurance policies (collectively, the "Insurance Policy"), to be issued concurrently with the delivery of such bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



The 2020A Senior Bonds are being issued pursuant to the Senior Indenture and the 2020B Subordinate Bonds are being issued pursuant to an Indenture of Trust (Subordinate) (the "Subordinate Indenture"), each to be dated as of April 8, 2020 and each between the District and UMB Bank, n.a., Denver, Colorado, as trustee. The Trustee will also act as Registrar and Paying Agent for the 2020A Senior Bonds and the 2020B Subordinate Bonds. DTC will act as securities depository for the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds (collectively, the "Bonds"). The Bonds will be issued in book-entry-only form, and purchasers of the Bonds will not receive certificates evidencing their ownership interests in the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity at the prices and upon the terms set forth in this Official Statement.

Proceeds from the sale of the 2020A-1 Senior Bonds will be used for the purposes of: (a) refunding all of the District's 2015 Bonds and 2017 Subordinate Bonds and paying the costs associated therewith, (b) acquiring a Reserve Policy to fund the Senior Reserve Fund, and (c) paying the costs of issuance of the 2020A-1 Senior Bonds, including the premium for the Insurance Policy. Proceeds from the sale of the 2020A-2 Senior Bonds will be used for the purposes of: (a) funding a portion of the costs of acquiring, constructing and equipping projects approved at the District's 2018 Election (the "Improvement Project"), (b) acquiring a Reserve Policy to fund the Senior Reserve Fund, and (c) paying the costs of issuance of the 2020A-2 Senior Bonds, including the premium for the Insurance Policy. Proceeds from the sale of the 2020B Subordinate Bonds will be used for the purposes of: (a) refunding all of the District's 2007 Bonds and paying the costs associated therewith, (b) funding a portion of the Improvement Project, (c) providing capitalized interest for the payment of a portion of the interest to accrue on the 2020B Subordinate Bonds, (d) funding the Subordinate Reserve Fund, and (e) paying the costs of issuance of the 2020B Subordinate Bonds, including the premium for the Insurance Policy.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Purchasers of the Bonds must read the entire Official Statement to obtain information essential to the making of an informed investment decision and should give particular attention to the section entitled "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as, and if issued by the District, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality by Butler Snow LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Certain matters will be passed upon by Collins Cockrel & Cole, P.C., Denver, Colorado, as General Counsel to the District. Piper Sandler & Co. has acted as Municipal Advisor to the District in connection with the Bonds. Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter and, in such capacity, has assisted in the preparation of this Official Statement. The Bonds are expected to be available for delivery through the facilities of DTC on or about April 8, 2020.



D | A | DAVIDSON
D.A. Davidson & Co. member SIPC

This Official Statement is dated April 1, 2020.

**SOUTHSHORE METROPOLITAN DISTRICT NO. 2
MATURITY SCHEDULES**

| | | | | |
|---------------------|---------------|--|---------------------------------|--|
| \$12,780,000 | 4.000% | Term 2020A-2 Senior Bond due December 1, 2046 | Yield 4.150% | CUSIP® 84467PAE4^{1, ©} |
| \$ 500,000 | 3.125% | Term 2020B Subordinate Bond due December 15, 2030 | Yield 3.400% | CUSIP® 84467PAF1^{1, ©} |
| \$ 3,495,000 | 4.000% | Term 2020B Subordinate Bond due December 15, 2030 | Yield 3.400%² | CUSIP® 84467PAG9^{1, ©} |
| \$ 1,000,000 | 3.750% | Term 2020B Subordinate Bond due December 15, 2035 | Yield 3.966% | CUSIP® 84467PAH7^{1, ©} |
| \$14,180,000 | 4.125% | Term 2020B Subordinate Bond due December 15, 2041 | Yield 4.303% | CUSIP® 84467PAJ3^{1, ©} |

¹ The District takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

² Priced to yield to December 1, 2030, the earliest call date on which these 2020B Subordinate Bonds can be redeemed at par.

© Copyright 2020 CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2
In the City of Aurora
Arapahoe County, Colorado

Board of Directors

Jerry B. Richmond, III, President
Paul Joseph Knopinski, Vice President and Secretary-Treasurer
Nathan D. Fogg, Vice President and Assistant Secretary-Treasurer
Aaron Lee Clutter, Vice President and Assistant Secretary-Treasurer
Nathan Kennedy, Vice President and Assistant Secretary-Treasurer

General Counsel to the District

Collins Cockrel & Cole, P.C.
Denver, Colorado

Municipal Advisor

Piper Sandler & Co.
Denver, Colorado

Bond Counsel

Butler Snow, LLP
Denver, Colorado

Trustee and Paying Agent

UMB Bank, n.a.
Denver, Colorado

Underwriter

D.A. Davidson & Co.
Denver, Colorado

Counsel to Underwriter

Kutak Rock LLP
Denver, Colorado

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the placement of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the District or the Underwriter. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The Underwriter has provided the following sentence for inclusion within this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to the Purchaser 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. The Purchaser must be willing and able to conduct an independent investigation of the risks attendant to ownership of the Bonds, including its own evaluation of the prospects for development within the District. Neither the contents of this Official Statement nor any prior or subsequent communications from the District or any of its officers, directors, employees or agents constitute legal, tax, accounting or regulatory advice. Before purchasing, the Purchaser should consult with its own legal counsel and business and tax advisors to determine the consequences of an investment in the Bonds and should make an independent evaluation of the investment.

TABLE OF CONTENTS

| | | | |
|--|----|--|--|
| INTRODUCTION..... | 1 | Organization and Description | 75 |
| Changes from the Preliminary Official Statement dated | | Multiple District Structure | 76 |
| March 10, 2020 and Supplement to Preliminary | | District Powers | 76 |
| Official Statement dated March 31, 2020..... | 1 | Service Plan Limitations and Requirements..... | 77 |
| The District..... | 2 | Governing Board | 79 |
| Assessed Valuation of the District..... | 3 | Administration | 80 |
| The Development and the Property Owner..... | 3 | Material Agreements..... | 80 |
| The Market Study..... | 7 | Facilities and Services Provided by the Districts..... | 85 |
| Purpose..... | 7 | THE DEVELOPMENT | 86 |
| Authority for Issuance | 8 | Development Overview..... | 87 |
| Bond Insurance..... | 9 | Platting, Zoning/Land Use and Public Approvals | |
| Security and Sources of Payment for | | and Requirements | 91 |
| Series 2020A Senior Bonds | 9 | Construction and Sales Activity..... | 95 |
| Security and Sources of Payment for | | Richmond Homes Contract..... | 96 |
| Series 2020B Subordinate Bonds..... | 11 | Construction Activity and Sales..... | 97 |
| Subordinate Lien of 2020B Subordinate Bonds..... | 14 | Funding and Status of Construction of Public | |
| Additional Bonds..... | 14 | and Private Infrastructure..... | 98 |
| Interest Rates; Payment Provisions; Record Date | 15 | Water and Sewer Matters | 99 |
| Exchange and Transfer | 15 | Land Acquisition; Encumbrances | 99 |
| Book-Entry-Only Registration..... | 15 | Environmental Matters | 100 |
| Financial Forecast..... | 16 | Market Study | 101 |
| Prior Redemption | 16 | Competition | 101 |
| Tax Status..... | 16 | Schools | 101 |
| Continuing Disclosure Undertaking..... | 17 | The Property Owner and Asset Management..... | 102 |
| Financial Statements | 17 | DISTRICT FINANCIAL INFORMATION | 103 |
| Offering and Delivery Information | 17 | Ad Valorem Property Taxes | 103 |
| Additional Information | 17 | Ad Valorem Property Tax Data | 105 |
| Debt Ratios..... | 17 | Specific Ownership Taxes | 107 |
| FORWARD-LOOKING STATEMENTS | 18 | System Development Fees | 108 |
| INVESTMENT CONSIDERATIONS | 18 | General Fund Mill Levy; Funding of Operations | |
| General..... | 18 | and Maintenance | 108 |
| COVID-19..... | 18 | Accounting Policies | 108 |
| Separate Series of Bonds | 21 | Financial Statements | 109 |
| Certain Risks Relating to 2020A Senior Bonds | 21 | Historical Financial Information | 109 |
| Certain Risks Relating to 2020B Subordinate Bonds..... | 23 | Budget and Appropriation Procedure..... | 111 |
| Discharge of 2020B Subordinate Bonds on December 15, 2046..... | 24 | Budgeted Financial Information | 111 |
| Continued Development Not Assured | 24 | Management Discussion of Material Trends..... | 113 |
| Financial Condition of the Property Owner | 27 | Deposit and Investment of District Funds | 113 |
| Enforceability of System Development Fee | 28 | Risk Management | 113 |
| Additional Bonds..... | 28 | Constitutional Amendment Limiting Taxes and Spending | 114 |
| Risk of Reductions in Assessed Value; Assessed | | DEBT STRUCTURE | 114 |
| Valuation Procedures and Factors; Market Value of Land..... | 29 | Debt Restrictions | 115 |
| Risks Inherent in Financial Forecast and Market Study..... | 29 | General Obligation Debt..... | 115 |
| Foreclosures..... | 30 | Estimated Overlapping General Obligation Debt..... | 116 |
| Directors' Private Interests | 31 | General Obligation Debt Ratios | 117 |
| Legal Constraints on District Operations | 31 | Revenue and Other Financial Obligations..... | 117 |
| Enforcement of Tax Collection by County | 31 | LEGAL MATTERS | 117 |
| Enforceability of Bondholders' Remedies Upon Default..... | 32 | Sovereign Immunity | 117 |
| Future Changes in Law..... | 32 | Legal Representation | 118 |
| Risk of Internal Revenue Service Audit..... | 32 | Pending and Threatened Litigation | 118 |
| No Acceleration..... | 33 | Future Changes in Laws..... | 119 |
| BOND INSURANCE..... | 33 | Limitations on Remedies Available to Bondholders | 119 |
| Bond Insurance Policy..... | 33 | TAX MATTERS | 119 |
| Build America Mutual Assurance Company..... | 33 | MISCELLANEOUS..... | 121 |
| THE 2020A SENIOR BONDS..... | 35 | Ratings..... | 121 |
| Description | 35 | Registration of Bonds | 122 |
| Sources of Payment | 35 | Undertaking to Provide Ongoing Disclosure..... | 122 |
| Authorized Denominations of the 2020A-2 Senior Bonds | 35 | Interest of Certain Persons Named in this Official Statement | 122 |
| Payment of Principal and Interest | 36 | Independent Auditors | 123 |
| Redemption: 2020A-2 Senior Bonds | 36 | Underwriting..... | 123 |
| Security for the 2020A Senior Bonds | 37 | Direct Placement..... | 123 |
| Certain Senior Indenture Provisions | 40 | Additional Information | 123 |
| THE 2020B SUBORDINATE BONDS | 52 | Official Statement Certification | 123 |
| Description | 52 | APPENDIX A | Forecasted Statement of Sources and Uses of Cash |
| Sources of Payment | 53 | APPENDIX B | Selected Definitions |
| Discharge of 2020B Subordinate Bonds | 53 | APPENDIX C | Market Study |
| Authorized Denominations of the 2020B Subordinate Bonds..... | 53 | APPENDIX D | Economic and Demographic Information |
| Payment of Principal and Interest | 54 | APPENDIX E | Book-Entry-Only System |
| Redemption | 55 | APPENDIX F | Form of Continuing Disclosure Undertaking |
| Security for the 2020B Subordinate Bonds..... | 57 | APPENDIX G | Form of 2020A Senior Bonds Bond Counsel Opinion |
| Certain Subordinate Indenture Provisions..... | 59 | APPENDIX H | Form of 2020B Subordinate Bonds Bond Counsel Opinion |
| USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS | 70 | APPENDIX I | Audited Basic Financial Statements of the District as of |
| Application of Bond Proceeds | 70 | APPENDIX J | and for the Year Ended December 31, 2018 |
| Sources and Uses of Funds | 74 | | Specimen Municipal Bond Insurance Policy |
| Debt Service Requirements..... | 75 | | |
| THE DISTRICT..... | 75 | | |

Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Bonds or this Official Statement. Any representation to the contrary is unlawful.

Build America Mutual Assurance Company ("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 "BOND INSURANCE" and "APPENDIX J—SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

INDEX OF TABLES

| TABLE | Page |
|---|------|
| I Debt Service Requirements | 75 |
| II Permitted Land Uses Within the Development | 93 |
| III Platted Summary | 94 |
| IV Construction Activity and Sales | 98 |
| V History of District's Assessed Valuation and Mill Levies | 105 |
| VI 2019 Assessed and Actual Valuation of Classes of Property in the District | 106 |
| VII History of District Property Tax Collections..... | 106 |
| VIII 2019 Largest Taxpayers Within the District..... | 107 |
| IX Total 2019 Mill Levies | 107 |
| X General Fund Statement of Revenues, Expenditures and Changes in Fund Balance..... | 109 |
| XI Debt Service Fund Statement of Revenues, Expenditures and Changes in Fund Balance..... | 110 |
| XII Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance | 110 |
| XIII General Fund Budget Summary and Comparison | 112 |
| XIV Debt Service Fund Budget Summary and Comparison..... | 112 |
| XV Capital Projects Fund Budget Summary and Comparison | 113 |
| XVI Estimated Overlapping General Obligation Debt..... | 116 |
| XVII Historical Debt Ratios | 117 |

AERIAL MAP

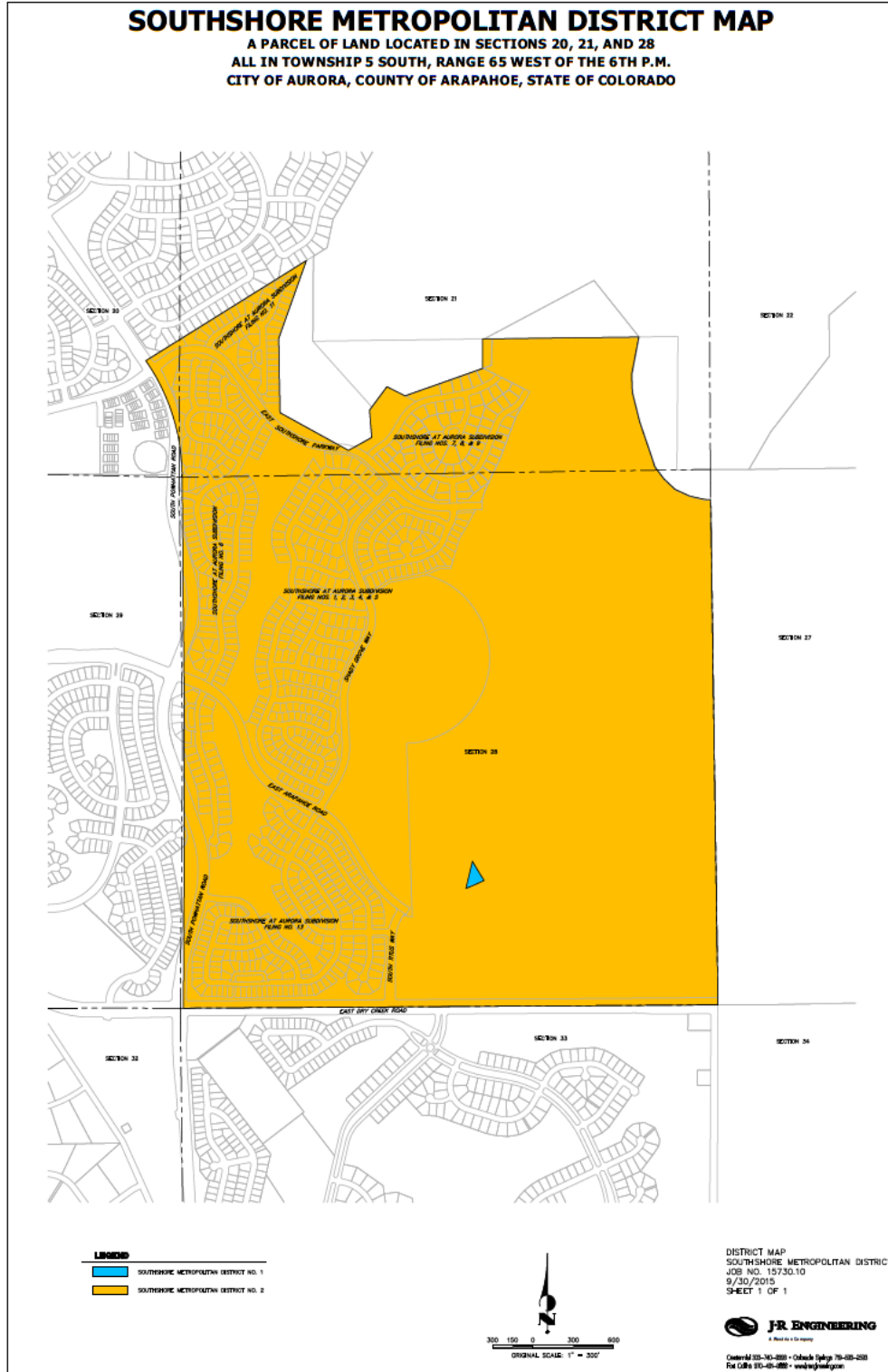


DEVELOPMENT PLAN AND ENVIRONS



Source: The Property Owner
See “THE DEVELOPMENT” herein for a description of existing and planned development

DISTRICT BOUNDARY MAP



The orange shaded area indicates the general boundaries of the District. The current location of District No. 1, which has been included in the District pursuant to the orders of inclusion and exclusion described herein, is indicated by the blue shaded area.

REGIONAL MAP



District Vicinity

INTRODUCTION

This Official Statement is furnished to prospective purchasers of \$12,780,000 General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2 (the “2020A-2 Senior Bonds” and \$19,175,000 Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B (the “2020B Subordinate Bonds” and, together with the 2020A-2 Senior Bonds, the “Bonds”) issued by Southshore Metropolitan District No. 2 (the “District”), in the City of Aurora (the “City”), in Arapahoe County (the “County”), Colorado (the “State”). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The District is also issuing its Taxable General Obligation Limited Tax (Convertible to Unlimited Tax) Refunding Bonds, Series 2020A-1 (the “2020A-1 Senior Bonds”) concurrently with the issuance of the Bonds; however, on the day of sale of the Bonds, the 2020A-1 Senior Bonds were directly placed with the 2020A-1 Bond Purchaser and were not sold under the Preliminary Official Statement. The 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds (collectively, the “2020A Senior Bonds”) are secured by and payable from the Senior Pledged Revenue (defined hereafter) on a parity lien basis, and are issued under the same Indenture of Trust (Senior) (the “Senior Indenture”). Accordingly, although the 2020A-1 Senior Bonds were not offered or sold pursuant to the Preliminary Official Statement, such bonds are referenced and occasionally described throughout this Official Statement.

NOTICE: While a single Official Statement is being used in connection with the offer and sale of the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds, the 2020A-2 Senior Bonds are issued under the Senior Indenture and the 2020B Subordinate Bonds are issued under an Indenture of Trust (Subordinate) (the “Subordinate Indenture” and, together with the Senior Indenture, the “Indentures”), and the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds are each secured by a separate set of revenue (the “Senior Pledged Revenue” and the “Subordinate Pledged Revenue,” respectively), all as more particularly described herein. The use of a single Official Statement does not imply that the Owners of the 2020A-2 Senior Bonds and Owners of the 2020B Subordinate Bonds are secured by the same revenue sources, funds or covenants. The Owners of the 2020A-2 Senior Bonds and 2020B Subordinate Bonds are afforded different rights under the Senior Indenture and the Subordinate Indenture, respectively. Potential purchasers of the Bonds are cautioned to review carefully the provisions herein describing the Senior Indenture and the Subordinate Indenture as applicable to the Bonds being considered for purchase.

The information set forth in this Official Statement has been obtained from the District, the Property Owner (defined hereafter and in APPENDIX B hereto) and from other sources believed to be reliable but is not guaranteed as to accuracy or completeness. This Official Statement, including the appendices hereto, contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. See “FORWARD-LOOKING STATEMENTS” and “INVESTMENT CONSIDERATIONS.”

Capitalized terms not defined within the body of this Official Statement have the respective meanings set forth in APPENDIX B hereto, unless the context clearly indicates a contrary meaning.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.

**Changes from the Preliminary
Official Statement dated
March 10, 2020 and
Supplement to Preliminary
Official Statement
Dated March 31, 2020.....**

In addition to the interest rates, maturities, and other information relating to the pricing of the Bonds set forth herein, this Official Statement contains certain changes and updates from the Preliminary Official Statement dated March 10, 2020, as supplemented pursuant to the Supplement to Preliminary Official Statement dated March 31, 2020 (the “Supplement” and, as so supplemented, the “Preliminary Official Statement”).

The Supplement indicated, among other things, that the 2020A-1 Senior Bonds were being directly placed and thus, such bonds were designated as “NRO” in the Supplement. Accordingly, this final Official Statement includes changes throughout as a result of the 2020A-1 Senior Bonds not being offered or sold pursuant to the Preliminary Official Statement or this final Official Statement.

IMPORTANT: Among other changes in this Official Statement resulting from the direct placement of the 2020A-1 Senior Bonds, it is important to note that the term “Bonds” as used in this final Official Statement refers, collectively, *only* to the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds. (In contrast, when used in the Preliminary Official Statement, the term “Bonds” referred to all three series of the District’s 2020A-1 Senior Bonds, 2020A-2 Senior Bonds and 2020B Subordinate Bonds.)

As used in this Official Statement, the “2020A-1 Bond Purchaser” means the initial purchaser of the 2020A-1 Senior Bonds pursuant to a direct private placement thereof.

The District.....

Southshore Metropolitan District No. 2 (the “District” or “District No. 2”) was organized in December 2002 in conjunction with Southshore Metropolitan District No. 1 (“District No. 1” and, together with the District, the “Districts”), in accordance with the Consolidated Service Plan for the Districts approved by the City on March 4, 2002 (the “Original Service Plan”). Pursuant to the provisions of Section 32-1-207(3)(b), Colorado Revised Statutes, as amended (“C.R.S.”), the District issued a public notice on September 26, 2019 which was published on September 26, 2019 (the “Service Plan Notice”), setting forth its intent to issue the Bonds and the 2020A-1 Senior Bonds. The Service Plan Notice stated, among other things, that the Bonds and the 2020A-1 Senior Bonds will mature not later than December 31, 2046. The Original Service Plan, as clarified pursuant to the Service Plan Notice, is referred to herein as the “Service Plan.”

The Districts were organized as part of a common plan to provide certain public services and facilities serving the needs of an approximately 813-acre master-planned residential community known as Southshore (the

“Development”), as more particularly described below. The organization of the District was approved by eligible electors of the District voting at the election held on November 5, 2002 (the “2002 Election”).

Pursuant to the Service Plan, the Districts have the power to provide the following public improvements: street; traffic and safety controls; parks, open space and recreation; water; sanitation and drainage, and mosquito control improvements and services within and without their respective boundaries (collectively, the “Public Improvements”). Pursuant to the Service Plan, District No. 1 is to serve as the “Operating District,” authorized to construct and acquire and, subject to the limitations of the Service Plan, own, operate and maintain the Public Improvements, while the District is to serve as the “Taxing District,” authorized to provide funding to the Operating District for such activities. The Districts have entered into a District IGA, as more particularly defined and described herein, to further implement this relationship. See “THE DISTRICT—Material Agreements—*District IGA*.”

The Districts are generally located on the southwest shore of the 800-acre Aurora Reservoir, east of E-470, north of Smoky Hill Road and are within the boundaries of the City. See the preceding “AERIAL MAP,” “DEVELOPMENT PLAN AND ENVIRONS,” “DISTRICT BOUNDARY MAP” and “REGIONAL MAP.” District No. 1 currently contains approximately 0.5 acres of property consisting of open space and the District currently contains approximately 742.5 acres of property planned primarily for residential uses. The additional approximately 70 acres in the Development, which are *not* located within either of the Districts, includes approximately 50 acres that has been conveyed to the City for use as regional community parks and public space and the 20-acre Omitted Property described below under “The Development and The Property Owner.” See “THE DISTRICT—District Powers—*Inclusions and Exclusions*.” ***Only the property located within the boundaries of the District will generate the Senior Pledged Revenue and the Subordinate Pledged Revenue, respectively.***

Assessed Valuation of

The District.....The District’s 2019 certified assessed valuation is \$51,191,803. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes” and “THE DISTRICT.”

The Development and the Property Owner

Development In General. The Development is a master-planned residential community located in the southern portion of the City, on the southwest shore of the Aurora Reservoir, east of E-470 highway and north of Smoky Hill Road. The Development contains approximately 813 acres (including approximately 50 acres of land previously conveyed to the City for use as regional community parks and public space and the 20 acre Omitted Property described below) and is planned to contain, at full build-out, 1,964 single-family detached homes; two elementary schools; four neighborhood parks; two community recreation facilities; trails and open space. All existing developed residential property, and all

property planned to be developed into residential uses within the Development, as described herein, with the exception of the Omitted Property, is located within the boundaries of the District. According to the Property Owner, as of December 31, 2019, 1,000 single family homes of the 1,964 planned homes have been constructed and sold to individual homeowners within the Development. See “THE DEVELOPMENT.” See also the preceding “AERIAL MAP,” “DEVELOPMENT PLAN AND ENVIRONS,” “DISTRICT BOUNDARY MAP” and “REGIONAL MAP.”

Prior Developer; Current Property Owner. The Development was originally undertaken by Laing/Village LLC, a Colorado limited liability company and joint venture (the “Prior Developer”) of WL Homes LLC d/b/a John Laing Homes (“John Laing Homes”) and Village Homes of Colorado, Inc. (“VH Colorado”). In 2009, following foreclosure proceedings by the Prior Developer’s lender, Southshore Recovery Acquisition, LLC, a Delaware limited liability company (the “Property Owner”), acquired all of the unplatted, undeveloped property in the Development and 221 platted and engineered lots. The Property Owner expects to advance the Development in the manner described in this Official Statement. See “THE DEVELOPMENT” herein.

Entitlements. The Property Owner states that to the best of its knowledge, the property planned for the Development is fully entitled for its intended uses as described herein, subject to final plats and contextual site plans that have not been completed for certain land parcels, including the 821 planned lots in Phase 3 of the Development (described below), and the issuance by the City of building permits and certificates of occupancy.

Planned Build-Out. At build-out, the Development is expected to include 1,964 single-family detached homes, as determined by the actual number of lots platted.

Phase 1 of Development. “Phase 1” of the Development consists of 509 single family homes constructed and sold between 2006 and 2018. All homes within Phase 1 have been completed and sold to individual homeowners.

Phase 2 of Development. “Phase 2” of the Development consists of 634* finally platted and engineered lots, all of which have been sold to various national homebuilders (each a “Builder”), which have finished the lots, including in-tract subdivision-specific improvements, and will complete vertical construction of homes for sale to the public. The 634* lots in Phase 2 have been sold to the following Builders:

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District. See “—Omitted Property” below.

(i) William Lyon Homes, Inc., a national homebuilder that acquired VH Colorado in 2012 and initially built homes in the Development under the Village Homes brand (“Village Homes”), but is currently building homes in the Development under William Lyon Homes (“WLH”) (221 lots);

(ii) Century at Southshore, LLC, a subsidiary of Century Communities, Inc. (“Century Communities”) (110 lots);

(iii) Richmond American Homes of Colorado, Inc. (“Richmond Homes”) (194 lots), and

(iv) Toll Colorado LLC, a Colorado limited liability company (“Toll Brothers”) (109** lots).

According to the Property Owner, as of December 31, 2019, 491 homes within Phase 2 had been constructed and sold to individual homeowners and 96 homes were currently under construction, 70 of which were under contract for sale to individual home purchasers and 26 of which were being constructed as spec homes on lots owned by WLH and Toll Brothers. See “THE DEVELOPMENT—TABLE IV” herein.

Phase 3 of Development. “Phase 3” of the Development is planned for 821 single family homes. Phase 3 currently includes 488 finally platted and engineered lots, all of which have been sold to the following Builders: Village Homes (135 lots), Richmond Homes (214 lots) and Toll Brothers (139 lots).

The remaining property within Phase 3 is owned by the Property Owner and has been platted for 333 lots in Southshore at Aurora Subdivision Filing No. 19 (“Filing No. 19”). The subdivision plat for Filing No. 19 (the “Filing No. 19 Plat”) has been submitted to the City for review and final approval by the City and is expected to be recorded in March 2020. On February 13, 2020, Richmond Homes entered into a Purchase and Sale Agreement for the 333 lots within Filing No. 19 (the “Richmond Homes Contract”); however, no guarantee can be made that such lots will be sold as contemplated or, if sold, that homes will be constructed thereon in any particular timeframe or at all. See “THE DEVELOPMENT—Construction and Sales Activity; *Richmond Homes Contract.*”

The Builders are expected to finish the lots, including in-tract subdivision-specific improvements, and complete vertical construction of homes for sale to the public.

According to the Property Owner, as of December 31, 2019, five homes were currently under construction within Phase 3, three of which were

** All 109 lots are located within the Development; however, 28 of these lots are not currently located within the boundaries of the District. See “—*Omitted Property*” below, where all 28 of these lots are defined as the “Omitted Property,” and 11 of these 28 lots are defined as the “Toll Brothers Omitted Property.”

under contract for sale to individual home purchasers and two of which were being constructed as spec homes on lots owned by Toll Brothers. See “THE DEVELOPMENT—TABLE IV” herein.

The Property Owner does not presently intend to construct any homes, buildings, structures or other vertical improvements within the Development, but may do so in the future.

Omitted Property. In 2007, approximately 20 acres of property in the northeastern portion of the Development were inadvertently omitted from an inclusion of property into the District’s boundaries (the “Omitted Property”) due to administrative error. The Omitted Property consists of 28 of the 109 lots originally acquired by Toll Brothers in Phase 2 of the Development, all of which are located within the Vista Point subdivision (Filing 10), and are currently comprised of: (i) 17 completed, sold and closed homes (the “Existing Homes Omitted Property”), and (ii) 11 undeveloped lots owned by Toll Brothers (the “Toll Brothers Omitted Property”).

The Toll Brothers Petition for Inclusion (the “Toll Brothers Inclusion Petition”) requesting inclusion of the Toll Brothers Omitted Property into the boundaries of the District was approved by the Board at its March 25, 2020 Board meeting and was approved by the District Court on March 31, 2020. The inclusion of the Toll Brothers Omitted Property will not be fully effective, however, until certain additional procedures are completed, which may be delayed due to COVID-19. (See “INVESTMENT CONSIDERATIONS—COVID-19” herein.)

At the March 25, 2020 Board meeting the Board began considering its options with respect to the inclusion of the Existing Homes Omitted Property into the boundaries of the District. The District expects to actively pursue the alternatives available to it in order to promote the inclusion of such property. No assurance can be given, however, that such action will be successful with respect to the inclusion of all 17 homes (or any lesser number thereof) into the District.

Completion Status of Development. As of December 31, 2019, the Development was approximately 50% built out and included 1,000 completed single family homes, the Lakehouse clubhouse, a resort style saltwater pool, a community boathouse, parks and trails. The trail system through the Development connects to 8.5 miles of hard and soft surface trails around the 800-acre Aurora Reservoir. See “THE DEVELOPMENT—Development Overview.”

Public Infrastructure. The Property Owner states that, to the best of its knowledge, the Public Improvements previously completed by the Prior Developer and District No. 1 and the in-tract subdivision-specific improvements completed by the respective Builders are sufficient to

serve the existing 509 homes within Phase 1 of the Development and the additional 634* single family homes planned for Phase 2.

The Property Owner states that it intends to manage, in cooperation with District No. 1, the construction of the Public Improvements (*excluding* in-tract subdivision-specific improvements, which are expected to be completed by Builders, if any) necessary to support development of Phase 3 of the Development (consisting of 821 single family lots). The Property Owner estimates that the total cost of such remaining Public Improvements to be funded by the Property Owner and/or the Districts is approximately \$21,500,000, excluding the cost of in-tract infrastructure anticipated to be funded by Builders, which the Property Owner estimates at \$50,000,000. Of the approximately \$21,500,000 (which is anticipated to be funded with net proceeds of the Bonds), approximately \$14,700,000 is anticipated to be used for the Improvement Project and approximately \$6,800,000 is anticipated to be used to reimburse the Property Owner for Certified Eligible Public Improvement Costs. See “THE DEVELOPMENT—Funding and Status of Construction of Public and Private Infrastructure.”

The Market Study..... The District retained Metrostudy, a Hanley Wood company, Centennial, Colorado (the “Market Consultant”), to prepare a market analysis and absorption forecast for the District dated as of October 23, 2019 (revised March 5, 2020) (as so revised, the “Market Study”). The Market Study contains an assessment of the pricing and annual absorption for the 964 for-sale homes to be constructed and sold within the District (which does not include the Omitted Parcel) after December 31, 2019. The Market Study is attached hereto as APPENDIX C and should be read in its entirety by prospective purchasers of the Bonds. See “INVESTMENT CONSIDERATIONS—Risks Inherent in Financial Forecast and Market Study” and “THE DEVELOPMENT—Competition.”

Purpose The District previously issued its: (i) Limited Tax General Obligation Bonds, Series 2007 (the “2007 Bonds”), originally issued in the aggregate principal amount of \$10,000,000 and currently outstanding in the aggregate principal amount of \$8,375,000, (ii) General Obligation (Limited Tax Convertible to Unlimited Tax) Convertible Capital Appreciation Bonds, Series 2015 (the “2015 Bonds”), originally issued with an original issue price of \$12,482,806.60 (accrued value of \$14,410,000), and (iii) its Subordinate Limited Tax General Obligation Refunding Bonds, Series 2017 (the “2017 Subordinate Bonds”), originally issued and currently outstanding in the aggregate principal amount of \$10,404,000.

Purpose of 2020A-1 Senior Bonds. Proceeds from the sale of the 2020A-1 Senior Bonds will be used for the purposes of: (a) refunding all of the District’s 2015 Bonds and 2017 Subordinate Bonds and paying the

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

costs associated therewith, (b) acquiring a Reserve Policy to fund the Senior Reserve Fund, and (c) paying the costs of issuance of the 2020A-1 Senior Bonds, including the premium for the Insurance Policy.

Purpose of 2020A-2 Senior Bonds. Proceeds from the sale of the 2020A-2 Senior Bonds will be used for the purposes of: (a) acquiring, constructing, equipping and reimbursing a portion of the projects approved at the District’s 2018 Election (the “Improvement Project”), (b) acquiring a Reserve Policy to fund the Senior Reserve Fund, and (c) paying the costs of issuance of the 2020A-2 Senior Bonds, including the premium for the Insurance Policy.

Purpose of 2020B Subordinate Bonds. Proceeds from the sale of the 2020B Subordinate Bonds will be used for the purposes of: (a) refunding all of the District’s 2007 Bonds and paying the costs associated therewith, (b) funding a portion of the Improvement Project, (c) providing capitalized interest for the payment of a portion of the interest to accrue on the 2020B Subordinate Bonds, (d) funding the Subordinate Reserve Fund, and (e) paying the costs of issuance of the 2020B Subordinate Bonds, including the premium for the Insurance Policy.

Authority for Issuance The Bonds are issued in full conformity with the constitution and laws of the State of Colorado (the “State”), including Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended (the “Supplemental Public Securities Act”), Title 11, Article 56, C.R.S., (the “Refunding Act”), and Title 32, Article 1, Colorado Revised Statutes, as amended (the “Special District Act”) (collectively, the “Acts”); pursuant to an authorizing resolution (the “Bond Resolution”) adopted by the District’s Board of Directors (the “Board”) prior to the issuance of the respective series of Bonds; the Indentures, and pursuant to the 2002 Election and 2018 Election (defined below).

2002 Election. At the 2002 Election, the District’s eligible electors voting at such election approved indebtedness in the total amount of \$32,887,000 to finance the costs of design, acquisition, construction, installation, relocation, completing and otherwise providing public infrastructure, which authorization is in varying amounts for various subcategories of public infrastructure, and \$33,300,000 for refunding purposes. See “DEBT STRUCTURE—General Obligation Debt.”

2018 Election. At an election held on May 8, 2018 (the “2018 Election”) District voters approved the issuance of general obligation indebtedness in the total amount of \$27,500,000 to provide park and recreation improvements, including a planned second neighborhood recreational facility (the “New Community Center”) and current and future parks and open space areas (together with the New Community Center, the “Improvement Project”).

Service Plan. Notwithstanding the District’s electoral authorization to incur indebtedness, the Service Plan limits the amount of debt that the

Districts may issue. See “DEBT STRUCTURE—Debt Restrictions—*Service Plan Debt Limit.*”

Bond Insurance..... Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) has committed to issue, effective as of the date of issuance of the Bonds, a policy of insurance guaranteeing the payment, when due, of the principal of and interest on the 2020A Senior Bonds and a separate policy of insurance guaranteeing the payment, when due, of the principal of and interest on the 2020B Subordinate Bonds (collectively, the “Insurance Policy” or “Policy”). The insurance extends over the life of the issues and cannot be canceled by the Bond Insurer. Payment under the Policy is subject to the conditions described in “BOND INSURANCE.” A specimen of the Municipal Bond Insurance Policy is attached as Appendix J to this Official Statement. See “BOND INSURANCE.”

**Security and Sources of
Payment for Series 2020A**

Senior Bonds..... *Senior Pledged Revenue.* The 2020A Senior Bonds are limited tax (convertible to unlimited tax) general obligations of the District secured by and payable from the following sources, net of costs of collection (collectively, the “Senior Pledged Revenue”): (i) the Senior Required Mill Levy, (ii) the System Development Fee, and (iii) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Senior Bond Fund.

Senior Reserve Fund; Senior Reserve Fund Requirement. The 2020A Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which is to be fully funded from the deposit of the Reserve Policy. The Senior Indenture defines the “Senior Reserve Fund Requirement” as the *least* of: (i) 10% of the proceeds of the 2020A Senior Bonds, (ii) the maximum annual principal and interest payable with respect to the 2020A Senior Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the 2020A Senior Bonds.

Reserve Policy; Reserve Policy Agreement. For purposes of satisfying the requirement of the Senior Indenture to fund the Senior Reserve Fund in the amount of the Senior Reserve Fund Requirement, the District has requested and the Bond Insurer has agreed to issue two separate Municipal Bond Debt Service Reserve Insurance Policies (collectively, the “Reserve Policy”). The Bond Insurer, in its capacity as Surety Provider, will issue the Reserve Policy upon issuance of the 2020A Senior Bonds for the purpose of fully funding the Senior Reserve Fund.

In connection with the Reserve Policy, the District and the Bond Insurer will enter into a Debt Service Reserve Agreement to be dated April 8, 2020 (the “Reserve Policy Agreement”), pursuant to which the District agrees to repay the Bond Insurer for any draws under the Reserve Policy, and to pay certain administrative expenses as described therein. In addition, to the extent not paid when due, amounts due by the District to

the Bond Insurer under the Reserve Policy Agreement will accrue interest at the per annum rate set forth therein from the date of such draw on the Reserve Policy until paid by the District to the Bond Insurer. Draws on the Reserve Policy may only be used to make payments of principal and interest on the 2020A Senior Bonds and for no other purpose.

Senior Required Mill Levy. The District has covenanted in the Senior Indenture to levy, on all of the taxable property of the District, the “Senior Required Mill Levy,” defined in the Senior Indenture as follows:

(a) Subject to paragraph (c) below, ***prior to the Unlimited Tax Conversion Date***, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable real and personal property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds as the same becomes due and payable, and to replenish the Senior Reserve Fund in the amount of the Senior Reserve Fund Requirement, but not in excess of 55.664 mills as adjusted as provided below or such lesser mill levy which, when combined with other Senior Pledged Revenue then held in the Senior Bond Fund, will permit the District to fully fund the Senior Bond Fund for the next Bond Year and pay the 2020A Senior Bonds as they come due; provided however, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020A Senior Bonds, the minimum and maximum mill levies provided herein will be increased or decreased to reflect such changes, such increases or decreases 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 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

(b) Subject to paragraph (c) below, ***on or after the Unlimited Tax Conversion Date***, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds as the same become due and payable, without limitation of rate and in amounts sufficient to make such payments when due. Once the Unlimited Tax Conversion Date occurs, the definition of “Senior Required Mill Levy” is to thereafter be determined exclusively by this paragraph (b) regardless of any subsequent increase in the Debt to Assessed Ratio.

(c) The Senior Indenture provides that, notwithstanding anything therein to the contrary, in no event may the Senior Required Mill Levy 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 pursuant to the foregoing 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 shall be reduced to the point that such maximum tax increase is not exceeded.

Unlimited Tax Conversion Date. The “Unlimited Tax Conversion Date,” which is not guaranteed to occur, is defined in the Senior Indenture as the first mill levy certification date by the District with respect to the 2020A Senior Bonds occurring after: (i) the Debt to Assessed Ratio becomes 50% or less, (ii) the majority of the members of the Board are residents of the District, and (iii) the Board has affirmatively approved the conversion of the 2020A Senior Bonds from limited tax general obligation bonds to unlimited tax general obligation bonds; provided that no conversion of the 2020A Senior Bonds to unlimited tax obligations can occur unless the Senior Reserve Fund is fully funded at the Senior Reserve Fund Requirement.

Debt to Assessed Ratio. The Senior Indenture defines “Debt to Assessed Ratio” as the ratio derived by dividing the then-outstanding principal amount of all general obligation debt of the District by the most recent December 10 certified assessed valuation of the taxable property in the District, as such assessed valuation is certified from time to time by the County Assessor.

System Development Fee. The Senior Indenture defines the “System Development Fee” as that certain fee imposed by the District pursuant to the System Development Fee Resolution or amounts collected by the District pursuant to the System Development Fee Resolution.

Defined Terms. See APPENDIX B for definitions of the capitalized terms used and not otherwise defined in the preceding paragraphs and see “THE 2020A SENIOR BONDS—Security for the 2020A Senior Bonds” for a more detailed description of the various components of the Senior Pledged Revenue.

See also “DISTRICT FINANCIAL INFORMATION” and “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH.”

THE 2020A SENIOR BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE 2020A SENIOR BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE CITY, DISTRICT NO. 1, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

**Security and Sources
of Payment for 2020B**

Subordinate Bonds..... *Subordinate Pledged Revenue.* The 2020B Subordinate Bonds are subordinate limited tax general obligations of the District secured by and

payable from the Subordinate Pledged Revenue, consisting of moneys derived from the following sources, net of any costs of collection (collectively, the “Subordinate Pledged Revenue”): (i) the Subordinate Required Mill Levy, (ii) the Subordinate System Development Fee Revenue, and (iii) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Subordinate Bond Fund.

Subordinate Reserve Fund; Subordinate Reserve Fund Requirement.

The 2020B Subordinate Bonds are also secured by amounts on deposit in the Subordinate Reserve Fund, which is to be fully funded in the amount of the Subordinate Reserve Fund Requirement from proceeds of the 2020B Subordinate Bonds upon the issuance thereof. The Subordinate Indenture defines the “Subordinate Reserve Fund Requirement” as the amount of \$1,828,897.98, which is the amount to be maintained in the Subordinate Reserve Fund.

Subordinate Bonds Surplus Fund; Maximum Surplus Amount.

The 2020B Subordinate Bonds are also secured by amounts, if any, accumulated in the Subordinate Bonds Surplus Fund from excess Subordinate Pledged Revenue up to the Maximum Surplus Amount. The Subordinate Indenture defines the “Maximum Surplus Amount” as, with respect to the 2020B Subordinate Bonds, the amount of \$1,078,491.00, which is the maximum amount of the Subordinate Bonds Surplus Fund.

Subordinate Required Mill Levy. Pursuant to the Subordinate Indenture, the District has covenanted to levy upon all taxable property of the District the “Subordinate Required Mill Levy,” defined in the Subordinate Indenture as follows:

(a) subject to paragraph (d) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable real and personal property of the District each year in an amount equal to 55.664 mills *less the Senior Bond Mill Levy*, provided however, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020B Subordinate Bonds, the mill levy of 55.664 mills will be increased or decreased to reflect such changes, such increases or decreases 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 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. It is the stated intent of the Subordinate Indenture that if the amount of the Senior Bond Mill Levy equals or exceeds 55.664 mills in any year, adjusted for changes in law as stated above, ***the Subordinate Required Mill Levy for that year will be zero.***

(b) For so long as the amount on deposit in the Subordinate Bonds Surplus Fund is less than the Maximum Surplus Amount, the Subordinate Required Mill Levy shall be equal to 55.664 mills (as

adjusted for changes in law after the date of delivery of the 2020B Subordinate Bonds in the manner provided in the Subordinate Indenture and described in paragraph (a) above) *less the Senior Bond Mill Levy*, but not less than 45.000 mills until the Subordinate Bonds Surplus Fund is funded in the Maximum Surplus Amount; *provided however*, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020B Subordinate Bonds, the mill levy of 45.000 mills will be increased or decreased to reflect such changes, such increases or decreases 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 such 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

(c) In the event that the Subordinate Required Mill Levy described in paragraphs (a) and (b) above would produce revenue which, when combined with available moneys in the Subordinate Bonds Surplus Fund, would be in excess of that required to repay all principal and interest on the 2020B Subordinate Bonds, then such mill levy may be reduced to a mill levy which will produce revenue which, when combined with available moneys in the Subordinate Bonds Surplus Fund, would be sufficient to repay all principal and interest on the 2020B Subordinate Bonds.

(d) The Subordinate Indenture states that notwithstanding anything therein to the contrary, in no event may the Subordinate Required Mill Levy 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 pursuant to the foregoing 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 will be reduced to the point that such maximum tax increase is not exceeded.

Senior Bond Mill Levy. The "Senior Bond Mill Levy" means (i) the Senior Required Mill Levy to be imposed pursuant to the Senior Indenture for payment of the 2020A Senior Bonds, and (ii) any other mill levy required to be imposed for payment of additional Senior Bonds issued hereafter, if any, in accordance with the provisions of the instrument pursuant to which such additional Senior Bonds are issued.

Subordinate System Development Fee Revenue. The Subordinate Indenture defines the "System Development Fee" as that certain fee imposed by the District pursuant to the System Development Fee Resolution or amounts collected by the District pursuant to the System Development Fee Resolution, and which fee is pledged to the 2020A Senior Bonds.

The “Subordinate System Development Fee Revenue” pledged to the payment of the 2020B Subordinate Bonds consists of any System Development Fee revenue remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of Senior Bonds.

Defined Terms. See APPENDIX B for definitions of the capitalized terms used and not otherwise defined in the preceding paragraphs and see “THE 2020B SUBORDINATE BONDS—Security for the 2020B Subordinate Bonds” for more detailed descriptions of the various components of the Subordinate Pledged Revenue.

Discharge of 2020B Subordinate Bonds. Notwithstanding anything in the Subordinate Indenture to the contrary, all of the 2020B Subordinate Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 15, 2046 (the “2020B Subordinate Bond Termination Date”), and no further payments will be due on the 2020B Subordinate Bonds, regardless of the amount of principal and interest paid prior to such date.

See “DISTRICT FINANCIAL INFORMATION” and “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH.”

THE 2020B SUBORDINATE BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT AND UNDER NO CIRCUMSTANCES SHALL ANY OF THE 2020B SUBORDINATE BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE CITY, DISTRICT NO. 1, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

**Subordinate Lien of
2020B Subordinate**

Bonds..... The 2020B Subordinate Bonds are subordinate limited tax general obligations of the District and are payable only after payment of all Senior Bonds in each year, solely from and to the extent of the Subordinate Pledged Revenue.

Subordinate Required Mill Levy Could be Zero. The District has pledged to impose a Subordinate Required Mill Levy for the payment of the 2020B Subordinate Bonds in an amount equal to 55.664 mills (subject to changes in law occurring after the date of delivery of the 2020B Subordinate Bonds with respect to the method of calculating assessed valuation) less the Senior Bond Mill Levy. Therefore, if the Senior Bond Mill Levy equals or exceeds 55.664 mills in any year, adjusted for changes in law as stated above, the Subordinate Required Mill Levy for that year will be zero. See also “THE 2020B SUBORDINATE BONDS—Security for the 2020B Subordinate Bonds.”

Additional Bonds..... The District covenants for the benefit of the Owners of the 2020A Senior Bonds and the Owners of the 2020B Subordinate Bonds not to issue

Additional Bonds (as defined in each of the Indentures; see APPENDIX B hereto) except as specifically permitted in the Senior Indenture and the Subordinate Indenture, respectively. The Senior Indenture and the Subordinate Indenture impose different limitations on the issuance of Additional Bonds. Owners of the 2020A Senior Bonds will only be permitted to enforce such limitations set forth in the Senior Indenture, and Owners of the 2020B Subordinate Bonds will only be permitted to enforce such limitations set forth in the Subordinate Indenture. See “THE 2020A SENIOR BONDS—Certain Senior Indenture Provisions—*Additional Bonds*” and “THE 2020B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Additional Bonds*.”

Interest Rates; Payment

Provisions; Record Date

The Bonds will bear interest at the rates per annum set forth on the front cover hereof (computed on the basis of a 360-day year of twelve 30-day months). Interest on the 2020A Senior Bonds is payable semiannually on June 1 and December 1 each year, commencing June 1, 2020. Interest on the 2020B Subordinate Bonds is payable annually on December 15 each year, commencing December 15, 2020. Payments for the principal of and interest on the Bonds will be made as described in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

The Record Date, with respect to each interest payment date, means, with respect to the 2020A Senior Bonds, the fifteenth (15th) day of the calendar month next preceding each interest payment date and, with respect to the 2020B Subordinate Bonds, the last day of the calendar month next preceding each interest payment date. To the extent principal of any 2020A Senior Bond is not paid when due such principal shall remain Outstanding until paid and shall continue to bear interest at the rate then borne by the 2020A Senior Bond. See “THE 2020A SENIOR BONDS—Payment of Principal and Interest.”

Notwithstanding anything in the Indentures to the contrary, all of the 2020B Subordinate Bonds together with all accrued and unpaid interest thereon are to be deemed paid, satisfied, and discharged on the 2020B Subordinate Bond Termination Date, regardless of the amount of principal and interest paid prior to such date.

Exchange and Transfer

While the Bonds remain in book-entry-only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC, defined below) may be made as described under the caption “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

Book-Entry-Only

Registration

The Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Bonds may be acquired in Authorized Denominations through participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for whom Participants acquire

interests in the Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal, premium, if any, and interest on the Bonds, as well as notices and other communications made by or on behalf of the District pursuant to the Bond Resolution, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

Financial Forecast..... Simmons & Wheeler, P.C., Certified Public Accountants, Englewood, Colorado, has prepared the cash flow projection schedules presented in APPENDIX A hereto (the “Financial Forecast”) for the Board of the District, for the purpose of providing information regarding the District’s ability to make the annual debt service payments on the Bonds and the 2020A-1 Senior Bonds and pay the District’s operating expenses. Such Financial Forecast is based upon the Market Study and the assumptions more particularly provided therein. See “FORWARD-LOOKING STATEMENTS,” “INVESTMENT CONSIDERATIONS—Risks Inherent in Financial Forecast and Market Study,” and APPENDIX A hereto.

Prior Redemption..... The 2020A-2 Senior Bonds are subject to optional and mandatory sinking fund redemption as described in “THE 2020A SENIOR BONDS—Redemption.”

The 2020B Subordinate Bonds are subject to optional and mandatory sinking fund redemption as described in “THE 2020B SUBORDINATE BONDS—Redemption.”

Tax Status In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuous compliance with certain covenants described in the Indentures, interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. Interest on the 2020A-1 Senior Bonds is included in gross income for federal and State of Colorado income tax purposes. See “TAX MATTERS.”

Continuing Disclosure

Undertaking..... Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (“Rule 15c2-12”), the District has agreed, for the benefit of the holders of the Bonds, to provide certain financial information, other operating data and notices of enumerated events after the Bonds are issued (the “Continuing Disclosure Undertaking”). A form of the District’s Continuing Disclosure Undertaking to be entered into in connection with the Bonds is attached as APPENDIX F to this Official Statement. See also “MISCELLANEOUS—Undertaking to Provide Ongoing Disclosure.”

Financial Statements..... Appended hereto are the audited financial statements of the District as of and for the year ended December 31, 2018, being the most recent audited financial statements available for the District.

Offering and Delivery

Information..... The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel, and certain other conditions. It is expected that the Bonds will be available for delivery on or about April 8, 2020 against payment therefor.

Debt Ratios The following are selected District general obligation debt ratios upon issuance and delivery of the Bonds and the 2020A-1 Senior Bonds.

| | |
|--|---------------|
| 2019 Assessed Valuation ¹ | \$51,191,803 |
| 2019 Statutory “Actual” Valuation ¹ | \$536,772,663 |
| General Obligation Debt Outstanding Upon Issuance of 2020 Bonds ^{1,2} | \$62,045,000 |
| Estimated Population ³ | 2,400 |
| Debt as a Ratio of: | |
| 2019 Assessed Valuation ¹ | 121.20% |
| 2019 Statutory “Actual” Valuation ¹ | 11.56% |
| District Debt Per Capita..... | \$25,852 |
| Estimated Overlapping General Obligation Debt ¹ | \$4,395,924 |
| Sum of District and Overlapping Debt | \$66,440,924 |
| District and Overlapping Debt as a Ratio of: | |
| 2019 Assessed Valuation ¹ | 129.79% |
| 2019 Statutory “Actual” Valuation ¹ | 11.56% |
| District and Estimated Overlapping Debt Per Capita | \$27,683 |

¹ For definitions of and descriptions of the methodology used in computing assessed valuation, statutory “actual” value, estimated population, general obligation debt outstanding, and estimated overlapping general obligation debt, see “DISTRICT FINANCIAL INFORMATION” and “DEBT STRUCTURE.” All ratios have been rounded down.

² Includes the 2020A-1 Senior Bonds, the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds.

³ Estimate based on the number of occupied homes within the District (1,000) multiplied by 2.4 persons per household in Arapahoe County as provided by the U.S. Census.

Sources: Arapahoe County Assessor’s Office (the “Assessor’s Office”), the District and individual overlapping entities

Additional Information ALL OF THE SUMMARIES OF THE STATUTES, INDENTURES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS OFFICIAL STATEMENT ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The

summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing, and handling charge from: D.A. Davidson & Co., 1550 Market Street, Suite 300, Denver, Colorado, 80202, Telephone: (303) 764-5768.

FORWARD-LOOKING STATEMENTS

This Official Statement, and particularly the information contained under the headings entitled “INTRODUCTION,” “INVESTMENT CONSIDERATIONS,” “THE DISTRICT,” “THE DEVELOPMENT,” and in “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH” (such report being referred to herein as the “Financial Forecast”) and “APPENDIX C—THE MARKET STUDY” contain statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “projected” 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. Any projection is subject to such uncertainties. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between projections and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see “INVESTMENT CONSIDERATIONS.”

INVESTMENT CONSIDERATIONS

PROSPECTIVE INVESTORS IN THE BONDS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT AND SHOULD GIVE PARTICULAR CONSIDERATION TO THE FOLLOWING INVESTMENT CONSIDERATIONS IN CONNECTION WITH THE PURCHASE OF THE BONDS.

Each prospective investor is urged to consult with its own legal, tax and financial advisors to determine whether an investment in the Bonds is appropriate in light of its individual legal, tax and financial situation.

General

The purchase of the Bonds involves certain risks and other investment considerations, which are discussed throughout this Official Statement, and each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision.

Each series of the Bonds involves different investment considerations and those differences should be taken into account in making a decision to purchase either of the 2020A-2 Senior Bonds and/or the 2020B Subordinate Bonds.

COVID-19

The spread of the coronavirus disease 2019 (“COVID-19”) is currently altering the behavior of individuals and businesses in a manner that is having significant negative effects on global, national, and local economies. State and local governments, including the State, have announced orders, recommendations and other measures intended to slow the spread of COVID-19, including the closing of

businesses and “shelter in place” orders. These COVID-19 measures are changing rapidly, often daily and in some cases, multiple times in a single day. Unemployment claims are accelerating in many areas due to these developments concerning COVID-19.

On March 25, 2020, Colorado Governor Polis issued Executive Order D 2020 017 (the “Executive Stay At Home Order”) which, with certain exceptions, ordered Coloradans to stay at home whenever possible due to the presence of COVID-19 in the State, and also directed the Colorado Department of Public Health and Environment (the “CDPHE”) to issue a public health order consistent with the directives of the Governor contained in such executive order. The Executive Stay At Home Order was effective March 26, 2020 and is to remain in effect through April 11, 2020, unless rescinded or modified by further executive order of Governor Polis. On March 26, 2020, the CDPHE issued Public Health Order 20-24 Implementing Stay At Home Requirements (“CDPHE Order 20-24” and, together with the Executive Stay At Home Order, the “Stay At Home Orders”) which sets forth restrictions on individuals and businesses consistent with the Executive Stay At Home Order and provides specific guidance for exceptions such as “Necessary Travel,” “Necessary Activities,” “Critical Business” and “Critical Government Functions.” While under prior orders of Governor Polis, the CDPHE and numerous local governments, many businesses in Colorado were already closed or required to implement restrictive measures with respect to the provision of goods and services, the Stay At Home Orders implemented additional mandatory closures (or implementation of restrictive measures) for businesses not fitting within one of the specified exceptions of the Stay At Home Orders. Many individuals in Colorado are experiencing layoffs as a result of such closed (or diminished) businesses, and such loss of employment could extend beyond the expiration of the Stay At Home Orders (which orders could also be extended), and may result in permanent or long term layoffs.

In addition, on March 20, 2020, Governor Polis issued Executive Order D 2020 012 (“Executive Order 20-012”) that, among other things, granted county treasurers in Colorado (“County Treasurers”) the authority to waive delinquent interest on late property tax payments. Executive Order 20-12 is to remain in effect until April 20, 2020. As of March 28, 2020, the Arapahoe County Treasurer’s website stated that, based on Executive Order 20-12, the Arapahoe County Treasurer will waive interest as follows:

“For those taxpayers who did not make a first half tax payment by the March 2 due date, and those who would now have difficulty making a full payment by the April 30 due date, [such taxpayers] may now make the first half payment of [its] [their] tax liability by April 20, 2020, and interest will be waived (emphasis in original text). [Such taxpayers’] second half payment will then be due by June 15.

Full payments remain due by April 30, and payments made after April 30 will still be subject to delinquent interest, unless the Governor extends [Executive Order 20-012], or the State Legislature provides statutory relief.

For those taxpayers who have already made a first half payment, your second half payment is due by June 15. If not made by June 15, such payments will still be subject to delinquent interest, unless the Governor extends [Executive Order 20-012] or the State Legislature provides statutory relief.

Payments remitted by mortgage companies and title agencies are not included in this waiver of first half payment interest. Interest on delinquent payments from prior years and redemption interest on tax liens are also excluded from this waiver.”

It is unknown whether the Colorado General Assembly will consider legislation suspending payment of ad valorem property taxes, and, if considered, whether such legislation would be passed. It is

also not possible to know whether Governor Polis will issue additional executive orders authorizing County Treasurers to extend payment deadlines and waive interest, or whether the Arapahoe County Treasurer will extend or amend the interest waiver quoted above.

The Senior Pledged Revenue and the Subordinate Pledged Revenue (collectively, the “Pledged Revenue”) pledged to the payment of the Bonds (and the 2020A-1 Senior Bonds) is derived primarily from ad valorem property taxes. Significant delays in the receipt of property taxes or material decreases in the amount of tax revenue received by the District would affect the security for the Bonds. The Arapahoe County Treasurer’s current position on interest waivers and grace periods does not adversely affect the amount of Pledged Revenue. If, however, Governor Polis issues additional executive orders or legislation is passed which authorizes or directs County Treasurers to further extend payment deadlines, waive interest, or forgive liability for property taxes, there is no guarantee that such additional action would not adversely affect the amount or timing of the District’s property tax revenue. There can be no assurance that the Pledged Revenue will continue at prior or existing levels, and there is no guarantee that reductions in ad valorem property tax revenue will not occur. Further, such decreases could be material.

To the extent that homes within the District were financed with loans secured by mortgages (or deeds of trust, which are typically used in Colorado) on such homes, and the terms of the financing require that property taxes be paid monthly (which payments are accumulated in escrow by the lender until the date or dates on which tax payments are due), the taxpayers owning such homes are not included within the interest waiver or temporary payment grace period provided by the Arapahoe County Treasurer as quoted above.

Regardless of the Arapahoe County Treasurer’s recent action quoted above, property taxes in the District and elsewhere in Arapahoe County remain due, and the temporary grace period for payment of property taxes does not cancel or discharge the obligation to pay property taxes. Property taxes not paid when due constitute a lien on the property for which such taxes are unpaid and, with the limited exception of federal tax liens, such property tax lien generally has priority over all other liens. See “—Enforcement of Tax Collection by County” below.

The District has sufficient revenue on hand with which to timely pay the interest coming due on the 2020A-2 Senior Bonds (and the 2020A-1 Senior Bonds) on June 1, 2020, and the delay in tax revenue which may be experienced by the District as a result of the Arapahoe County Treasurer’s recent action as quoted above does not impact the District’s ability to pay such interest when due.

There is no guarantee that additional executive orders or legislation deferring the payment of property taxes to a later date, permanently waiving interest, or forgiving property tax liability in its entirety will not occur, and if these or similar measures are adopted into law, the receipt of property taxes by the District may be delayed or reduced, and such reduction could be material.

It is unknown how extensive the spread of the COVID-19 disease will be in the State, or how long the current restrictions will remain in place, and these things may change rapidly. There can be no assurance that the spread of the COVID-19 disease and the implementation of restrictions on a local, State and national level will not materially impact the local, State and national economies and, accordingly, there is no guarantee that such occurrences will not materially adversely affect the amount of the Pledged Revenue available for payment of the Bonds, or the timing of the receipt thereof. In particular, it is possible that the economic impact of COVID-19 could cause (a) the assessed value of property in the District to decrease, and (b) the development of the remaining undeveloped property in the District to slow from what is projected or to stop entirely. Either event could materially reduce the Pledged Revenue for the Bonds.

Furthermore, financial markets in the United States and globally may continue to experience significant volatility or declines in connection with the spread of COVID-19, which may have a material impact on the price of the Bonds in the secondary market. The District cannot predict the impact that COVID-19 will have in the short term or in the long term on the District's financial condition or an investment in the Bonds. It is impossible to predict whether current economic conditions will continue or worsen, the duration of such changing conditions, or how future short term and long term economic conditions will affect the amount of the Pledged Revenue or the District's finances in general.

In addition, the Financial Forecast (set forth in APPENDIX A) and the Market Study (set forth in APPENDIX C) were prepared prior to widespread public attention to the emergence of COVID-19 in the United States, and therefore the assumptions, information and conclusions in the Financial Forecast and Market Study must be read and considered in the context of the matters described above, which may materially and adversely affect the assumptions, information and conclusions set forth in such reports. Further, APPENDIX D—Economic and Demographic Information provides information as of the dates stated therein, and does not reflect updates to such information which may occur following the emergence of COVID-19, and such changes in the information set forth therein could be adverse.

Separate Series of Bonds

While a single Official Statement is being used in connection with the offer and sale of the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds, each series of Bonds is secured under a separate Indenture of Trust (as previously defined, the "Senior Indenture" and the "Subordinate Indenture," respectively) and each series of Bonds is secured by different revenue pledges (the "Senior Pledged Revenue" and the "Subordinate Pledged Revenue," respectively, and collectively, as previously defined, the "Pledged Revenue"). The use of a single Official Statement does *not* imply that the Owners of the 2020A-2 Senior Bonds and Owners of the 2020B Subordinate Bonds are secured by the same revenue pledges, funds and accounts, or covenants.

The Owners of the 2020A-2 Senior Bonds and Owners of the 2020B Subordinate Bonds are afforded different rights under the Senior Indenture and the Subordinate Indenture, respectively. Potential purchasers of the Bonds are cautioned to review carefully the information herein describing the Senior Indenture and the Subordinate Indenture as applicable to the series of Bonds being considered for purchase.

Certain Risks Relating to 2020A Senior Bonds

Dependence on Ad Valorem Property Taxes. The primary source of District revenue pledged for debt service on the 2020A-2 Senior Bonds (and the 2020A-1 Senior Bonds, which are not offered and sold under this Official Statement, but which have a lien on the Senior Pledged Revenue on parity with the lien thereon of the 2020A-2 Senior Bonds) is expected to be revenue generated from ad valorem taxes assessed against all taxable property of the District.

The District's ability to retire the indebtedness created by the issuance of the 2020A-2 Senior Bonds and the 2020A-1 Senior Bonds (collectively, as previously defined, the "2020A Senior Bonds") is dependent upon the continued development within the District and the corresponding growth of an adequate tax base from which the District can collect sufficient property tax revenue from the imposition of the Senior Required Mill Levy. See "—Continued Development Not Assured" and "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" below.

The Financial Forecast (included in APPENDIX A hereto) sets forth the anticipated payment of debt service on the 2020A Senior Bonds, based on assumptions concerning the timely receipt of certain City approvals, the commencement of infrastructure and home construction, the rate of growth in the District, and the mill levies imposed for payment of debt service on the 2020A Senior Bonds. No assurance is provided that the assumptions contained in the Financial Forecast will occur, or that the 2020A Senior Bonds will be paid as projected in the Financial Forecast. See “—Risks Inherent in Financial Forecast and Market Study” below and APPENDIX A hereto.

Limited Tax Mill Levy. The Senior Indenture provides that the District is to impose ad valorem property taxes in an annual amount equal to the Senior Required Mill Levy. Prior to the Unlimited Tax Receipt Date (defined below), which occurs following the Unlimited Tax Conversion Date, if any, *which is not guaranteed to occur*, in no event may holders of the 2020A Senior Bonds require the District to raise such mill levy above the maximum Senior Required Mill Levy of 55.664 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after the date of delivery of the 2020A Senior Bonds, including changes in the ratio of actual valuation to assessed valuation). See “THE 2020A SENIOR BONDS—Security for the 2020A Senior Bonds—*Senior Required Mill Levy.*” Prior to the Unlimited Tax Receipt Date, *which is not guaranteed to occur*, **the District’s failure to pay the principal and interest on the 2020A Senior Bonds when due does not, of itself, constitute an Event of Default under the Senior Indenture.**

Conversion to Unlimited Tax Mill Levy Not Assured Under the Senior Indenture, on or after the Unlimited Tax Conversion Date, *if it occurs*, the 2020A Senior Bonds would convert to unlimited tax obligations and the Senior Required Mill Levy would be an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds as the same become due and payable, without limitation of rate and in amounts sufficient to make such payments when due.

The “Unlimited Tax Receipt Date” means the first principal or interest payment date with respect to the 2020A Senior Bonds occurring after the Unlimited Tax Conversion Date.

The Unlimited Tax Conversion Date occurs, *if at all*, on the date of the first mill levy certification by the District with respect to the 2020A Senior Bonds occurring after: (i) the Debt to Assessed Ratio becomes 50% or less, (ii) the majority of the members of the Board are residents of the District, and (iii) the Board has affirmatively approved the conversion of the 2020A Senior Bonds from limited tax general obligation bonds to unlimited tax general obligation bonds; provided that no conversion to unlimited tax can occur unless the Senior Reserve Fund is fully funded at the Senior Reserve Fund Requirement.

The Senior Indenture defines the “Debt to Assessed Ratio” as the ratio derived by dividing the then-outstanding principal amount of all general obligation debt of the District by the most recent December 10 certified assessed valuation of the taxable property in the District, as such assessed valuation is certified from time to time by the County Assessor of Arapahoe County.

There is no assurance that the assessed valuation of the District will increase to the point that the conditions for conversion of the 2020A Senior Bonds to unlimited tax obligations will be met and, in that case, the 2020A Senior Bonds will remain limited tax obligations subject to the limited Senior Required Mill Levy as described above.

No Mortgage. Payment of the principal of and interest on the 2020A Senior 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.

Limited Recourse. In the event that the revenue derived from the Senior Required Mill Levy and the other components of the Senior Pledged Revenue is insufficient to pay the scheduled principal on the 2020A Senior Bonds when due, the unpaid principal will remain outstanding until paid. So long as the District is imposing the applicable Senior Required Mill Levy and enforcing collection of the Senior Pledged Revenue, the District will not be in default under the Senior Indenture and the Owners will have no recourse against the District to require such payments. In addition, the District will not be liable to the Owners for unpaid principal and interest beyond the amount permitted by law and, upon payment of such permitted amount, it is possible that all 2020A Senior Bonds may be deemed defeased. See “THE 2020A SENIOR BONDS—Certain Senior Indenture Provisions—*Events of Default*” and “—*Remedies on Occurrence of Event of Default*.”

Certain Risks Relating to 2020B Subordinate Bonds

Subordinate Lien of 2020B Subordinate Bonds. The 2020B Subordinate Bonds constitute subordinate limited tax obligations of the District. Accordingly, to the extent any source of revenue pledged to the payment of the 2020B Subordinate Bonds is also pledged to the payment of the 2020A Senior Bonds, the lien thereon of the 2020B Subordinate Bonds *is subordinate in all respects to the lien of the 2020A Senior Bonds*.

Limited Tax Obligations. Pursuant to the Subordinate Indenture, the District is to impose ad valorem property taxes in an annual amount equal to the Subordinate Required Mill Levy, and in no event may holders of the 2020B Subordinate Bonds require the District to raise the mill levy above the maximum Subordinate Required Mill Levy of 55.664 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after the date of the delivery of the 2020B Subordinate Bonds, including changes in the ratio of actual valuation to assessed valuation) *less* the amount of the Senior Bond Mill Levy. See “THE 2020B SUBORDINATE BONDS—Security for the 2020B Subordinate Bonds—*Subordinate Required Mill Levy*.” There is no condition, event, or passage of time which could cause the 2020B Subordinate Bonds to convert to unlimited tax obligations of the District. The 2020B Subordinate Bonds constitute limited tax obligations of the District and will remain limited tax obligations until fully paid or discharged.

No Event of Default for Nonpayment. As a result of the limitations of the Subordinate Pledged Revenue, the District’s failure to pay the principal of or interest on the 2020B Subordinate Bonds when due does *not*, of itself, constitute an Event of Default under the Subordinate Indenture. This provision of the Subordinate Indenture will remain in effect throughout the entire term of the 2020B Subordinate Bonds.

Subordinate Required Mill Levy Could be Zero. The District has pledged to impose a Subordinate Required Mill Levy for the payment of the 2020B Subordinate Bonds in an amount equal to 55.664 mills (subject to adjustment for changes in the method of calculating assessed valuation occurring after the date of the delivery of the 2020B Subordinate Bonds, including changes in the ratio of actual valuation to assessed valuation) *less* the Senior Bond Mill Levy (defined below). Therefore, if the Senior Bond Mill Levy equals or exceeds 55.664 mills in any year, adjusted for changes in law as described above, *the Subordinate Required Mill Levy for that year will be zero*.

The “Senior Bond Mill Levy” means (i) the Senior Required Mill Levy to be imposed pursuant to the Senior Indenture for payment of the 2020A Senior Bonds, and (ii) any other mill levy required to be imposed for payment of additional Senior Bonds issued hereafter, if any, in accordance with the provisions of the instrument pursuant to which such additional Senior Bonds are issued.

Limited Recourse. In the event that the Subordinate Pledged Revenue is insufficient to pay the principal on the 2020B Subordinate Bonds when due, such principal will remain outstanding until paid and will continue to bear interest at the rate then borne by the 2020B Subordinate Bonds.

So long as the District is imposing the Subordinate Required Mill Levy, and enforcing collection of the Subordinate Pledged Revenue and applying or causing such revenue to be applied in accordance with the Subordinate Indenture, the District will not be in default under the Subordinate Indenture, and the Owners of the 2020B Subordinate Bonds, *will have no recourse against the District to require such payments*. In addition, the District will not be liable to the Owners for unpaid principal and interest beyond the amount permitted by law and, upon payment of such permitted amount, it is possible that all Bonds may be deemed defeased. See “THE 2020B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Events of Default*” and “—*Remedies on Occurrence of Event of Default*.”

No Mortgage, Deed of Trust or Similar Security. Payment of the principal of and interest on the 2020B Subordinate Bonds is not secured by any deed of trust, mortgage or other lien on or security interest in any real or personal property of the District or any other of its assets.

Discharge of 2020B Subordinate Bonds on December 15, 2046

Notwithstanding anything in the Subordinate Indenture to the contrary, including the possibility that the unpaid principal and interest on the 2020B Subordinate Bonds has not yet accrued to the amount permitted by law as described under “—Limited Recourse” above, all of the 2020B Subordinate Bonds and interest thereon are to be deemed paid, satisfied, and discharged on the 2020B Subordinate Bond Termination Date of December 15, 2046, regardless of the amount of principal and interest paid prior to such date. There is no assurance that the amount of principal of and interest on the 2020B Subordinate Bonds so discharged will not be significant.

Continued Development Not Assured

General. The repayment of the Bonds (and the 2020A-1 Senior Bonds) is dependent upon an increase in the assessed valuation of property in the District to provide a tax base from which ad valorem property tax revenues resulting from imposition by the District of the Senior Required Mill Levy and Subordinate Required Mill Levy are to be collected. Such increase in assessed valuation is dependent upon the continued development within the District, which, in turn, is dependent upon the completion of the infrastructure necessary to support such planned development, and is subject to market demand, market conditions and a variety of other factors beyond the control of the District and the Property Owner.

Residential Development. The Development is a master-planned residential community planned to contain 1,964 single-family detached homes; two elementary schools; four neighborhood parks (which comprise, in the aggregate, approximately 47 acres); two community recreation facilities (including the Lakehouse which opened in March 2007 and the planned New Community Center); trails and open space. See “THE DEVELOPMENT.” See also the preceding “AERIAL MAP,” “DEVELOPMENT PLAN AND ENVIRONS,” “DISTRICT BOUNDARY MAP” and “REGIONAL MAP.”

According to the Property Owner, the property within the Development is fully entitled for its intended uses as described in this Official Statement, subject to City approval of contextual site plans and final subdivision plats and the issuance by the City of building permits and certificates of occupancy.

Build-out of the Development is planned to occur in three phases. Phase 1 of the Development is fully complete and consists of 509 completed homes.

Phase 2 of the Development is underway, consisting of 634* platted lots, all of which have been sold to various Builders. As of December 31, 2019, of the 634* platted lots in Phase 2, 491 homes have been constructed and sold to individual homeowners, homes on 96 lots are under various stages of construction, and of such 96 homes under construction, 70 homes are under contract for sale to individual home purchasers and 26 homes are being constructed as spec homes on lots owned by Village Homes, Century Communities and Richmond Homes. See “THE DEVELOPMENT—Construction and Sales Activity.”

Phase 3 of the Development is planned for 821 single family homes. Phase 3 currently includes 488 finally platted and engineered lots, all of which have been sold to Village Homes (135 lots), Richmond Homes (214 lots) and Toll Brothers (139 lots). The remaining property within Phase 3 has been platted for 333 lots in Filing No. 19 which are under contract for sale to Richmond Homes pursuant to the Richmond Homes Contract. According to the Property Owner, as of December 31, 2019, five homes were currently under construction within Phase 3, three of which were under contract for sale to individual home purchasers and two of which were being constructed as spec homes on lots owned by Toll Brothers. See “THE DEVELOPMENT—TABLE IV” herein.

The Property Owner was responsible for the platting and engineering of the 1,455 lots within Phase 2 and Phase 3, with the Builders to finish the lots, including in-tract subdivision-specific improvements, and complete vertical construction of homes for sale to the public. The Property Owner does not presently intend to construct any homes, buildings, structures or other vertical improvements within the Development, but may do so in the future.

There is no guarantee that any Builders will construct homes on the lots in Phase 2 and Phase 3 of the Development in the timeframe anticipated, or at all. All of the lots within Phase 2 and Phase 3 have been sold, or are under contract for sale, to the Builders, though no assurance is given that the Builders will, upon purchase of any such lots, construct homes thereon.

Full build-out of the Development is anticipated in 2025. Notwithstanding any of the foregoing, none of the Property Owner, any other owner of property within the Development, or future homebuilders, if any, is obligated to construct homes thereon in any particular timeframe, or at all. The Market Study attached hereto as APPENDIX C provides an analysis of the assumed build-out schedule and product mix (including price levels) of the Development. Based upon the build-out schedule and product mix (including price levels) set forth in the Market Study, and certain other assumptions specified therein, the Financial Forecast included in APPENDIX A hereto provides certain forecasts of revenue of the District.

While the foregoing and more detailed descriptions of the planned development provided elsewhere in this Official Statement reflect the anticipated build-out of the Development as set forth in APPENDIX A, no assurance can be given that build-out will occur as presently planned, within the presently anticipated timeframes and resulting in the presently anticipated product values. All development projections, including, without limitation, the ultimate number of residential units and price levels of residential units to be constructed in the Development, are dependent upon market activity, governmental regulations, general economic conditions, and other factors over which the District and the Property Owner have no control. See “—Risks Inherent in Financial Forecast and Market Study” below, “THE DEVELOPMENT” and APPENDICES A and C.

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

Omitted Property. In 2007, approximately 20 acres of property in the northeastern portion of the Development were inadvertently omitted from an inclusion of property into the District’s boundaries (the “Omitted Property”) due to administrative error. The Omitted Property consists of a total of 28 lots within the Vista Point subdivision (Filing 10), comprised of: (i) 17 completed, sold and closed homes (the “Existing Homes Omitted Property”), and (ii) 11 undeveloped lots owned by Toll Brothers (the “Toll Brothers Omitted Property”). While all of the 28 lots comprising the Omitted Property are within the Development, such Omitted Property is *not* within the current boundaries of the District. Accordingly, the District has no authority to impose its mill levies (including the Senior Required Mill Levy and the Subordinate Required Mill Levy) on such property, and therefore no ad valorem property tax revenue will be derived from such 28 lots for payment of the Bonds (or for any other purpose) unless and until such 28 lots (or any portion thereof) are included within the boundaries of the District, *which is not guaranteed to occur.*

The Toll Brothers Inclusion Petition requesting inclusion of the Toll Brothers Omitted Property into the boundaries of the District was approved by the Board at its March 25, 2020 Board meeting and was approved by the District Court on March 31, 2020. The inclusion of the Toll Brothers Omitted Property will not be fully effective, however, until certain additional procedures are completed, which may be delayed due to COVID-19. See “—COVID-19” above.

At the March 25, 2020 Board meeting the Board began considering its options with respect to the inclusion of the Existing Homes Omitted Property into the boundaries of the District. The District expects to actively pursue the alternatives available to it in order to promote the inclusion of such property. No assurance can be given, however, that such action will be successful with respect to the inclusion of all 17 homes (or any lesser number thereof) into the District.

Termination of Vested Property Rights. The Development is presently afforded statutory protections against unilateral action by the City that could impact the purposes for which property in the Development is permitted to be developed, referred to as “vested property rights,” as described in “THE DEVELOPMENT—Platting, Zoning/Land Use and Public Approvals and Requirements—*Zoning District and Framework Development Plan.*” However, such statutory protections will terminate on the date and under the circumstances described herein, and such termination is likely to occur before the anticipated buildout date for the Development. No assurance can be given that, upon the termination of such statutory protections, the City would not take action to restrict development within the Development in a manner that would prevent plans for the Development described herein from continuing. However, the Property Owner has received no indication that the City intends to take such action.

Public Infrastructure. The Property Owner states that, to the best of its knowledge, the Public Improvements previously completed by the Prior Developer and District No. 1 and the in-tract subdivision-specific improvements completed by the respective Builders are sufficient to serve the existing 509 homes within Phase 1 of the Development and the additional 634* single family homes planned for Phase 2.

The Property Owner states that it intends to manage, in cooperation with District No. 1, the construction of the Public Improvements (excluding in-tract subdivision-specific improvements, which are expected to be completed by Builders, if any) necessary to support development of Phase 3 of the Development. The Property Owner estimates that the total cost of the remaining Public Improvements necessary to serve the Districts to be funded by the Property Owner and/or the Districts is approximately

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

\$21,500,000, excluding the cost of in-tract infrastructure anticipated to be funded by Builders, which the Property Owner estimates at \$50,000,000. Of the approximately \$21,500,000, anticipated to be funded with net proceeds of the Bonds, approximately \$14,700,000 is anticipated to be used for the Improvement Project and \$6,800,000 is anticipated to be used to reimburse the Property Owner for Certified Eligible Public Improvement Costs.

No assurance is given that the costs of Public Improvements necessary to serve Phase 3 of the Development will not exceed such estimates. The costs of Public Improvements are subject to many factors not within the control of the Districts, the Property Owner, or homebuilders undertaking such Public Improvements, including but not limited to, labor conditions, access to and cost of building supplies, energy costs, availability and costs of fuel, transportation costs and economic conditions generally. See “THE DEVELOPMENT—Funding and Status of Construction of Public and Private Infrastructure.”

There can be no guarantee that the Property Owner will continue to fund infrastructure costs to the extent that the Districts do not have sufficient funds, or that the financial resources of the Property Owner will be adequate to do so. Furthermore, there can be no assurance that homebuilders will have the financial resources necessary to fund the in-tract infrastructure improvements necessary for both Phase 2 and Phase 3 of the Development, as presently anticipated by the Property Owner. No independent investigation has been made of the financial resources of the Property Owner or any current or potential homebuilder in the Development.

If the infrastructure necessary to fully support all homes within the Development is not completed as anticipated by the Property Owner and, as a result, build-out of the Development is not completed in the time and manner reflected in the Financial Forecast, the assessed valuation forecasted for the District will not be realized in the manner forecasted which could have a material, adverse effect on the District’s ability to repay the Bonds. See the Financial Forecast set forth in APPENDIX A hereto for the build-out projections for residential construction within the Development and the corresponding estimated assessed valuation relating to such planned development.

Competition with Other Developments. The Development will compete with developments in the City and throughout the southeast Denver metropolitan area. Such competition may adversely affect the rate of development within the District. See the Market Study set forth in APPENDIX C hereto.

Other Factors Affecting Rate of Development. Many unpredictable factors could influence the actual rate of development and construction of homes within the Development, including prevailing interest rates, availability of development and construction funding, economic conditions generally, development and supply of residential housing in the area, availability of mortgages, availability of property insurance, construction costs, labor conditions and unemployment rates, access to and cost of building supplies, availability and costs of fuel, and transportation costs, and severe weather and acts of god, among other things. See also “—Foreclosures” below, “THE DEVELOPMENT—Competition” and “APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Housing Stock” and “—Foreclosure Activity.”

Financial Condition of the Property Owner

There has been no independent investigation of and no representation is made in this Official Statement regarding the financial soundness of the Property Owner or of its managerial capability to advance the development of and market the property owned by the Property Owner within the Development as planned. Moreover, the financial circumstances of the Property Owner are subject to change from time to time. Development within the District is dependent upon the ability of the Property

Owner to implement the plan for the Development contemplated herein, as described under the caption “THE DEVELOPMENT” herein. Furthermore, the Property Owner is not under a binding obligation to develop its property within the District as planned, nor is there any restriction on the right of the Property Owner to sell any or all of its property within the District or to withdraw completely from the Development. The Property Owner does not presently intend to construct any homes, building, structures, or other vertical improvements within the Development. Prospective investors are urged to make such investigation as deemed necessary concerning the financial soundness of the Property Owner and its ability to implement the plan of Development as described herein.

Enforceability of System Development Fee

The System Development Fee revenue is a component of the Senior Pledged Revenue pledged to the payment of the 2020A Senior Bonds and, on a subordinate basis, is also a component of the Subordinate Pledged Revenue pledged to the payment of the 2020B Subordinate Bonds. See “THE 2020A SENIOR BONDS—Security for the 2020A Senior Bonds—*System Development Fee*” and “THE 2020B SUBORDINATE BONDS—Security for the 2020B Subordinate Bonds—*Subordinate System Development Fee Revenue*” for a description of the amount of the System Development Fee due with respect to various residential product types. The System Development Fee is due and payable to the District by the owner of each platted lot within the District (each a “Lot”) upon the issuance of a building permit for the construction of any improvements on such Lot, excepting certain Lots for which the fee is due and payable on the date of first closing of such Lot to occur after issuance of the related certificate of occupancy. There is no mechanism or agreement in place, however, which would prohibit the City from issuing a building permit for property within the District for which a System Development Fee is due and owing but unpaid.

The System Development Fee Resolution (defined herein) states that any System Development Fee not paid when due is to constitute a statutory and perpetual lien against the property upon which such fee is imposed pursuant to Section 32-1-1001(1)(j)(I), C.R.S., in part on the basis that the System Development Fee constitutes a charge imposed for the provision of services and facilities to the subject property, in accordance with the relevant statutory authority. Until paid in full, such System Development Fee, together with interest accrued thereon, is to constitute a perpetual lien against the affected lot as provided by law.

An opinion of the District’s General Counsel will be delivered to the effect that the System Development Fee Resolution has been duly adopted by the Board at a meeting held in compliance with applicable State law, and with respect to the enforceability of the System Development Fee, but no opinion of Counsel has been or will be delivered as to the priority of the lien of the System Development Fee. The priority of the lien of fees in the nature of the System Development Fee and the corresponding remedies described above are judicially untested. There is no assurance that new legal challenges to the enforceability of the System Development Fee Resolution, the imposition of the System Development Fee, the statutory lien relating thereto or the priority of such statutory lien will not be made or of how a court would rule on any such challenges.

Additional Bonds

The District covenants for the benefit of the Owners of the Bonds that it will not issue Additional Bonds (as defined in APPENDIX B hereto) except as specifically permitted in the Indentures. The District may, under the circumstances and subject to the limitations set forth in the Indentures, issue certain Additional Bonds. The issuance of Additional Bonds, if any, could potentially dilute the security available for the Bonds. See “THE 2020A SENIOR BONDS—Certain Senior Indenture Provisions—

Additional Bonds” and “THE 2020B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Additional Bonds*.”

The District’s issuance of Additional Bonds is also subject to the limitations of the District’s Service Plan and the availability of electoral authorization. See also “DEBT STRUCTURE—Debt Restrictions.”

Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land

The Owners of the Bonds are dependent upon the assessed value of property within the District to provide a tax base from which ad valorem tax revenues are collected for the payment of debt service on the Bonds. The assessed value of property within the District is determined by multiplying the “actual value” of the property by an assessment rate, and the “actual value” of the property is determined by the County Assessor, all as more particularly described under “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes.” Assessed valuations may be affected by a number of factors beyond the control of the District. For example, property owners are allowed each year by State law to challenge the valuations of their property, and no assurance can be given that owners of property in the Development will not do so. Under certain circumstances, State statutes permit the owners of vacant residential property to apply to the County Assessor for discounted valuation of such property for ad valorem property tax purposes, and in certain circumstances, multi-family projects can qualify for an exemption from property taxation (although no multi-family projects are presently planned for the Development). Should the actions of property owners result in lower assessed valuations of property in the Development, the security for the Bonds would be diminished, increasing the risk of nonpayment. Regardless of the actions of property owners, the values of finished lots and homes may be reduced if market prices decline due to economic factors. See also “—Foreclosures” below. Furthermore, property used for tax-exempt purposes, which could include multi-family projects owned by charitable or not-for-profit organizations, is not currently subject to taxation.

In addition, the projected assessed value of property in the District set forth in the Financial Forecast is based on certain assumptions as to the manner in which various properties will be assessed by the County Assessor. While these assumptions are based on information provided by the County Assessor, no assurance is given that any particular methodology presently used by the County Assessor to determine the actual value of property will continue to be used in the future. Any change in the methodology by which the actual value of property is determined could adversely affect the assessed value of property in the District and the property taxes that may be generated thereby. See also “—Risks Inherent in Financial Forecast and Market Study” below and APPENDICES A, C and J hereto.

Risks Inherent in Financial Forecast and Market Study

The Market Study set forth in APPENDIX C hereto contains certain projections regarding the pace of lot sales, absorption and lot and home values in the Development, which are based on certain assumptions more particularly set forth therein. The Market Study provides an assessment of absorption and market values based on current market conditions, which conditions are comprised solely of those specifically identified in the Market Study. The Market Study does not address or evaluate other factors which could impact whether the Development proceeds as contemplated therein, including the availability of funding, entitlements and other matters described in “—Continued Development Not Assured” above.

The Financial Forecast (in APPENDIX A hereto) sets forth a projection of the payment of debt service on the Bonds (and the 2020A-1 Senior Bonds) based on the absorption schedule and market values presented in the Market Study and the other assumptions more particularly described in the

Financial Forecast. Actual rates of development and actual rates of increases in assessed values will be affected by many factors. While the Property Owner has stated that it believes that the absorption schedule and market values presented in the Financial Forecast are reasonable, no assurance can be given that the actual rate of development and market values will be as presented in the Financial Forecast.

The information presented in APPENDICES A and C is inherently subject to variations between the assumptions and actual results and those variations could be material. See “—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land” above and “FORWARD-LOOKING STATEMENTS.”

The Financial Forecast and Market Study attached hereto as APPENDICES A and C, respectively, are an integral part of this Official Statement. Investors are encouraged to read the entire Official Statement, including the Financial Forecast and Market Study appended hereto, in order to obtain information essential to the making of an informed investment decision. None of the Underwriter, the District or the Property Owner are responsible for the information contained in the Financial Forecast or Market Study, and none of the Underwriter, the District or the Property Owner are responsible for the conclusions presented in the Financial Forecast or the Market Study; provided, however, that the Property Owner has no reason to believe that such conclusions are inherently inaccurate or incomplete.

Foreclosures

The District’s ability to collect property tax revenue for timely payment of the Bonds depends, among other things, upon development within the District and 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 for payment of the 2020A Senior Bonds and the Subordinate Required Mill Levy for payment of the 2020B Subordinate Bonds. In the State, the foreclosure process begins when the lender of a loan secured by a deed of trust on real property informs the borrower of a default in payment. At least 30 days after the borrower is notified of such default and at least 30 days before filing a Notice of Election and Demand (“NED”), the lender must send the borrower a notice containing, among other things, information related to the Colorado Foreclosure Hotline, which provides mortgage modification filing assistance and counseling at no charge. Following a review of the documents by the Public Trustee of the County, the NED must be recorded with the County Clerk and Recorder no later than 10 days following the receipt of such notice. Once the NED is recorded, the property is officially in foreclosure. Such filing can be “cured” or “withdrawn” before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. Currently, the period between the recording date of the NED and the foreclosure sale at auction in the State is not less than 110 days and not more than 125 days by law, but in some cases, this period may actually last much longer.

Property owned by a lending institution as a result of foreclosure is typically resold in the market at a depressed price, resulting in a decrease in assessed valuation of the foreclosed 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 reentering the market at lower prices may result in a reduction of demand for new construction housing, including property within the Development. 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 Development. See also “APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Foreclosure Activity.”

Directors' Private Interests

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 Secretary of State by members of the Board prior to taking any official action relating to the Bonds, three members of the Board have potential or existing personal or private interests relating to the issuance or delivery of the Bonds or the expenditure of the proceeds thereof as a result of their informal or formal business relationships with the Property Owner. See also "THE DEVELOPMENT—The Property Owner and Asset Management."

Legal Constraints on District Operations

Various State laws and constitutional provisions govern the assessment and collection of ad valorem property taxes and the issuance of bonds, impose limitations on revenues and spending of the State and local governments, including the District, and limit rates, fees and charges imposed by such entities. State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Bonds. There can be no assurance that there will not be changes in interpretation of, or additions to, the applicable laws and provisions which would have a material adverse effect, directly or indirectly, on the affairs of the District.

Enforcement of Tax Collection by County

The duty to pay property taxes does not constitute a personal obligation of the property owners within the District. Rather, the obligation to pay property taxes is tied to the specific properties taxed, and if timely payment is not made, the obligation constitutes a lien against the specific properties for which taxes are unpaid. To enforce property tax liens, the County Treasurer is obligated to cause the sale of tax liens upon the property that is subject to the delinquent taxes, as provided by law, and the revenue derived from such sales, if any, is applied to the delinquent taxes. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the County Treasurer.

The County Treasurer has the power to foreclose on and cause the sale of the property that is subject to the delinquent tax, after the period allowed for the property owner to redeem such taxes, as provided by law. Such redemption period is currently three years, during which a property owner may pay all taxes due and prevent such foreclosure. Foreclosure can be a time-consuming and expensive process and does not necessarily result in recovery of all amounts due and unpaid.

In addition, the ability of the County Treasurer to enforce tax liens could be delayed by bankruptcy laws and other laws affecting creditor's rights generally. During the pendency of any bankruptcy of any property owner, the parcels owned by such property owner could be sold only if the bankruptcy court approves the sale. There is no assurance that property taxes would be paid during the pendency of any bankruptcy; nor is it possible to predict the timeliness of such payment.

Finally, the collection of property taxes is dependent upon the property subject to such taxes having sufficient fair market value to support the taxes which are imposed. No assurance can be given as to the future market values of property in the Development. See "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" above and "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes."

Enforceability of Bondholders' Remedies Upon Default

The remedies available to the Owners of the Bonds upon a 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 federal bankruptcy code. 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 which may limit the specific enforcement under State law of certain remedies, including, but not limited to, specific performance; to the exercise by the United States of America of the powers delegated to it by the federal 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.

Future Changes in Law

Various State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Bonds and various agreements described herein. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the District or the Property Owner.

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the "Service") has announced a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the District, for the purpose of determining whether the Service agrees (a) with the determination of bond counsel that interest on the Bonds is tax-exempt for federal income tax purposes, or (b) that the District is in or remains in compliance with Service regulations and rulings applicable to governmental bonds such as the Bonds. The commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Bonds could be expected to adversely impact the secondary market, if any, for the Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Bonds can be sold. The Indenture does not provide for any adjustment to the interest rates borne by the Bonds in the event of a change in the tax-exempt status of the Bonds. Owners of the Bonds should note that, if the Service audits the Bonds, under current audit procedures the Service will treat the District as the taxpayer during the initial stage of the audit, and the owners of the Bonds will have limited rights to participate in such procedures. There can be no assurance that the District will have revenues available to contest an adverse determination by the Service. No transaction participant, including none of the Property Owner, the Property Owner's counsel, the District, District General Counsel, the Underwriter, Underwriter's counsel, or Bond Counsel is obligated to pay or reimburse the owner of any Bond for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Bonds.

There can be no assurance that an audit by the Service of the Bonds will not be commenced. However, the District has no reason to believe that any such audit will be commenced, or that if commenced, an audit would result in a conclusion of noncompliance with any applicable Service position, regulation or ruling. No rulings have been or will be sought from the Service with respect to any federal tax matters relating to the issuance, purchase, ownership, receipt or accrual of interest upon, or disposition of the Bonds.

No Acceleration

The Indentures provide that acceleration of the Bonds is not an available remedy for an Event of Default, nor will the District be subject to punitive or consequential damages.

BOND INSURANCE

Set forth below is a brief summary of certain information concerning the Bond Insurer and the terms of the Insurance Policy. Information with respect to the Bond Insurer and the Insurance Policy has been supplied to the District by the Bond Insurer. The following discussion does not purport to be complete and is qualified in its entirety by reference to the Insurance Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix 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, 27th 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 www.standardandpoors.com. 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 "BOND INSURANCE".

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.

THE 2020A SENIOR BONDS

Description

The 2020A-2 Senior Bonds will be issued in the principal amount, will be dated and will mature as indicated on the cover page of this Official Statement. For a complete statement of the details and conditions of the 2020A-2 Senior Bond issue, reference is made to the Senior Indenture, a copy of which is available from the Underwriter prior to delivery of the Bonds. See “INTRODUCTION—Additional Information.” The Senior Indenture secures only the 2020A-2 Senior Bonds and the 2020A-1 Senior Bonds (collectively, as previously defined, the “2020A Senior Bonds”).

See “APPENDIX B—SELECTED DEFINITIONS” for definitions of the capitalized terms used under this caption and otherwise throughout this Official Statement.

Sources of Payment

Senior Pledged Revenue. The 2020A Senior Bonds are limited tax (convertible to unlimited tax) general obligations of the District secured by and payable from the Senior Pledged Revenue, consisting of moneys derived from the following sources, net of any costs of collection (the “Senior Pledged Revenue”): (i) the Senior Required Mill Levy, (ii) the System Development Fee, and (iii) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Senior Bond Fund. See “—Security for the 2020A Senior Bonds” below for a more detailed description of the various components of the Senior Pledged Revenue.

Senior Reserve Fund; Senior Reserve Fund Requirement; Municipal Bond Debt Service Reserve Insurance Policy. The 2020A Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which is to be fully funded in the amount of the Senior Reserve Fund Requirement. The Senior Indenture defines the “Senior Reserve Fund Requirement” as the *least* of: (i) 10% of the proceeds of the 2020A Senior Bonds, (ii) the maximum annual principal and interest payable with respect to the 2020A Senior Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the 2020A Senior Bonds. Upon the issuance of the 2020A Senior Bonds, the Senior Reserve Fund will be funded through the purchase of two separate municipal bond debt service reserve insurance policies by the Bond Insurer (collectively, the “Reserve Policy”) for the 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds, respectively.

See “—Security for the 2020A Senior Bonds” below, “DISTRICT FINANCIAL INFORMATION” and “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH.”

Authorized Denominations of the 2020A-2 Senior Bonds

The 2020A-2 Senior Bonds are being issued in “Authorized Denominations,” defined in the Senior Indenture to mean the amount of \$5,000 at the applicable date of purchase or transfer, or any integral multiple thereof.

Payment of Principal and Interest

The principal of and premium, if any, on the 2020A Senior Bonds are payable in lawful money of the United States of America to the Owner of each 2020A Senior Bond upon maturity or prior redemption and presentation at the principal office of the Trustee.

The interest on any 2020A Senior Bond is payable to the person in whose name such 2020A Senior Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the fifteenth (15th) day of the calendar month next preceding each interest payment date, whether or not a Business Day (the “Record Date”), irrespective of any transfer or exchange of such 2020A Senior Bond subsequent to such Record Date and prior to such interest payment date; provided that any such interest not so timely paid or duly provided for is to cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and is to be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such accrued but unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the accrued but unpaid interest, and notice of the Special Record Date shall be given to the Owners of the 2020A Senior Bonds not less than ten (10) days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such accrued but unpaid interest.

Payments for the principal of and interest on the 2020A Senior Bonds will be made as described in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

Redemption: 2020A-2 Senior Bonds

Optional Redemption: 2020A-2 Senior Bonds. The 2020A-2 Senior Bonds are subject to redemption prior to maturity at the option of the District, as whole or in part in integral multiples of \$5,000, in any order of and in whole or partial maturities on December 1, 2030 and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest to the date of redemption, with no redemption premium.

Mandatory Sinking Fund Redemption: 2020A-2 Senior Bonds. The 2020A-2 Senior Bonds also are subject to mandatory sinking fund redemption, in part, by lot, on December 1 in the years set forth below, prior to maturity, upon payment of the principal amount so redeemed together with accrued interest thereon, without redemption premium, in the annual amounts set forth below:

| Year of Redemption (December 1) | Principal Amount |
|--|-----------------------------|
| 2040 | \$1,575,000 |
| 2041 | 1,640,000 |
| 2042 | 1,740,000 |
| 2043 | 1,810,000 |
| 2044 | 1,915,000 |
| 2045 | 1,990,000 |
| 2046 ¹ | 2,110,000 |

¹ final maturity, not a sinking fund redemption

With respect to each maturity of the 2020A-2 Senior Bonds subject to mandatory sinking fund redemption, on or before forty-five (45) days prior to each sinking fund installment date for such maturity and series as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee

or the District Representative may determine, from the Outstanding 2020A-2 Senior Bonds of that maturity, a principal amount of such 2020A-2 Senior Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date, maturity, and series may be reduced by the principal amount of any 2020A-2 Senior Bonds of that maturity which prior to said 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, shall be applied in such year or years as may be determined by the District.

General Redemption Provisions. Except as otherwise provided in the Senior Indenture, if less than all of the 2020A-2 Senior Bonds within a maturity are to be redeemed on any prior redemption date, the 2020A-2 Senior Bonds to be redeemed are to be selected by lot prior to the date fixed for redemption, in such manner as the Trustee is to determine. The 2020A-2 Senior Bonds are to be redeemed only in integral multiples of \$5,000. In the event a 2020A-2 Senior Bond is of a denomination larger than \$5,000, a portion of such 2020A-2 Senior Bond may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. Such 2020A-2 Senior Bond is to be treated for the purpose of redemption as that number of 2020A-2 Senior Bonds which results from dividing the principal amount of such 2020A-2 Senior Bond by \$5,000. In the event a portion of any 2020A-2 Senior Bond is redeemed, the Trustee shall, without charge to the Owner of such 2020A-2 Senior Bond, authenticate and deliver a replacement 2020A-2 Senior Bond or 2020A-2 Senior Bonds in Authorized Denominations for the unredeemed portion thereof.

Notice and Effect of Redemption. In the event any of the 2020A-2 Senior Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2020A-2 Senior Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its affiliates, not less than thirty (30) days prior to the date fixed for redemption, to the Owner of each 2020A-2 Senior Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, is not to affect the validity of any proceeding for the redemption of other 2020A-2 Senior Bonds as to which no such failure or defect exists. The redemption of the 2020A-2 Senior Bonds may be contingent or subject to such conditions as may be specified in the notice. All 2020A-2 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.

Security for the 2020A Senior Bonds

Senior Pledged Revenue. The 2020A Senior Bonds are limited tax (convertible to unlimited tax) general obligations of the District secured by and payable from the Senior Pledged Revenue, consisting of moneys derived from the following sources, net of any costs of collection (the "Senior Pledged Revenue"): (i) the Senior Required Mill Levy, (ii) the System Development Fee, and (iii) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Senior Bond Fund. See the descriptions below of the various components of Senior Pledged Revenue.

Senior Reserve Fund; Senior Reserve Fund Requirement; Reserve Policy. The 2020A Senior Bonds are also secured by amounts on deposit in the Senior Reserve Fund, which is to be fully funded in the amount of the Senior Reserve Fund Requirement from the deposit of the Reserve Policy. The Senior Indenture defines the "Senior Reserve Fund Requirement" as the *least* of: (i) 10% of the proceeds of the 2020A Senior Bonds, (ii) the maximum annual principal and interest payable with respect to the 2020A Senior Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the 2020A Senior Bonds.

For purposes of satisfying the requirement of the Senior Indenture to fund the Senior Reserve Fund in the amount of the Senior Reserve Fund Requirement, the District has requested and the Bond Insurer has agreed to issue, in its capacity as Surety Provider, two separate municipal bond debt service reserve insurance policies (as previously defined, collectively, the “Reserve Policy”) for the 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds, respectively, upon the issuance thereof.

In connection with the Reserve Policy, the District and the Bond Insurer will enter into a Debt Service Reserve Agreement to be dated April 8, 2020 (the “Reserve Policy Agreement”), pursuant to which the District agrees to repay the Bond Insurer for any draws under the Reserve Policy, and to pay certain administrative expenses as described therein. In addition, to the extent not paid when due, amounts due by the District to the Bond Insurer under the Reserve Policy Agreement will accrue interest at the per annum rate set forth therein from the date of such draw on the Reserve Policy until paid by the District to the Bond Insurer. Draws on the Reserve Policy may only be used to make payments of principal and interest on the 2020A Senior Bonds and for no other purpose.

Senior Required Mill Levy. The District has covenanted in the Senior Indenture to levy, on all of the taxable property of the District, the “Senior Required Mill Levy,” defined in the Senior Indenture as follows:

(a) Subject to paragraph (c) below, ***prior to the Unlimited Tax Conversion Date***, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable real and personal property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds as the same becomes due and payable, and to replenish the Senior Reserve Fund in the amount of the Senior Reserve Fund Requirement, but not in excess of 55.664 mills as adjusted as provided below or such lesser mill levy which, when combined with other Senior Pledged Revenue then held in the Senior Bond Fund, will permit the District to fully fund the Senior Bond Fund for the next Bond Year and pay the 2020A Senior Bonds as they come due; *provided however*, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020A Senior Bonds, such minimum and maximum mill levies will be increased or decreased to reflect such changes, such increases or decreases 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 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

(b) Subject to paragraph (c) below, ***on or after the Unlimited Tax Conversion Date***, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds as the same become due and payable, without limitation of rate and in amounts sufficient to make such payments when due. On or after the Unlimited Tax Conversion Date, the definition of “Senior Required Mill Levy” is to thereafter be determined exclusively by this paragraph (b) regardless of any subsequent increase in the Debt to Assessed Ratio.

(c) The Senior Indenture provides that, notwithstanding anything therein to the contrary, in no event may the Senior Required Mill Levy 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 pursuant to the foregoing 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 shall be reduced to the point that such maximum tax increase is not exceeded.

Unlimited Tax Conversion Date. The “Unlimited Tax Conversion Date,” which is not guaranteed to occur, is defined in the Senior Indenture as the first mill levy certification date with respect to the 2020A Senior Bonds occurring after: (i) the Debt to Assessed Ratio becomes 50% or less, (ii) the majority of the members of the Board are residents of the District, and (iii) the Board has affirmatively approved the conversion of the 2020A Senior Bonds from limited tax general obligation bonds to unlimited tax general obligation bonds; provided that no conversion of the 2020A Senior Bonds to unlimited tax obligations can occur unless the Senior Reserve Fund is fully funded at the Senior Reserve Fund Requirement.

Debt to Assessed Ratio. The Senior Indenture defines “Debt to Assessed Ratio” as the ratio derived by dividing the then-outstanding principal amount of all general obligation debt of the District (including Subordinate Bonds) by the most recent December 10 certified assessed valuation of the taxable property in the District, as such assessed valuation is certified from time to time by the County Assessor.

Covenant To Impose the Senior Required Mill Levy. The Senior Indenture provides that for the purpose of paying the principal of, premium if any, and interest on the 2020A Senior Bonds and replenishing the Senior Reserve Fund to the Senior Reserve Fund Requirement, the District covenants to cause to be levied on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in each of the years 2020 through 2045, inclusive (for tax collection in years 2021 through 2046, inclusive), and in any year thereafter in which the 2020A Senior Bonds remain Outstanding, in the amount of the Senior Required Mill Levy. Nothing in the Senior Indenture is to be construed to require the District to levy an ad valorem property tax for the foregoing purposes in an amount in excess of the Senior Required Mill Levy.

The Senior Indenture further provides that it is the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions of the Senior Indenture with reference to the levying and collection of taxes, and the Board is, pursuant to the terms of the Senior Indenture, to levy, certify, and collect said taxes in the manner provided by law for the purposes described above.

System Development Fee. “System Development Fee” is defined in the Senior Indenture as that certain fee imposed by the District pursuant to the System Development Fee Resolution or amounts collected by the District pursuant to the System Development Fee Resolution, and which fee is pledged to the 2020A Senior Bonds. “System Development Fee Resolution” is defined in the Senior Indenture as the District’s resolution adopted by the Board on November 30, 2006, as amended and restated on December 3, 2007, February 16, 2010, and December 11, 2012, and including any permitted amendments or supplements thereto, may be approved after the issuance of the 2020A Senior Bonds.

The System Development Fee is imposed upon all platted lots (each a “Lot”) within the District to fund a portion of the costs of financing, acquiring, constructing, installing, and completing the Public Improvements. By the Third Amended and Restated System Development Fee Resolution (adopted December 11, 2012), the System Development Fee was increased to \$2,500 per single-family unit and \$1,750 per multi-family unit (although no multi-family units are presently planned for the Development), subject to discretionary annual increases by an amount equal to the increase in the Federal Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers for that year but not to exceed 5%. Notwithstanding the foregoing allowed increases, no increases to the respective amounts of the System Development Fee have occurred since the Third Amended and Restated Development Fee Resolution.

The System Development Fee is due and payable to the District by the owner of each Lot upon the issuance of a building permit for the construction of any improvements on such Lot, excepting certain Lots for which such fee is due and payable on the date of the first closing of such Lot occurring after the issuance of the certificate of occupancy for such Lot. There is no mechanism or agreement in place, however, which would prohibit the City from issuing a building permit for property within the District for which a System Development Fee is due and owing but unpaid.

Until paid, any System Development Fee is to be subject to delinquency interest at a rate of 12% per annum from the due date and is to be collected in accordance with the provisions of Section 32-1-1001(1)(j), C.R.S., or Section 32-1-1101(1)(e), C.R.S., or as otherwise permitted by law. Until paid in full, each System Development Fee, together with interest accrued thereon, is to constitute a perpetual lien against the affected lot as provided by law. See “INVESTMENT CONSIDERATIONS—Enforceability of System Development Fee.”

Under the Senior Indenture, the District has assigned to the Trustee, for the benefit of the Owners of the 2020A Senior Bonds, all of its right, title and interest in, to and under the System Development Fee Resolution. See “—Certain Senior Indenture Provisions—*Assignment of System Development Fee Rights to Trustee*” below.

See “DISTRICT FINANCIAL INFORMATION” and “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH.”

THE 2020A SENIOR BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE 2020A SENIOR BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE CITY, DISTRICT NO. 1, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Certain Senior Indenture Provisions

The following is a description of certain provisions of the Senior Indenture and is subject in all respects to the more specific provisions of the Senior Indenture. See “APPENDIX B—SELECTED DEFINITIONS” for definitions of certain capitalized terms used below and elsewhere in this Official Statement.

The Senior Indenture secures, and the covenants made by the District in the Senior Indenture are for the sole benefit of Owners of the 2020A Senior Bonds. Owners of the 2020B Subordinate Bonds are not secured by, and have no right to enforce any provision of, the Senior Indenture.

No funds or accounts held under the Senior Indenture secure payment of the 2020B Subordinate Bonds. For a description of the funds and accounts securing the 2020B Subordinate Bonds, see “THE 2020B SUBORDINATE BONDS—Security for the 2020B Subordinate Bonds.”

Creation of Senior Funds and Accounts. The Senior Indenture creates and establishes the following funds and accounts, which are to be held and maintained by the Trustee in accordance with the provisions of the Senior Indenture:

- (a) the Senior Construction Fund;
- (b) the Senior Bond Fund;

- (c) the Escrow Account, and
- (d) the Senior Reserve Fund.

Senior Flow of Funds. The Senior Indenture provides that the District is to deposit Senior Pledged Revenue with the Trustee in amounts sufficient to make the payments and accumulations provided in the Senior Indenture, and the Trustee is to apply the Senior Pledged Revenue in the following order of priority (for purposes of the following, credits to more than one fund, account or purpose required at any single level are *pari passu* with each other):

FIRST: To the credit of the Senior Bond Fund, the amounts described in “—Senior Bond Fund” below, and to the credit of any other fund or account hereafter established for the payment of the principal of, premium if any, and interest on the 2020A Senior Bonds and/or any other Senior Bonds issued pursuant to the terms of a separate indenture, the amounts required by such indenture or other enactment authorizing the issuance of such Senior Bonds;

SECOND: To the credit of the Senior Reserve Fund, the amounts described in “—Senior Reserve Fund” below, and to the credit of any other similar fund or account established to secure payment of the principal of, premium, if any, and interest on any other Senior Bonds issued pursuant to the terms of a separate indenture, the amounts required by the indenture or other enactment authorizing the issuance of such Senior Bonds;

THIRD: To the credit of any other fund or account hereafter established for the payment of the principal of, premium if any, and interest on the 2020B Subordinate Bonds and any other Subordinate Bonds, including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the Subordinate Indenture (with respect to the 2020B Subordinate Bonds) and the indenture, resolution or other enactment authorizing the issuance of such other Subordinate Bonds, and

FOURTH: All Senior Pledged Revenue remaining after the payments and accumulations set forth in FIRST through THIRD above are to be credited to any other fund or account as may be designated by the District to be used for any lawful purpose.

Senior Construction Fund.

In General. So long as no Event of Default shall have occurred and be continuing, the Trustee will disburse funds from the Senior Construction Fund in accordance with requisitions in substantially the form set forth in Exhibit B of the Senior Indenture, signed by the District Representative. The Trustee may conclusively rely as to the completeness and accuracy of all statements in such requisition and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any requisition by the District Representative shall constitute unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. In addition, in the event the moneys in the Senior Bond Fund and the Senior Reserve Fund are ever insufficient to pay the principal of, premium if any, or interest on the 2020A Senior Bonds when due and there is no Event of Default, the Trustee shall transfer moneys from the Senior Construction Fund to the Senior Bond Fund in amounts sufficient, when combined with moneys in the Senior Bond Fund and the Senior Reserve Fund to make such payments when due. In the event moneys in the Senior Bond Fund, the Senior Reserve Fund, and the Senior Construction Fund are insufficient to make such payments when due, the Trustee shall nonetheless transfer all moneys in the Senior Construction Fund to the Senior Bond Fund to be used for making partial payments as provided in the Senior Indenture.

Termination of Construction Fund. Upon the receipt by the Trustee of a certificate of the District determining that all Costs of the Improvement Project have been paid, any balance remaining in the Construction Fund will be credited to the Senior Bond Fund. The Senior Construction Fund will terminate at such time as no further moneys remain therein.

Event of Default. Upon the occurrence and continuance of an Event of Default, the Trustee will cease disbursing moneys from the Senior Construction Fund, but instead will apply such moneys in the manner provided as described in “—Events of Default” below.

Senior Bond Fund. There shall be credited to the Senior Bond Fund each Bond Year 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 terms thereof), will be sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds which has or will become due in the Bond Year in which the credit is made. A separate subaccount of the Senior Bond Fund will be established for each series of 2020A Senior Bonds issued under the Senior Indenture.

Moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms thereof) shall be used by the Trustee solely to pay the principal of, premium if any, and interest on the 2020A Senior Bonds, in the following order:

FIRST, to the payment of interest due in connection with the 2020A Senior Bonds (including without limitation accrued but unpaid interest, if any), and

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 2020A Senior 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 terms thereof) are insufficient for the payment of the principal of, premium if any, and interest due on the 2020A Senior Bonds on any due date, the Trustee shall apply such amounts on such due date as follows:

FIRST, the Trustee shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each 2020A Senior Bond.

SECOND, the Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many 2020A Senior Bonds as can be paid with such remaining amounts, such payments to be in increments of \$5,000 or any integral multiple thereof, plus any premium. 2020A Senior Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the 2020A Senior Bonds the principal of which is due and owing on the due date.

Senior Reserve Fund. A separate reserve fund will be established for the 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds (together, the “Senior Reserve Fund”). Moneys, if any, in the Senior Reserve Fund are to be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of or interest on the 2020A Senior Bonds, and the Senior Reserve Fund is pledged to the payment of the 2020A Senior Bonds for such purpose.

The Senior Indenture provides that, upon delivery of the 2020A Senior Bonds, the Senior Reserve Fund Requirement will be met by the issuance of the Reserve Policy by the Surety Provider. A separate policy will be issued for the 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds. Any Reserve Fund

Insurance Policy shall be held by the Trustee. Any Reserve Fund Insurance Policy deposited to the credit of the Senior Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy at the time of calculation. The Trustee is to maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts, of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Trustee.

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 2020A Senior Bonds when due, the Trustee shall 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 Reserve Fund together with moneys in the Senior Bond Fund are together insufficient to make such payments when due, the Trustee will nonetheless transfer all moneys in the Senior Reserve Fund to the Senior Bond Fund for the purpose of making partial payments as provided in the Senior Indenture.

Thereafter, and concurrently with any payments required to be made pursuant to any indenture relating to any other Senior Bonds, with respect to any reserve funds which may be, but are not required to be, established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any reserve fund insurance policy with respect to any other Senior Bonds, from Senior Pledged Revenue there shall be credited to the Senior Reserve Fund monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Senior Reserve Fund for any reason are less than the Senior Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to re-accumulate the Senior Reserve Fund Requirement by not more than 12 such monthly payments.

If a Reserve Fund Insurance Policy is on deposit in the Senior Reserve Fund to fund all or a part of the Senior Reserve Fund Requirement, the amounts payable into the Senior Reserve Fund pursuant to the immediately preceding sentence shall be paid by the District first to the Surety Provider to reimburse it for Policy Costs due and owing and second to replenish cash in the Senior Reserve Fund. If there is insufficient Senior Pledged Revenue to comply with the foregoing requirements, available Senior Pledged Revenue shall be credited or paid to the Senior Reserve Fund and to reserve funds which may be established with respect to any other Senior Bonds (or to the Surety Provider or any other surety provider issuing any reserve fund insurance policy with respect to any other Senior Bonds) pro-rata, based upon the aggregate principal amount of the 2020A Senior Bonds and any such other Senior Bonds then outstanding; provided, however, that compliance with the provisions of this sentence shall not cure any Event of Default under the Senior Indenture caused by non-compliance with the first sentence of this paragraph. If there is insufficient Senior Pledged Revenue to comply with the requirements of the first sentence of this paragraph and more than one Reserve Fund Insurance Policy is on deposit in the Senior Reserve Fund, available Senior Pledged Revenue credited to or paid to the Senior Reserve Fund shall be applied to reimburse the Surety Provider and any other surety provider providing a Reserve Fund Insurance Policy pro-rata, based upon the original amount available to be drawn on each. The Senior Reserve Fund Requirement shall be accumulated and, if necessary, re-accumulated from time to time, in the Senior Reserve Fund from Senior Pledged Revenue, except to the extent other moneys are credited to the Senior Reserve Fund, and maintained as a continuing reserve to be used, only to prevent deficiencies in the payment of the principal of and interest on the 2020A Senior Bonds Outstanding from time to time from the failure to deposit into the Senior Bond Fund sufficient moneys to pay such principal and interest as the same accrue and become due. No payment need be made into the Senior Reserve Fund at any time so long as the moneys and/or the Reserve Fund Insurance Policy therein equal not less than the Senior Reserve Fund Requirement and there are no Policy Costs due and owing.

The District may, with the prior written consent of the Bond Insurer for so long as the Insurance Policy is in effect and the Bond Insurer is not in default thereunder, at any time substitute (a) cash or Investment Securities for a Reserve Fund Insurance Policy, or (b) a Reserve Fund Insurance Policy for cash or Investment Securities, so long as the amount on deposit in the Senior Reserve Fund after such substitution is at least equal to the Senior Reserve Fund Requirement. Notwithstanding the foregoing, no Reserve Fund Insurance Policy shall be deposited by the District in the Senior Reserve Fund for such substitution unless the District has received an opinion of Bond Counsel to the effect that such substitution and the intended use by the District of the cash or Investment Securities to be released from the Senior Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2020A-2 Senior Bonds.

The Senior Indenture provides that, notwithstanding anything to the contrary therein, the District's obligations under the Reserve Fund Insurance Policy (as previously defined, the "Reserve Policy") issued by the Bond Insurer, in its capacity as the Surety Provider, are to be governed by the Reserve Policy Agreement between the District and the Bond Insurer, in its capacity as Surety Provider.

Additional Covenants and Agreements of the District. The District irrevocably covenants in the Senior Indenture and agrees with each and every Owner that so long as any of the 2020A Senior Bonds remain Outstanding:

The District covenants to maintain its existence and agrees that it will not merge or otherwise alter its corporate structure in any manner or to any extent as might reduce the security provided for the payment of the 2020A Senior Bonds, and will continue to operate and manage the District in an efficient and economical manner in accordance with all applicable laws, rules and regulations, and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Senior Pledged Revenue may at all times be readily and accurately determined.

At least once a year in the time and manner provided by law, the District will cause an audit to be performed of the records relating to District revenues and expenditures, the cost of which may be paid with Senior Pledged Revenue. 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 the audit will be filed and recorded in the places, time and manner provided by law.

The District will carry fire and extended coverage, workers' compensation, public liability and such other forms of insurance on insurable District property as would ordinarily be carried by entities having similar properties of equal value.

In the event any ad valorem taxes are not paid when due, the District shall diligently cooperate with the County Treasurer to enforce the lien of such unpaid taxes against the property for which taxes are owed.

Each District official or other person having custody of any Senior Pledged Revenue, or responsible for the handling of such funds, shall be fully bonded or insured against theft or defalcation at all times, which bond or insurance shall be conditioned upon the proper application of said funds.

In the event the Senior Pledged Revenue and other moneys available pursuant to the Senior Indenture for the payment of the 2020A Senior Bonds is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds when due, and there are insufficient funds in the Senior Reserve Fund and the Senior Construction Fund for such purpose, the District shall use its commercially reasonable best efforts to refinance, refund, or otherwise restructure the 2020A Senior Bonds so as to avoid such a default.

The District shall take no action that could have the effect of excluding property from the District unless the District determines in good faith that such action would not have a materially adverse effect upon the amount of Senior Pledged Revenue that would otherwise be collected by the District and the exclusion would cause no material increase in the District's mill levy for operations that is not otherwise offset. The exclusion of property to conform the District's boundaries to those described in the Framework Development Plan dated November 5, 2001, submitted to the City of Aurora, Colorado, will not require any prior approval of the Owners of the 2020A Senior Bonds.

The District is to impose, collect (or cause to be collected) and use commercially reasonable efforts to enforce the payment of the System Development Fees, at the times and in the amounts as set forth in the System Development Fee Resolution, and is to promptly pay or cause to be paid the revenue generated thereby to the Trustee in accordance with the provisions of the Senior Indenture. The District is not to act or fail to act the result of which is to reduce or lower the amount of the System Development Fee to a level less than that established in the System Development Fee Resolution, and is not to take any action or fail to take action in a manner which would modify, amend or alter the System Development Fee Resolution to the material disadvantage of the Owners of the 2020A Senior Bonds without the approval of the Owners with respect to not less than a majority of the 2020A Senior Bonds then Outstanding.

The District shall not amend the System Development Fee Resolution in any way which would (i) result in a reduction of the amount of the System Development Fees or the revenue derived therefrom, (ii) defer the payment of the System Development Fees, (iii) impair the District's ability to impose or collect the System Development Fees, (iv) extend the due date of the System Development Fees or alter such due date in any way which could result in a delay in payment thereof, (v) reduce the rate of interest to accrue upon payment default, (vi) impair the District's enforcement and collection remedies, or (vii) impair in any way the security provided for the 2020A Senior Bonds by the pledge of the System Development Fees.

Except for property owned by the City, which the District intends to exclude from the boundaries of the District, and property owned by Cherry Creek School District, the District or Southshore Metropolitan District No. 1, the District shall use its commercially reasonable good faith efforts to impose, collect and enforce a payment-in-lieu-of-taxes on any real or personal property within the District (or otherwise subject to the District's mill levy) that, as of the date of issuance of the 2020A Senior Bonds, is subject to ad valorem property taxation by the District but which, after the date of issuance of the 2020A Senior Bonds, is categorized by the County Assessor as exempt from ad valorem property taxation, and the revenue derived from the imposition, collection and enforcement of such payment-in-lieu-of-taxes shall constitute revenue derived from the Senior Required Mill Levy and thus shall constitute Senior Pledged Revenue under the Senior Indenture.

Assignment of System Development Fee Rights to Trustee. Under the terms of the Senior Indenture, the District assigns to the Trustee for the benefit of the Owners of the 2020A Senior Bonds all of its right, title and interest in, to and under the System Development Fee Resolution, including, without limitation, all rights with respect to collection of unpaid System Development Fees; the District's remedies available to it upon nonpayment when due of the System Development Fees, including, without limitation, the right to commence foreclosure proceedings in accordance with the provisions of Section 32-1-1001(1)(j)(I), C.R.S., and the System Development Fee Resolution; provided, however, that the District is not to be relieved from its duty to exercise foreclosure rights in connection with the lien created by nonpayment when due of the System Development Fees and the District agrees that it shall take all commercially reasonable action necessary or desirable to assist the Trustee to effectuate such rights and complete such foreclosure proceedings. See "INVESTMENT CONSIDERATIONS—Enforceability of System Development Fees."

Additional Bonds.

In General. The Senior Indenture prohibits the District from incurring any additional debt or other financial obligations having a lien upon the Senior Pledged Revenue or any part thereof superior to the lien of the 2020A Senior Bonds. The District covenants that it shall not issue any Additional Bonds within the meaning of the Senior Indenture except in accordance with the applicable provisions of the Senior Indenture as described below.

2020B Subordinate Bonds. The District may issue the 2020B Subordinate Bonds pursuant to the terms of the Subordinate Indenture.

Senior Bonds. The District may issue additional Senior Bonds if such issuance is consented to by the Owners with respect to a majority in aggregate principal amount of the 2020A Senior Bonds then Outstanding under the Senior Indenture, provided that, with or without such consent, the District may issue additional Senior Bonds if each of the following conditions are met:

- (a) the District is then and as of the date of issuance of the additional Senior Bonds will be, in compliance with all of the covenants of the Senior Indenture;
- (b) the District is then and as of the date of issuance of the additional Senior Bonds will be, current in the accumulation of all amounts required to be then accumulated in the funds under the Senior Indenture as required thereby;
- (c) upon issuance of the additional Senior Bonds, the Debt to Assessed Ratio of the District will be 50% or less; and
- (d) a majority of the members of the Board of the District: (i) consist of residents of the District and (ii) have voted in favor of such additional Senior Bonds being issued as obligations secured by and payable from a mill levy which is unlimited as to rate.

A written certificate by the President or Treasurer of the District that the conditions set forth above are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver additional Senior Bonds in accordance with the Senior Indenture.

Any Senior Bonds issued after the date of issuance of the 2020A Senior Bonds may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and will not be issued under the Senior Indenture.

Any Senior Bonds issued after the date of issuance of the 2020A Senior Bonds that are excluded from the definition of “Additional Bonds” may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, notwithstanding the requirements described above, and will not be issued under the Senior Indenture.

Additional Bonds—Senior Parity Refunding Bonds. Notwithstanding the provisions of the Senior Indenture governing the issuance of additional Senior Bonds as described above, the District is authorized to issue refunding bonds to refund, on parity with the 2020A Senior Bonds, all (but not part) of the Permitted Subordinate Bonds, provided that at the time of issuance of such refunding bonds the following conditions shall apply:

(a) Parity refunding bonds may be issued without consent of the Owners if at the time of issuance the parity refunding bonds will be issued as unlimited tax general obligation bonds;

(b) Parity refunding bonds may be issued without consent of the Owners if at the time of issuance the Senior Pledged Revenue for the prior fiscal year (not including any System Development Fee revenue and calculated based on the most recent certified assessed valuation of property of the District multiplied by the Senior Required Mill Levy of 55.664 mills, calculated and adjusted from the date of delivery of the 2020A Senior Bonds, as provided in the definition of “Senior Required Mill Levy” set forth in APPENDIX A hereto) is at least equal to 130% of the combined maximum annual principal and interest amounts then due and owing on the 2020A Senior Bonds and any proposed parity refunding bonds and the underlying rating of the proposed parity refunding bonds are at an investment grade level; or

(c) With the consent of the 2020A-1 Bond Purchaser so long as the 2020A-1 Bond Purchaser is the owner of at least 25% of the 2020A-1 Senior Bonds Outstanding.

Other Provisions Regarding Additional Bonds. The Senior Indenture further provides that, with respect to the issuance of Additional Bonds:

A written certificate by the President or Treasurer of the District that the conditions set forth in the Senior Indenture with respect to the issuance of additional Senior Bonds as described above have been met will conclusively determine the right of the District to authorize, issue, sell, and deliver Senior Bonds in accordance with the Senior Indenture.

Any Senior Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and will not be issued under the Senior Indenture.

Any Senior Bonds that are excluded from the definition of “Additional Bonds” within the meaning of the Senior Indenture (see APPENDIX B hereto) may be issued hereafter pursuant to such resolutions, indentures, or other documents as may be determined by the District, notwithstanding the requirements of the Senior Indenture as described above, and will not be issued under the Senior Indenture.

Notwithstanding the provisions of the Senior Indenture as described above, the District is authorized, without consent of the Owners of the 2020A Senior Bonds, to issue refunding bonds to refund, on parity with the 2020A Senior Bonds, all of the 2020B Subordinate Bonds, provided that at the time of issuance of such refunding bonds, the refunding bonds are rated at an investment grade level.

Subordinate Bonds. Except for the 2020B Subordinate Bonds, one or more issues of Subordinate Bonds may be issued upon the terms and conditions provided in the Senior Indenture, as described below.

The terms of the Subordinate Bonds will be as provided in the documents pursuant to which they are issued; provided that:

(a) the maximum mill levy which the District can promise to impose for payment of the Subordinate Bonds is 55.664 mills, adjusted for changes in law as provided in the definition of “Senior Required Mill Levy” in the Senior Indenture, less the Senior Bond Mill Levy;

(b) no Subordinate Bonds may be issued if any payment of principal of or interest on the 2020A Senior Bonds has not been paid when due, or an Event of Default under the Senior Indenture has occurred and is continuing, and

(c) the Subordinate Bonds must be payable as to both principal and interest only on an annual basis, on a date which is after the final principal or interest payment date due in that calendar year on all Senior Bonds.

The good faith determination by the Board that the conditions for issuance of the Subordinate Bonds are met will conclusively determine the right of the District to authorize, issue, sell, and deliver Subordinate Bonds in accordance with the 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 are to constitute an Event of Default under the Senior Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there is to be no default or Event of Default except as provided in the Senior Indenture:

(a) Before the Unlimited Tax Receipt Date, 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) On and after the Unlimited Tax Receipt Date, the District fails to pay the principal of, premium if any, or interest on the 2020A Senior Bonds when due;

(c) The District fails or refuses to impose the System Development Fees or fails to enforce collection of amounts owing under the System Development Fee Resolution;

(d) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution, and fails to remedy the same after notice thereof as provided in the Senior Indenture, or

(e) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2020A Senior Bonds.

Events of Default: Paragraphs (a) and (b). Due to the limited nature of the Senior Pledged Revenue, the Senior Indenture acknowledges that prior to the Unlimited Tax Receipt Date, the failure to pay the principal of or interest on the 2020A Senior Bonds when due does not, in and of itself, constitute an Event of Default under the Senior Indenture.

The Senior Indenture defines the “Unlimited Tax Receipt Date” as the first principal or interest payment date with respect to the 2020A Senior Bonds occurring after the Unlimited Tax Conversion Date, and defines the “Unlimited Tax Conversion Date” as the first mill levy certification date by the District with respect to the 2020A Senior Bonds occurring after: (i) the Debt to Assessed Ratio becomes 50% or less, (ii) the majority of the members of the Board are residents of the District, and (iii) the Board has affirmatively approved the conversion of the 2020A Senior Bonds from limited tax general obligation bonds to unlimited tax general obligation bonds; provided that no conversion of the 2020A Senior Bonds to unlimited tax obligations can occur unless the Senior Reserve Fund is fully funded at the Senior Reserve Fund Requirement.

Event of Default: Paragraph (d). No default as described under paragraph (d) above is to constitute an Event of Default under the Senior Indenture until actual notice of such default by registered or certified mail has been given by the Trustee or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2020A Senior Bonds then Outstanding to the District, and the District has had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected and has not corrected said default or caused said default to be corrected within such period; provided however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default under the Senior Indenture if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

Bond Insurer Deemed Owner Upon Event of Default. The Senior Indenture states that, anything therein to the contrary notwithstanding, and so long as the Insurance Policy is in effect and the Bond Insurer is not in default thereunder, upon the occurrence and continuance of a default or an Event of Default, the Bond Insurer shall be deemed to be the sole Owner of the 2020A Senior Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the 2020A Senior Bonds or the Trustee for the benefit of such Owners under the Senior Indenture. The Trustee may not waive any default or Event of Default with respect to the 2020A Senior Bonds without the Bond Insurer's written consent; *provided, however*, that so long as the 2020A-1 Bond Purchaser is the Owner of not less than 25% in aggregate principal amount of the 2020A-1 Senior Bonds then Outstanding, the 2020A-1 Bond Purchaser shall continue to have all consent rights to which it is entitled under the Senior Indenture.

Notice of Event of Default. The Trustee is to give to the Owners of all 2020A Senior Bonds notice by mailing to the address shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors, of all defaults or Events of Default known to the Trustee, within 90 days after the occurrence of such default or Event of Default unless such default or Event of Default shall have been cured before the giving of such notice; provided that, the Trustee shall be protected in withholding such notice if and so long as a committee of its trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners of the 2020A Senior Bonds.

Remedies on Occurrence of Event of Default. Upon the occurrence and continuance of an Event of Default, the Trustee is to have the following rights and remedies which may be pursued:

(a) *Receivership.* Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee is to be entitled as a matter of right to the appointment of a receiver or receivers of the 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 Trustee is to 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 Trustee.

(b) *Suit for Judgment.* The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the 2020A Senior Bonds, the Bond Resolution, the Senior Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, deems appropriate.

(c) *Mandamus or Other Suit.* The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

No recovery of any judgment by the Trustee is to in any manner or to any extent affect the lien of the Senior Indenture or any rights, powers, or remedies of the Trustee thereunder, or any lien, rights, powers, and remedies of the Owners of the 2020A Senior Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners are to continue unimpaired as before.

If any Event of Default as described under paragraph (a) or paragraph (b) under the caption “—*Events of Default*” above has occurred, and if requested by the Owners of not less than 25% in aggregate principal amount of the 2020A Senior Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Senior Indenture as described above, as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners; provided that the Trustee at its option shall be indemnified as provided in the Senior Indenture.

Notwithstanding anything in the Senior Indenture to the contrary, acceleration of the 2020A Senior Bonds is *not* an available remedy for an Event of Default, nor is the District to be subject to punitive or consequential damages, nor are any provisions of the Senior Indenture to act as or be deemed to be a waiver by the District of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or in the future amended.

Majority of Owners May Control Proceedings. The Owners of a majority in aggregate principal amount of the 2020A Senior Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the 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 thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of the Senior Indenture, and provided further that, at its option, the Trustee is to be indemnified as provided in the Senior Indenture.

Rights and Remedies of Owners. No Owner of any 2020A Senior Bond shall have 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 Trustee has been notified by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the 2020A Senior Bonds then Outstanding, in which case the Trustee shall be deemed to have notice thereof, and unless such default shall have become an Event of Default and the Owners of not less than twenty five percent (25%) in aggregate principal amount of the 2020A Senior Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted to the Trustee in the Senior Indenture or to institute such action, suit, or proceedings in their own name, nor unless they have also offered to the Trustee indemnity as provided in the Senior Indenture, nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted to it in the Senior Indenture, or to institute such action, suit, or proceeding in its own name, and such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be 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 understood and intended that no one or more Owners the 2020A Senior Bonds shall 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 therein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all 2020A Senior Bonds then Outstanding.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Senior Indenture and its consequences, and shall do so upon the written request of the Owners with

respect to a majority in aggregate principal amount of the 2020A Senior Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Owners with respect to one hundred percent (100%) of the aggregate principal amount of the 2020A Senior Bonds then Outstanding as to which an Event of Default as described under paragraph (a) under the caption “—*Events of Default*” above exists. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the District, the Trustee, and the Owners shall be restored to their former positions and rights under the Senior Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee is to have proceeded to enforce any right under the Senior Indenture and such proceedings are to have been discontinued or abandoned for any reason, or are to have been determined adversely to the Trustee, then and in every such case the District and the Trustee are to be restored to their former positions and rights under the Senior Indenture with respect to the Trust Estate, and all rights, remedies, and powers of the Trustee are to continue as if no such proceedings had been taken.

Delay or Omission; No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default is to exhaust or impair any such right or power or is to 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 any default under the Senior Indenture, whether by the Trustee or the Owners, is to extend to or affect any subsequent or any other then existing default or is to impair any rights or remedies consequent thereon. All rights and remedies of the Trustee and the Owners provided in the Senior Indenture are to be cumulative and the exercise of any such right or remedy is not to affect or impair the exercise of any other right or remedy.

Application of Moneys in Event of Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Senior Indenture or any other moneys held as part of the Trust Estate, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys’ fees and fees of any other professionals hired by the Trustee under the Senior Indenture), expenses, liabilities, and advances incurred or made by the Trustee, are to be deposited in the appropriate fund or funds 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 2020A Senior Bonds have been paid in full.

Whenever all of the 2020A Senior Bonds and interest thereon have been paid under the provisions of the Senior Indenture and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held under the Senior Indenture is to be paid to the District.

Senior Indenture Supplements. Subject to the provisions of the Senior Indenture, the District and the Trustee may, without the consent of or notice to the Owners and without the consent of the Bond Insurer, but with prior written notice to the Bond Insurer, enter into such indentures supplemental thereto, which supplemental indentures are to thereafter form a part of thereof, for any one or more of the following purposes: (a) 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 2020A Senior Bonds, (b) to subject to the Senior Indenture additional revenues, properties, or collateral, (c) to grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may

lawfully be granted to or conferred upon the Owners or the Trustee, or (d) to qualify the Senior Indenture under the Trust Indenture Act of 1939.

Except for supplemental indentures delivered pursuant to the foregoing paragraph and subject to the provisions of the Senior Indenture, (a) the Bond Insurer or, (b) in the event that the Bond Insurer is in default under the Insurance Policy, (i) the Owners with respect to not less than a majority in aggregate principal amount of the 2020A Senior Bonds then Outstanding and (ii) the 2020A-1 Bond Purchaser for so long as the 2020A-1 Bond Purchaser is the Owner of at least 25% of the 2020A-1 Senior Bonds Outstanding, will have the right, from time to time, to consent to and approve the execution by the District and the Trustee of such indenture or indentures supplemental thereto as shall be 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 Bond Insurer will not approve amendments, supplements or modifications to the section or the Senior Indenture described above under the caption “—*Additional Bonds—Senior Bonds*” without the prior written consent of the 2020A-1 Bond Purchaser so long as the 2020A-1 Bond Purchaser is Owner of at least 25% of the 2020A-1 Senior Bonds then Outstanding under the Senior Indenture; and provided further, that without the consent of the Bond Insurer and Owners with respect to all the Outstanding 2020A Senior Bonds affected thereby, nothing contained in the Senior Indenture will permit, or be construed as permitting:

- (a) the alteration of any optional or mandatory redemption provisions applicable to any Outstanding 2020A Senior Bond which results in a reduction of such amounts, a change in the maturity date of the 2020A Senior Bonds, or a change in the principal amount of the 2020A Senior Bonds or the rate of interest thereon;
- (b) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of, premium if any, or interest on the 2020A Senior Bonds when due;
- (c) a privilege or priority of any 2020A Senior Bond or premium or any interest payment over any other 2020A Senior Bond or premium or interest payment;
- (d) a reduction in the percentage of the principal amount of the 2020A Senior Bonds then Outstanding required for consent to any supplemental indenture or amendment to the Senior Indenture, or
- (e) any amendment, supplement or modification to the Senior Indenture that adversely affects the rights or interests of the Bond Insurer.

Bond Insurer as Third Party Beneficiary. The Bond Insurer is explicitly recognized as and shall be deemed to be a third party beneficiary of the Senior Indenture and may enforce any right, remedy or claim conferred, given or granted thereunder.

THE 2020B SUBORDINATE BONDS

Description

The 2020B Subordinate Bonds will be issued in the principal amount, will be dated and will mature as indicated on the cover page of this Official Statement. For a complete statement of the details and conditions of the Series 2020B Subordinate Bond issue, reference is made to the Subordinate Indenture, a copy of which is available from the Underwriter prior to delivery of the Bonds. See

“INTRODUCTION—Additional Information.” The Subordinate Indenture secures the 2020B Subordinate Bonds.

See “APPENDIX B—SELECTED DEFINITIONS” for definitions of the capitalized terms used under this caption and otherwise throughout this Official Statement.

Sources of Payment

Subordinate Pledged Revenue. The 2020B Subordinate Bonds are subordinate limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue, consisting of moneys derived from the following sources, net of any costs of collection (collectively, the “Subordinate Pledged Revenue”): (i) the Subordinate Required Mill Levy, (ii) the Subordinate System Development Fee Revenue, and (iii) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Subordinate Bond Fund. See “—Security for the 2020B Subordinate Bonds” below for a more detailed description of the various components of the Subordinate Pledged Revenue.

Subordinate Reserve Fund; Subordinate Reserve Fund Requirement. The 2020B Subordinate Bonds are also secured by amounts on deposit in the Subordinate Reserve Fund, which is to be fully funded in the amount of the Subordinate Reserve Fund Requirement from proceeds of the 2020B Subordinate Bonds upon the issuance thereof. The Subordinate Indenture defines the “Subordinate Reserve Fund Requirement” as the amount of \$1,828,897.98, which is the amount to be maintained in the Subordinate Reserve Fund.

Subordinate Bonds Surplus Fund; Maximum Surplus Amount. The 2020B Subordinate Bonds are also secured by amounts, if any, accumulated in the Subordinate Bonds Surplus Fund from excess Subordinate Pledged Revenue up to the Maximum Surplus Amount. The Subordinate Indenture defines the “Maximum Surplus Amount” as, with respect to the 2020B Subordinate Bonds, the amount of \$1,078,491.00, which is the maximum amount of the Subordinate Bonds Surplus Fund.

THE 2020B SUBORDINATE BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE 2020B SUBORDINATE BONDS BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE CITY, DISTRICT NO. 1, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT.

Discharge of 2020B Subordinate Bonds

Notwithstanding anything in the Subordinate Indenture to the contrary, including the possibility that the unpaid principal and interest on the 2020B Subordinate Bonds has not yet accrued to the amount permitted by law as described under “INVESTMENT CONSIDERATIONS—Certain Risks Relating to 2020B Subordinate Bonds—*Limited Recourse*,” all of the 2020B Subordinate Bonds and interest thereon are to be deemed paid, satisfied, and discharged on the 2020B Subordinate Bond Termination Date of December 15, 2046, regardless of the amount of principal and interest paid prior to such date.

Authorized Denominations of the 2020B Subordinate Bonds

The 2020B Subordinate Bonds are being issued in “Authorized Denominations,” defined in the Subordinate Indenture to mean \$5,000 at the applicable date of purchase or transfer of a 2020B Subordinate Bond, or any integral multiple thereof.

Payment of Principal and Interest

The 2020B Subordinate Bonds will bear interest at the rate set forth on the front cover hereof (computed on the basis of a 360-day year of twelve 30-day months) payable on December 15 each year, commencing December 15, 2020.

The principal of and premium, if any, on the 2020B Subordinate Bonds are payable in lawful money of the United States of America to the Owner of each 2020B Subordinate Bond upon maturity or prior redemption and presentation at the principal office of the Trustee. The interest on any 2020B Subordinate Bond is payable to the Person in whose name such 2020B Subordinate Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such 2020B Subordinate Bond subsequent to such Record Date and prior to such interest payment date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the Person who is the Owner thereof at the close of business on the Record Date and shall be payable to the Person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners of the 2020B Subordinate Bonds not less than ten (10) days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such unpaid interest.

Interest payments on the 2020B Subordinate Bonds are to be paid by check, draft or wire of the Trustee sent on or before the interest payment date to the Owners thereof. The Trustee may make payments of interest on any 2020B Subordinate Bond by such alternative means as may be mutually agreed to between the Owner of such 2020B Subordinate Bond and the Trustee; provided that the District shall not be required to make funds available to the Trustee prior to the dates on which such interest would otherwise be payable hereunder, nor to incur any expenses in connection with such alternative means of payment.

Notwithstanding anything herein to the contrary, all of the 2020B Subordinate Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the 2020B Subordinate Bond Termination Date, regardless of the amount of principal and interest paid prior to the 2020B Subordinate Bond Termination Date; provided however, that the foregoing shall not relieve the District of the obligation to impose the Subordinate Required Mill Levy each year prior to the year in which the 2020B Subordinate Bond Termination Date occurs and apply the Subordinate Pledged Revenue in the manner required herein prior to the 2020B Subordinate Bond Termination Date.

To the extent the principal of any 2020B Subordinate Bond is not paid when due, such principal shall remain outstanding until the 2020B Subordinate Bond Termination Date and shall continue to bear interest at the rate then borne by the 2020B Subordinate Bond.

The Subordinate Indenture provides that, notwithstanding anything therein to the contrary, the District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the 2020B Subordinate Bonds, including all payments of principal, premium if any, and interest, and all 2020B Subordinate Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount or the occurrence of the 2020B Subordinate Bond Termination Date.

Payments for the principal of and interest on the 2020B Subordinate Bonds will be made as described in “APPENDIX E—BOOK-ENTRY-ONLY SYSTEM.”

Redemption

Optional Redemption. The 2020B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2030 or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date without a redemption premium.

Mandatory Sinking Fund Redemption. The 2020B Subordinate Bonds maturing on December 15, 2030 (3.125% interest rate), December 15, 2030 (4.000% interest rate), December 15, 2035, and December 15, 2041, also are subject to mandatory sinking fund redemption, in part, by lot, on December 15 in the years set forth below, prior to the maturity date of such 2020B Subordinate Bonds, upon payment of the principal amount so redeemed together with accrued interest thereon, without redemption premium, in the annual amounts set forth below:

| 2030 (3.15%) Year of Redemption | Principal Amount |
|--|-----------------------------|
| 2024 | \$30,000 |
| 2025 | 55,000 |
| 2026 | 70,000 |
| 2027 | 75,000 |
| 2028 | 85,000 |
| 2029 | 90,000 |
| 2030 ¹ | 95,000 |

¹ final maturity, not a sinking fund redemption

| 2030 (4.00%) Year of Redemption | Principal Amount |
|--|-----------------------------|
| 2024 | \$185,000 |
| 2025 | 350,000 |
| 2026 | 500,000 |
| 2027 | 550,000 |
| 2028 | 600,000 |
| 2029 | 625,000 |
| 2030 ¹ | 685,000 |

¹ final maturity, not a sinking fund redemption

| 2035 Year of Redemption | Principal Amount |
|------------------------------------|-----------------------------|
| 2031 | \$175,000 |
| 2032 | 190,000 |
| 2033 | 200,000 |
| 2034 | 215,000 |
| 2035 ¹ | 220,000 |

¹ final maturity, not a sinking fund redemption

| 2041 Year of Redemption | Principal Amount |
|------------------------------------|-----------------------------|
| 2031 | \$ 630,000 |
| 2032 | 690,000 |
| 2033 | 715,000 |
| 2034 | 775,000 |
| 2035 | 810,000 |
| 2036 | 1,115,000 |
| 2037 | 1,155,000 |
| 2038 | 1,245,000 |
| 2039 | 1,300,000 |
| 2040 | 1,920,000 |
| 2041 ¹ | 3,825,000 |

¹ final maturity, not a sinking fund redemption

With respect to each maturity and interest rate of the 2020B Subordinate Bonds subject to mandatory sinking fund redemption, on or before forty-five (45) days prior to each sinking fund installment date for such maturity and series as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee or the District Representative may determine (giving proportionate weight to 2020B Subordinate Bonds in denominations larger than the minimum Authorized Denominations), from the Outstanding 2020B Subordinate Bonds of that maturity and series, a principal amount of such 2020B Subordinate Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date and maturity may be reduced by the principal amount of any 2020B Subordinate Bonds of that series and maturity which prior to said 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, shall be applied in such year or years as may be determined by the District.

General Redemption Provisions. Except as otherwise provided in the Subordinate Indenture, if less than all of the 2020B Subordinate Bonds within a maturity are to be redeemed on any prior redemption date, the 2020B Subordinate Bonds to be redeemed are to be selected by lot prior to the date fixed for redemption, in such manner as the Trustee is to determine. The 2020B Subordinate Bonds are to be redeemed only in integral multiples of \$5,000. In the event a Series 2020B Subordinate Bond is of a denomination larger than \$5,000, a portion of such Series 2020B Subordinate Bond may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. Such Series 2020B Subordinate Bond is to be treated for the purpose of redemption as that number the 2020B Subordinate Bonds which results from dividing the principal amount of such Series 2020B Subordinate Bond by \$5,000. In the event a portion of any Series 2020B Subordinate Bond is redeemed, the Trustee is to, without charge to the Owner of such Series 2020B Subordinate Bond, authenticate and deliver a replacement Series 2020B Subordinate Bond or Bonds for the unredeemed portion thereof.

Notice and Effect of Redemption. In the event any of the 2020B Subordinate Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2020B Subordinate Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its affiliates, not less than thirty (30) 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 at the address shown on the registration books maintained by or on behalf of the District by the Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, is not to affect the validity of any proceeding for the redemption of other 2020B Subordinate Bonds as to which no such failure or defect exists. The redemption of the 2020B Subordinate Bonds may be

contingent or subject to such conditions as may be specified in the notice. All 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.

Security for the 2020B Subordinate Bonds

Subordinate Pledged Revenue. The 2020B Subordinate Bonds are subordinate limited tax general obligations of the District secured by and payable from the Subordinate Pledged Revenue, consisting of moneys derived from the following sources, net of any costs of collection (the “Subordinate Pledged Revenue”): (i) the Subordinate Required Mill Levy, (ii) the Subordinate System Development Fee Revenue, and (iii) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Subordinate Bond Fund. See the descriptions below of the various components of Subordinate Pledged Revenue.

Subordinate Reserve Fund; Subordinate Reserve Fund Requirement. The 2020B Subordinate Bonds are also secured by amounts on deposit in the Subordinate Reserve Fund, which is to be fully funded in the amount of the Subordinate Reserve Fund Requirement from proceeds of the 2020B Subordinate Bonds upon the issuance thereof. The Subordinate Indenture defines the “Subordinate Reserve Fund Requirement” as the amount of \$1,828,897.98, which is the amount to be maintained in the Subordinate Reserve Fund.

Subordinate Bonds Surplus Fund; Maximum Surplus Amount. The 2020B Subordinate Bonds are also secured by amounts, if any, accumulated in the Subordinate Bonds Surplus Fund from excess Subordinate Pledged Revenue up to the Maximum Surplus Amount. The Subordinate Indenture defines the “Maximum Surplus Amount” as, with respect to the 2020B Subordinate Bonds, the amount of \$1,078,491.00, which is the maximum amount of the Subordinate Bonds Surplus Fund.

Subordinate Required Mill Levy. The 2020B Subordinate Bonds are not secured by property lying within the District, but rather by, among other things, the District’s obligation to annually determine, fix and certify a rate of levy, for ad valorem property taxes to the Board of County Commissioners.

Definition of Subordinate Required Mill Levy. Pursuant to the Subordinate Indenture, the District has covenanted to levy upon all taxable property of the District the “Subordinate Required Mill Levy,” defined in the Subordinate Indenture as follows:

(a) subject to paragraph (d) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable real and personal property of the District each year in an amount equal to 55.664 mills *less the Senior Bond Mill Levy*, provided however, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020B Subordinate Bonds, such mill levy will be increased or decreased to reflect such changes, such increases or decreases 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 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. The Subordinate Indenture states that it is the intent thereunder that if the amount of the Senior Required Mill Levy equals or exceeds 55.664 mills in any year, adjusted for changes in law as stated above, ***the Subordinate Required Mill Levy for that year will be zero.***

(b) For so long as the amount on deposit in the Subordinate Bonds Surplus Fund is less than the Maximum Surplus Amount, the Subordinate Required Mill Levy shall be equal to 55.664 mills (as

adjusted for changes in law after the date of delivery of the 2020B Subordinate Bonds in the manner provided in the Subordinate Indenture and described in paragraph (a) above) *less the Senior Bond Mill Levy*, but not less than 45.000 mills until the Subordinate Bonds Surplus Fund is funded in the Maximum Surplus Amount; provided however, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020B Subordinate Bonds, the mill levy of 45.000 mills will be increased or decreased to reflect such changes, such increases or decreases 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 such 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

(c) In the event the Subordinate Required Mill Levy as described in paragraphs (a) and (b) above would produce revenue which, when combined with available moneys in the Subordinate Bonds Surplus Fund, would be in excess of that required to repay all principal and interest on the 2020B Subordinate Bonds, then such mill levy may be reduced to a mill levy which will produce revenue which, when combined with available moneys in the Subordinate Bonds Surplus Fund, would be sufficient to repay all principal and interest on the 2020B Subordinate Bonds.

(d) The Subordinate Indenture states that notwithstanding anything therein to the contrary, in no event may the Subordinate Required Mill Levy 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 pursuant to the foregoing 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 will be reduced to the point that such maximum tax increase is not exceeded.

Senior Bond Mill Levy. The "Senior Bond Mill Levy" means (i) the Senior Required Mill Levy to be imposed pursuant to the Senior Indenture for payment of the 2020A Senior Bonds, and (ii) any other mill levy required to be imposed for payment of additional Senior Bonds issued hereafter, if any, in accordance with the provisions of the instrument pursuant to which such additional Senior Bonds are issued.

Covenant To Impose the Subordinate Required Mill Levy. Pursuant to the provisions of the Subordinate Indenture, for the purpose of paying the principal of, premium if any, and interest on the 2020B Subordinate Bonds, replenishing the Subordinate Reserve Fund to the Subordinate Reserve Fund Requirement, and funding the Subordinate Bonds Surplus Fund to the Maximum Surplus Amount, the District covenants to cause to be levied on all of the table property of the District, in addition to all other taxes, direct annual taxes in each of the years 2020 to 2045 inclusive (for tax collection in years 2021 through 2046 inclusive) and, *subject to the provisions of the Subordinate Indenture as described in the succeeding paragraph*, in each year thereafter in which the 2020B Subordinate Bonds remain Outstanding in the amount of the Subordinate Required Mill Levy. Nothing in the Subordinate Indenture is to be construed to require the District to levy an ad valorem property tax for payment of the 2020B Subordinate Bonds in excess of the Subordinate Required Mill Levy. When collected, the taxes levied for the foregoing purposes are to be deposited with the Trustee in accordance with the Subordinate Indenture.

NOTWITHSTANDING ANY OTHER PROVISION IN THE SUBORDINATE INDENTURE, THE DISTRICT IS NOT REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE 2020B SUBORDINATE BONDS AFTER TAX LEVY YEAR 2045 (FOR COLLECTION IN 2046).

The Subordinate Indenture further provides that it is to be the duty of the Board annually, at the time and in the manner provided by law for the levying other District taxes, to ratify and carry out the provisions of the Subordinate Indenture with reference to the levying and collection of taxes, and the Board is to levy, certify, and collect said taxes in the manner provided by law for the purposes aforesaid. Said taxes are to be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State, and when collected said taxes are to be paid to the District as provided by law. The Board is to take all necessary and proper steps to enforce promptly the payment of taxes levied pursuant to the Subordinate Indenture.

Subordinate System Development Fee Revenue. Only the Subordinate System Development Fee Revenue is pledged to the 2020B Subordinate Bonds. The “Subordinate System Development Fee Revenue” is defined in the Subordinate Indenture as any System Development Fee revenue remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Bonds.

System Development Fee. “System Development Fee” is defined in the Subordinate Indenture as that certain fee imposed by the District pursuant to the System Development Fee Resolution or amounts collected by the District pursuant to the System Development Fee Resolution, and which fee is pledged to the 2020A Senior Bonds. “System Development Fee Resolution” is defined in the Subordinate Indenture as the District’s resolution adopted by the Board on November 30, 2006, as amended and restated on December 3, 2007, February 16, 2010, and December 11, 2012, and including any permitted amendments or supplements thereto, may be approved after the issuance of the 2020B Subordinate Bonds.

The System Development Fee is imposed upon all platted lots (each a “Lot”) within the District to fund a portion of the costs of financing, acquiring, constructing, installing, and completing the Public Improvements. By the Third Amended and Restated System Development Fee Resolution (adopted December 11, 2012), the System Development Fee was increased to \$2,500 per single-family unit and \$1,750 per multi-family unit (although no multi-family units are presently planned for the Development), subject to discretionary annual increases by an amount equal to the increase in the Federal Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers for that year but not to exceed 5%. Notwithstanding the foregoing allowed increases, no increases to the respective amount of the System Development Fee have occurred since the Third Amended and Restated Development Fee Resolution. The System Development Fee is due and payable to the District by the owner of each Lot upon the issuance of a building permit for the construction of any improvements on such Lot, excepting certain Lots for which the fee is due and payable on the date of first closing of such Lot to occur after issuance of the related certificate of occupancy. There is no mechanism or agreement in place, however, which would prohibit the City from issuing a building permit for property within the District for which a System Development Fee is due and owing but unpaid.

Until paid, any System Development Fee is to be subject to delinquency interest at a rate of 12% per annum from the due date and is to be collected in accordance with the provisions of Section 32-1-1001(1)(j), C.R.S., or Section 32-1-1101(1)(e), C.R.S., or as otherwise permitted by law. Until paid in full, each System Development Fee, together with interest accrued thereon, is to constitute a perpetual lien against the affected lot as provided by law. See “INVESTMENT CONSIDERATIONS—Enforceability of System Development Fee.”

Certain Subordinate Indenture Provisions

The following is a description of certain provisions of the Subordinate Indenture and is subject in all respects to the more specific provisions of the Subordinate Indenture. See “APPENDIX B—

SELECTED DEFINITIONS” for definitions of certain capitalized terms used below and elsewhere in this Official Statement.

Creation of Funds. The Subordinate Indenture creates and establishes the following funds and accounts, which are to be held and maintained by the Trustee in accordance with the provisions of the Subordinate Indenture:

- (a) the Subordinate Construction Fund;
- (b) the Subordinate Bond Fund;
- (c) the 2020B Escrow Account;
- (d) the Subordinate Reserve Fund, and
- (e) the Subordinate Bonds Surplus Fund.

Subordinate Flow of Funds. The Subordinate Indenture provides that the District is to transfer all amounts comprising Subordinate Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, and any such moneys will constitute part of the Trust Estate, and the Trustee is to apply the Subordinate Pledged Revenue in the following order of priority. For purposes of the following: (i) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank *pari passu* with each other, and (ii) when credits are required to go to funds or accounts which are not held by the Trustee under the Subordinate Indenture, the 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 credit of the Subordinate Bond Fund, the amounts required by the Subordinate Indenture as described below under the caption “—Subordinate Bond Fund;”

SECOND: For so long as the Subordinate Reserve Fund has not been terminated, to the credit thereof the amounts required by the Subordinate Indenture as described below under the caption “—Subordinate Reserve Fund;”

THIRD: For so long as the Subordinate Bonds Surplus Fund has not been terminated, to the credit thereof the amounts required by the Subordinate Indenture as described below under the caption “—Subordinate Bonds Surplus Fund;” and

FOURTH: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose, any Subordinate Pledged Revenue remaining after the payments and accumulations set forth above.

2020B Escrow Account. The 2020B Escrow Account is established pursuant to the 2020B Escrow Agreement, whereby a portion of the proceeds of the 2020B Subordinate Bonds will be deposited in the Escrow Account in accordance with the provisions of the 2020B Escrow Agreement and will be used to implement the Refunding Project. Moneys held in the 2020B Escrow Account will be invested and disbursed in accordance with the provisions of the 2020B Escrow Agreement. Moneys on deposit in the 2020B Escrow Account are not part of the Trust Estate.

Subordinate Bond Fund. The Subordinate Indenture provides that there will be credited to the Subordinate Bond Fund each Bond Year an amount of Subordinate Pledged Revenue which, when

combined with other legally available moneys in the Subordinate Bond Fund (not including moneys deposited thereto from other funds pursuant to the terms of the Subordinate Indenture), will be sufficient to pay the principal of, premium if any, and interest on the 2020B Subordinate Bonds which has or will become due in the Bond Year in which the credit is made.

Use of Moneys. Moneys in the Subordinate Bond Fund will be used by the Trustee solely to pay the principal of and interest on the 2020B Subordinate Bonds, in the following order:

FIRST: to the payment of interest due in connection with the 2020B Subordinate Bonds, and

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 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 2020B Subordinate Bonds on any due date, the Trustee will apply such amounts on such due date as follows:

FIRST: The Trustee will pay such amounts as are available, proportionally in accordance with the amount of interest due on each 2020B Subordinate Bond.

SECOND: The Trustee shall apply any remaining amounts to the payment of the principal of as many 2020B Subordinate Bonds as can be paid with such remaining amounts, such payments to be in increments of \$5,000 or any integral multiple thereof. 2020B Subordinate Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the 2020B Subordinate Bonds the principal of which is due and owing on the due date.

Subordinate Construction Fund. The Subordinate Indenture provides as follows with respect to the Subordinate Construction Fund.

In General. The Subordinate Indenture provides, with respect to the Subordinate Construction Fund, that for so long as no Event of Default under the Subordinate Indenture has occurred and is continuing, the Trustee is to disburse funds from the Subordinate Construction Fund in accordance with requisitions in substantially the form appended to the Subordinate Indenture, signed by the District Representative. The Trustee may conclusively rely as to the completeness and accuracy of all statements in such requisition and the Trustee shall not be required to make any independent investigation in connection therewith.

The execution of any requisition by the District Representative shall constitute unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed. In addition, in the event the moneys in the Subordinate Bond Fund, the Subordinate Reserve Fund and the Subordinate Bonds Surplus Fund are ever insufficient to pay the principal of, premium if any, or interest on the 2020B Subordinate Bonds when due and there is no Event of Default, the Trustee is to transfer moneys from the Subordinate Construction Fund to the Subordinate Bond Fund in amounts sufficient, when combined with moneys in the Subordinate Bond Fund, the Subordinate Reserve Fund and the Subordinate Bonds Surplus Fund to make such payments when due. In the event moneys in the Subordinate Bond Fund, the Subordinate Reserve Fund, the Subordinate Bonds Surplus Fund and the Subordinate Construction Fund are insufficient to make such payments when due, the Trustee shall nonetheless transfer all moneys in the Subordinate Construction Fund to the Subordinate Bond Fund to be used for making partial payments as provided in the Subordinate Indenture.

Termination of Subordinate Construction Fund. Upon the receipt by the Trustee of a certificate of the District determining that all Costs of the Improvement Project have been paid, any balance remaining in the Subordinate Construction Fund is to be credited to the Subordinate Bond Fund. The Subordinate Construction Fund will terminate at such time as no further moneys remain therein.

Event of Default. Upon the occurrence and continuance of an Event of Default under the Subordinate Indenture, the Trustee is to cease disbursing moneys from the Subordinate Construction Fund, but instead shall apply such moneys in the manner provided by the Section of the Subordinate Indenture entitled “Default and Remedies.”

Subordinate Reserve Fund. The Subordinate Indenture provides that moneys in the Subordinate Reserve Fund shall be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the 2020B Subordinate Bonds, and the Subordinate Reserve Fund is thereby pledged to the payment of the 2020B Subordinate Bonds.

In the event the amounts credited to the Subordinate 2020B Subordinate Bond Fund are insufficient to pay the principal of, premium if any, or interest on the 2020B Subordinate Bonds when due, the Trustee is to transfer from the Subordinate Reserve Fund to the Subordinate Bond Fund an amount which, when combined with moneys in the Subordinate Bond Fund, will be sufficient to make such payments when due. In the event that moneys in the Subordinate Reserve Fund together with moneys in the Subordinate Bond Fund are together insufficient to make such payments when due, the Trustee is to nonetheless transfer all moneys in the Subordinate Reserve Fund to the Subordinate Bond Fund for the purpose of making partial payments on the 2020B Subordinate Bonds as provided in the Subordinate Indenture.

Subject to the receipt of sufficient Subordinate Pledged Revenue, the Subordinate Reserve Fund is to be maintained in the amount of the Subordinate Reserve Fund Requirement for so long as the Debt to Assessed Ratio is 50% or greater, provided that the foregoing shall not prevent the amounts in the Subordinate Reserve Fund from being used in whole or in part to fund the payment or defeasance of all of the 2020B Subordinate Bonds. If at any time the Subordinate Reserve Fund is drawn upon so that the amount of the Subordinate Reserve Fund is less than the Subordinate Reserve Fund Requirement, then the District shall deposit to the Subordinate Reserve Fund amounts sufficient to bring the amount credited to the Subordinate Reserve Fund to the Subordinate Reserve Fund Requirement. Such deposits and payments shall be made at the earliest practicable time, but in accordance with and subject to the limitations of the Subordinate Indenture as described above under the caption entitled “—Subordinate Flow of Funds.” The Subordinate Indenture provides that nothing therein is to be construed as requiring the District to impose an ad valorem mill levy for the purpose of funding of the Subordinate Reserve Fund in excess of the Subordinate Required Mill Levy.

Investments credited to the Subordinate 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 described above. The amount credited to the Subordinate Reserve Fund shall never exceed the amount of the Subordinate Reserve Fund Requirement.

In the event that the Subordinate Reserve Fund Requirement is zero, any funds on deposit in the Subordinate Reserve Fund shall, to the extent possible, be utilized for capital projects as provided at the 2002 Election or 2018 Election, or to the extent it is not possible to do so, be transferred to the Subordinate Bond Fund.

Subordinate Bonds Surplus Fund. The Subordinate Indenture provides that for so long as the Subordinate Bonds Surplus Fund is in existence, moneys therein are to be used solely in accordance with the provisions of the Subordinate Indenture as described below.

The Subordinate Bonds Surplus Fund is to be maintained by the Trustee until such time as the Debt to Assessed Ratio is less than 50%, after which the Subordinate Bonds Surplus Fund shall be terminated and any moneys therein deposited to the Subordinate Bond Fund for application to the payment of the principal of and interest on the 2020B Subordinate Bonds.

Subject to the receipt of sufficient Subordinate Pledged Revenue, the Subordinate Bonds Surplus Fund is to be funded in an amount up to the Maximum Surplus Amount. The Subordinate Bonds Surplus Fund will not be funded with 2020B Subordinate Bond proceeds, but is to be funded solely from deposits of Subordinate Pledged Revenue as provided in the Subordinate Indenture and described above under the caption “—Subordinate Flow of Funds,” up to the Maximum Surplus Amount, and except to the extent Subordinate Pledged Revenue is available as so provided, the District has no obligation to fund the Subordinate Bonds Surplus Fund in any amount.

Investments credited to the Subordinate Bonds Surplus Fund shall be valued on the basis of their current market value, as reasonably determined by the District, which value shall be determined at least annually.

In the event the amounts credited to the Subordinate Bond Fund and the Subordinate Reserve Fund are insufficient to pay the principal of, premium if any, or interest on the 2020B Subordinate Bonds when due, the Trustee is to transfer from the Subordinate Bonds Surplus Fund to the Subordinate Bond Fund an amount which, when combined with moneys in the Subordinate Bond Fund and the Subordinate Reserve Fund, will be sufficient to make such payments when due, and in the event the amounts in the Subordinate Bond Fund, the Subordinate Reserve Fund and the Subordinate Bonds Surplus Fund are insufficient to pay all principal, premium if any, and interest on the 2020B Subordinate Bonds on any due date, the Trustee shall nonetheless transfer all of the moneys in the Subordinate Bonds Surplus Fund to the Subordinate Bond Fund for the purpose of making partial payments as provided in the Subordinate Indenture and described above under the caption “—Subordinate Bond Fund.” Amounts in the Subordinate Bonds Surplus Fund are not to be used to redeem 2020B Subordinate Bonds being called pursuant to any optional redemption provisions of the Subordinate Indenture, but may be used to pay 2020B Subordinate Bonds coming due as a result of any mandatory sinking fund redemption.

Additional Covenants and Agreements of the District. The District irrevocably covenants in the Subordinate Indenture and agrees with each and every Owner of the 2020B Subordinate Bonds that so long as any of the 2020B Subordinate Bonds remain Outstanding:

The District covenants to maintain its existence and agrees that it will not merge or otherwise alter its corporate structure in any manner or to any extent as might reduce the security provided for the payment of the 2020B Subordinate Bonds, and will continue to operate and manage the District in an efficient and economical manner in accordance with all applicable laws, rules and regulations, and keep and maintain separate accounts of the receipts and expenses thereof in such manner that the Subordinate Pledged Revenue may at all times be readily and accurately determined.

At least once a year in the time and manner provided by law, the District will cause an audit to be performed of the records relating to District revenues and expenditures, the cost of which may be paid with Subordinate Pledged Revenue. 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 the audit will be filed and recorded in the places, time and manner provided by law.

The District will carry fire and extended coverage, workers' compensation, public liability and such other forms of insurance on insurable District property as would ordinarily be carried by entities having similar properties of equal value.

In the event any ad valorem taxes are not paid when due, the District shall diligently cooperate with the County Treasurer to enforce the lien of such unpaid taxes against the property for which taxes are owed.

Each District official or other person having custody of any Subordinate Pledged Revenue, or responsible for the handling of such funds, shall be fully bonded or insured against theft or defalcation at all times, which bond or insurance shall be conditioned upon the proper application of said funds.

In the event the Subordinate Pledged Revenue and other moneys available under the Subordinate Indenture for the payment of the 2020B Subordinate Bonds is insufficient or is anticipated to be insufficient to pay the principal of, premium if any, and interest on the 2020B Subordinate Bonds when due, and there are insufficient funds in the Subordinate Bond Surplus Fund, the Subordinate Reserve Fund and the Subordinate Construction Fund for such purpose, the District shall use its commercially reasonable best efforts to refinance, refund, or otherwise restructure the 2020B Subordinate Bonds so as to avoid such a default.

The District shall take no action that could have the effect of excluding property from the District unless the District determines in good faith that such action would not have a materially adverse effect upon the amount of Subordinate Pledged Revenue that would otherwise be collected by the District and the exclusion would cause no material increase in the District's mill levy for operations that is not otherwise offset. The exclusion of property to conform the District's boundaries to those described in the Framework Development Plan dated November 5, 2001, submitted to the City, does not require prior approval of the Owners of the 2020B Subordinate Bonds.

The District is to impose, collect (or cause to be collected) and use commercially reasonable efforts to enforce the payment of the System Development Fees, at the times and in the amounts as set forth in the System Development Fee Resolution and is to promptly pay or cause to be paid the revenue generated thereby to the Trustee in accordance with the provisions of the Subordinate Indenture. The District covenants that it will act or fail to act the result of which would be to reduce or lower the amount of the System Development Fees to a level less than that established in the System Development Fee Resolution, and the District is not to take any action or fail to take action in a manner which would modify, amend or alter the System Development Fee Resolution to the material disadvantage of the Owners of the 2020B Subordinate Bonds without the approval of the Owners with respect to not less than a majority of the 2020B Subordinate Bonds then Outstanding.

The District shall not amend the System Development Fee Resolution in any way which would (i) result in a reduction of the amount of the System Development Fees or the revenue derived therefrom, (ii) defer the payment of the System Development Fees, (iii) impair the District's ability to impose or collect the System Development Fees, (iv) extend the due date of the System Development Fees or alter such due date in any way which could result in a delay in payment thereof, (v) reduce the rate of interest to accrue upon payment default, (vi) impair the District's enforcement and collection remedies, or (vii) impair in any way the security provided for the 2020B Subordinate Bonds by the pledge of the Subordinate System Development Fee Revenue.

Except for property owned by the City, which the District intends to exclude from the boundaries of the District, and property owned by Cherry Creek School District, the District or Southshore Metropolitan District No. 1, the District covenants to use its commercially reasonable good faith efforts to

impose, collect and enforce a payment-in-lieu-of-taxes on any real or personal property within the District (or otherwise subject to the District's mill levy) that, as of the date of the issuance of the 2020B Subordinate Bonds, is subject to ad valorem property taxation by the District but which, after the date of issuance of the 2020B Subordinate Bonds, is categorized by the County Assessor as exempt from ad valorem property taxation, and the revenue derived from the imposition, collection and enforcement of such payment-in-lieu-of-taxes shall be deemed to be revenue derived from the Subordinate Required Mill Levy and shall thus constitute Subordinate Pledged Revenue under the Subordinate Indenture.

Additional Bonds.

In General. After issuance of the 2020B Subordinate Bonds, no Additional Bonds within the meaning of the Subordinate Indenture are to be issued except in accordance with the applicable provisions of the Subordinate Indenture as described below. Nothing in the Subordinate Indenture is to affect or restrict the right of the District to issue or incur obligations which are not Additional Bonds within the meaning thereof.

Permitted Refunding Bonds. The Subordinate Indenture provides that the District may issue Permitted Refunding Bonds at such time or times and in such amounts as may be determined by the District in its absolute discretion. See "APPENDIX B—SELECTED DEFINITIONS" for the meaning of Permitted Refunding Bonds.

Parity Subordinate Bonds. The Subordinate Indenture provides that the District shall not issue Additional Bonds on parity with the 2020B Subordinate Bonds.

Issuance by Consent. The Subordinate Indenture provides that, except as described above, the District may issue Additional Bonds within the meaning of the Subordinate Indenture only if the Owners of 100% in aggregate principal amount of the 2020B Subordinate Bonds then Outstanding consent to the issuance of such Additional Bonds.

Junior Lien Bonds. The Subordinate Indenture provides that nothing therein shall prevent the District from issuing obligations with a lien on the Subordinate Pledged Revenue which is subordinate and junior to the lien thereon of the 2020B Subordinate Bonds, provided that:

(a) the District is then and as of the date of issuance of the Junior Lien Bonds will be, in compliance with all of the covenants of the Subordinate Indenture and the Senior Indenture;

(b) the District is then and as of the date of issuance of the Junior Lien Bonds will be, current in the accumulation of all amounts required to be then accumulated in the funds under the Subordinate Indenture, as required thereunder, and in the Senior Indenture, as required thereunder, and

(c) a written certificate by the President or Treasurer of the District that the conditions set forth above are met will conclusively determine the right of the District to authorize, issue, sell, and deliver Junior Lien Bonds in accordance with the 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 are to constitute an Event of Default under the Subordinate Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or

order of any court or any administrative or governmental body), and there is to be no default or Event of Default except as provided in the Subordinate Indenture:

(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 fails or refuses to impose the System Development Fees or fails to enforce collection of amounts owing under the System Development Fee Resolution;

(c) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution, and fails to remedy the same after notice thereof 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 2020B Subordinate Bonds.

The Subordinate Indenture includes a statement that it is acknowledged thereunder that, due to the limited nature of the Subordinate Pledged Revenue, the failure to pay the principal of or interest on the 2020B Subordinate Bonds when due *shall not, in and of itself, constitute an Event of Default thereunder.*

IN ADDITION, IT IS ACKNOWLEDGED IN THE SUBORDINATE INDENTURE THAT THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE 2020B SUBORDINATE BONDS AFTER DECEMBER 2045 (FOR COLLECTION IN CALENDAR YEAR 2046).

The Subordinate Indenture states that, anything therein to the contrary notwithstanding and so long as the Insurance Policy is in effect and the Bond Insurer is not in default thereunder, upon the occurrence and continuance of a default or an Event of Default thereunder, the Bond Insurer shall be deemed to be the sole Owner of the 2020B Subordinate Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the 2020B Subordinate Bonds or the Trustee for the benefit of such Owners under the Subordinate Indenture. The Trustee may not waive any default or Event of Default with respect to the 2020B Subordinate Bonds without the Bond Insurer's written consent.

No default as described under paragraph (c) above is to constitute an Event of Default under the Subordinate Indenture until actual notice of such default by registered or certified mail has been given by the Trustee or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the 2020B Subordinate Bonds then Outstanding to the District, and the District has had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected and has not corrected said default or caused said default to be corrected within such period; provided however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default under the Subordinate Indenture if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

The Trustee is to give to the Owners of all 2020B Subordinate Bonds notice by mailing to the address shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors, of all defaults or Events of Default of which the Trustee has notice or is deemed to have notice under the Subordinate Indenture, within 90 days after the occurrence of such default or Event of Default unless such default or Event of Default shall have been cured before the giving of such notice; provided that, the Trustee shall be protected in withholding such notice if and so long as a committee of

its trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners of the 2020B Subordinate Bonds.

Remedies on Occurrence of Event of Default. Upon the occurrence and continuance of an Event of Default, the Trustee is to have the following rights and remedies which may be pursued:

(a) *Receivership.* Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee is to be entitled as a matter of right to the appointment of a receiver or receivers of the 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 Trustee is to 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 Trustee.

(b) *Suit for Judgment.* The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the 2020B Subordinate Bonds, the Bond Resolution, the Subordinate Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, is to deem appropriate.

(c) *Mandamus or Other Suit.* The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

No recovery of any judgment by the Trustee is to in any manner or to any extent affect the lien of the Subordinate Indenture or any rights, powers, or remedies of the Trustee thereunder, or any lien, rights, powers, and remedies of the Owners of the 2020B Subordinate Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners are to continue unimpaired as before.

If any Event of Default as described under paragraph (a) under the caption “—*Events of Default*” above has occurred, and if requested by the Owners of not less than 25% of the principal amount the 2020B Subordinate Bonds then Outstanding, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Subordinate Indenture as described above, as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners; provided that the Trustee at its option shall be indemnified as provided in the Subordinate Indenture.

Notwithstanding anything in the Subordinate Indenture to the contrary, acceleration of the 2020B Subordinate Bonds is *not* an available remedy for an Event of Default, nor will the District be subject to punitive or consequential damages, nor shall any of the provisions in the Subordinate Indenture constitute a waiver act or be deemed to be a waiver by the District of the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. as now or as amended after the issuance of the 2020B Subordinate Bonds.

Majority of Owners May Control Proceedings. The Owners of a majority in aggregate principal amount of the 2020B Subordinate Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the 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 thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of the Subordinate Indenture, and provided further that, at its option, the Trustee is to be indemnified as provided in the Subordinate Indenture.

Rights and Remedies of Owners. No Owner of any Series 2020B Subordinate Bond shall have 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 Trustee has been notified by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the 2020B Subordinate Bonds then Outstanding, in which case the Trustee shall be deemed to have notice thereof, and unless such default shall have become an Event of Default and the Owners of not less than twenty five percent (25%) in aggregate principal amount of the 2020B Subordinate Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted to the Trustee in the Subordinate Indenture or to institute such action, suit, or proceedings in their own name, nor unless they have also offered to the Trustee indemnity as provided in the Subordinate Indenture, nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted to it in the Subordinate Indenture, or to institute such action, suit, or proceeding in its own name, and such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be 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 understood and intended that no one or more Owners the 2020B Subordinate Bonds shall 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 therein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all 2020B Subordinate Bonds then Outstanding.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Subordinate Indenture and its consequences, and shall do so upon the written request of the Owners with respect to a majority in aggregate principal amount of the 2020B Subordinate Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Owners with respect to one hundred percent (100%) of the aggregate principal amount of the 2020B Subordinate Bonds then Outstanding as to which an Event of Default as described under paragraph (a) under the caption “—*Events of Default*” above exists. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the District, the Trustee, and the Owners shall be restored to their former positions and rights under the Subordinate Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee is to have proceeded to enforce any right under the Subordinate Indenture and such proceedings are to have been discontinued or abandoned for any reason, or are to have been determined adversely to the Trustee, then and in every such case the District and the Trustee are to be restored to their former positions and rights under the Subordinate Indenture with respect to the Trust Estate, and all rights, remedies, and powers of the Trustee are to continue as if no such proceedings had been taken.

Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default is to exhaust or impair any such right or power or is to 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 any default under the Subordinate Indenture, whether by the Trustee or the Owners, is to extend to or affect any subsequent or any other then existing default or is to impair any rights or remedies consequent thereon. All rights and remedies of the Trustee and the Owners provided in the Subordinate Indenture are to be cumulative and the exercise of any such right or remedy is not to affect or impair the exercise of any other right or remedy.

Application of Moneys in Event of Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Subordinate Indenture and any other moneys held as part of the Trust Estate, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys' fees and costs of any other professionals hired by the Trustee under the Subordinate Indenture), expenses, liabilities, and advances incurred or made by the Trustee, are to be deposited in the appropriate fund or funds 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 2020B Subordinate Bonds have been paid in full. NOTWITHSTANDING THE FOREGOING, THE SUBORDINATE INDENTURE PROVIDES THAT IT IS ACKNOWLEDGED THAT THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE 2020B SUBORDINATE BONDS AFTER DECEMBER 2045 (FOR COLLECTION IN CALENDAR YEAR 2046).

Whenever all of the 2020B Subordinate Bonds and interest thereon have been paid under the provisions of the Subordinate Indenture and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held under the Subordinate Indenture is to be paid to the District.

Limitation on Remedies and Application of Moneys. It is acknowledged that a portion of the Subordinate Pledged Revenue securing payment of the 2020B Subordinate Bonds is subject to the prior lien thereon in favor of the 2020A Senior Bonds and any additional Senior Bonds issued hereafter. Except as to any of the duties the Trustee is required to perform prior to a default, as set forth in the Subordinate Indenture, the Trustee or any Owner of the 2020B Subordinate Bonds may not take any action thereunder which would unduly prejudice the rights of owners of the 2020A Senior Bonds with respect to such Subordinate Pledged Revenue. Furthermore, it is acknowledged that, notwithstanding the occurrence of an Event of Default, no portion of the Subordinate Pledged Revenue that is pledged on a senior basis to the 2020A Senior Bonds shall be applied to the payment of any amounts relating to the 2020B Subordinate Bonds until the full satisfaction of all amounts then due with respect to any Senior Bonds (acknowledging that the 2020A Senior Bonds shall not be subject to acceleration upon the occurrence of an event of default under the applicable resolution, indenture, or other document pursuant to which any such Senior Bonds are issued).

Subordinate Indenture Supplements. Subject to the provisions of the Subordinate Indenture, the District and the Trustee may, without the consent of or notice to the Owners and without the consent of the Bond Insurer, but with prior written notice to the Bond Insurer, enter into such indentures supplemental thereto, which supplemental indentures are to thereafter form a part of thereof, for any one or more of the following purposes: (a) 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 2020B Subordinate Bonds, (b) to subject to the Subordinate Indenture additional revenues, properties, or collateral, (c) to grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee, or (d) to qualify the Subordinate Indenture under the Trust Indenture Act of 1939.

Except for supplemental indentures delivered pursuant to the foregoing paragraph and subject to the provisions of the Subordinate Indenture, the Bond Insurer, or, in the event that the Bond Insurer is in default under the Insurance Policy, the Owners with respect to not less than a majority in aggregate principal amount of the 2020B Subordinate Bonds then Outstanding, are to have the right, from time to time, to consent to and approve the execution by the District and the Trustee of such supplemental

indenture or indentures as are to be 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 without the consent of the Bond Insurer and the Owners with respect to all the Outstanding 2020B Subordinate Bonds affected thereby, nothing contained in the Subordinate Indenture is to permit, or be construed as permitting:

(a) 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;

(b) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of, premium if any, or interest on the 2020B Subordinate Bonds when due;

(c) a privilege or priority of any Series 2020B Subordinate Bond or premium or any interest payment over any other Series 2020B Subordinate Bond or premium or interest payment;

(d) a reduction in the percentage in principal amount of the 2020B Subordinate Bonds then Outstanding required for consent to any supplemental indenture or amendment to the Subordinate Indenture, or

(e) any amendment, supplement or modification to the Subordinate Indenture that adversely affects the rights or interests of the Bond Insurer.

Bond Insurer as Third Party Beneficiary. The Bond Insurer is explicitly recognized as and shall be deemed to be a third party beneficiary of the Subordinate Indenture and may enforce any right, remedy or claim conferred, given or granted thereunder.

Discharge of 2020B Subordinate Bonds on December 15, 2046. Notwithstanding any other provision of the Subordinate Indenture, in the event that any amount of principal of or interest on the 2020B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on December 15, 2046, the 2020B Subordinate Bonds and the lien of the Subordinate Indenture securing payment thereof will be deemed discharged, the estate and rights thereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Subordinate Indenture, and execute and deliver to the District such instruments in writing as shall be required to evidence the same. Upon such discharge, the Owners will have no recourse to the District or any property of the District for the payment of any amount of principal of or interest on the 2020B Subordinate Bonds remaining unpaid.

USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS

Application of Bond Proceeds

2020A Senior Bonds.

2020A-1 Senior Bonds. Proceeds from the sale of the 2020A-1 Senior Bonds will be used for the purposes of: (a) refunding all of the District's 2015 Bonds and 2017 Subordinate Bonds and paying the costs associated therewith, (b) acquiring a Reserve Policy to fund the Senior Reserve Fund, and (c) paying the costs of issuance of the 2020A-1 Senior Bonds, including the premium for the Insurance Policy.

2020A-2 Senior Bonds. Proceeds from the sale of the 2020A-2 Senior Bonds will be used for the purposes of: (a) acquiring, constructing and equipping a portion of the projects approved at the District's

2018 Election (the “Improvement Project”), (b) acquiring a Reserve Policy to fund the Senior Reserve Fund, and (c) paying the costs of issuance of the 2020A-2 Senior Bonds, including the premium for the Insurance Policy.

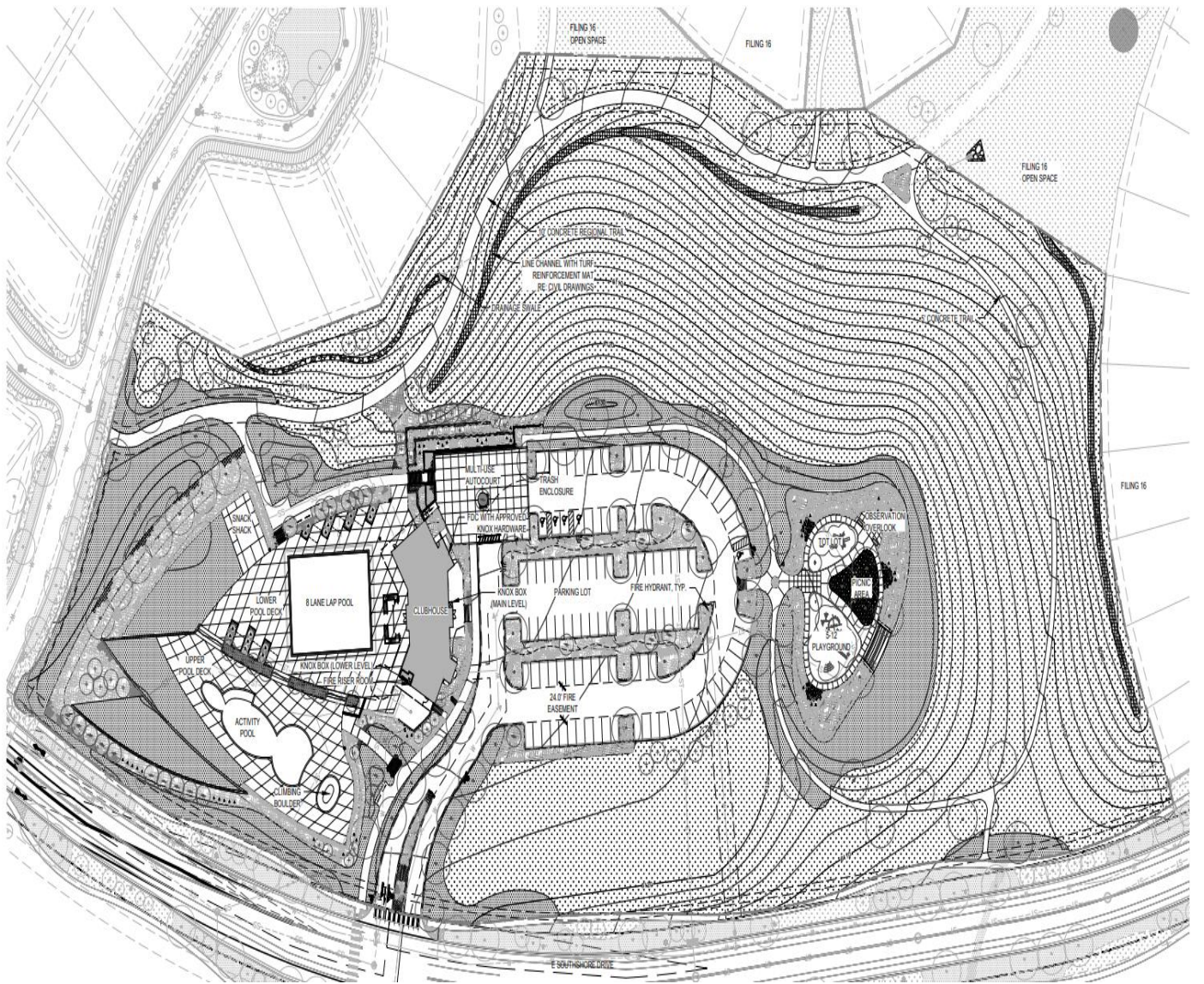
2020B Subordinate Bonds. Proceeds from the sale of the 2020B Subordinate Bonds will be used for the purposes of: (a) refunding all of the District’s 2007 Bonds and paying the costs associated therewith, (b) funding a portion of the Improvement Project, (c) providing capitalized interest for the payment of a portion of the interest to accrue on the 2020B Subordinate Bonds, (d) funding the Subordinate Reserve Fund, and (e) paying the costs of issuance of the 2020B Subordinate Bonds, including the premium for the Insurance Policy.

Underwriting Discount. The underwriting discount allocable to each series of the Bonds will be paid from proceeds of each such series, respectively.

The Improvement Project. At the 2018 Election, District voters approved the issuance of general obligation indebtedness in the total amount of \$27,500,000 to provide park and recreation improvements which may include a second neighborhood recreational facility (the “New Community Center”) and current and future parks and open space areas (together with the New Community Center, the “Improvement Project”). Net proceeds of the 2020A-2 Senior Bonds and a portion of the proceeds of the 2020B Subordinate Bonds will be used to finance the Improvement Project.

New Community Center. The New Community Center, located on the 12.356 acre Southshore at Aurora Subdivision Filing No. 18 (“Filing No. 18” upon release and recordation), is fully designed and engineered and has been submitted to the City’s Building Department for permitting. Set forth hereafter is a 3D rendering of the New Community Center and the Overall Site Plan from the Southshore at Aurora Contextual Site Plan No. 15 (the “New Community Center CSP”) as prepared by Martin/Martin Consulting Engineers, Lakewood, Colorado (the “Engineer”) and Norris Design, Planning/Landscape Architect, Denver, Colorado (the “Landscape Architect”). The New Community Center CSP application was finally approved by the City on February 20, 2020 and effective on November 18, 2019. The New Community Center CSP provides for a two-story, approximately 9,000 square foot community center planned to include an eight lane competition pool, activities pool, locker rooms and showers, fitness facility, pilates and yoga room, game room, child care, meeting space and active lounge area along with management offices. In addition, the New Community Center CSP provides for 108 parking spaces. According to the Property Owner, grading of the site is complete with vertical construction anticipated to commence in March 2020 and be complete by May 2021. The New Community Center will be constructed, operated and maintained by the District. The homeowners’ association will be responsible for the management of the New Community Center pursuant to a management agreement with the District and any costs associated with managing the New Community Center will be borne by the homeowners’ association. The cost of the Improvement Project is estimated at \$14,700,000 which includes the costs of the New Community Center and the remaining landscaping and open space within the Districts.





Sources and Uses of Funds

The sources and uses of the proceeds of the Bonds is as follows:

Sources:

| | |
|---|------------------------|
| 2020A-1 Senior Bonds Par Amount..... | \$30,090,000.00 |
| 2020A-2 Senior Bonds Par Amount..... | 12,780,000.00 |
| 2020A-2 Senior Bonds Discount..... | (307,870.20) |
| 2020B Subordinate Bonds Par Amount..... | 19,175,000.00 |
| 2020B Subordinate Bonds Net Discount..... | (207,523.50) |
| Other Available Revenues..... | <u>1,732,131.44</u> |
| Total | <u>\$63,261,737.74</u> |

Uses:

| | |
|---|------------------------|
| Deposit to Senior Construction Fund | \$13,884,140.96 |
| Deposit to Subordinate Construction Fund | 7,615,859.04 |
| Deposit to Subordinate Reserve Fund | 1,828,897.98 |
| Deposit to Subordinate Bond Fund ¹ | 281,384.97 |
| Redeem Refunded Bonds ² | 38,101,249.13 |
| Costs of issuance, including underwriting discount, ³ rating agency fees, insurance premium, surety policy, professional fees, legal counsel fees, printing costs, placement agent fee ⁴ and contingency | <u>1,550,205.66</u> |
| Total | <u>\$63,261,737.74</u> |

¹ Representing capitalized interest.

² Pay and Cancel 2015 Bonds, 2017 Subordinate Bonds and 2007 Bonds.

³ See "MISCELLANEOUS—Underwriting."

⁴ See "MISCELLANEOUS—2020A-1 Senior Bond Direct Placement."

Source: The Underwriter

[Remainder of Page Intentionally Left Blank]

Debt Service Requirements

Set forth in the following table are the estimated debt service requirements for the Bonds and the 2020A-1 Senior Bonds. See “DEBT STRUCTURE—General Obligation Debt.”

TABLE I
Debt Service Requirements ¹

| Year | 2020A-1 Taxable Senior Bonds | | 2020A-2 Senior Bonds | | 2020B Subordinate Bonds | | Annual Total |
|-------|---------------------------------|--------------------|-------------------------|---------------------|----------------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2020 | \$ 1,155,000 | \$ 539,455 | -- | \$ 330,860 | -- | \$ 533,692 | \$ 2,559,007 |
| 2021 | 1,045,000 | 633,676 | -- | 511,200 | -- | 777,850 | 2,967,726 |
| 2022 | 1,145,000 | 610,791 | -- | 511,200 | -- | 777,850 | 3,044,841 |
| 2023 | 1,170,000 | 585,716 | -- | 511,200 | -- | 777,850 | 3,044,766 |
| 2024 | 1,230,000 | 560,092 | -- | 511,200 | \$ 215,000 | 777,850 | 3,294,142 |
| 2025 | 1,260,000 | 533,156 | -- | 511,200 | 405,000 | 769,512 | 3,478,868 |
| 2026 | 1,320,000 | 505,561 | -- | 511,200 | 570,000 | 753,794 | 3,660,555 |
| 2027 | 1,350,000 | 476,654 | -- | 511,200 | 625,000 | 731,606 | 3,694,460 |
| 2028 | 1,415,000 | 447,088 | -- | 511,200 | 685,000 | 707,263 | 3,765,551 |
| 2029 | 1,445,000 | 416,100 | -- | 511,200 | 715,000 | 680,606 | 3,767,906 |
| 2030 | 1,515,000 | 384,454 | -- | 511,200 | 780,000 | 652,794 | 3,843,448 |
| 2031 | 1,550,000 | 351,276 | -- | 511,200 | 805,000 | 622,425 | 3,839,901 |
| 2032 | 1,620,000 | 317,331 | -- | 511,200 | 880,000 | 589,875 | 3,918,406 |
| 2033 | 1,655,000 | 281,854 | -- | 511,200 | 915,000 | 554,287 | 3,917,341 |
| 2034 | 1,730,000 | 245,608 | -- | 511,200 | 990,000 | 517,294 | 3,994,102 |
| 2035 | 1,770,000 | 207,722 | -- | 511,200 | 1,030,000 | 477,262 | 3,996,184 |
| 2036 | 1,845,000 | 168,959 | -- | 511,200 | 1,115,000 | 435,600 | 4,075,759 |
| 2037 | 1,890,000 | 128,553 | -- | 511,200 | 1,155,000 | 389,606 | 4,074,359 |
| 2038 | 1,970,000 | 87,162 | -- | 511,200 | 1,245,000 | 341,963 | 4,155,325 |
| 2039 | 2,010,000 | 44,019 | -- | 511,200 | 1,300,000 | 290,606 | 4,155,825 |
| 2040 | -- | -- | \$ 1,575,000 | 511,200 | 1,920,000 | 236,981 | 4,243,181 |
| 2041 | -- | -- | 1,640,000 | 448,200 | 3,825,000 | 157,781 | 6,070,981 |
| 2042 | -- | -- | 1,740,000 | 382,600 | -- | -- | 2,122,600 |
| 2043 | -- | -- | 1,810,000 | 313,000 | -- | -- | 2,123,000 |
| 2044 | -- | -- | 1,915,000 | 240,600 | -- | -- | 2,155,600 |
| 2045 | -- | -- | 1,990,000 | 164,000 | -- | -- | 2,154,000 |
| 2046 | -- | -- | <u>2,110,000</u> | <u>84,400</u> | -- | -- | <u>2,194,400</u> |
| Total | <u>\$30,090,000</u> | <u>\$7,525,227</u> | <u>\$12,780,000</u> | <u>\$12,187,660</u> | <u>\$19,175,000</u> | <u>\$12,554,347</u> | <u>\$94,312,234</u> |

¹ Assumes no redemptions, other than mandatory sinking fund redemptions, prior to maturity. Figures have been rounded and may differ from actual debt service payments.

Source: The Underwriter

THE DISTRICT

Organization and Description

The District is a quasi-municipal corporation and political subdivision of the State created pursuant to Title 32, Article 1, C.R.S. (as previously defined, the “Special District Act”). The District was organized in December 2002 in conjunction with Southshore Metropolitan District No. 1 (“District No. 1” and, together with the District, the “Districts”) as part of a common plan to provide certain public services and facilities serving the needs of the residential community known as Southshore, more

particularly described herein under the caption “THE DEVELOPMENT.” The organization of the Districts was approved by eligible electors of the Districts voting at the Districts’ elections held on November 5, 2002. The orders and decrees creating the Districts were entered by the District Court on December 3, 2002 and recorded with the Arapahoe County Clerk and Recorder on December 17, 2002.

The Districts currently operate pursuant to a Consolidated Service Plan for District Nos. 1 and 2 approved by the City on March 4, 2002 (the “Service Plan”). See “—Service Plan Limitations and Requirements” below.

The Districts are generally located on the south shore of the Aurora Reservoir, east of E-470, north of Smoky Hill Road, and within the boundaries of the City. See the preceding “AERIAL MAP,” “DEVELOPMENT PLAN AND ENVIRONS,” “DISTRICT BOUNDARY MAP” and “REGIONAL MAP.” At the time of its initial organization, the District contained approximately 350 acres. After numerous inclusions and exclusions, the District is now comprised of approximately 742.5 acres including all presently developed residential properties and all properties planned for residential development, and District No. 1 encompasses approximately 0.5 acres of primarily open space property. See “—District Powers—*Inclusions and Exclusions*” below. ***Only the property located within the boundaries of the District will generate revenues pledged to the payment of the Bonds.***

Multiple District Structure

The Service Plan anticipates that the Districts will cooperate to provide the Public Improvements, with District No. 1 serving as the “Operating District” authorized to construct, acquire, operate and maintain Public Improvements (subject to the limitations of the Service Plan), and the District serving as the “Taxing District,” authorized to provide for the funding for such activities of District No. 1 (including, but not limited to, through the issuance of general obligation bonds). Such relationship between the Districts has been further implemented pursuant to the District IGA, as defined and more particularly described in “—Material Agreements—*District IGA*” below. See also “—Facilities and Services Provided by the Districts” below.

District Powers

The rights, powers, privileges, authorities, functions and duties of the Districts are established by the Special District Act. The powers of the Districts are, however, limited both by the provisions of their Service Plan and their electoral authorization. See “—Service Plan Limitations and Requirements” below.

Generally, each District has the power to have a perpetual existence; to have and use a corporate seal; to enter into contracts and agreements; to sue and be sued and to be a party to suits, actions and proceedings; to borrow money and incur indebtedness and to issue bonds; to acquire, dispose of and encumber real and personal property, and any interest therein; to have the management, control and supervision of all the business and affairs of the District and all construction, installation, operation, and maintenance of improvements; to appoint, hire and retain agents, employees, engineers and attorneys; to fix and from time to time to increase or decrease fees, rates, tolls, penalties or charges for services, programs, or facilities furnished by the District; to furnish services and facilities within and without the boundaries of the District and to establish fees, rates, tolls, penalties or charges for such services and facilities; to accept real and personal property for use of the District and to accept gifts and conveyances made to the District; to adopt, amend and enforce bylaws and rules and regulations not in conflict with the Constitution of the State for carrying on the business, objects, and affairs of the Board; to enter into contracts with public utilities, cooperative electric associations, and municipalities for the purpose of providing street lighting service; to erect and maintain, in providing safety protection services, traffic and

safety controls and devices on streets and highways, and to have and exercise all rights and powers necessary in, incidental to or implied from the specific powers granted to a District. Each District also has the power, subject to constitutional and statutory limitations, to certify a levy for the collection of ad valorem taxes against all taxable property of such District. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes.”

Inclusions and Exclusions. Subject to compliance with statutory procedures, the Board of each District may order the inclusion or exclusion of real property to or from the District, as the case may be, thereby modifying the boundaries of such District. Such included or excluded property is obligated to the same extent as all other property within such District for the payment of then outstanding indebtedness and subsequent refundings thereof of such District, notwithstanding the exclusion. Boundary changes resulting from property included or excluded to or from each District prior to the first day of May of each year are reflected in each District’s assessed valuation and are subject to the ad valorem property tax levy of such District for that assessment year. Inclusions or exclusions that occur after May 1, with certain exceptions, are considered in the following assessment year.

At the time of initial organization, the District contained approximately 350 acres. After numerous inclusions and exclusions, District No. 1 currently encompasses approximately 0.5 acres and the District encompasses approximately 742.5 acres. All property that has been previously obligated for indebtedness of the District remains obligated for such indebtedness.

Omitted Property. In 2007, approximately 20 acres of property in the northeastern portion of the Development were inadvertently omitted from an inclusion of property into the District’s boundaries (the “Omitted Property”) due to administrative error. The Omitted Property consists of a total of 28 lots within the Vista Point subdivision (Filing 10), comprised of: (i) 17 completed, sold and closed homes (the “Existing Homes Omitted Property”), and (ii) 11 undeveloped lots owned by Toll Brothers (the “Toll Brothers Omitted Property”). While all of the 28 lots comprising the Omitted Property are within the Development, such Omitted Property is *not* within the current boundaries of the District, and thus is not subject to ad valorem property taxation by the District.

The Toll Brothers Inclusion Petition requesting inclusion of the Toll Brothers Omitted Property into the boundaries of the District was approved by the Board at its March 25, 2020 Board meeting and was approved by the District Court on March 31, 2020. The inclusion of the Toll Brothers Omitted Property will not be fully effective, however, until certain additional procedures are completed, which may be delayed due to COVID-19. See “INVESTMENT CONSIDERATIONS—COVID-19” herein.

At the March 25, 2020 Board meeting the Board began considering its options with respect to the inclusion of the Existing Homes Omitted Property into the boundaries of the District. The District expects to actively pursue the alternatives available to it in order to promote the inclusion of such property. No assurance can be given, however, that such action will be successful with respect to the inclusion of all 17 homes (or any lesser number thereof) into the District.

Service Plan Limitations and Requirements

The description of the limitation and requirements of the Service Plan set forth below, and elsewhere in this Official Statement, reflects the terms and provisions thereof, as further modified pursuant to notices of the District submitted to the City, published in accordance with the Special District Act, and on file with the District Court.

Public Improvements Conveyed to City. Pursuant to the Districts’ Service Plan and the Special District Act, the Districts are authorized to provide streets, traffic and safety controls, parks and

recreation, sanitation and mosquito control facilities and control services (as previously defined, the “Public Improvements”). Completed Public Improvements consisting of water, sewer, storm drainage improvements and facilities, improvements within public right-of-ways and a regional detention pond and related facilities will be conveyed to the City for ongoing operation and maintenance following acceptance of such improvements by the City. For those Public Improvements to be operated and maintained by the Districts, see “—Facilities and Services Provided by the Districts” below.

Regional Improvements; Exterior Works of Art. In accordance with the Service Plan, the Districts also participate in sharing the costs of constructing, installing, acquiring and dedicating to the City, certain public regional infrastructure improvements, including trails, storm drainage, open space, water, wastewater, and roadway improvements. The Districts are not obligated to impose any additional mill levy for this purpose. Rather, according to the District, in satisfaction of this obligation, the Districts are required to provide and install exterior works of art, subject to approval by the City, which works of art must be paid for from not less than one percent of the total principal amount of all bonds issued by the Districts to finance the construction of aboveground facilities and improvements. The Service Plan does not establish a particular timeframe for the provisions of such exterior works of art.

The District financed approximately two-thirds of the required exterior works of art from proceeds of the 2007 Bonds (which are being refunded with proceeds of the 2020B Subordinate Bonds) and the 2015 Bonds (which are being refunded with proceeds of the 2020A-1 Senior Bonds), and the District anticipates financing the remaining approximately one-third of such total amount from proceeds of the Bonds. The total cost of exterior works of art required to be provided by the District following the issuance of the Bonds is estimated at approximately \$335,000, based on the respective amounts of the District’s 2007 Bonds, 2015 Bonds, and 2017 Subordinate Bonds (which are being refunded with proceeds of the 2020A-1 Senior Bonds).

The requirements with respect to the funding of exterior works of art is also included in the City IGA, more particularly described in “—Material Agreements—*City IGA*.” In the event that the District fails to fund such costs of exterior works of art, in accordance with the City IGA, the City may pursue the enforcement of such provision in law or in equity, by action for specific performance, injunctive or other appropriate relief, including damages, as may be available under State law. In the event that the District does not have available funds sufficient to pay any judgment against the District during the fiscal year in which it becomes final, the District may be required to levy a tax in an amount not to exceed 10 mills to pay such judgment.

Limitations on Debt. Under the Original Service Plan, the Districts are not permitted to issue or incur in the aggregate in excess of \$33,033,000 total new money bond debt, meaning financial obligations payable wholly or in part from ad valorem taxes collected on real property in the District; provided, however that the foregoing limit does not apply to increases in debt necessary to accomplish a refunding, re-issuance or restructuring of debt and bonds payable from sources other than ad valorem property taxes, or to compounding of interest.

Pursuant to the provisions of Section 32-1-207(3)(b), C.R.S., the District issued a public notice on September 26, 2019 which was published on September 26, 2019 (as previously defined, the “Service Plan Notice”), setting forth its intent to issue the Bonds and the 2020A-1 Senior Bonds. The Service Plan Notice stated, among other things, that the Bonds and the 2020A-1 Senior Bonds will mature not later than December 31, 2046. The Original Service Plan, as clarified pursuant to the Service Plan Notice, is referred to herein as the “Service Plan.”

Pursuant to the Service Plan Notice, the new money portion of the Bonds and the portion of the 2020A-1 Senior Bonds being issued to refund the 2017 Subordinate Bonds is not to exceed an original

principal amount of \$36,000,000. The portion of the Bonds being issued to refund the 2007 Bonds and the portion of the 2020A-1 Senior Bonds being issued to refund the 2015 Bonds is not subject to such limitation.

Mill Levy Cap. Pursuant to the Service Plan, the maximum mill levy (the “Mill Levy Cap”) permitted to be imposed by the District for all purposes, including for the payment of general obligation bonds and for payment of operations and maintenance costs, is 45.290 mills, subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes or other similar changes occur. The residential ratio was 9.15% at the time the Service Plan was approved, 7.96% for the 2003 to 2016 levy years. In 2017 the residential rate was changed to 7.20% for levy years 2017 and 2018 (collection years 2018 and 2019) and in 2019 such rate was further reduced to 7.15% for the 2019 and 2020 levy years (collection years 2020 and 2021).

As a result of the changes in the residential assessment ratio occurring after the date of approval of the Service Plan and based on the current assessment rate of 7.15%, the maximum mill levy that may presently be imposed by the District under the Service Plan for all purposes is 57.891 mills, of which 55.664 mills is the maximum number of mills to be imposed for payment of debt service on the 2020A Senior Bonds and, on a subordinate basis, to the payment of debt service on the 2020B Subordinate Bonds, leaving 2.227 mills as the maximum number of mills which may be imposed by the District for payment of operation and maintenance costs.

The Mill Levy Cap may be eliminated for payment of general obligation debt at such time as the face amount of all outstanding general obligation debt of the District does not exceed 50% of the District’s assessed valuation. See “THE 2020A SENIOR BONDS—Security for the 2020A Senior Bonds—*Senior Required Mill Levy-Unlimited Tax Conversion Date.*”

Other Revenue. In addition to ad valorem property taxes of the District, the Service Plan also anticipates and authorizes the use by the Districts of developer advances, specific ownership taxes, and system development fees without other limitation so long as in the nature of that contemplated by the Service Plan.

Amendment of Service Plan. The limitations of the Service Plan may be modified or amended with the approval of the City, and as otherwise provided in the Special District Act.

Governing Board

The District is governed by a five member Board. The members must be eligible electors of the District as defined by State law and are elected to alternating four year terms of office at successive biennial elections. Vacancies on the Board are filled by appointment by the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. Pursuant to statute, with certain exceptions, no non-judicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval. At the 2002 Election, the eligible electors of the District voting at such election voted to waive the statutory term limits, and therefore the District’s directors are not subject to such limitations.

The directors hold regular meetings and special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Pursuant to statute, current directors may receive a maximum compensation of \$1,600 per year, not to exceed \$100 per meeting attended. Directors serving a term of office commencing on or after January 1, 2018 can receive a

maximum compensation of \$2,400 per year, not to exceed \$100 per meeting attended. With the exception of this compensation, directors may not receive compensation from the District as employees of the District. On August 9, 2016, the Board approved a policy, as amended on February 14, 2017, providing that each member of the Board can be compensated in the amount of \$100 per meeting, with a maximum compensation of \$400 per year. The present directors, their positions on the Boards, principal occupations and terms are as follows:

| Board of Directors | | | |
|---------------------------|--|------------------------------------|---------------------------|
| Name | Office | Occupation | Term Expires (May) |
| Jerry B. Richmond, III | President | Property Manager of Property Owner | 2022 |
| P. Joseph Knopinski | Vice President and Secretary-Treasurer | Land Development Consultant | 2020 |
| Nathan D. Fogg | Vice President and Assistant Secretary-Treasurer | Deputy Sheriff | 2022 |
| Aaron Lee Clutter | Vice President and Assistant Secretary-Treasurer | Engineer | 2020 |
| Nathan Kennedy | Vice President and Assistant Secretary-Treasurer | Attorney | 2020 |

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 Secretary of State and the District by Board members prior to taking any official action relating to the Bonds, three 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 due to existing formal and informal business relationships with the Property Owner. It is anticipated that a portion of the net proceeds of the Bonds will be used to partially reimburse the Property Owner for amounts previously advanced to, or expended on behalf of, the District by the Property Owner. See “INVESTMENT CONSIDERATIONS—Directors’ Private Interests.”

Administration

The Board is responsible for the overall management and administration of the affairs of the District. The District has no employees and has not engaged any entity to provide District administrative and management services. The District engages Simmons & Wheeler, P.C., Certified Public Accountants, Englewood, Colorado as its accountant and Collins Cockrel & Cole, P.C., Denver, Colorado as its General Counsel.

Material Agreements

The Special District Act authorizes the Districts to enter into agreements and contracts affecting their affairs. According to the District’s General Counsel, the District is not a party to any agreement which materially affects its financial status or operations, except as described below. The following also describes certain agreements of District No. 1 for which the District is responsible for payment in accordance with the District IGA. Copies of these agreements are available from the District as provided in “INTRODUCTION—Additional Information.”

City IGA. The City, District No. 1, and the District entered into an intergovernmental agreement dated as of February 11, 2003 (the “City IGA”), that among other things, recites the limitations on the District’s provision of services and exercise of powers as set forth in the Service Plan. The City IGA

generally functions as a contractual commitment on behalf of the District to exercise the powers granted to it and abide by the limitations imposed on it by the Service Plan.

In addition, the Districts agree to abide by all ordinances, rules, and regulations of the City as well as obtain prior approval from the City for certain events such as boundary changes, certain refundings of bonds that would extend the maturity or increase the total debt service thereon, and consolidation or dissolution of the Districts.

District IGA. District No. 1 and the District entered into an amended and restated intergovernmental agreement dated as of May 11, 2007 (the “District IGA”), which amended in its entirety a previous intergovernmental agreement between the Districts dated as of December 2, 2004. The District IGA, among other matters, outlines the responsibilities of the Districts with regard to financing, construction, and operation and maintenance of the Public Improvements.

As contemplated in the Service Plan, the District IGA provides that District No. 1 is the “Operating District,” responsible for the design, acquisition, installation, construction, operation, and maintenance of the Public Improvements, including a complete irrigation water system, street landscaping improvements, and public park and recreation facilities. The District is required to pay all revenue raised from mill levies assessed by the District to District No. 1 to offset its operating expenses associated with provision of services to property within the District and, pursuant to the District IGA, the District assigns all revenues raised from all sources, including, but not limited to, charges, fees, specific ownership taxes, and interest, to District No. 1 in order to offset the expenses of construction of the Public Improvements and District No. 1’s costs of operation and maintenance of the Public Improvements. The District is not permitted to retain, appropriate, expend, pledge, or otherwise encumber any of its revenues without the prior consent of the Operating District. On February 14, 2017, the Board of the Operating District approved an Acknowledgment and Consent, which consented to the issuance of the Bonds by the District. The foregoing obligations of the District to District No. 1 under the District IGA are subordinate to the District’s general obligation debt payment obligations (including the Bonds).

Pursuant to the District IGA, after construction, the Public Improvements are to be conveyed to the City, District No. 1, or a homeowner’s association in accordance with the Service Plan. District No. 1 is to provide the operations and maintenance services and agrees to maintain all necessary insurance for such purposes. The District is not to have any direct responsibility for operations or maintenance of such Public Improvements.

2007 Infrastructure Acquisition Agreement. District No. 1 and the Prior Developer entered into an amended and restated infrastructure acquisition agreement, dated as of May 11, 2007, which amended and replaced in its entirety the infrastructure acquisition agreement between these parties, dated as of March 10, 2003 (as amended, the “2007 Infrastructure Acquisition Agreement”). The 2007 Infrastructure Acquisition Agreement, among other things, provided for the reimbursement of actual costs incurred by or advanced from the Prior Developer in constructing or installing any portion of the Public Infrastructure as well as the purchase of certain Public Infrastructure from the Prior Developer by District No. 1. District No. 1 may reimburse 100% of the actual costs incurred by the Prior Developer, less the amount of reimbursements, if any, received by the Prior Developer for any other party from any source lawfully available, including the proceeds of the issuance of any general obligation bonds or other indebtedness of either of the Districts, ad valorem taxes, or any other sources; provided, however, that District No. 1’s obligation to repay the Prior Developer for any advances is solely contingent upon District No. 1’s reasonable ability to pay, and ends on either the date that all such amounts have been paid in full or December 31, 2022, whichever is earlier. The obligations incurred by District No. 1 under the 2007 Infrastructure Acquisition Agreement constitute costs of Public Improvements payable by the District in accordance with the District IGA.

As of January 1, 2020, the amount of \$532,183 remains outstanding under the 2007 Infrastructure Acquisition Agreement relating to the actual cost of Public Improvements, and for which the Prior Developer was not paid or reimbursed. The Property Owner has asserted a claim to all right, title and interest of the Prior Developer under the 2007 Infrastructure Acquisition Agreement, as further described in the Advance Agreement, described below. The obligations incurred by District No. 1 under the 2007 Infrastructure Acquisition Agreement constitute costs of Public Improvements payable by the District in accordance with the District IGA. However, it is not intended that any portion of the proceeds of the Bonds will be applied to payment of amounts outstanding under the 2007 Infrastructure Acquisition Agreement.

Advance and Reimbursement Agreement. District No. 1 and the Property Owner entered into an advance and reimbursement agreement dated as of December 2012, as amended by a First Amendment thereto dated as of August 5, 2015 (as so amended, the “Advance Agreement”). Pursuant to the Advance Agreement, in general, the Property Owner may (*but is not obligated to*) advance funds to the Districts to pay for operating, maintenance, and/or administrative expenses in the event that District No. 1 has insufficient funds to pay such expenses.

However, for certain expenses related to operating and maintaining any Public Improvements, if District No. 1 has insufficient funds to pay such expenses, the Property Owner is required, beginning from the date of the First Amendment, to make advances to District No. 1 in the aggregate amount of up to \$320,000, of which \$370,000 has been advanced as of January 1, 2020. The Property Owner has approved the advance in excess of the \$320,000 set forth in the Amendment. If the Property Owner fails to honor a request for such an advance, then District No. 1 may cease to incur expenses related to operating and maintaining any Public Improvements and may terminate all related landscaping and utility agreements. At such time as District No. 1 is no longer obligated to pay expenses related to operating and maintaining any Public Improvements and has terminated and assigned all related agreements or the Property Owner has funded the maximum amounts contemplated in the Advance Agreement, it is no longer mandatory that the Property Owner make advances to District No. 1.

The Districts are obligated to reimburse the Property Owner for all advances, including those made prior to the First Amendment. The Advance Agreement is to expire on November 30, 2032, and any advances remaining unpaid after such date are to be deemed to be forever discharged and satisfied in full. As of January 1, 2020, \$370,000 in principal remains outstanding under the Advance Agreement. As a result certain provisions of the Service Plan which prohibit the accrual or payment of interest on advances from a developer or property owner, all unpaid interest that was previously accrued under the Advance Agreement prior to the date of the First Amendment was discharged by the terms of the First Amendment, and there is no accrued and unpaid interest on the current principal outstanding. The Advance Agreement does not constitute a multiple-fiscal year obligation of the Districts. The obligations incurred by District No. 1 under the Advance Agreement constitute costs of Public Improvements payable by the District in accordance with the District IGA.

The Advance Agreement also recites the Property Owner’s assertion that the Property Owner is entitled to reimbursements for advances made by the Prior Developer to the District under the 2007 Infrastructure Acquisition Agreement, described above.

Metro District Improvements Agreement. The District, District No. 1, Richmond Homes, and Toll Brothers entered into a Metro District Improvements Agreement (Filings 16 and 17) dated as of November 28, 2018, as amended pursuant to a First Amendment to Metro District Improvements Agreement (Filings 16 and 17) dated as of March 12, 2019 (as so amended, the “MDIA”) that, among other things, allows Richmond Homes or Toll Brothers to complete construction of certain Public

Improvements, if such construction is not substantially completed in the required time period, by “stepping-in” to District No. 1’s rights and obligations under the Work Contract (defined below).

Pursuant to the MDIA, it was anticipated that District No. 1 would enter into a contract or contracts with a general contractor (collectively referred to herein as the “Work Contract”) to construct and install certain road, erosion control, water line, sanitary sewer, retaining walls, and channel improvements within Filings 16 and 17 of the Development (if not completed on schedule, these are referred to herein as the “Uncompleted Public Improvements”). These improvements are to be constructed in accordance with a construction schedule attached to the MDIA and were to be substantially completed by the final completion date set forth in the construction schedule, anticipated to be the end of September 2019 or October 2020 per the schedule. Pursuant to the MDIA, the work performed under the Work Contract is to be paid from the Construction Funds, as defined herein, in accordance with the MDIA and the Indentures, as defined herein.

The District previously issued its \$10,404,000 Subordinate Limited Tax General Obligation Bonds, Series 2017 to be used to pay for the Public Improvements and deposited the net proceeds of such bonds into the District’s construction fund (the “2017 Construction Fund”) created under the Indenture of Trust (Subordinate) dated as of June 21, 2017, between the District and UMB Bank, n.a. as trustee thereunder (the “2017 Indenture”). Certain additional funds in the amount of \$6,061,693 were to be deposited into a separate escrow account (the “Escrow Fund”) by the Property Owner, which Escrow Fund when combined with the amounts currently on deposit in the 2017 Construction Fund were expected to be sufficient to provide District No. 1 with sufficient funds to finance, construct, install and complete (i) the contemplated and required Public Improvements, and (ii) related improvements not permitted under the 2017 Indenture (including, but not limited to invoices from Xcel Energy for electric and gas distribution improvements totaling \$752,588.14, as reflected on the Construction Budget. The determination as to the ability to use Escrow Funds for non-Public Improvement items shall be made by District No. 1, in its sole and absolute discretion. See “—*Metro District Improvements Escrow Agreement*” below.

If the Uncompleted Public Improvements have not been substantially constructed by the completion date or the deadlines in the construction schedule have not been met, and District No. 1 has not sufficiently cured such failures within 30 days after it has been provided written notice thereof, then Richmond Homes, or Toll Brothers if Richmond Homes fails to exercise its option to “step-in” or fails to substantially complete the improvements in accordance with the construction schedule, may (but are not required to) “step-in” to the District’s rights and obligations under the Work Contract to complete the Uncompleted Public Improvements. If the Work Contract is no longer in effect or District No. 1 terminates the same, then Richmond Homes or Toll Brothers may complete the improvements subject to the terms and conditions of the public contracting statutes and its respective Acquisition and Reimbursement Agreement (described below). Stepping-in does not give either Richmond Homes or Toll Brothers the right to receive the proceeds of any performance, payment, or warranty bonds posted by District No. 1. In addition, neither Richmond Homes nor Toll Brothers is to exceed the contract price agreed to between District No. 1 and its contractor without obtaining authorization from District No. 1’s Board of Directors (which authorization is not to be unreasonably withheld, conditioned or delayed) and appropriation of sufficient funds by the Districts to cover such amounts as required by statute. Any Uncompleted Public Improvements constructed under the MDIA are to be transferred to District No. 1 or the City in accordance with the applicable Acquisition and Reimbursement Agreement (described below).

Upon receipt by the Districts of invoices related to the completion of the Uncompleted Public Improvements by Richmond Homes or Toll Brothers, together with reasonable substantiation thereof, the Districts shall (a) for Public Improvements: (i) first cause the District Representative, as defined in the 2017 Indenture, to submit a requisition for payment regarding the same from the 2017 Construction Fund

to the Trustee (as defined in the 2017 Indenture) which requisition shall be payable to the constructing Party, (ii) following the date there are no Construction Funds remaining under the 2017 Construction Fund, cause the District Representative, as defined in the Indenture, to submit a requisition for payment regarding the same to the trustee from the Construction Fund, and (iii) if the Bonds have not been issued, then to process a draw request from the Escrow Fund pursuant to the related escrow agreement, and (b) for non-Public Improvements, process a draw request from the Escrow Fund pursuant to the related Escrow Agreement (defined below).

The Districts' obligations under the MDIA are subject to annual appropriation by the Board of Directors of the Districts in their sole discretion. The terms and conditions of the MDIA are not to be construed as a multiple-fiscal year direct or indirect debt or other financial obligation within the meaning of Article X, Section 20 of the Colorado Constitution. The MDIA is to terminate on the date that the Public Improvements have been completed.

Metro District Improvements Escrow Agreement. District No. 1, the Property Owner, Richmond Homes, Toll Brothers and UMB Bank, n.a., in its capacity as escrow agent (the "Escrow Agent") entered into a Metro District Improvements Escrow Agreement (Filings 16 and 17) dated as of November 28, 2018, as amended pursuant to a First Amendment to Metro District Improvements Escrow Agreement (Filings 16 and 17) dated as of March 12, 2019 (as so amended, the "Escrow Agreement") to provide for the aforementioned deposit of \$6,601,693 into the Escrow Fund to be used for payment of costs associated with (a) the Public Improvements, and (b) the related improvements not permitted under the 2017 Indenture (including, but not limited to invoices from Xcel Energy for electric and gas distribution improvements totaling \$752,588.14). The parties to the Escrow Agreement acknowledge that the Escrow Fund is funded entirely by private monies, as opposed to public monies, and that the Escrow Fund is only to be used for the above stated purposes.

Pursuant to the Escrow Agreement, the Property Owner is to, concurrently with the closing of the sale of approximately 214 single-family detached lots for Filing No. 16 within the District to Richmond Homes and 139 single-family detached lots for Filing No. 17 within the District to Toll Brothers, deposit \$6,601,693 from the net proceeds of such sales to the Escrow Fund.

The Escrow Agent is to disburse funds from the Escrow Fund in accordance with requisitions in substantially the form set forth in the Escrow Agreement signed by: (i) the District Representative (defined in the Escrow Agreement as the President of District No. 1 or any other person or persons designated to act on behalf of District No. 1 by a written certificate furnished to the Escrow Agent containing the specimen signature of such person or persons and signed on behalf of District No. 1 by its President and attested by its Secretary, and any alternate or alternates designed as such therein), or (ii) following evidence and written notice to the Escrow Agent that Richmond Homes has exercised its step-in rights and Richmond Homes has a representative designated by the Board of Directors of District No. 1 as the District Representative, then the Richmond Homes representative then serving as the District Representative, or (iii) following evidence and written notice to the Escrow Agent that Toll Brothers has exercised its step-in rights and Toll Brothers has a representative designated by the Board of Directors of District No. 1 as the District Representative, then the Toll Brothers representative then serving as the District Representative. The Escrow Agent may conclusively rely as to the completeness and accuracy of all statements in such requisition and the Escrow Agent will not be required to make any independent investigation in connection therewith. The execution of any requisition by the District Representative and/or Richmond Homes or Toll Brothers, as the case may be, shall constitute unto the Escrow Agent, an irrevocable determination that all conditions precedent to the payments requested have been completed. The District Representative and/or the Richmond or Toll Brothers representative serving as the District Representative, as the case may be, shall provide copies of any draw request and/or requisition submitted under the Escrow Agreement to the other parties thereto together with all back-up documentation.

The Escrow Agreement will terminate upon the Escrow Agent's receipt of a final acceptance by the City of the Public Improvements.

Acquisition and Reimbursement Agreements. The District and District No. 1 have entered into two acquisition and reimbursement agreements, the first with Richmond Homes, dated as of November 13, 2018 (the "Richmond Reimbursement Agreement"), and the second with Toll Brothers, dated as of November 13, 2018 (the "Toll Reimbursement Agreement" and, together with the Richmond Reimbursement Agreement, the "Acquisition and Reimbursement Agreements"). Concurrently with the execution of the Acquisition and Reimbursement Agreement, Richmond Homes acquired certain real property consisting of Filing No. 16 within the District and Toll Brothers acquired certain real property consisting of Filing No. 17 within the District.

Pursuant to the Richmond Reimbursement Agreement, if District No. 1 fails to construct certain Uncompleted Public Improvements (described above in "*Metro District Improvements Agreement*"), Richmond Homes has the option to "step in" to construct and complete such remaining infrastructure improvements, which are to be secured by a two-year warranty against defects in materials, workmanship, construction, and installation, and transfer such improvements to District No. 1 or the City.

The Toll Reimbursement Agreement is more limited, in that Toll Brothers has the option to construct and/or complete certain improvements only in the event that District No. 1 and Richmond Homes fail to construct any of the Uncompleted Public Improvements necessary for Filing Nos. 16 and 17. If Toll Brothers agrees to construct and transfer such improvements, they must be secured by a two-year warranty against defects in materials, workmanship, construction, and installation, to District No. 1 or the City.

The reimbursable costs of the Uncompleted Public Improvements are to be based upon actual costs verified by Richmond Homes and Toll Brothers, as applicable, and are to include all construction costs, planning, design, engineering, surveying, construction management, legal and other consulting services, and any other allowable capital expense. The Districts are authorized to reimburse Richmond Homes and Toll Brothers for such costs from the funds held under the Construction Funds subject to the provisions of the 2017 Indenture, the Indenture, the MDIA, the Service Plan and the respective Acquisition and Reimbursement Agreement. The obligations under the Acquisition and Reimbursement Agreements are subject to annual appropriation by the Boards of the Districts in their sole discretion and are not to be construed as multiple-fiscal year obligations within the meaning of the Colorado Constitution. Further, the repayment of reimbursable costs is subordinate in all respects to the Districts' bonds or other multiple-fiscal year debt and financial obligations; subject to limitations contained in the Service Plan, any ballot questions, and any bond indenture or bond resolution, and non-transferable or assignable, except to a person or entity that the Districts reasonably believe is engaged in the business of developing or improving property in the Districts for use, sale, lease, or transfer to others.

The Acquisition and Reimbursement Agreements are to terminate on the date that the reimbursable costs have been paid in full to Richmond Homes or Toll Brothers, as applicable, provided that any amounts outstanding and remaining unpaid as of September 30, 2037, are to be deemed discharged and satisfied in full.

Facilities and Services Provided by the Districts

The Public Improvements required to serve the Development, and which the Districts are authorized by the Service Plan to provide, generally include street improvements, a domestic potable water distribution system, a sanitary sewer collection system, a storm drainage system, and park and recreation improvements. Park and recreation improvements within the District are expected to consist of

two community recreation centers including the Lakehouse (the first community recreation center which opened in March 2007, which is privately owned and operated as described in “THE DEVELOPMENT—Development Overview—*Lakehouse, the New Community Center and Other Planned Amenities*”), the New Community Center to be constructed with Bond proceeds, as well as regional trails, four neighborhood parks, and open space property. All of the foregoing-described Public Improvements are expected to be conveyed or otherwise dedicated to the City, with the exception of the existing privately-owned Lakehouse and open space, neighborhood parks, pocket parks, and other recreational improvements anticipated to be owned and operated by District No. 1.

The Prior Developer, in conjunction with District No. 1, previously completed all of the Public Improvements necessary to serve Phase 1 and Phase 2 of the Development, generally consisting of Powhatan Road from East Smoky Hill Road north to East Southshore Parkway, improvements to East Southshore Parkway from Powhatan Road to the ridgeline, improvements to Shady Grove Way from East Southshore Parkway to East Arapahoe Road, East Arapahoe Road improvements from Powhatan Road to Titus Street, Titus Street south to Smoky Hill Road, Smoky Hill Road east from Powhatan Road past Titus, Senac Channel, Senac Lake and Senac Dam, wet and dry utilities, storm drainage improvements, curb, gutter, sidewalks, paving, signage, and monumentation, and landscape and irrigation improvements. Substantially all of such improvements are owned by the City, other than certain neighborhood parks and landscaping owned by District No. 1.

It is anticipated that a portion of the net proceeds of the Bonds will be applied to fund the costs of the Improvement Project to include the New Community Center and the remaining landscaping and open space improvements necessary to serve the Districts. For information concerning the construction status of, and anticipated funding of the costs related to, the New Community Center, see “USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—The Improvement Project” and “THE DEVELOPMENT.”

Regional Improvements. The Service Plan anticipated that the Districts will share in the costs of constructing, installing, acquiring and dedicating to the City certain public regional infrastructure improvements that benefit the taxpayers of the Districts. The Service Plan provides that the regional improvements creating benefit to taxpayers and residents of the Development include trails, storm drainage, open space, water, wastewater, and roadway improvements; provided that there may be other regional improvements which the Districts may consider funding, which improvements would require only administrative approval of a clarification of the Service Plan. Certain improvements have been constructed pursuant to the Development Agreement, effective February 21, 2004, between the City and the Prior Developer. The Districts currently are not obligated to levy a mill levy for such regional improvements or provide other funding. The Districts are required to provide and install exterior works of art, subject to approval by the City, which works of art must be paid for from not less than one percent of the total principal amount of all bonds issued by the Districts to finance the construction of aboveground facilities and improvements.

Services Provided by other Governmental Entities. Residents of the District are provided a wide range of services by various entities other than the District. The City provides fire protection services and police protection services. Natural gas service and electrical service are provided by Xcel Energy. Water and sewer services are provided by the City. The District is served by Cherry Creek School District No. 5. See “THE DEVELOPMENT—Schools.”

THE DEVELOPMENT

The following information has been supplied by the Property Owner. *None of the District, District No. 1, the District’s advisors nor the Underwriter makes any representation regarding projected*

development plans within the Development, including any information contained in or underlying the conclusions in the Market Study, the financial soundness of the Property Owner, or the managerial ability of the Property Owner or any anticipated purchasers of property in the Development to complete development in accordance with the plans described herein, and the Property Owner makes no such representations other than those expressly set forth herein. Without limiting the generality of the foregoing, no assurance of success is provided for the Development. See “—The Property Owner and Asset Management” below. The development of the property within the District may be affected by factors such as governmental policies with respect to land development, the availability of water and other utilities, the availability of energy, construction costs, interest rates, competition from other developments, and other political, legal, and economic conditions. Further, property within the Development may presently or in the future be subject to additional encumbrances as security for obligations of the Property Owner, homebuilders or other future property owners payable to various parties, the default of which could adversely affect development and construction activity. See “INVESTMENT CONSIDERATIONS—Continued Development Not Assured.”

Development Overview

The Development is a master planned, residential community located in the City in the southeastern Denver metropolitan area, approximately 20 miles southeast of downtown Denver. The Development, comprised of approximately 813 acres, will have 1,964 single-family detached homes; two elementary schools; four neighborhood parks (which comprise, in the aggregate, approximately 47 acres); two community recreation facilities (including the Lakehouse which opened in March 2007 and the New Community Center to be financed with Bond proceeds); trails and open space. See also “AERIAL MAP,” “DEVELOPMENT PLAN AND ENVIRONS,” “DISTRICT BOUNDARY MAP” and “REGIONAL MAP.”

History of Development and Acquisition by Property Owner. The Development was originally undertaken by the Prior Developer, a Colorado limited liability company and joint partnership of WL Homes LLC d/b/a John Laing Homes (“John Laing Homes”) and Village Homes of Colorado, Inc. (as previously defined “VH Colorado”). In 2004, the Prior Developer undertook, with District No. 1, construction of the public infrastructure required for Phase 1 of the Development. In 2005 and 2006, a total of approximately 202 acres in the Development was finally platted (in nine subdivision filings) into 505 single-family detached lots, as later amended into 509 single family detached lots, as well as certain rights of way, open space and park areas.

The Prior Developer initially conveyed portions of the property comprising the Development to John Laing Homes and VH Colorado, as well as to builders for the 2007 Parade of Homes, and home sales began in November 2006. Subsequent conveyances were made by the Prior Developer to other homebuilders as development progressed, although limited specific information concerning such conveyances is available to the Property Owner.

In 2009, John Laing Homes filed for federal bankruptcy protection and, following foreclosure proceedings by the Prior Developer’s lender, the Property Owner acquired all of the unplatted undeveloped property in the Development and 221 platted and engineered lots, for a total of approximately 657 acres.

In 2012, William Lyon Homes, Inc., a national homebuilder, acquired VH Colorado and began building homes in Colorado under the Village Homes brand (as previously defined, “Village Homes”). In 2013, Village Homes acquired 221 lots from the Property Owner. The Property Owner proceeded with the general plan for the Development as a residential community in the manner reflected in the Framework Development Plan. See “—Construction and Sales Activity” below.

Development Plan; Platting, Construction and Sales Activity. The Property Owner plans to obtain (to the extent not previously obtained) the necessary land approvals from the City to advance the Development in the manner described herein, and to manage in cooperation with District No. 1 the construction of the Public Improvements (excluding in-tract subdivision-specific improvements) necessary to support the development of the residential property in the Development. The Property Owner has sold or plans to sell platted and engineered single-family detached lots to several national and privately owned home builders or to various independent custom home builders (see “—Construction and Sales Activity” below), which homebuilders are expected to finish the lots, including the completion of in-tract subdivision-specific improvements necessary therefor and the vertical construction of homes thereon for sale to the public. The Property Owner does not presently intend to develop or construct any buildings, structures or other vertical improvements planned for the Development, but may do so in the future. See also “—Funding and Status of Construction of Public and Private Infrastructure.”

The Property Owner states that to the best of its knowledge, property planned for the Development is fully entitled pursuant to the Annexation Agreement, the Development Agreement and the Framework Development Plan (all as defined and described herein) for its intended uses as described herein, subject to the approved final plats and contextual site plans of the Development and the issuance by the City of building permits and certificates of occupancy.

Build-Out Plans; Phase 1 of Development. At build-out, the Development will have 1,964 single-family detached homes. According to the Property Owner, new home construction and sales within Phase 1 is complete with various homebuilders constructing 509 single family homes between 2006 and 2018.

Phase 2 of Development. “Phase 2” of the Development consists of 634* finally platted and engineered lots, all of which have been sold to various national homebuilders (each a “Builder”), who have finished the lots, including in-tract subdivision-specific improvements, and will complete vertical construction of homes for sale to the public. The 634* lots in Phase 2 have been sold to the following Builders.

- (i) William Lyon Homes, Inc., a national homebuilder that acquired VH Colorado in 2012 and currently builds homes in Colorado under the Village Homes brand (“Village Homes”) (221 lots);
- (ii) Century at Southshore, LLC, a subsidiary of Century Communities, Inc. (“Century Communities”) (110 lots);
- (iii) Richmond American Homes of Colorado, Inc. (“Richmond Homes”) (194 lots), and
- (iv) Toll Colorado LLC, a Colorado limited liability company (“Toll Brothers”) (109** lots).

According to the Property Owner, as of December 31, 2019, 491 homes have been constructed and sold to individual homeowners within Phase 2, 96 homes are currently under construction with 70 of those homes under contract for sale to individual home purchasers and 26 homes are being constructed as spec homes on lots owned by WLH and Toll Brothers. See “—TABLE IV” herein.

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

** All 109 lots are located within the Development; however, 11 of these lots are not currently located within the boundaries of the District. See “—Omitted Property” below, where these 11 lots are defined as the “Toll Brothers Omitted Property.”

Phase 3 of Development. “Phase 3” of the Development has been platted for 821 single family homes. Filings No. 16 and 17 consist of 488 finally platted and engineered lots which have been sold to various national homebuilders (each a “Builder”), who are expected to finish the lots, including in-tract subdivision-specific improvements, and complete vertical construction of homes for sale to the public. The 488 lots have been sold to the following Builders.

- (i) WLH/Village Homes (135 lots);
- (ii) Richmond Homes (214 lots), and
- (iii) Toll Brothers (139 lots).

The remaining property within Phase 3 has been platted for 333 lots in Filing No. 19 and is under contract for sale to Richmond Homes pursuant to the Richmond Homes Contract. See “—Richmond Homes Contract.”

Homes are currently under construction on 5 lots in Phase 3 of the Development, and 3 of the homes being constructed are under contract for sale to individual home purchasers.

Status of Completed Development. As of December 31, 2019, the Development is approximately 50% built out and, in addition to the 1,000 completed single family homes in Phase 1 and 2 as described above, the Development includes the Lakehouse clubhouse, a resort style saltwater pool, a community boathouse, parks and trails. The trail system through the Development connects to 8.5 miles of hard and soft surface trails around the 800-acre Aurora Reservoir. Homes in Phase 2 and Phase 3 of the Development are in various stages of construction/completion and sale, as described above. Complete buildout of the Development is anticipated by 2025. See “TABLE IV” herein and the Market Study in APPENDIX C hereto.

Public Improvements. The Property Owner states that, to the best of its knowledge, the Public Improvements completed by the Prior Developer and District No. 1 and the in-tract infrastructure improvements constructed by the respective Builders are sufficient to serve the existing 509 homes within Phase 1 and the additional 634* single family homes planned for Phase 2.

The Property Owner states that it intends to manage, in cooperation with District No. 1, the construction of the Public Improvements (excluding in-tract subdivision-specific improvements, which are expected to be completed by the Builders) necessary to support development of Phase 3 of the Development. The 821 lots in Phase 3 of the Development are comprised of 269 finished lots in Filing No. 16; 219 finished lots in Filing No. 17, and 333 platted and engineered lots in Filing No. 19 (subject to final approval and recordation). The Property Owner estimates that the total cost of Public Improvements to be funded by the Property Owner and/or the Districts necessary to serve Phase 3 of the Development is approximately \$21,500,000, excluding the cost of in-tract infrastructure anticipated to be funded by Builders, which the Property Owner estimates at \$50,000,000. Of the approximately \$21,500,000 anticipated to be funded with net proceeds of the Bonds, approximately \$14,700,000 is anticipated to be used for the Improvement Project and \$6,800,000 is anticipated to be used to reimburse the Property Owner for Certified Eligible Public Improvement Costs. See “—Funding and Status of Construction of Public and Private Infrastructure” and “INVESTMENT CONSIDERATIONS—Continued Development Not Assured.”

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

Omitted Property. At the time of District organization, approximately 20 acres of property in the northeastern portion of the Development were inadvertently omitted from the District’s boundaries (the “Omitted Property”) due to administrative error. The Omitted Property consists of a total of 28 lots within the Vista Point subdivision (Filing 10), comprised of: (i) 17 completed, sold and closed homes (the “Existing Homes Omitted Property”), and (ii) 11 undeveloped lots owned by Toll Brothers (the “Toll Brothers Omitted Property”).

The Toll Brothers Inclusion Petition requesting inclusion of the Toll Brothers Omitted Property into the boundaries of the District was approved by the Board at its March 25, 2020 Board meeting and was approved by the District Court on March 31, 2020. The inclusion of the Toll Brothers Omitted Property will not be fully effective, however, until certain additional procedures are completed, which may be delayed due to COVID-19. See “INVESTMENT CONSIDERATIONS—COVID-19” herein.

At the March 25, 2020 Board meeting the Board began considering its options with respect to the inclusion of the Existing Homes Omitted Property into the boundaries of the District. The District expects to actively pursue the alternatives available to it in order to promote the inclusion of such property. No assurance can be given, however, that such action will be successful with respect to the inclusion of all 17 homes (or any lesser number thereof) into the District.

Lakehouse, the New Community Center and Other Planned Amenities. The Development is planned to include parks, trails, two community recreation facilities, and open space within its boundaries. The completed Lakehouse includes a salt water pool and other clubhouse amenities. The Lakehouse is privately owned by the Property Owner, is made available to the homeowners’ association through a use agreement, and is operated by the YMCA of Colorado under a management agreement with the homeowner’s association.

New Community Center. The New Community Center is fully designed and engineered and has been submitted to the City’s Building Department for permitting. Grading of the site is complete with vertical construction anticipated to commence in early February 2020, subject to final recording of Filing No. 18 and issuance of building permits. The two-story, approximately 9,000 square foot recreation center is planned to include an eight lane competition pool, activities pool, locker rooms and showers, fitness facility, pilates and yoga room, game room, child care, meeting space and active lounge area along with management offices, in addition to 108 parking spaces. Construction on the New Community Center is expected to be complete by May 2021 at an estimated cost of \$8,290,000. The New Community Center will be constructed, operated and maintained by the District. The homeowners’ association will be responsible for the management of the New Community Center pursuant to a management agreement with the District, and any costs associated with managing the New Community Center will be borne by the homeowners association. For a discussion of the Improvement Project to be financed with Bond proceeds, see “USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS.”

Access; Nearby Services and Amenities. The Development is approximately 35 minutes from downtown Denver, 20 minutes from Denver International Airport, 15 minutes from Centennial Airport, 15 minutes from the Denver Tech Center, 25 minutes from the Cherry Creek Shopping Center, 15 minutes from Park Meadows Mall, and is also in close proximity to the regional shopping and entertainment at Southlands Shopping Center (described below). The Development also offers access to express toll highway E-470, Interstate-70 and Interstate-225. Schools within the Cherry Creek School District No. 5 are nearby, with parcels for two schools located within the Development.

To the west of the Districts is the Southlands commercial area. Southlands is a 1.5 million square foot retail and commercial development. Southlands currently includes Albertson’s supermarket, Home Depot, Super Wal-Mart, Sam’s Club, a strip retail center and “Main Street” of smaller stores.

The Aurora Reservoir is located directly north of the Development. The reservoir offers opportunities for swimming, scuba diving, boating, sailboarding, and year-round fishing. The reservoir also has an 8.5-mile bike trail and rental picnic shelters. Arapahoe Park Race Track is located northeast of the Development. Additionally, the Development is located one-half mile east of the Cherokee Trail High School and related stadium facilities owned by Cherry Creek School District No. 5.

While the Property Owner expects that the Development is to contain the various contemplated uses described herein, the Property Owner is not responsible for, and does not intend to construct any buildings, structures or other vertical improvements planned for the balance of the Development. Furthermore, the actual use of property within the Development is subject to change within the parameters set forth in the Annexation Agreement and the Framework Development Plan described herein. Finally, none of the Property Owner, the Builders, nor any other party is contractually obligated to pursue the construction and/or development of the property comprising the Development, and no assurance is given that construction and/or development will continue in accordance with the present permitted land uses, modifications thereof, or at all.

Platting, Zoning/Land Use and Public Approvals and Requirements

General. Build-out of the master-planned community comprising the Development is to be undertaken in accordance with the permitted uses set forth in a Framework Development Plan (as amended in 2015, as described below), as further delineated in site-specific development plans (referred to as “contextual site plans”), subject to the subdivision of the property pursuant to one or more subdivision plat filings, and the issuance by the City of building permits and certificates of occupancy, all in accordance with the City of Aurora Municipal Code (the “City Code”) and the City’s land development policies and procedures. The Development is also subject to the requirements of the Annexation Agreement and Development Agreement described below. Furthermore, in order to obtain building permits, owners of property in the Development are anticipated to be required to undertake the provision of public improvements serving the development in accordance with agreements entered into (or to be entered into) with the City, as more particularly described in “—Agreements Concerning Provision of Public Improvements” below.

Annexation Agreement and Development Agreement. Approximately 1,181 acres of real property, including all of the property comprising the Development, was annexed into the City pursuant to an Annexation Agreement dated September 29, 1986, among ACJ Partnership and Cooper/Alpert #2 (collectively, the “Annexor”) and the City. The property subject to the Annexation Agreement, including the property comprising the Development, was originally zoned in accordance with the Annexation Agreement and a Master Land Use Plan approved concurrently with the Annexation Agreement. The Prior Developer subsequently became the successor in interest to the Annexor under the Annexation Agreement with respect to the approximately 813 acres comprising the Development and, in such capacity, entered into a Development Agreement with the City dated effective February 21, 2004 (the “Development Agreement”). In connection therewith, the City approved re-zoning of the property comprising the Development into the E-470 Corridor Zone District (the “Zoning District”) as provided in the Framework Development Plan, and provided for the vesting of property rights established thereby as set forth in the Development Agreement. See “—Zoning District and Framework Development Plan” below. The following paragraphs provide general summaries of the Annexation Agreement and the Development Agreement, although both agreements include various procedures and processes by which certain public improvements serving the Development will be provided that are not described below. Copies of such agreements are available as described in “INTRODUCTION—Additional Information.”

The Annexation Agreement sets forth obligations of the City and the Annexor (for purposes of this paragraph, meaning the Annexor and its successors or designees) with respect to the provision of

certain public improvements, including streets and related improvements; water, sewer and storm draining improvements and facilities, and the payment of certain fees imposed by the City. References in the Annexation Agreement to the Master Land Use Plan are interpreted to refer to the now applicable Framework Development Plan. The Annexation Agreement requires the dedication of certain property for uses as public lands, including schools, or payments of cash in lieu thereof, and that the Annexor transfer to the City by quitclaim deed all rights in the deep well water aquifers underlying the property. The Annexation Agreement requires that the City accept the public improvements contemplated by the Annexation Agreement upon completion thereof, subject to a one year warranty period and assume the repair and maintenance obligations with respect to such public improvements. Pursuant to the Annexation Agreement, the City agrees to provide water, water taps and sewer taps adequate to serve the Property as fully zoned and developed in accordance with Master Land Use Plan (which provided for a larger number of units than that presently permitted in the Framework Development Plan); provided that Annexor is to pay water and sewer tap fees as required by the City and, with respect to sewer tap fees, as required by Metro Denver Sewage Disposal District No. 1. The Annexation Agreement encumbers the property comprising the Development, runs with the land, and is binding upon the heirs, successor and assigns of the parties thereto.

The Development Agreement imposes certain requirements on the Prior Developer, its heirs and assigns additional to those set forth in the Annexation Agreement, generally relating to drainage improvements, water quality and storm water management improvements, and irrigation improvements. Pursuant to the Development Agreement, the City is to make non-potable water available to supplement the irrigation improvements, and is to construct and maintain all major storm drainage facilities of a regional nature located within the Property, as more particularly described in the Development Agreement. The Development Agreement and the Framework Development Plan control over any conflicting provisions of the Annexation Agreement, although the Annexation Agreement remains in effect, and the Development Agreement is to be construed as supplemental thereto.

The Property Owner states that to the best of its knowledge, all of the requirements of the Annexation Agreement and Development Agreement have been satisfied with respect to all currently platted property in the Development, with the exception of the completion of the Public Improvements which are anticipated to be funded from proceeds of the Bonds and in-tract subdivision-specific costs expected to be funded by homebuilders. The total costs of Public Improvements required by the Annexation Agreement and the Development Agreement for the entirety of the Development are included in the estimated costs set forth in “—Funding and Status of Construction of Public and Private Infrastructure” below.

Zoning District and Framework Development Plan. The property within the Development is located within the Zoning District established by the City in accordance with the City Code. The Zoning District is comprised of various commercial and residential subareas. The property within the Development (including all of the property within the District) is located within three zones: the E-470 Medium Density Residential Subarea; the E-470 Reservoir Density Subarea, and the E-470 Low Density Residential Subarea. According to the City Code, these subareas are intended to encourage development of master-planned, high-quality residential land uses which emphasize single-family residential development, although limited amounts of attached row homes and small-scale multi-family buildings are also allowed in the Medium Density Residential Subarea. These subareas also allow development of neighborhood and community activity centers, which may contain limited retail, commercial, institutional/civic, and/or open space uses. Higher densities are allowed primarily when residential development is adjacent to a neighborhood or commercial activity center.

The Framework Development Plan establishes planning concepts, overall densities and other general development restrictions and requirements for the Development. Pursuant to the Framework

Development Plan, the portion of the Development which is within the District is divided into a number of residential planning areas, open space, parks and right of ways. As of June 24, 2014, the date of the last revision, the Framework Development Plan provides for the following permitted land uses:

TABLE II
Permitted Land Uses Within the Development

| Land Use | Acres | Units | Average Density Dwelling Unit/Acre | Percent of Total Acreage |
|--------------------------------------|---------------------------|---------------------------|---------------------------------------|-----------------------------|
| Single-Family Detached Residential | 586.9 | 2,100 ¹ | 3.7 | 72.9% |
| Open Space and Parks ² | 157.7 | | | 19.4 |
| School Sites | 20.2 | | | 2.5 |
| Arterial and Collector Right of Ways | 48.5 | | | 6.0 |
| Total: | <u>813.3</u> ² | <u>2,100</u> ¹ | <u>3.7</u> | <u>100.0</u> % |

¹ Represents *maximum* density of lots allowed; current approved plans contain 1,964 homes at build-out.

² Includes entry features, trails and trail connectors, two community recreation facilities (8.3 acres), private recreation facility/and or open space (2.2 acres). Approximately 47 acres of regional parks are within the Development but are not included in the District's boundaries.

Source: Framework Development Plan

In accordance with the Development Agreement (described in “—Annexation Agreement and Development Agreement” above), such Development Agreement and the Framework Development Plan constitute site specific development plans and create vested property rights that expire in February 2021 for any subdivision for which a contextual site plan has been approved by the City prior to such date. The vesting of property rights pursuant to the Development Agreement establishes certain statutory protections against unilateral action by the City that could impact the purposes for which property in the Development is permitted to be developed; however, it is likely that such protections may terminate before the anticipated build-out date for the Development in 2025. No assurance can be given that, upon the termination of such statutory protections, the City would not take action to restrict development within the Development in a manner that would prevent the Property Owner, the Builders, or other owners of property within the Development from continuing with the construction and development plans described herein. However, the Property Owner has received no indication that the City intends to take such action. Copies of the Development Agreement and Framework Development Plan are available as described in “INTRODUCTION—Additional Information.” See “INVESTMENT CONSIDERATIONS—Continued Development Not Assured—*Expiration of Vested Property Rights.*”

Contextual site plans are generally submitted to the City for approval at the time of submittal of a final plat for a subdivision and, to date, contextual site plans have been approved by the City with respect to each subdivision filing within the Development for which a final plat has been approved (i.e., through and including Filing No. 17). The contextual site plans for Filing No. 18 (the “New Community Center”) and Filing No. 19 have been approved by the City and according to the Property Owner, recording of the CSPs and the final plats for Filing No. 18 and Filing No. 19 is expected in March 2020. See “—*Subdivision and Platting Status*” below.

Subdivision and Platting Status. Prior to development of any specific parcel, the parcel is required to be subdivided pursuant to subdivision plat filings which require approval of the City. The number of approved single-family lots for each parcel is set forth in both the plat and the contextual site plan for the parcel. Seventeen subdivision plats have been approved by the City and recorded with the County, containing a total of 1,631 platted single-family detached residential lots in the Development,

comprised of 509 platted lots in Phase 1, 634* platted lots in Phase 2 and 488 platted lots planned for Phase 3 of the Development.

**TABLE III
Platted Summary ¹**

Residential PHASE 1

| Filing No. | Recorded Plat | | City Approval Date |
|------------------------------|----------------|--------------|--------------------|
| | Acreage | Platted Lots | |
| Filing Nos. 1-9 ² | <u>202.316</u> | <u>509</u> | 2005/2006 |
| Sub Total | <u>202.316</u> | <u>509</u> | |

Residential PHASE 2

| Filing No. | Recorded Plat | | City Approval Date |
|---------------|----------------|-------------------------|--------------------|
| | Acreage | Platted Lots | |
| Filing No. 10 | 41.079 | 109 ³ | April 11, 2015 |
| Filing No. 11 | 16.803 | 46 | April 11, 2015 |
| Filing No. 12 | 59.539 | 221 | April 11, 2015 |
| Filing No. 13 | <u>101.259</u> | <u>258</u> | April 11, 2015 |
| Sub Total | <u>218.680</u> | <u>634</u> ⁴ | |

Residential PHASE 3

| Filing No. | Recorded Plat | | City Approval Date |
|-------------------|----------------|-------------------------|--------------------|
| | Acreage | Platted Lots | |
| Filing No. 16 | 96.481 | 269 | November 19, 2018 |
| Filing No. 17 | 86.588 | 219 | November 20, 2018 |
| Filing No. 19 | <u>98.930</u> | <u>333</u> ⁵ | February 2020 |
| Sub Total | <u>281.999</u> | <u>821</u> | |
| Total Residential | <u>702.995</u> | <u>1,964</u> | |

Non Residential Development

| | | | |
|-----------------------|----------------|-----------------|------------------|
| Filing No. 14 | 65.980 | -- ⁶ | October 27, 2017 |
| Filing No. 15 | 23.346 | -- ⁷ | August 8, 2017 |
| Filing No. 18 | <u>12.356</u> | -- ⁸ | February 2020 |
| Total Non-Residential | <u>101.682</u> | | |

¹ Reflects total acreage of platted property within the Development upon recording of the final plats for Filing No. 18 and Filing No. 19 expected to occur in March 2020.

² Filing No. 1 is comprised of certain "spine" infrastructure, including the Senac drainage corridor improvements, a portion of Powhaton Road, a portion of East Arapahoe Road, a portion of East Southshore Parkway, and Shady Grove Lane. Filing No. 7 is comprised of the improvements for the Lakehouse at Southshore community recreation facility.

³ Includes all 28 lots comprising the Omitted Property, which are *not* within the boundaries of the District.

⁴ 28 of these 634 lots comprise the Omitted Property and are *not* within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

⁵ Subject to recordation of Filing No. 19 expected to occur in March 2020.

⁶ Filing No. 14 consists of Southshore Parkway, a neighborhood park, a pond, right of way and landscaping.

⁷ Filing No. 15 represents the property to be dedicated to Cherry Creek School District No. 5.

⁸ Filing No. 18 (subject to recording) is comprised of the site for the New Community Center to be constructed with proceeds of the Bonds. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS."

Source: Metro Study and the Property Owner

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

Agreements Concerning Provision of Public Improvements. Owners of the property within the Development are subject to the requirements of the Annexation Agreement and the Development Agreement concerning the provision of public infrastructure required to serve the Development. See “—Annexation and Development Agreement” above. In satisfaction of a portion of such obligations, the Property Owner has undertaken, for the benefit of the City, to provide exterior roadways, drainage improvements, landscaping and certain fencing along open space areas identified in an Infrastructure/Land Use Phasing Plan for Southshore Framework Development Plan revised through December 3, 2014 (the “Public Improvements Plan”). With respect to the remainder of the public infrastructure required by the Annexation and Development Agreements, as homebuilders purchase platted and engineered lots from the Property Owner, it is anticipated that the homebuilders will enter into agreements with the City from time to time concerning the provision of subdivision-specific in-tract-infrastructure. The completion of such subdivision-specific in-tract-infrastructure is expected to be a condition for issuance of building permits for the related subdivision. For additional information concerning the anticipated costs and status of public improvements required to serve the Development, see “—Funding and Status of Construction of Public and Private Infrastructure” below.

Construction and Sales Activity

The Development is planned to consist of approximately 1,964 single-family detached homes at build-out, expected to be constructed in three phases. Home construction began in 2006 and full build-out is projected for 2025. As previously stated, a total of 509 homes have been completed in Phase 1 of the Development and 491 homes have been completed in Phase 2 of the Development. See the Financial Forecast attached hereto as APPENDIX A and the Market Study attached as APPENDIX C.

Builders of Phase 2 Homes in Development. As previously discussed, 634* finally platted lots sold by the Prior Developer and the Property Owner to homebuilders are owned by four homebuilders consisting of Village Homes (221 lots), Century Communities (110 lots), Richmond Homes (194 lots) and Toll Brothers (109** lots). Village Homes and Century Communities have been actively selling homes within the Development for several years and recently acquired more lots within the Development. Richmond Homes and Toll Brothers purchased lots from the Developer in 2015 and Richmond Homes is selling homes at three new communities within the Development.

WLH/Village Homes. William Lyon Homes, Inc., a national homebuilder (“WLH”) that acquired VH Colorado in 2012 previously built homes in the Development under the Village Homes brand. They now build homes under the WLH brand. WLH/Village Homes, and its predecessors, have been constructing homes within the Development since 2006. WLH/Village Homes constructed and sold 99 single family homes within Phase 1 of the Development and purchased 221 lots within Filing No. 12 in Phase 2. Of those 221 lots, WLH/Village Homes has constructed and sold 143 single family homes as of December 31, 2019, at closing prices ranging from \$442,104 to \$622,891 and home sizes ranging from 1,697 to 3,472 square feet. See “TABLE IV” hereafter for status of home sales by Village Homes. See also the Market Study attached as APPENDIX C hereto.

Century. Century at Southshore, LLC, a Colorado limited liability company, is a subsidiary of Century Communities, Inc., a Colorado corporation (“Century”). Century has been constructing homes in the Development since approximately 2014. In 2016, Century began constructing homes on the 110 lots it owns within Phase 2 of the Development known as “The Hills” (being Filing No. 13). Of those 110

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

** All 109 lots are located within the Development; however, 28 of these lots are not currently located within the boundaries of the District. See “—Omitted Property” above.

lots, Century has constructed and sold 107 single family homes as of December 31, 2019, at closing prices ranging from \$435,950 to \$459,950 and home sizes ranging from 1,673 to 2,542 square feet. See “TABLE IV” hereafter for status of home sales by Century. See also the Market Study attached as APPENDIX C hereto.

Richmond Homes. Richmond American Homes of Colorado, Inc., a Colorado corporation (“Richmond Homes”) is constructing homes in three communities in Phase 2 of the Development: Waverly (33 lots) and Hillcrest (115 lots), all located in Filing No. 13, and Lakeview (46 lots) located in Filing No. 11. Of those 194 lots, Richmond has constructed and sold 188 single family homes as of December 31, 2019. Richmond offers two-story and ranch style homes ranging in size from approximately 1,924 to 3,200 square feet priced from the \$517,257 to \$699,320. See “TABLE IV” hereafter for status of home sales by Richmond Homes. See also the Market Study attached as APPENDIX C hereto.

Toll Brothers. Toll Colorado LLC, a Colorado limited liability company (“Toll Brothers”) purchased 109* lots in Filing No. 10 being developed as “Vista Point.” Toll Brothers is constructing luxury single family ranch homes ranging in size from approximately 2,155 to 4,147 square feet priced from the \$498,995 to \$658,995. As of December 31, 2019, Toll Brothers had sold 53 single family homes in Vista Point. See “TABLE IV” hereafter for status of home sales by Toll Brothers. See also the Market Study attached as APPENDIX C hereto.

Builders of Phase 3 Homes in Development. As previously discussed, 821 lots have been platted within Filing Nos. 16, 17 and 19 (upon final recording of Filing No. 19) constituting Phase 3 of the Development. The Property Owner has sold a total of 488 lots within Filing Nos. 16 and 17 to the following Builders; 214 lots to Richmond Homes, 139 lots to Toll Brothers and 135 lots to WLH/Village Homes. Home sales by Richmond Homes and Toll Brothers within Phase 3 began in October of 2019 with all homes expected to be sold by 2023. WLH expects home sales to begin in 2020. The 333 lots in Filing No. 19 are currently under contract for sale to Richmond Homes; however, no guarantee can be made that such lots will be sold or that any homes will be constructed thereon. See “—Richmond Homes Contract” below.

Richmond Homes Contract

On February 13, 2020 the Property Owner entered into a Purchase and Sale Agreement with Richmond Homes for the sale of 333 single family lots in Filing No. 19 (as previously defined, the “Richmond Homes Contract”). Richmond has posted a \$439,560 earnest money deposit with the escrow agent. Pursuant to the Richmond Homes Contract, Richmond has the right at any time on or before March 1, 2020 (the “Due Diligence Termination Date”) to terminate the Richmond Homes Contract. If the Richmond Homes Contract has not been terminated by then, Richmond will provide a written notification to the Property Owner and the escrow agent of their intent to proceed with the transaction (the “Continuation Notice”). Accordingly, Richmond is still within the due diligence period and the Richmond Homes Contract is terminable by Richmond with no loss of escrowed funds by Richmond. These deadlines may be extended by agreement between Richmond and the Property Owner.

Conditions Precedent. Richmond Homes’ obligation to purchase the property pursuant to the Richmond Purchase Agreement is conditioned upon the satisfaction of several conditions on or before the closing date, which conditions may be waived in whole or in part by the Buyer (the “Conditions

* All 109 lots are located within the Development; however, 28 of these lots are not currently located within the boundaries of the District. See “—Omitted Property” above.

Precedent”). Conditions Precedent include, but are not limited to, satisfactory due diligence review by Richmond, approval by the City of the final plat for Filing No. 19, approval by the City and/or other governmental entities of other approvals, development agreements and construction drawings, and the approval of the Richmond Homes Contract by M.D.C. Holdings, Inc. and MDC’s Asset Management Committee (collectively the “AMC Approval”). Delivery of a Continuation Notice will constitute Richmond’s representation that AMC Approval has been obtained. There is no assurance that these and other conditions will be satisfied.

Reimbursements. Richmond Homes acknowledges and agrees that the Property Owner, together with its successors and/or assigns, will have and retain the exclusive right, if any, to any fee credits, fee reimbursements, monies, compensation, reimbursements, payments, recoverables, bond proceeds or other amounts due to the Property Owner as provided in the Richmond Homes Contract.

Closing. The Richmond Homes Contract states that closing will occur on (a) the date that is the latest of (i) the date that is 10 days after the last day of the Due Diligence Period, (ii) the date that is 10 days after Final Plat Approval, and (iii) the date that is 10 days after the satisfaction or waiver of the AMC Approval Condition Precedent, or (b) such other date and time as Richmond and the Property Owner may mutually agree upon in writing, but in no event later than April 15, 2020; however, Richmond is granted certain rights to extend this deadline, and further extensions may occur by agreement between Richmond and the Property Owner. According to the Property Owner, closing on the 333 lots is expected to occur in March 2020; however, there is no guaranty that the closing will occur, and if it does occur, there is no guarantee that Richmond will construct any homes on the lots.

Construction Activity and Sales

All of the 509 planned homes within Phase 1 have been completed and sold and 491 homes within Phase 2 have been completed and sold. The following tables set forth construction activity within Phase 2 and Phase 3 of the Development as of December 31, 2019.

[Remainder of Page Intentionally Left Blank]

TABLE IV
Construction Activity and Sales ¹

| Builder/Filing No. | Lots Purchased | Homes Closed | Homes Under Construction Sold | Homes Under Construction Not Sold | Builder Owned Finished Vacant Lots | Undeveloped Lots |
|---------------------------------------|-------------------------|-------------------------|-------------------------------------|---|--|-------------------------|
| PHASE 2 | | | | | | |
| Century/Filing No. 13 | 110 | 107 | 3 | 0 | 0 | 0 |
| Richmond Homes, Filing Nos. 11 and 13 | 194 | 188 | 6 | 0 | 0 | 0 |
| Toll Brothers/Filing No. 10 | 109 ² | 53 ³ | 29 | 7 | 20 ⁴ | 0 |
| WLH/Filing No. 12 | <u>221</u> | <u>143</u> | <u>32</u> | <u>19</u> | <u>27</u> | <u>0</u> |
| Sub-total | <u>634</u> ⁵ | <u>491</u> ⁶ | <u>70</u> | <u>26</u> | <u>47</u> ⁷ | <u>0</u> |
| PHASE 3 | | | | | | |
| Richmond Homes/Filing Nos. 16 and 17 | 214 | 0 | 0 | 0 | 0 | 214 ⁸ |
| Toll Brothers/Filing No. 17 | 139 | 0 | 3 | 2 | 35 | 99 ⁸ |
| WLH/Filing No. 16 | 135 | 0 | 0 | 0 | 0 | 135 ⁸ |
| Filing No. 19 | <u>333</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>333</u> ⁹ |
| Sub-total | <u>821</u> | <u>0</u> | <u>3</u> | <u>2</u> | <u>35</u> | <u>781</u> |
| Total | <u>1,455</u> | <u>0</u> | <u>73</u> | <u>28</u> | <u>82</u> | <u>781</u> |

¹ Building activity through December 31, 2019.

² Includes all 28 lots comprising the Omitted Property, which are *not* within the boundaries of the District.

³ Includes the 17 completed homes comprising the Existing Homes Omitted Property (being part of the Omitted Property), which are *not* within the boundaries of the District.

⁴ Includes the 11 lots comprising the Toll Brothers Omitted Property (being part of the Omitted Property), which are *not* within the boundaries of the District.

⁵ 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

⁶ 17 of these 491 completed homes comprise the Existing Homes Omitted Property (being part of the Omitted Property) and are not within the boundaries of the District, thus while all 491 homes are within the Development, only 474 of these homes are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

⁷ 11 of these 47 lots comprise the Toll Brothers Omitted Property (being part of the Omitted Property) and are not within the boundaries of the District, thus while all 47 lots are within the Development, only 36 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

⁸ Undeveloped lots owned by Builders.

⁹ Undeveloped lots owned by the Property Owner.

Funding and Status of Construction of Public and Private Infrastructure

Infrastructure serving the Development is anticipated to be undertaken in phases. The construction of infrastructure serving the Development was undertaken initially by the Prior Developer, in conjunction with District No. 1, in 2004. Construction of the initial phase of the public infrastructure was completed and accepted by the City in 2007. While the Property Owner was not involved in the initial phase of the public infrastructure, according to information provided to the Property Owner, the total cost of such infrastructure was between \$9,000,000 and \$10,000,000, which amount was funded or reimbursed by District No. 1 using proceeds of the 2007 Bonds previously issued by the District (which 2007 Bonds are being refunded with proceeds of the 2020B Subordinate Bonds); provided, however, that \$532,183 of such amount was not paid with proceeds of the 2007 Bonds and remains unpaid and reimbursable in accordance with the 2007 Infrastructure Acquisition Agreement more particularly described in “THE DISTRICT—Material Agreements—2007 Infrastructure Acquisition Agreement.” The Property Owner states that to the best of its knowledge, the Public Improvements completed by the Prior Developer and District No. 1 and the in-tract infrastructure improvements on the Phase 2 lots completed by the Builders are sufficient to serve the existing 509 homes in Phase 1 and the 634* single-family residential lots in Phase 2 of the Development.

* 28 of these 634 lots comprise the Omitted Property and are not within the boundaries of the District, thus while all 634 lots are within the Development, only 606 of these lots are within the boundaries of the District and thus subject to ad valorem property taxation by the District.

The Property Owner estimates that the total cost of the remaining Public Improvements necessary to serve the Districts to be funded by the Property Owner and/or the Districts is approximately \$21,500,000, excluding the cost of in-tract infrastructure anticipated to be funded by Builders, which the Property Owner estimates at \$50,000,000. Of the approximately \$21,500,000, to be funded with net proceeds of the Bonds, approximately \$14,700,000 is anticipated to be used for the Improvement Project and \$6,800,000 is anticipated to be used to reimburse the Property Owner for Certified Eligible Public Improvement Costs. See “—Funding and Status of Construction of Public and Private Infrastructure” and “INVESTMENT CONSIDERATIONS—Continued Development Not Assured.”

Water and Sewer Matters

Water and sewer service is to be provided to the Development by the City, and users within the Development are to be metered and billed by the City for its services in accordance with the City’s policy. The Property Owner intends to purchase water taps from the City necessary to irrigate the common areas of the Development and to supply water to the recreation centers. Water and sewer taps for individual homes are expected to be purchased by homebuilders. At this time, the Property Owner is unaware of any City restrictions, moratoria, or other limitations upon the issuance of taps. See also “—Platting, Zoning/Land Use and Public Approvals and Requirements—*Annexation Agreement and Development Agreement*” above.

Land Acquisition; Encumbrances

Land Acquisition. In 2009, the Property Owner acquired all of the undeveloped property comprising the Development not previously sold to homebuilders (excluding property conveyed to John Laing Homes, which was acquired by the Property Owner), which property comprised a total of approximately 657 acres (including 221 platted lots). The Property Owner did not enter into an acquisition loan or other financing arrangement specific to the acquisition of property in the Development, and has not subsequently encumbered any portion of the property comprising the Development to secure any financial obligations.

Appraisal. The Property Owner has stated that no current appraisal is available for property comprising the Development.

Declaration of Covenants. In September 2006, the Prior Developer formed Southshore Master Association, Inc. (the “HOA”), to act as the property owners’ association for the portion of the Development planned for single-family homes, other than patio homes. On October 4, 2006, the Prior Developer recorded a Declaration of Covenants, Conditions and Restrictions of the Southshore Master Association, Inc. (the “Declaration”), which it has recorded against the property in the Development. The primary purpose of the Declaration is to protect and enhance the quality, value, desirability and attractiveness of all property subject to the Declaration (through, among other things, the use of a HOA architectural review process), to provide for the HOA as a vehicle to hold title to, maintain, care for and manage any HOA properties.

Governmental Fees. Residential lots within the Development are subject to fees and charges permitted to be imposed by governmental entities providing services to such property, which fees constitute a lien upon the subject property until paid. To the knowledge of the Property Owner, such fees presently include: (i) the System Development Fees imposed by the Districts, more particularly described in “THE BONDS—Security and Sources of Payment for the Bonds—*System Development Fees*”), and (ii) building permit fees and the fees contemplated by the Annexation Agreement and Development Agreement, more particularly described in “—Platting, Zoning/Land Use and Public Approvals and Requirements—*Annexation Agreement and Development Agreement.*” No assurance is given that the

property will not become subject to additional fees, charges or assessments in the future. Furthermore, the foregoing-described fees are in addition to any ad valorem property taxes to which property in the Development may be subject. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Tax Data—Overlapping Mill Levies.”

Environmental Matters

The studies and assessments described below were provided by the Property Owner. However, the Property Owner does not have information on any environmental assessments conducted with respect to any portion of the property comprising the Development not acquired by it in 2009.

Environmental Site Assessments. Braun Intertec Corporation, Minneapolis, Minnesota (“Braun”) performed a Phase 1 Environmental Site Assessment of approximately 635 acres of property (including the 221 lots acquired by the Property Owner) located within the Development for Gibson, Dunn & Crutcher, LLP and Paulson Property Management LLC (an affiliate of the Property Owner), dated November 25, 2009 (the “Braun ESA”). The scope of the Braun ESA included, among others, visiting the site, reviewing public records, contacting current and past owners and public agencies in an attempt to identify recognized environmental conditions or soil or ground water contamination on or near the site. The site historically has been used as undeveloped land.

Other than the following exception, the Braun ESA identified no historical recognized environmental conditions in connection with the site. The site and surrounding area were part of the former Lowry Bombing and Gunnery Range (“LBGR”) and the potential for Unexploded Ordnance (“UXO”) remaining at the LBGR is considered a recognized environmental condition. However, the Colorado Department of Public Health and Environment (“CDPHE”) has approved an Integrated Corrective Action Plan (“ICAP”) to address the potential for encountering UXO on the site during development or future excavations and, in accordance with a consent agreement between the Prior Developer and CDPHE, implementation of such plan is to be documented by submittal of a completion report for each phase of development. Potential for UXO was considered a historically recognized environmental condition at the time of the Braun ESA. The Property Owner has stated that the Development is being pursued in compliance with the ICAP.

Munitions and Explosives Evaluation. An Evaluation for Presence of Munitions and Explosives of Concern (“MEC”) of property comprising a portion of the Development was performed for the Property Owner in April 2015 (the “MEC Study”) by Zapata Incorporated, Golden Colorado (“ZAPATA”). The MEC Study details the procedures and results of an evaluation of the southwest 12 acres of Parcel 2071-28-4-00-001 of the Development. ZAPATA personnel performed intrusive investigation on targets identified in previously collected digital geophysical mapping (“DGM”) data that covered 25% of the site.

The objective of the MEC Study was to verify that a MEC clearance had been performed on the site and it had reduced the unexploded ordnance (“UXO”) hazard potential, thereby improving the safety of the land for future use. The potential MEC include 20mm projectiles, 37mm projectiles and 75mm projectiles with 20mm projectiles being by far the most probable munition. Other types of UXO and/or MEC may be present but have not been identified in the immediate area of the site.

All of the targets identified in the DGM of the area, which were not located within the excavated portion of Titus Road covered by a soil stabilization mat, were intrusively investigated. Of the 121 targets investigated, no MEC, UXO, or munitions debris frag were found. A statistical analysis of the mapping and intrusive results using the industry standard software Visual Sampling Plan indicates that with an approximately 95% confidence level that no more than 0.5% of the parcels contain targets of

interest (MEC). Overall, the results of the MEC Study indicate that a removal action was performed over the 12-acre evaluation site. Although documentation of the removal action cannot be located, DGM combined with the intrusive investigation of identified targets indicate that the risk of the presence of a UXO or MEC item within the parcel has been acceptably lowered to allow the parcel to be utilized with no further corrective actions.

Further, pursuant to correspondence dated May 8, 2015 addressed to the Property Owner, the CPDHE has reviewed the MEC Study and based on the information provided therein, the CPDHE concurred with the finding that MEC removal action has been completed and remedial objectives met and accepted the MEC Study. With the CPDHE's acceptance of the MEC Study, no further actions are required at this time with respect to MEC on the 12-acre evaluation site and the clearance related to Phase 2 of the Development is complete. Accordingly, the site is acceptable for development.

Development of Phase 3 of the Development and later parcels is to be done in compliance with the ICAP.

Geotechnical Site Development Study. A Geotechnical Study of the property comprising only that property comprising Filing No. 10 (approximately 41 acres) of the Development (the "Geotechnical Study") was performed for the Property Owner in May 2015 by A.G. Wassenaar, Inc., Denver Colorado ("AGW"). The purpose of the Geotechnical Study is to provide design criteria for planning, site development and preliminary design concepts for foundation systems, and interior floor support for the proposed development. Based on the results of AGW's background review, preliminary subsurface evaluation, laboratory testing and data analysis, it was the opinion of AGW that the geotechnical constraints to consider during development of the site are the presence of existing fill, moderate to very high swelling clays and shallow claystone bedrock. Ground water was not encountered during this study. The Geotechnical Study provides recommendation for addressing certain of the identified geotechnical constraints. The Property Owner states that to the best of its knowledge, such recommended procedures relating to addressing identified geotechnical concerns have been followed.

Market Study

The District retained the Market Consultant, to prepare a Market Study and Competitive Market Area Analysis (the "Market Study"). The Market Study contains an assessment of the pricing and annual absorption for the 964 single family homes planned for Phase 2 and Phase 3 of the Development being constructed in 2020 through 2025. The Market Study is attached hereto as APPENDIX C and should be read in its entirety by prospective purchasers of the Bonds. Such pricing and absorption schedules are assumed in the Financial Forecast set forth in APPENDIX A hereto. See "FORWARD-LOOKING STATEMENTS and "INVESTMENT CONSIDERATIONS—Risks Inherent in Financial Forecast and Market Study."

Competition

Development in the District is expected to compete with active competitive residential communities as well as future developments in the City and the southeastern Denver metropolitan market area, all as more particularly described in the Market Study attached as APPENDIX C hereto.

Schools

The Development is located within the Cherry Creek School District No. 5. The Development is served by Cherokee Trail High School (located approximately one-half mile west of the Development), Fox Ridge Middle School (located adjacent to the high school approximately one-half mile west of the

Development) and Altitude Elementary School (located within the Development.) The Development originally contained two school sites totally roughly 23 acres. The Property Owner negotiated the dedication of a single school site of 20 acres combined with a fire station site of 2.3 acres in a single location. Cherry Creek School District No. 5 opened a new elementary, Altitude Elementary, in the Fall of 2018. Altitude Elementary utilized 10 of the 20 acres available for schools. If the school district does not expand the school onto the remaining 10 acres, the land could revert to single-family detached land use with a maximum of approximately 70 units.

The Property Owner and Asset Management

The Property Owner. The Development is a project of Southshore Recovery Acquisition, LLC, a Delaware limited liability company (as previously defined, the “Property Owner”). The Property Owner is 100% owned and controlled by Paulson RERF West LLC which is 100% owned by Paulson Real Estate Recovery Fund, LP. The General Partner of Paulson Real Estate Recovery Fund is Paulson Property Management LLC.

Asset Management. Asset management of the Development is conducted by RainTree Investment Corporation Inc. pursuant to a contract with the Property Owner. Such asset management services include all activities required to obtain land entitlements, management of existing facilities and disposition of property within the Development.

Key Project Personnel.

Jon Shumaker – Authorized Signatory of the Property Owner. Jonathan Shumaker is an authorized signatory for Southshore Recovery Acquisition, LLC and a partner at Cross Lake Partners LP, a real estate private equity firm. From 2008 to 2018, Mr. Shumaker was a partner at Paulson & Co. helping to oversee the firm’s real estate investment business. From 2004 through mid-2008, Mr. Shumaker worked within the Lehman Brothers Real Estate Private Equity Group, where he was responsible for sourcing, structuring and executing transactions throughout the U.S. and across all property types. Prior to joining Lehman Brothers, Mr. Shumaker was an associate in the Mergers & Acquisitions Group at Citigroup, where he participated in numerous advisory assignments for public companies across several industries. He began his career in the Real Estate Investment Banking Group at Citigroup, where he was involved with several financings and advisory assignments for public and private real estate companies. Mr. Shumaker received a Master’s of Business Administration from Harvard Business School in 2004 and a Bachelor of Arts from Cornell University in 1999.

Jerry B. Richmond III – Executive Vice President Colorado Division – Asset Manager. Jerry B. Richmond is an Executive Vice President – Colorado Division, RainTree Investment Corporation. From 2009 to 2011 Mr. Richmond served as Senior Principal / Owner of ESR Consulting, LLC. ESR provided consulting services to RainTree from 2009 to 2011. From 2006 to 2009, Mr. Richmond was a Principal with Alberta Development Partners with responsibility for acquisition, entitlement, development and disposition of 1.1 million square feet of retail and 2,200 home sites in Colorado and Texas. From 2002 to 2006, he was Regional Vice President of Acquisitions for Richmond American Homes of Colorado, Inc. where he managed acquisition and development of over 3,100 home sites in metro Denver and Northern Colorado and where he was instrumental in leading Richmond American Homes’ nation-wide environmental compliance programs, which was recognized by the International Erosion Control Association as one of the best programs in the home building industry. Prior to 2002, Mr. Richmond was with Neumann Homes of Colorado where he helped initiate operations and acquired, entitled and developed four new communities with over 1,200 home sites. Previously, Mr. Richmond served as Development Superintendent for the Mountain Operations Land Development Group of US Home where he was promoted to Vice President/Project Manager responsible for land acquisition, entitlement, and

development of more than 3,700 home sites in the greater Denver area. Mr. Richmond graduated from the University of Northern Colorado in 1987 with a Bachelor of Science Degree in Sociology and minor in Public Relations / Public Speaking.

DISTRICT FINANCIAL INFORMATION

Ad Valorem Property Taxes

The District's Board has the power, subject to constitutional and statutory guidelines, to certify 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. The property subject to taxation, the assessment of such property, and the property tax procedure and collections are discussed below.

Property Tax Reduction for Senior Citizens and Disabled Veterans. On November 7, 2000, and November 7, 2006, respectively, the electors of the State approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first \$200,000 of actual value of residential property from property taxation, (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction, and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution.

Property Subject to Taxation. Both real and personal property located within the boundaries of the District, unless exempt, are subject to taxation by the District. Exempt property generally includes property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; irrigation ditches, canals and flumes; household furnishings; personal effects; intangible personal property; 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; agricultural equipment which is used on the farm or ranch in the production of agricultural products, and nonprofit cemeteries.

Assessment of Property. All taxable property is listed, appraised and valued for assessment as of January 1 of each year by the county assessor. The "actual" value, with certain exceptions, is determined by the county assessor annually based on a biennially recalculated "level of value" set on January 1 of each odd-numbered year. The "level of value" is ascertained for each two-year reassessment period from manuals and associated data prepared and published by the State property tax administrator for the eighteen-month period ending on the June 30 immediately prior to the beginning of each two-year reassessment period. For example, "actual" values for the 2019 levy/2020 collection year as well as the 2020 levy/2021 collection year are based on market data obtained from the period January 1, 2017–June 30, 2018. The "level of value" calculation does not change for even-numbered years. The classes of property the "actual" value of which is not determined by a level of value include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals.

The assessed value of taxable property is then determined by multiplying the "actual" value (determined as described in the immediately preceding paragraph) times an assessment ratio. The assessment ratio of residential property changes from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of commercial property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the "Gallagher Amendment"). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45%

of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45% to 55% ratio, the commercial assessment rate is established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuates. The residential ratio had been 7.96% since the 2003 levy year; however, in 2017 the residential rate was changed to 7.20% for levy years 2017 and 2018 (collection years 2018 and 2019) and further reduced to 7.15% for the levy years 2019 and 2020 (collection years 2020 and 2021).

Assessment Appeals. Beginning in May of each year each county assessor hears taxpayers' objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the District's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the Board of County Commissioners, and 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 following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within the District is required to be certified by the County Assessor to the District no later than August 25 each year. Such value is subject to recertification by the County Assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by a District for its General Fund and Debt Service Fund to defray its expenditures during the ensuing fiscal year. In determining the rate of levy, the Board must take into consideration the limitations on certain increases in property tax revenues as described in "—Constitutional Amendment Limiting Taxes and Spending" and "—Budget and Appropriation Procedure" below. The Board of the District must certify the District's levy to the Board of County Commissioners no later than December 15.

Upon receipt of the tax levy certification of the District and other taxing entities within the County, the Board of County Commissioners levies against the assessed valuation of all taxable property within the County the applicable property taxes. Such levies are certified by the Board of County Commissioners to the County Assessor, who thereupon delivers the tax list and warrant to the County Treasurer for the collection of taxes.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Taxes certified in 2019, for example, are being collected in 2020. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or two equal installments (not later than the last day of February and June 15) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts become delinquent on, and interest thereon will accrue from March 1 (with respect to the first installment) and June 16 (with respect to the second installment) until the date of payment, provided that if the full amount of taxes is to be paid in a single payment, such amount will become delinquent on May 1 and will accrue interest thereon from such date until paid. The County Treasurer collects current and delinquent property taxes, as well as any interest, penalties, and other requirements and remits the amounts collected on behalf of the District to the District on a monthly basis. See "INVESTMENT CONSIDERATIONS—COVID-19" herein.

All taxes levied on real and personal property, together with any interest and penalties prescribed by law, as well as other costs of collection, until paid, constitute a perpetual lien on and against the taxed property. Such lien is on parity with the liens of other general taxes. It is the County Treasurer’s duty to enforce the collection of delinquent real property taxes by sale of the tax lien on such realty in December of the collection year and of delinquent personal property taxes by the distraint, seizure and sale of such property at any time after October 1 of the collection year. There can be no assurance, however, that the value of taxes, penalty interest and costs due on the property can be recovered by the County Treasurer. Further, the County Treasurer may set a minimum total amount below which competitive bids will not be accepted, in which event property for which acceptable bids are not received will be set off to the County. Taxes on real and personal property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and canceled by the Board of County Commissioners.

Ad Valorem Property Tax Data

The District’s assessed valuation, mill levies and ad valorem property tax collections (on a calendar year basis) from levy year 2014 to date are set forth in the following tables. See “—Ad Valorem Property Taxes—*Assessment of Property*” above for a description of the assessment ratios for taxable property used in each of such years. See also “—Constitutional Amendment Limiting Taxes and Spending” below.

TABLE V
History of District’s Assessed Valuation and Mill Levies ¹

| Levy/Collection Year | Assessed Valuation | Percent Increase | Mill Levies | | |
|----------------------|--------------------|------------------|---------------------------|-------------------|-----------------|
| | | | General Fund ¹ | Debt Service Fund | Total Mill Levy |
| 2014/2015 | \$11,779,267 | -- | 2.060 | 50.000 | 52.060 |
| 2015/2016 | 15,940,103 | 35.32% | 2.060 | 50.000 | 52.060 |
| 2016/2017 | 17,920,698 | 12.43 | 2.060 | 50.000 | 52.060 |
| 2017/2018 | 23,981,031 | 33.82 | 2.277 | 55.277 | 57.554 |
| 2018/2019 | 28,049,450 | 16.97 | 2.277 | 55.277 | 57.554 |
| 2019/2020 | 51,191,803 | 82.51 | 2.227 | 55.664 | 57.891 |

¹ Revenue resulting from the District’s General Fund mill levy is to be transferred to District No. 1 for operations and maintenance expenditures.

Sources: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2014-2018 State of Colorado Property Tax Annual Reports, and the Assessor’s Office

The following table sets forth the 2019 assessed and “actual” valuations (for the 2020 tax collection year) of specific classes of property within the District as certified by the County Assessor. As shown below, residential property has accounted for the largest percentage of the District’s assessed valuation.

TABLE VI
2019 Assessed and “Actual” Valuation of Classes of Property in the District¹

| Class | Assessed Valuation | Percent of Assessed Valuation | “Actual” Valuation | Percent of “Actual” Valuation |
|-------------------|---------------------|-------------------------------|----------------------|-------------------------------|
| Residential | \$34,186,737 | 66.78% | \$478,134,301 | 89.07% |
| Vacant Land | 16,663,836 | 32.55 | 57,461,706 | 10.71 |
| State Assessed | 184,650 | 0.36 | 636,724 | 0.12 |
| Commercial | 156,501 | 0.31 | 539,658 | 0.10 |
| Natural Resources | <u>79</u> | <u>0.00</u> | <u>274</u> | <u>0.00</u> |
| Total | <u>\$51,191,803</u> | <u>100.00%</u> | <u>\$536,772,663</u> | <u>100.00%</u> |

Source: Assessor’s Office

The following table sets forth a history of the District’s ad valorem property tax collections since 2014 on a calendar year basis.

TABLE VII
History of District Property Tax Collections

| Levy/Collection Year | Property Taxes Levied | Property Tax Collections ¹ | Tax Collections as Percent of Tax Levied |
|----------------------|-----------------------|---------------------------------------|--|
| 2014/2015 | \$ 613,229 | \$ 613,228 | 100.00% |
| 2015/2016 | 829,842 | 829,699 | 99.98 |
| 2016/2017 | 932,952 | 934,880 | 100.21 |
| 2017/2018 | 1,380,204 | 1,378,900 | 99.91 |
| 2018/2019 | 1,614,358 | 1,614,351 | 100.00 |
| 2019/2020 | 2,963,545 | -- | -- |

¹ Figures represent current collections only. County Treasurer collection fees have not been deducted from these amounts.
Source: State of Colorado, Colorado Department of Local Affairs, Division of Property Taxation, 2014-2018 State of Colorado Property Tax Annual Reports, the County Treasurer’s Office

2019 Largest Taxpayers. Set forth in the following table are the persons or entities which represent the 2019 largest taxpayers within the District, as provided by the County Assessor. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District’s mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

TABLE VIII
2019 Largest Taxpayers Within the District

| Name | 2019 Assessed Valuation ¹ | Percent of Total Assessed Valuation ² |
|---|---|---|
| Richmond American Homes of Colorado, Inc. | \$ 4,832,231 | 9.44% |
| Toll Southwest LLC | 2,733,991 | 5.34 |
| Brookfield Holdings Southshore LLC | 2,655,315 | 5.19 |
| William Lyon Homes, Inc. | 1,887,546 | 3.69 |
| Southshore Recovery Acquisition, LLC | 1,746,528 | 3.41 |
| Toll Co II LP | 1,341,743 | 2.62 |
| Century at Southshore, LLC | 533,912 | 1.04 |
| Public Service Company of Colorado | 174,550 | 0.34 |
| Individual homeowner | 107,680 | 0.21 |
| Individual homeowner | <u>101,001</u> | <u>0.20</u> |
| Total | <u>\$16,114,497</u> | <u>31.48%</u> |

¹ Based on the District's 2019 assessed value of \$51,191,803.
Source: County Assessor

Overlapping Mill Levies. Numerous taxing entities located wholly or partially within the District are authorized to levy taxes on property located within the District. According to the County Assessor's Office, there are currently six entities overlapping the District, all of which levy (or have the right to levy) taxes on property within the District. Therefore, all taxable property within the District is currently subject to the same total 2019 mill levy (for payment in 2020) as shown in the table below. However, additional taxing entities may wholly or partially overlap the District in the future. See also "DEBT STRUCTURE—Estimated Overlapping General Obligation Debt."

TABLE IX
Total 2019 Mill Levies ¹

| Taxing Entity | Mill Levy |
|--|----------------|
| Arapahoe County | 12.685 |
| Aurora (City of) | 8.605 |
| Cherry Creek School District No. 5 | 46.997 |
| Urban Drainage and Flood Control District | 0.900 |
| Urban Drainage and Flood Control District – South Platte | 0.097 |
| West Arapahoe Soil District | <u>0.000</u> |
| Overlapping Mill Levy | 69.284 |
| The District | <u>57.891</u> |
| Total Mill Levy | <u>127.175</u> |

¹ One mill equals 1/10 of one cent.
Sources: County Assessor's Office

Specific Ownership Taxes

"Specific Ownership Tax Revenues" is defined as the specific ownership tax which is collected by the county and remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute. Specific Ownership Tax revenue represents the amounts received by the District from the State pursuant

to such statute primarily on motor vehicle licensing. Such tax is collected by all counties and distributed to every taxing entity within a county, such as the District, based on the proportion of the taxing entity's ad valorem taxes to the cumulative amount of ad valorem taxes levied county-wide. The portion of the Specific Ownership Tax that is collected as the result of the District's Operations Mill Levy is anticipated to be applied to operations and maintenance costs of the District.

System Development Fees

The Districts are permitted to establish fees and charges for facilities furnished by the Districts pursuant to Section 32-1-1001(1)(j), C.R.S.; provided, however, that pursuant to the Service Plan the Districts are permitted to impose only fees in the nature of those contemplated by the Service Plan, which include only the System Development Fees. The revenue derived from imposition of the System Development Fees is pledged to the 2020A Senior Bonds. See "THE 2020A SENIOR BONDS—Security for the 2020A Senior Bonds—*System Development Fees.*" System Development Fee revenue remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of the 2020A Senior Bonds is pledged on a subordinate basis to the payment of the 2020B Subordinate Bonds. See "THE 2020B SUBORDINATE BONDS—Security for the 2020B Subordinate Bonds—*Subordinate System Development Fee Revenue*" and "INVESTMENT CONSIDERATIONS—Enforcement of System Development Fee."

General Fund Mill Levy; Funding of Operations and Maintenance

Pursuant to the Service Plan, the maximum mill levy (the "Mill Levy Cap") permitted to be imposed by the District for all purposes, including for the payment of general obligation bonds and for payment of operations and maintenance costs, is 45.290 mills, subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes or other similar changes occur.

As a result of the changes in the residential assessment ratio occurring after the date of approval of the Service Plan and based on the current assessment rate of 7.15%, the maximum mill levy that may presently be imposed by the District under the Service Plan for all purposes is 57.891 mills, of which 55.664 mills is the maximum number of mills to be imposed for payment of debt service on the 2020A Senior Bonds and, on a subordinate basis, to the payment of debt service on the 2020B Subordinate Bonds, leaving 2.227 mills as the maximum number of mills which may be imposed by the District for payment of operation and maintenance costs. See "THE DISTRICT—Service Plan Limitations and Requirements—*Mill Levy Cap.*"

Accounting Policies

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The District currently maintains a General Fund, a Debt Service Fund, and a Capital Projects Fund. The General Fund is the general operating fund of the District and is used to account for all financial resources not accounted for and reported in another fund. The majority of moneys in this fund are transferred to District No. 1 to be used for the payment of operating and maintenance expenditures. The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs. The Capital Projects Fund is used to account for the receipt by the District of proceeds of the bonds, payment of costs of issuance, and transfer of the remainder to District No. 1 for application to costs of construction of Public Improvements.

Financial Statements

In accordance with Title 29, Article 1, Part 6, C.R.S., an annual audit is required to be made of the District’s financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor’s Office. 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 thirty days thereafter. Failure to comply with this requirement to file an audit report may result in the withholding of the District’s property tax revenue by the County Treasurer pending compliance.

The District’s audit for the period ending December 31, 2018 was performed by Fiscal Focus Partners, LLC, Certified Public Accountants, Greenwood Village, Colorado, and has been filed with the State Auditor and posted with EMMA in accordance with the District’s outstanding secondary market undertakings. The basic financial statements from such audit are appended hereto. Such audited financial statements are the most current available for the District.

Historical Financial Information

Set forth hereafter is a comparative statement of revenues, expenditures, and changes in fund balance for the District’s General Fund, Capital Projects and Debt Service Fund. Such information should be read together with the financial statements and accompanying notes appended hereto. Preceding years’ financial statements may be obtained from the sources noted in “MISCELLANEOUS—Additional Information.”

TABLE X
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------|-----------------|-----------------|-----------------|------------------|------------------|
| Revenues | | | | | |
| Property Taxes | \$22,740 | \$24,265 | \$32,831 | \$ 37,862 | \$ 54,554 |
| Specific Ownership Taxes | 1,637 | 46,267 | 63,616 | 79,889 | 100,300 |
| Interest Income | <u>366</u> | <u>260</u> | <u>290</u> | <u>1,495</u> | <u>8,298</u> |
| Total Revenues | <u>24,743</u> | <u>70,792</u> | <u>96,737</u> | <u>119,246</u> | <u>163,152</u> |
| Expenditures | | | | | |
| Transfer to District No. 1 | 20,303 | 51,910 | 90,293 | 98,469 | 164,414 |
| Treasurer’s Fees | 345 | 364 | 120 | 575 | 818 |
| Miscellaneous Expense | <u>--</u> | <u>70</u> | <u>492</u> | <u>133</u> | <u>164</u> |
| Total Expenditures | <u>20,648</u> | <u>52,344</u> | <u>90,905</u> | <u>99,177</u> | <u>165,396</u> |
| Net Income (Expenses) | 4,095 | 18,448 | 5,832 | 20,069 | (2,244) |
| Other Financing (Uses) | | | | | |
| Transfers (Out) | <u>--</u> | <u>(8,590)</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Total Other Financing (Uses) | <u>--</u> | <u>(8,590)</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Net Changes in Fund Balances | 4,095 | 9,858 | 5,832 | 20,069 | (2,244) |
| Beginning Fund Balance | <u>--</u> | <u>4,095</u> | <u>13,953</u> | <u>19,785</u> | <u>39,854</u> |
| Ending Fund Balance | <u>\$ 4,095</u> | <u>\$13,953</u> | <u>\$19,785</u> | <u>\$ 39,854</u> | <u>\$ 37,610</u> |

Source: District’s audited financial statements for the years ended December 31, 2014-2018.

TABLE XI
Debt Service Fund Statement of Revenues, Expenditures and Changes in Fund Balance

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | |
| Property Taxes | \$ 551,944 | \$ 588,963 | \$ 796,868 | \$ 897,018 | \$1,324,346 |
| Specific Ownership Taxes | 39,735 | -- | -- | -- | -- |
| Interest Income | 279 | 1,003 | 6,948 | 12,207 | 28,835 |
| System Development Fees | 167,500 | 175,000 | 165,000 | 445,000 | 417,500 |
| Miscellaneous Income | <u> --</u> | <u> --</u> | <u>6,000</u> | <u> --</u> | <u> --</u> |
| Total Revenues | <u>759,458</u> | <u>764,966</u> | <u>974,816</u> | <u>1,354,225</u> | <u>1,770,681</u> |
| Expenditures | | | | | |
| Treasurer's Fees | 8,278 | 8,836 | 11,957 | 13,476 | 19,868 |
| Bond Principal | 125,000 | 250,000 | 260,000 | 270,000 | 275,000 |
| Bond Interest Expense | 557,300 | 550,581 | 537,144 | 523,169 | 1,445,306 |
| Paying Agent Fees | <u>3,000</u> | <u>3,000</u> | <u>5,500</u> | <u>5,500</u> | <u>8,500</u> |
| Total Expenditures | <u>693,578</u> | <u>812,417</u> | <u>814,601</u> | <u>812,145</u> | <u>1,748,674</u> |
| Net Changes in Fund Balance | 65,880 | (47,451) | 160,215 | 542,080 | 22,007 |
| Beginning Fund Balance | <u>956,116</u> | <u>1,021,996</u> | <u>974,545</u> | <u>1,134,760</u> | <u>1,676,840</u> |
| Ending Fund Balance | <u>\$1,021,996</u> | <u>\$ 974,545</u> | <u>\$1,134,760</u> | <u>\$1,676,840</u> | <u>\$1,698,847</u> |

Source: District's audited financial statements for the years ended December 31, 2014-2018.

TABLE XII
Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance

| | 2015 | 2016 | 2017 | 2018 |
|---|---------------------|---------------------|---------------------|--------------------|
| Revenues | | | | |
| Interest Income | \$ <u>8,893</u> | \$ <u>45,957</u> | \$ <u>68,426</u> | \$ <u>120,165</u> |
| Total Revenues | <u>8,893</u> | <u>45,957</u> | <u>68,426</u> | <u>120,165</u> |
| Expenditures | | | | |
| Transfer to District No. 1 | <u>1,204,425</u> | <u>8,793,433</u> | <u>2,998,915</u> | <u>4,885,443</u> |
| Total Expenditures | <u>1,204,425</u> | <u>8,793,433</u> | <u>2,998,915</u> | <u>4,885,443</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,195,532) | (8,747,476) | (2,930,489) | (4,765,278) |
| Other Financing Sources (Uses) | | | | |
| Bond Proceeds | 12,482,807 | -- | 10,404,000 | -- |
| Costs of Issuance | (491,413) | (8,750) | (504,070) | -- |
| Transfers In | <u>8,590</u> | <u> --</u> | <u> --</u> | <u> --</u> |
| Total Other Financing Sources (Uses) | <u>11,999,984</u> | <u>(8,750)</u> | <u>9,899,930</u> | <u> --</u> |
| Net Changes in Fund Balance | 10,804,452 | (8,756,226) | 6,969,441 | (4,765,278) |
| Beginning Fund Balance | <u> --</u> | <u>10,804,452</u> | <u>2,048,226</u> | <u>9,017,667</u> |
| Ending Fund Balance | <u>\$10,804,452</u> | <u>\$ 2,048,226</u> | <u>\$ 9,017,667</u> | <u>\$4,252,389</u> |

Source: District's audited financial statements for the years ended December 31, 2014-2018.

Budget and Appropriation Procedure

The District's budget is prepared on a calendar year basis as required by Title 29, Article 1, Part 1, C.R.S. The budget must 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.

On or before October 15 of each year, the District's budget officer must submit a proposed budget to the Board for the next 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 prior to its adoption.

Before the beginning of the fiscal year, the Board must enact an appropriation resolution which 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.

The Board timely adopted the District's 2020 budget and appropriation resolution pursuant to the above described procedure and filed such budget with the State division of local government.

Limitation on Certain Tax Revenues. 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. Pursuant to the provisions of Section 20 of Article X of the Colorado Constitution, the District is subject to tax revenue limitations as described below in "—Constitutional Amendment Limiting Taxes and Spending," but has received voter approval to waive such limitations.

Budgeted Financial Information.

Set forth hereafter is a comparison of the District's 2020 and 2019 budgets for the District's General Fund, Debt Service Fund and Capital Projects Fund, as well as a comparison to 2019 year to date unaudited figures.

TABLE XIII
General Fund Budget Summary and Comparison

| | 2019 Budget (as adopted) | 2019 Actual (unaudited) ¹ | 2020 Budget (as adopted) |
|----------------------------|-------------------------------------|---|-------------------------------------|
| Revenues | | | |
| Property Taxes | \$ 63,869 | \$ 63,869 | \$114,004 |
| Specific Ownership Taxes | 95,861 | 126,562 | 176,949 |
| Interest Income | <u>3,500</u> | <u>6,846</u> | <u>3,500</u> |
| Total Revenues | <u>163,230</u> | <u>197,277</u> | <u>294,453</u> |
| Expenditures | | | |
| Treasurer's Fees | 958 | 958 | 1,711 |
| Miscellaneous | 94 | -- | 94 |
| Transfer to District No. 1 | 162,146 | 162,146 | 413,424 |
| Emergency Reserve (3%) | <u>32</u> | <u>--</u> | <u>54</u> |
| Total Expenditures | <u>163,230</u> | <u>163,104</u> | <u>415,283</u> |
| Net Change in Fund Balance | -- | 34,173 | (120,830) |
| Beginning Fund Balance | <u>--</u> | <u>37,610</u> | <u>120,830</u> |
| Ending Fund Balance | <u>\$ --</u> | <u>\$ 71,783</u> | <u>\$ --</u> |

¹ Unaudited year-end figures through December 31, 2019.
Sources: District's 2019 budget, 2020 budget and the District

TABLE XIV
Debt Service Fund Budget Summary and Comparison

| | 2019 Budget (as adopted) | 2019 Actual (unaudited) ¹ | 2020 Budget (as originally adopted) ² |
|---------------------------------------|-------------------------------------|---|---|
| Revenues | | | |
| Property Taxes | \$1,550,489 | \$1,550,489 | \$ 2,849,541 |
| System Development Fees (\$2,500/lot) | 587,500 | 572,500 | 587,500 |
| Transfer from Capital Projects | 7,287,500 | -- | 7,287,500 |
| Interest Income | <u>730</u> | <u>46,928</u> | <u>730</u> |
| Total Revenues | <u>9,426,219</u> | <u>2,169,917</u> | <u>10,725,271</u> |
| Expenditures | | | |
| Bond Interest 2007 | 493,876 | 493,876 | 476,406 |
| Bond Principal 2007 | 325,000 | 325,000 | 400,000 |
| Bond Interest 2015 | 936,650 | 936,650 | 936,650 |
| Treasurer's Fees | 23,113 | 23,262 | 42,622 |
| Trustee/Paying Agent Fees | <u>10,000</u> | <u>8,500</u> | <u>10,000</u> |
| Total Expenditures | <u>1,788,639</u> | <u>1,787,288</u> | <u>1,865,678</u> |
| Net Change in Fund Balance | 7,637,580 | 382,629 | 8,859,593 |
| Beginning Fund Balance | <u>1,445,140</u> | <u>1,698,847</u> | <u>2,048,348</u> |
| Ending Fund Balance | <u>\$9,082,720</u> | <u>\$2,081,476</u> | <u>\$10,907,941</u> |

¹ Unaudited year-end figures through December 31, 2019.

² Pursuant to an amendment to the 2020 Budget adopted by the Board on February 11, 2020, expenditures in the Debt Service Fund were increased to \$40,382,758.

Sources: District's 2019 budget, 2020 budget and the District

TABLE XV
Capital Projects Fund Budget Summary and Comparison

| | 2019 Budget (as adopted) | 2019 Actual (unaudited) ¹ | 2020 Budget (as originally adopted) ² |
|------------------------------|-------------------------------------|---|---|
| Revenues | | | |
| Interest Income | \$ 20,000 | \$ 64,534 | \$ 20,000 |
| Bond proceeds | <u>27,500,000</u> | <u>--</u> | <u>33,560,000</u> |
| Total Revenues | <u>27,520,000</u> | <u>64,534</u> | <u>33,580,000</u> |
| Expenditures | | | |
| Issuance Costs | 962,500 | -- | 1,010,800 |
| Transfer to District No. 1 | 19,270,000 | 4,251,592 | 19,879,220 |
| Transfer to Debt Service | 7,287,500 | -- | -- |
| Transfer to refunding escrow | <u>--</u> | <u>--</u> | <u>12,689,980</u> |
| Total Expenditures | <u>27,520,000</u> | <u>4,251,592</u> | <u>33,580,000</u> |
| Net Change in Fund Balance | -- | (4,187,058) | -- |
| Beginning Fund Balance | <u>--</u> | <u>4,252,389</u> | <u>--</u> |
| Ending Fund Balance | <u>\$ --</u> | <u>\$ 65,331</u> | <u>\$ --</u> |

¹ Unaudited year-end figures through December 31, 2019.

² Pursuant to an amendment to the 2020 Budget adopted by the Board on February 11, 2020, expenditures in the Capital Projects Fund were increased to \$60,920,682.

Sources: District's 2019 budget, 2020 budget and the District

Management Discussion of Material Trends

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the 2018 basic financial statements attached hereto. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In the opinion of the District's auditor, the basic financial statements are not affected by this missing information.

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. See Note 2 to the District's financial statements appended hereto. The District also may invest available funds in accordance with applicable state statutes. The investment of the proceeds of this issue also is subject to the provisions of the Tax Code. See "TAX MATTERS."

Risk Management

The Board acts to protect the District against loss and liability by maintaining certain insurance coverages which the District's Board believes to be adequate. Currently, the District maintains insurance through the Colorado Special Districts Property and Liability Pool ("CSDPLP"). CSDPLP was established by the Special District Association of Colorado to provide special districts with general

liability, auto/property liability, and public officials' liability insurance coverage as an alternative to the traditional insurance market. CSDPLP also offers workers' compensation insurance. The District's current policy expires on December 31, 2020. However, there can be no assurance that the District will continue to maintain its current levels of coverage.

Constitutional Amendment Limiting Taxes and Spending

On November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or Amendment One ("TABOR"), and now constitutes Section 20 of Article X of the Colorado Constitution. TABOR imposes various limits and new requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, now require voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district, (b) any increase in the real property tax revenues of a local governmental unit (not including the State) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in clause (a) above, (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain, and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, 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. Elections on such matters may only be held on the same day as a State general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual . . . revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] will be suspended to provide for the deficiency." The preferred interpretation of TABOR will, by its terms, be the one that reasonably restrains most the growth of government.

De-Brucing. At the 2002 Election, voters of the District approved an election question allowing the District to collect, retain, and expend each year all revenues it receives from all sources as voter-approved revenue changes and without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution or any other law.

DEBT STRUCTURE

The following is a discussion of the District's authority to incur general obligation indebtedness and other financial obligations and the amount of such obligations presently outstanding.

Debt Restrictions

Pursuant to the Indentures, the District may issue Additional Bonds subject to certain conditions, as more particularly described in “THE 2020A SENIOR BONDS—Certain Senior Indenture Provisions—Additional Bonds” and “THE 2020B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—Additional Bonds.” In addition, the issuance of Additional Bonds is restricted by: (a) State statutes that restrict the amount of debt issuable by special districts, (b) the availability of electoral authorization, and (c) the District’s Service Plan, all as described below.

Statutory Debt Limit. The District is subject to a statutory general obligation debt limitation established pursuant to Section 32-1-1101(6), C.R.S. Such limitation provides that, with specific exceptions, the total principal amount of general obligation debt issued by a special district shall not at the time of issuance exceed the greater of \$2 million or 50% of the District’s assessed valuation. The District’s 2019 certified assessed valuation is \$51,191,803, 50% of which is \$25,595,901. While the District’s outstanding general obligation indebtedness exceeds this amount, the Bonds have been rated in one of the four highest rating categories by one or more nationally recognized organization which regularly rate such obligations in order to fit into an exception to the statutory debt limitation permitted by Section 32-1-1101(6), C.R.S.

Required Elections. Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, Article X, Section 20 of the Colorado Constitution requires that, except for refinancing bonded debt at a lower interest rate, the District must have voter approval in advance for the creation of any multiple fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. See “DISTRICT FINANCIAL INFORMATION—Constitutional Amendment Limiting Taxes and Spending.”

Service Plan Debt Limit. Under the Original Service Plan, the Districts together may not issue in excess of \$33,033,000 in new money general obligation bonds, inclusive of the costs of issuance, organizational costs, inflation, refunding, and other similar costs. Increases in debt necessary to accomplish a refunding, re-issuance or restructuring of debt, and bonds payable solely from ad valorem property taxes, do not count against the debt limit.

As previously described, the District previously issued and published the Service Plan Notice setting forth its intent to issue the Bonds and the 2020A-1 Senior Bonds. Pursuant to the Service Plan Notice, the new money portion of the Bonds and the portion of the 2020A-1 Senior Bonds being issued to refund the 2017 Subordinate Bonds is not to exceed an original principal amount of \$36,000,000. The portion of the Bonds being issued to refund the 2007 Bonds and the portion of the 2020A-1 Senior Bonds being issued to refund the 2015 Bonds is not subject to such limitation.

Following issuance of the Bonds, the District will not have any remaining debt limit available under its Service Plan. The limitations of the Service Plan may be modified or amended only with the prior approval of the City or as otherwise provided in the Special District Act.

General Obligation Debt

2002 Election Voted Debt Authorization. At the 2002 Election, the eligible electors of the District voting at such election authorized indebtedness of the District in the amounts of \$32,887,000 for various categories of capital expenditures; \$33,300,000 for refunding purposes; and \$33,300,000 for intergovernmental agreements constituting multiple fiscal year indebtedness relating to the costs of

acquiring, constructing, or otherwise providing, and the costs of operating and maintaining, certain public improvements pursuant such agreements.

2018 Election Voted Debt Authorization. At the 2018 Election, the eligible electors of the District voting at such election authorized indebtedness of the District in the amount of \$27,500,000 for the purpose of providing park and recreation improvements.

Allocation of Voted Debt Authorization from 2002 Election. The District expects to allocate debt authorization approved by the voters at the 2002 Election for refunding purposes in the amounts of \$7,203,191.40 to the 2020A-1 Senior Bonds.

Allocation of Voted Debt Authorization from 2018 Election. The District expects to allocate debt authorization approved by the voters at the 2018 Election for park and recreation improvements in the amounts of \$12,480,000 to the 2020A-2 Senior Bonds and \$9,193,855 to that portion of the 2020B Subordinate Bonds being issued to fund improvements.

Remaining Voter Authorized But Unissued Debt Authorization. After the issuance of the Bonds (and the 2020A-1 Senior Bonds), the District will have \$5,526,145 of authorized but unissued debt authorization remaining from the 2018 Election for park and recreation improvements, and the District will have authorized but unissued debt authorization remaining from the 2002 Election in the amounts of \$26,096,808.60 for refunding purposes and \$33,300,000 for intergovernmental agreements.

Estimated Overlapping General Obligation Debt

Certain public entities whose boundaries may be entirely within, coterminous with, or only partially within the District are also authorized to incur general obligation debt, and to the extent that properties within the District are also within such overlapping public entities such properties will be liable for an allocable portion of such debt. For purposes of this Official Statement, the percentage of each entity’s outstanding debt chargeable to District property owners is calculated by comparing the assessed valuation of the portion overlapping the District to the total assessed valuation of the overlapping entity. To the extent the District’s assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of general obligation debt for which District property owners are responsible will also change.

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. The District is not financially or legally obligated with regard to any of the indebtedness shown on the immediately following table. Although the District has attempted to obtain accurate information as to the outstanding debt of the entities which overlap the District, it does not warrant its completeness or accuracy as there is no central reporting entity which is responsible for compiling this information.

**TABLE XVI
Estimated Overlapping General Obligation Debt**

| Overlapping Entity | Outstanding General Obligation Debt | Percentage Applicable to District | Amount Applicable to District |
|------------------------------------|--|--|--------------------------------------|
| Cherry Creek School District No. 5 | \$610,545,000 | 0.72% | \$4,395,924 |

Source: Arapahoe County Assessor’s Office and individual entities

General Obligation Debt Ratios

Set forth in the following table are selected historical general obligation debt ratios for the District for the last five years. See “INTRODUCTION—Debt Ratios” for general obligation debt ratios for the District upon issuance and delivery of the Bonds.

TABLE XVII
District Historical Debt Ratios

| | Fiscal Years Ended December 31 | | | | |
|---|--------------------------------|--------------|--------------|--------------|--------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Obligation Debt Outstanding | \$22,184,502 | \$22,762,012 | \$33,789,000 | \$33,514,000 | \$33,189,000 |
| Estimated Population ¹ | 907 | 974 | 1,142 | 1,912 | 2,352 |
| Debt Per Capita | \$24,459 | \$23,369 | \$29,587 | \$17,528 | \$14,111 |
| District Assessed Value | \$15,940,103 | \$17,920,698 | \$23,981,031 | \$28,049,450 | \$51,191,803 |
| Ratio of Debt to Assessed Value | 139.17% | 127.02% | 140.90% | 119.48% | 64.83% |
| Personal Income Per Capita (Arapahoe County) | \$54,358 | \$55,001 | \$56,789 | \$60,180 | unavailable |
| Ratio of Debt Per Capita to Personal Income Per Capita (Arapahoe County) | 45.00% | 42.49% | 52.10% | 29.13% | unavailable |

¹ Population estimate based on approximate number of occupied homes multiplied by 2.4 residents per home.

Sources: County Assessor’s Office, District Audited Financial Statements, 2014-2018; State of Colorado, Division of Property Taxation, Annual Reports 2014-2018; Regional Economics Information System Bureau of Economic Analysis, and the District

Revenue and Other Financial Obligations

The District also has the authority to issue revenue obligations payable from the net revenue of District facilities, to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations. Other than the agreements described in “THE DISTRICT—Material Agreements,” no such obligations are currently outstanding.

LEGAL MATTERS

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the “Governmental 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 Governmental Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street, and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. 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 Governmental Immunity Act, 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 \$350,000 for claims accruing before January 1, 2018, or the sum of \$387,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, (b) for an injury to two or more persons in any single occurrence, the sum of \$990,000 for claims accruing before January 1, 2018, except in such instance, no person may recover in excess of \$350,000, or the sum of \$1,093,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, except in such instance, no person may recover in excess of \$387,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index, with the first such increase occurring on January 1, 2018. The governing board of a public entity may increase any maximum amount that may be recovered from the public entity for certain types of injuries. However, a public entity may not be held liable either directly or by indemnification for punitive or exemplary damages unless the applicable entity voluntarily pays such damages in accordance with State law.

The District has not acted to increase the damages liability limitations in the Governmental Immunity Act. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. The District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event that 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 (10) mills per annum for all outstanding settlements or judgments.

The District may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include 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.

Legal Representation

Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Butler Snow LLP, Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the District by Collins Cockrel & Cole, P.C., Denver, Colorado, as General Counsel to the District. Kutak Rock LLP, Denver, Colorado, is acting as Counsel to the Underwriter and, in such capacity, has also assisted in the preparation of this Official Statement.

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.

Pending and Threatened Litigation

In connection with the issuance of the Bonds, General Counsel to the District is expected to render an opinion stating that, to the best of its actual knowledge, there is no action, suit or proceeding now pending or threatened against the District that will materially and adversely affect the financial condition or operations of the District, the District's power to issue and deliver the Bonds or to executed

and deliver and perform its obligations under the Indentures, including to levy the Senior Required Mill Levy and the Subordinate Required Mill Levy.

Future Changes in Laws

Various Colorado laws and constitutional provisions apply to the imposition, collection, and expenditure of ad valorem property taxes and the operation of the District. There is no assurance that there will not be any change in the interpretation of, or additions to applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of ad valorem property taxes and fees.

Limitations on Remedies Available to Bondholders

The enforceability of the rights and remedies of the Owners, and the obligations incurred by the District in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers granted to it by the federal Constitution, and 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 a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

TAX MATTERS

General Matters. In the opinion of Butler Snow LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants described in the Indenture, interest on the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds (the "Bonds") is excludable 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 excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinion described above assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Interest on the Series 2020A-1 Senior Bonds, which are not offered or sold under this Official Statement, is included in gross income for federal and State of Colorado income tax purposes. Bond Counsel expresses no opinion regarding any other federal or State of Colorado tax consequences arising with respect to the Series 2020A-1 Senior Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are

corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that under laws of the State in effect as of the date of issuance of the Bonds, that the Bonds and the income therefrom are exempt from taxation, except inheritance, estate, and transfer taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State or any other state or jurisdiction.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as federally tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period), and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such Discount Bonds for a price that is higher or lower than the “adjusted issue price” of the Discount Bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are

being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

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 under this caption "TAX MATTERS" 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 on 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.

Prospective purchasers of the Bonds are advised to consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Bonds.

MISCELLANEOUS

Ratings

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds (as previously defined, the "Bonds") a rating of "AA" (stable outlook) based upon the Insurance Policy to be issued concurrently with the delivery of the Bonds by the Bond Insurer. In addition, Moody's Investors Service ("Moody's") has assigned an underlying rating to the 2020A-2 Senior Bonds of "Baa2" (stable outlook) without regard

to the delivery of the Insurance Policy. Such ratings reflect only the view of such rating agencies. Any explanation of the significance of the S&P rating should be obtained from S&P at 55 Water Street, New York, New York, 10041, and any explanation of the significance of the Moody's rating should be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York, 10007.

Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of the rating indicated above may have an adverse effect on the market price of the Bonds.

Registration of Bonds

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.**

Undertaking to Provide Ongoing Disclosure

Rule 15c2-12; Continuing Disclosure Undertaking. Pursuant to the requirements of Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) ("Rule 15c2-12"), the District has agreed, for the benefit of the holders of the Bonds, to provide certain financial information, other operating data and notices of enumerated events after the Bonds are issued (the "Continuing Disclosure Undertaking"). A form of the District's Continuing Disclosure Undertaking is attached as APPENDIX F to this Official Statement.

No Event of Default. A failure by the District to comply with the Continuing Disclosure Undertaking will not constitute an Event of Default under either of the Indentures. Nevertheless, such a failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, any such failure of the District to comply with the Continuing Disclosure Undertaking could adversely affect the transferability and liquidity of the Bonds and their respective market price.

No Prior Undertakings Under Rule 15c2-12. The District has *not* entered into any prior continuing disclosure undertakings under Rule 15c2-12.

Voluntary Prior Continuing Disclosure. Although not required under Rule 15c2-12, the District has, in connection with prior bond issues of the District, entered into voluntary agreements pursuant to which the District agreed to provide certain financial information and other operating data.

Interest of Certain Persons Named in this Official Statement

The legal fees to be paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Independent Auditors

The basic financial statements of the District for the year ended December 31, 2018, which are appended hereto, have been audited by independent auditor, Fiscal Focus Partners, LLC, Certified Public Accountants, Greenwood Village, Colorado, as stated in their report appearing therein. Such report has been appended without prior review or consent of the auditor.

Underwriting

The 2020A-2 Senior Bonds and the 2020B Subordinate Bonds are being sold by the District to the Underwriter at underwriting discounts of \$63,900 and \$287,625, respectively, pursuant to a purchase contract. See “USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Use of Proceeds.” Expenses associated with the issuance of the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds are being paid by the District from proceeds of the issues. The right of the Underwriter to receive compensation in connection with these issues is contingent upon the actual sale and delivery of the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds. The Underwriter has initially offered the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds at the prices set forth on the inside cover page of this Official Statement. Such prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds.

Direct Placement

D.A. Davidson & Co., Inc., Denver, Colorado, has acted as placement agent (in such capacity, the “Placement Agent”) in connection with the direct placement of the 2020A-1 Senior Bonds to the 2020A-1 Bond Purchaser. In connection with such Placement Agent services, the Placement Agent is receiving a fee from the District. The right of the Placement Agent to receive compensation in connection with the 2020A-1 Senior Bonds is contingent upon the actual sale and delivery of the 2020A-1 Senior Bonds. See “USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Use of Proceeds.”

Additional Information

Copies of 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 noted in the “INTRODUCTION” hereto.

Official Statement Certification

The preparation of this Official Statement and its distribution have been authorized by the Board. This Official Statement is hereby duly approved by the Board as of the date on the cover page hereof. This Official Statement is not to be construed as an agreement or contract between the District and the purchasers or owners of any Bond.

**SOUTHSHORE METROPOLITAN
DISTRICT NO. 2**

By /s/ Jerry B. Richmond
President

APPENDIX A

FORECASTED STATEMENT OF SOURCES AND USES OF CASH

**Southshore Metropolitan District No.2
Forecasted Statement of Sources
and Uses of Cash**

**For the Years Ending
December 31, 2019 through 2047**

Board of Directors
Southshore Metropolitan District No. 2
Aurora, Colorado

Management is responsible for the accompanying forecast of Southshore 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 thru IV), analysis of absorption, market values and system development fees (Exhibit V) and calculations of assessed valuations (Exhibit I) for the years ending December 31, 2019 through 2047, 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.

We are not independent with respect to Southshore Metropolitan District No. 2 because we performed certain accounting services that impaired our independence.

Simmons & Wheeler P.C.

April 1, 2020

Southshore Metropolitan District No. 2

Summary of Significant Assumptions and Accounting Policies December 31, 2019 through 2047

The following forecast is based on information provided by representatives of Southshore Recovery Acquisition, LLC and the Board of Directors of the District collectively referred to as “management” herein. Management has relied on a market analysis and absorption forecast for the District prepared by Metrostudy, Inc. Centennial, CO dated October 23, 2019 and revised March 5, 2020, for the taxable value and absorption of the residential property within the District. The following 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 1, 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.

This forecast represents a combination of the activities of the Southshore Metropolitan Districts 1 and 2. District No. 1 currently manages operations and construction and ownership of capital improvements. District No. 2 collects property taxes from the mill levies it imposes on the properties within District No. 2 and remits the portion attributable from the General Fund mill levy to District No. 1 for operations. Southshore Metropolitan Districts 1 and 2 are collectively referred to as (“District”) in this forecast.

The purpose of this forecast is to show the amount of funds available for debt retirement with the issuance of proposed bond issues on April 8, 2020 as further described in Note 4.

Note 1: Ad Valorem Taxes

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

Residential property was assessed at 7.20% of market values for collection year 2019. For collection year 2020, residential property is assessed at 7.15% of market values. 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 964 additional residential units from January 1, 2020 through completion in 2025. Prior to December 31, 2019, residential development was 985 homes. Market values for the remaining residential property in the District are forecasted to range from \$467,173 to \$943,071 as of 2019 as detailed in Exhibit V. Finished lots are forecasted at 10% of 2019 market values for finished homes. Prior to construction, market values of residential dwelling units are forecasted to inflate at 2% 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 1st subsequent to completion. The forecast recognizes the related property taxes as revenue in the subsequent year.

Southshore Metropolitan District No. 2

Summary of Significant Assumptions and Accounting Policies December 31, 2019 through 2047

Note 1: Ad Valorem Taxes (continued)

The County Treasurer currently charges a 1.5% fee for the collection of property taxes. These charges are reflected in the accompanying forecast as an expenditure.

The mill levy imposed by the District for collection year 2020 is 2.227 mills for operations and 55.664 mills for debt service for a total levy of 57.891 mills. The mill levies are subject to adjustment as a result of any changes in the residential assessment from the current ratio of 7.15%.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 6% of property taxes collected. All Specific Ownership Taxes collected are available for operations and are NOT pledged to the repayment of the existing and proposed debt.

Note 2: Development Fees

The District currently imposes a \$2,500 System Development Fee on each single family home. The fees are due upon the issuance of a building permit and are forecasted to be collected as indicated in Exhibit V. All System Development Fees are pledged to the proposed debt.

Note 3: Interest Income

Interest income is assumed to be earned at 0.50% per annum on the reserve and surplus fund balances.

Note 4: Bond Assumptions

Current Debt

The District issued the Series 2007 Bonds in the principal amount of \$10,000,000 on July 24, 2007. The bonds carry coupon rates ranging from 5.375% to 5.750% and mature on December 1, 2031. The Series 2007 Bonds were, when issued, secured by a required minimum mill levy of 30.000 mills and a required maximum mill levy not to exceed 50.000 mills (adjusted for changes occurring after the issuance of such bonds in the ratio of assessed values to market values), a reserve fund of \$1,000,000 and a surplus fund of up to \$1,000,000. Since the current residential assessment ratio is 7.15%, the maximum mill levy is assumed to adjust to 55.664 mills beginning in collection year 2020. Under the terms of the original indenture (prior to the issuance of the Series 2015 Bonds), the required mill levy for the Series 2007 Bonds could be reduced below 30 mills should the surplus fund equal or exceed \$1,000,000 or the ratio of all outstanding debt to assessed valuation is 50% or less. The surplus fund and the reserve fund requirements can be removed when the ratio of all outstanding debt to assessed valuation is 50% or less.

Upon the issuance of the Series 2015 Bonds further described below, the security for the Series 2007 Bonds changed and, as applicable to both the Series 2007 Bonds and the Series 2015 Bonds, is currently as follows: the required minimum mill levy increased from 30.000 mills to 50.000 mills (which, as adjusted for the residential assessment ratio of 7.15%, is 55.664 mills), and the limited mill levy cap of 55.664 mills and the Surplus Fund can be released when the ratio of all outstanding debt to assessed valuation is 50% or less. The Surplus Fund increased to a maximum amount of \$1,500,000.

Southshore Metropolitan District No. 2

Summary of Significant Assumptions and Accounting Policies December 31, 2019 through 2047

Note 4: Bond Assumptions (continued)

On September 3, 2015, the District issued the Series 2015 General Obligation (Limited Tax Convertible to Unlimited Tax) Convertible Capital Appreciation Bonds (the "Series 2015 Bonds") in the initial principal amount of \$12,482,807. The Series 2015 Bonds accreted to \$14,410,000 on December 1, 2017 and thereafter converted to current interest bonds with an interest rate of 6.50% and mature on December 1, 2042. The Series 2015 Bonds are on parity with the Series 2007 Bonds.

On June 21, 2017 the District issued its subordinate Series 2017 Bonds totaling \$10,404,000. The Series 2017 Bonds carry a coupon rate of 7.75% and mature on December 15, 2042. The subordinate Series 2017 Bonds are cash flow bonds with annual payments to be made on December 15, commencing December 15, 2017, to the extent of available revenue. Unpaid interest compounds annually on December 15 at the rate of 7.75%. Payments toward interest and principal can be made provided the Series 2007 Bonds and the Series 2015 Bonds are current and the Reserve and Surplus Funds for the Series 2007 Bonds and the Series 2015 Bonds are full. At such time as the ratio of all outstanding debt to assessed valuation is 50% or less, the Surplus Fund for the Series 2007 Bonds and the Series 2015 Bonds is to be released and applied to the subordinate Series 2017 Bonds.

Forecasted New Debt

The District intends to issue \$30,090,000 of Taxable (Convertible to Tax Exempt) General Obligation Limited Tax (Convertible to Unlimited Tax) Refunding Bonds, Series 2020A-1 (the "Series 2020A-1 Bonds"), \$12,780,000 of Tax Exempt General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2 (the "Series 2020A-2 Bonds") and \$19,175,000 of Tax Exempt Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B (the "Series 2020B Bonds") on April 8, 2020.

The Series 2020A-1 Bonds are forecasted to carry a taxable coupon rate of 2.770% through November 30, 2020 payable on December 1, 2020 and a tax exempt coupon rate of 2.190% from December 1, 2020 through the remaining term of the bonds, with interest payable on June 1st and December 1st commencing on June 1, 2020. The Series 2020A-1 Bonds mature on December 1, 2039. The proceeds of the Series 2020A-1 Bonds will be used to refund all of the existing Series 2015 Bonds and the Series 2017 Subordinate Bonds and pay issuance costs associated with the Series 2020A-1 Bonds. Exhibit II reflects the forecasted repayment by year for the Series 2020A-1 Bonds.

The Series 2020A-2 Bonds are forecasted to carry a coupon rate of 4.000% with interest payable on June 1st and December 1st commencing on June 1, 2020. The Series 2020A-2 Bonds mature on December 1, 2046. The proceeds of the Series 2020A-2 Bonds will be used to provide \$13,884,141 for project costs and pay issuance costs for the Series 2020A-2 Bonds. Exhibit III reflects the forecasted repayment by year for the Series 2020A-2 Bonds.

Southshore Metropolitan District No. 2

Summary of Significant Assumptions and Accounting Policies December 31, 2019 through 2047

Note 4: Bond Assumptions (continued)

The District intends to issue its Series 2020B totaling \$19,175,000 on April 8, 2020. The Series 2020B Bonds are forecasted to carry a coupon rate ranging from 3.125% to 4.125% and mature on December 15, 2041. Interest and principal are payable annually on December 15th as indicated in Exhibit IV. The proceeds will be used to refund the existing Series 2007 Bonds, provide for capitalized interest in the amount of \$281,385, a reserve fund in the amount of \$1,828,898, provide \$7,615,859 for project costs and pay issuance costs related to the Series 2020B Bonds.

The Series 2020A-1, Series 2020A-2 and Series 2020B Bonds will be insured by Build America Mutual Assurance Company.

The Series 2020A-1 Bonds, Series 2020A-2 Bonds and the Series 2020B Bonds are secured by the development fees described in Note 2 and a maximum mill levy of 55.664 mills (subject to adjustment for changes in the residential assessment rate described in Note 1). The Series 2020B Bonds are further secured by a reserve fund of \$1,828,898, capitalized interest of \$281,385 and a surplus fund of up to \$1,078,491. The mill levy for the Series 2020A-1 Bonds and the Series 2020A-2 Bonds can become unlimited at such time the test for such conversion is satisfied as provided in the Senior Indenture, which requires among other things, that the ratio of outstanding general debt to the District's assessed valuation is less than 50%. The forecast assumes the debt service mill levy can reduce to 40.000 mills for collection year 2021 and further reduce in 2040 and thereafter as indicated in Exhibit I.

The following table reflects the proposed sources and uses of funds for the Series 2020A-1 Bonds, the Series 2020A-2 Bonds and the Series 2020B Bonds.

| | Series <u>2020A-1</u> | Series <u>2020A-2</u> | Series <u>2020B</u> | <u>Total</u> |
|---|--------------------------|--------------------------|------------------------|----------------------|
| Bond proceeds | \$ 30,090,000 | \$ 12,780,000 | \$ 19,175,000 | \$ 62,045,000 |
| Less Original issue discount | - | (307,870) | (207,524) | (515,394) |
| Other funds on hand | - | 1,732,131 | - | 1,732,131 |
| | <u>\$ 30,090,000</u> | <u>\$ 14,204,261</u> | <u>\$ 18,967,476</u> | <u>\$ 63,261,737</u> |
| Issuance costs | \$ 562,254 | \$ 320,120 | \$ 667,831 | \$ 1,550,205 |
| Capitalized interest | - | - | 281,385 | 281,385 |
| Reserve Fund | - | - | 1,828,898 | 1,828,898 |
| Refund Series 2007 Bonds | - | - | 8,573,503 | 8,573,503 |
| Refund Series 2015 Bonds | 15,778,930 | - | - | 15,778,930 |
| Refund Series 2017 Bonds | 13,748,816 | - | - | 13,748,816 |
| Available for improvements / repayment of capital advances | - | 13,884,141 | 7,615,859 | 21,500,000 |
| | <u>\$ 30,090,000</u> | <u>\$ 14,204,261</u> | <u>\$ 18,967,476</u> | <u>\$ 63,261,737</u> |

Southshore Metropolitan District No. 2

Summary of Significant Assumptions and Accounting Policies December 31, 2019 through 2047

Note 5: Capital Improvements

This forecast only reflects the amount of bond proceeds from the Series 2020A-2 Bonds and the Series 2020B Bonds available for eligible District improvements. Improvement costs in excess of the net bond proceeds of \$21,500,000 are not a part of this forecast.

Note 6: 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 2.227 mills for collection year 2020 and beyond. All the Specific Ownership Taxes attributable to the total property tax revenues collected by the District are also available for District operating expenses. In Exhibit I, the General Fund reflects the net tax revenues that are forecasted to be transferred to District No. 1 for District operations.

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | Total | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|----------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund | | | | | | | | | | | |
| Beginning cash available | \$ 37,610 | \$ 37,610 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenues | | | | | | | | | | | |
| Property taxes | 6,028,053 | 63,869 | 114,005 | 128,992 | 150,044 | 167,186 | 184,150 | 194,696 | 204,828 | 206,547 | 210,678 |
| Specific ownership taxes | 5,937,799 | 96,861 | 177,813 | 146,752 | 170,702 | 190,205 | 209,504 | 221,502 | 233,029 | 234,985 | 239,685 |
| | <u>11,965,852</u> | <u>160,730</u> | <u>291,818</u> | <u>275,744</u> | <u>320,746</u> | <u>357,391</u> | <u>393,654</u> | <u>416,198</u> | <u>437,857</u> | <u>441,532</u> | <u>450,363</u> |
| Expenditures | | | | | | | | | | | |
| County treasurer fees | 90,422 | 958 | 1,710 | 1,935 | 2,251 | 2,508 | 2,762 | 2,920 | 3,072 | 3,098 | 3,160 |
| Transfer to District No. 1 | 11,913,040 | 197,382 | 290,108 | 273,809 | 318,495 | 354,883 | 390,892 | 413,278 | 434,785 | 438,434 | 447,203 |
| | <u>12,003,462</u> | <u>198,340</u> | <u>291,818</u> | <u>275,744</u> | <u>320,746</u> | <u>357,391</u> | <u>393,654</u> | <u>416,198</u> | <u>437,857</u> | <u>441,532</u> | <u>450,363</u> |
| Ending cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Mill Levy | | 2.277 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 |

| | | | | | | | | | | | |
|---|-------------------|----------|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Capital Project Fund | | | | | | | | | | | |
| Beginning cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenues | | | | | | | | | | | |
| Bond proceeds - Series 2020A-1 | 30,090,000 | | 30,090,000 | | | | | | | | |
| Bond proceeds - Series 2020A-2 | 12,780,000 | | 12,780,000 | | | | | | | | |
| Original Issue Discount - Series 2020A-2 | (307,870) | | (307,870) | | | | | | | | |
| Bond proceeds - Series 2020B | 19,175,000 | | 19,175,000 | | | | | | | | |
| Original Issue Discount - Series 2020B | (207,524) | | (207,524) | | | | | | | | |
| | <u>61,529,606</u> | <u>-</u> | <u>61,529,606</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | | | | | | |
| Issuance costs | 1,550,205 | | 1,550,205 | | | | | | | | |
| Transfer to Debt Service Fund | 38,479,401 | | 38,479,401 | | | | | | | | |
| Available for improvements / repayment of capital advances | 21,500,000 | | 21,500,000 | | | | | | | | |
| | <u>61,529,606</u> | <u>-</u> | <u>61,529,606</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund | | | | | | | | | | | |
| Beginning cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenues | | | | | | | | | | | |
| Property taxes | 210,678 | 214,892 | 214,892 | 219,190 | 219,190 | 223,573 | 223,573 | 228,045 | 228,045 | 232,606 | 232,606 |
| Specific ownership taxes | 239,685 | 244,479 | 244,479 | 249,368 | 249,368 | 254,356 | 254,356 | 259,443 | 259,443 | 264,632 | 264,632 |
| | <u>450,363</u> | <u>459,371</u> | <u>459,371</u> | <u>468,558</u> | <u>468,558</u> | <u>477,929</u> | <u>477,929</u> | <u>487,488</u> | <u>487,488</u> | <u>497,238</u> | <u>497,238</u> |
| Expenditures | | | | | | | | | | | |
| County treasurer fees | 3,160 | 3,223 | 3,223 | 3,288 | 3,288 | 3,354 | 3,354 | 3,421 | 3,421 | 3,489 | 3,489 |
| Transfer to District No. 1 | 447,203 | 456,148 | 456,148 | 465,270 | 465,270 | 474,575 | 474,575 | 484,067 | 484,067 | 493,749 | 493,749 |
| | <u>450,363</u> | <u>459,371</u> | <u>459,371</u> | <u>468,558</u> | <u>468,558</u> | <u>477,929</u> | <u>477,929</u> | <u>487,488</u> | <u>487,488</u> | <u>497,238</u> | <u>497,238</u> |
| Ending cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Mill Levy | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 |

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Capital Project Fund | | | | | | | | | | | |
| Beginning cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenues | | | | | | | | | | | |
| Bond proceeds - Series 2020A-1 | | | | | | | | | | | |
| Bond proceeds - Series 2020A-2 | | | | | | | | | | | |
| Original Issue Discount - Series 2020A-2 | | | | | | | | | | | |
| Bond proceeds - Series 2020B | | | | | | | | | | | |
| Original Issue Discount - Series 2020B | | | | | | | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | | | | | | |
| Issuance costs | | | | | | | | | | | |
| Transfer to Debt Service Fund | | | | | | | | | | | |
| Available for improvements / repayment of capital advances | | | | | | | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 |
|----------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | General Fund | | | | | | | |
| Beginning cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenues | | | | | | | | |
| Property taxes | 237,258 | 237,258 | 242,003 | 242,003 | 246,843 | 246,843 | 251,780 | 251,780 |
| Specific ownership taxes | 257,140 | 257,140 | 138,401 | 138,401 | 141,169 | 141,169 | 143,993 | 15,107 |
| | <u>494,398</u> | <u>494,398</u> | <u>380,404</u> | <u>380,404</u> | <u>388,012</u> | <u>388,012</u> | <u>395,773</u> | <u>266,887</u> |
| Expenditures | | | | | | | | |
| County treasurer fees | 3,559 | 3,559 | 3,630 | 3,630 | 3,703 | 3,703 | 3,777 | 3,777 |
| Transfer to District No. 1 | 490,839 | 490,839 | 376,774 | 376,774 | 384,309 | 384,309 | 391,996 | 263,110 |
| | <u>494,398</u> | <u>494,398</u> | <u>380,404</u> | <u>380,404</u> | <u>388,012</u> | <u>388,012</u> | <u>395,773</u> | <u>266,887</u> |
| Ending cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Mill Levy | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 | 2.227 |

| | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 |
|---|-----------------------------|----------|----------|----------|----------|----------|----------|----------|
| | Capital Project Fund | | | | | | | |
| Beginning cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenues | | | | | | | | |
| Bond proceeds - Series 2020A-1 | | | | | | | | |
| Bond proceeds - Series 2020A-2 | | | | | | | | |
| Original Issue Discount - Series 2020A-2 | | | | | | | | |
| Bond proceeds - Series 2020B | | | | | | | | |
| Original Issue Discount - Series 2020B | | | | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | | | |
| Issuance costs | | | | | | | | |
| Transfer to Debt Service Fund | | | | | | | | |
| Available for improvements / repayment of capital advances | | | | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending cash available | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|---|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Debt Service Fund | | | | | | | | | | |
| Beginning cash available | \$ 3,719,818 | \$ 3,683,759 | \$ 3,646,704 | \$ 3,613,195 | \$ 3,562,682 | \$ 3,513,235 | \$ 3,464,584 | \$ 3,413,851 | \$ 3,362,652 | \$ 3,312,853 | \$ 3,262,779 |
| Revenues | | | | | | | | | | | |
| Property taxes | 3,784,071 | 3,859,752 | 3,859,752 | 3,936,947 | 3,936,947 | 4,015,686 | 4,015,686 | 4,096,000 | 4,096,000 | 4,177,920 | 4,177,920 |
| System Development Fees | | | | | | | | | | | |
| Transfer from Capital Projects | | | | | | | | | | | |
| Interest income | 14,537 | 14,537 | 14,537 | | | | | | | | |
| | <u>3,798,608</u> | <u>3,874,289</u> | <u>3,874,289</u> | <u>3,936,947</u> | <u>3,936,947</u> | <u>4,015,686</u> | <u>4,015,686</u> | <u>4,096,000</u> | <u>4,096,000</u> | <u>4,177,920</u> | <u>4,177,920</u> |
| Expenditures | | | | | | | | | | | |
| Debt service - Series 2007 | | | | | | | | | | | |
| Debt service - Series 2015 | | | | | | | | | | | |
| Debt service - Series 2017 | | | | | | | | | | | |
| Debt service - Series 2020A-1 | 1,861,100 | 1,899,455 | 1,901,276 | 1,937,331 | 1,936,853 | 1,975,609 | 1,977,722 | 2,013,959 | 2,018,553 | 2,057,162 | 2,054,019 |
| Debt service - Series 2020A-2 | 511,200 | 511,200 | 511,200 | 511,200 | 511,200 | 511,200 | 511,200 | 511,200 | 511,200 | 511,200 | 511,200 |
| Debt service - Series 2020B | 1,395,606 | 1,432,794 | 1,427,425 | 1,469,875 | 1,469,288 | 1,507,294 | 1,507,263 | 1,550,600 | 1,544,606 | 1,586,963 | 1,590,606 |
| Paying agent / trustee fees | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| County treasurer fees | 56,761 | 57,896 | 57,896 | 59,054 | 59,054 | 60,235 | 60,235 | 61,440 | 61,440 | 62,669 | 62,669 |
| | <u>3,834,667</u> | <u>3,911,344</u> | <u>3,907,797</u> | <u>3,987,460</u> | <u>3,986,395</u> | <u>4,064,337</u> | <u>4,066,419</u> | <u>4,147,199</u> | <u>4,145,799</u> | <u>4,227,994</u> | <u>4,228,494</u> |
| Ending cash available | \$ 3,683,759 | \$ 3,646,704 | \$ 3,613,195 | \$ 3,562,682 | \$ 3,513,235 | \$ 3,464,584 | \$ 3,413,851 | \$ 3,362,652 | \$ 3,312,853 | \$ 3,262,779 | \$ 3,212,205 |
| Reserve Fund - Series 2020B | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 | \$ 1,828,898 |
| Surplus Fund (\$1,078,491 for Series 2020B) | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 | \$ 1,078,491 |
| Excess Funds | \$ 776,370 | \$ 739,315 | \$ 705,806 | \$ 655,293 | \$ 605,846 | \$ 557,195 | \$ 506,462 | \$ 455,263 | \$ 405,464 | \$ 355,390 | \$ 304,816 |
| Mill Levy | 40.000 | 40.000 | 40.000 | 40.000 | 40.000 | 40.000 | 40.000 | 40.000 | 40.000 | 40.000 | 40.000 |
| Total Mill Levy | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> | <u>42.227</u> |
| Outstanding Debt - (All Debt) | 46,295 | 44,000 | 41,645 | 39,145 | 36,575 | 33,855 | 31,055 | 28,095 | 25,050 | 21,835 | 18,525 |
| Ratio OS Debt / Assessed Value | 47.98% | 45.60% | 42.31% | 39.77% | 36.43% | 33.72% | 30.33% | 27.44% | 23.98% | 20.91% | 17.39% |

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 |
|---|--------------------------|--------------|------------|------------|------------|------------|------------|------------|
| | Debt Service Fund | | | | | | | |
| Beginning cash available | \$ 3,212,205 | \$ 2,949,203 | \$ 858,401 | \$ 764,517 | \$ 670,233 | \$ 584,023 | \$ 499,413 | \$ 415,891 |
| Revenues | | | | | | | | |
| Property taxes | 4,048,405 | 4,048,405 | 2,064,686 | 2,064,686 | 2,105,980 | 2,105,980 | 2,148,100 | - |
| System Development Fees | | | | | | | | |
| Transfer from Capital Projects | | | | | | | | |
| Interest income | | | | | | | | |
| | 4,048,405 | 4,048,405 | 2,064,686 | 2,064,686 | 2,105,980 | 2,105,980 | 2,148,100 | - |
| Expenditures | | | | | | | | |
| Debt service - Series 2007 | | | | | - | - | - | - |
| Debt service - Series 2015 | | | | | - | - | - | - |
| Debt service - Series 2017 | | | | | | | | |
| Debt service - Series 2020A-1 | - | - | - | - | - | - | - | - |
| Debt service - Series 2020A-2 | 2,086,200 | 2,088,200 | 2,122,600 | 2,123,000 | 2,155,600 | 2,154,000 | 2,194,400 | - |
| Debt service - Series 2020B | 2,156,981 | 3,982,781 | - | - | - | - | - | - |
| Paying agent / trustee fees | 7,500 | 7,500 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | - |
| County treasurer fees | 60,726 | 60,726 | 30,970 | 30,970 | 31,590 | 31,590 | 32,222 | - |
| | 4,311,407 | 6,139,207 | 2,158,570 | 2,158,970 | 2,192,190 | 2,190,590 | 2,231,622 | - |
| Ending cash available | \$ 2,949,203 | \$ 858,401 | \$ 764,517 | \$ 670,233 | \$ 584,023 | \$ 499,413 | \$ 415,891 | \$ 415,891 |
| Reserve Fund - Series 2020B | \$ 1,828,898 | | | | | | | |
| Surplus Fund (\$1,078,491 for Series 2020B) | \$ 1,078,491 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Excess Funds | \$ 41,814 | \$ 858,401 | \$ 764,517 | \$ 670,233 | \$ 584,023 | \$ 499,413 | \$ 415,891 | \$ 415,891 |
| Mill Levy | 38.000 | 38.000 | 19.000 | 19.000 | 19.000 | 19.000 | 19.000 | - |
| Total Mill Levy | 40.227 | 40.227 | 21.227 | 21.227 | 21.227 | 21.227 | 21.227 | 2.227 |
| Oustanding Debt - (All Debt) | 15,030 | 9,565 | 7,825 | 6,015 | 4,100 | 2,110 | - | - |
| Ratio OS Debt / Assessed Value | 14.11% | 8.80% | 7.20% | 5.43% | 3.70% | 1.87% | 0.00% | |

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | Total | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|------------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Calculation of Assessed Valuation | | | | | | | | | | | |
| Market values - residential homes (000's) | | | | | | | | | | | |
| Beginning | 237,818 | 237,818 | 308,184 | 478,136 | 601,401 | 776,685 | 923,880 | 1,073,115 | 1,168,441 | 1,266,479 | 1,292,091 |
| Increases (see Exhibit V) | 787,580 | | | 150,765 | 163,256 | 147,194 | 130,757 | 95,327 | 74,668 | 25,612 | - |
| Adjustment (prior years) | 212,818 | 70,366 | 169,952 | (27,500) | | | | | | | |
| Biennial reassessment (1% per annum) | 336,835 | - | - | - | 12,028 | - | 18,478 | - | 23,369 | - | 25,842 |
| Ending | 1,575,051 | 308,184 | 478,136 | 601,401 | 776,685 | 923,880 | 1,073,115 | 1,168,441 | 1,266,479 | 1,292,091 | 1,317,933 |
| Residential assessment ratio | | 7.20% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% |
| Assessed value - residential (000's) | | 22,189 | 34,187 | 43,000 | 55,533 | 66,057 | 76,728 | 83,544 | 90,553 | 92,384 | 94,232 |
| Market values - finished lots | | | | | | | | | | | |
| Beginning | 23,003 | 23,003 | 18,534 | 57,462 | 50,277 | 39,633 | 29,885 | 19,334 | 12,160 | 3,653 | - |
| Increases (decreases) (see Exhibit V) | (12,497) | | | 2,453 | (802) | (1,826) | (3,515) | (2,044) | (4,489) | (2,274) | - |
| Adjustment | (10,506) | (4,469) | 38,927 | (9,638) | (9,841) | (7,922) | (7,037) | (5,130) | (4,018) | (1,378) | |
| | (0) | 18,534 | 57,462 | 50,277 | 39,633 | 29,885 | 19,334 | 12,160 | 3,653 | - | - |
| Market values - Commercial (000's) | | | | | | | | | | | |
| Beginning | 680 | 680 | 1,673 | 1,177 | 1,177 | 1,201 | 1,201 | 1,225 | 1,225 | 1,249 | 1,249 |
| Adjustment | 497 | 993 | (496) | | | | | | | | |
| Biennial reassessment (1% per annum) | 346 | | | - | 24 | - | 24 | - | 24 | - | 25 |
| | 1,523 | 1,673 | 1,177 | 1,177 | 1,201 | 1,201 | 1,225 | 1,225 | 1,249 | 1,249 | 1,274 |
| Commercial assessment ratio | | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% |
| Assessed value - commercial (000's) | | 5,860 | 17,005 | 14,922 | 11,842 | 9,015 | 5,962 | 3,882 | 1,422 | 362 | 370 |
| Total assessed valuation (000's) | | 28,049 | 51,192 | 57,922 | 67,375 | 75,072 | 82,690 | 87,425 | 91,975 | 92,747 | 94,602 |

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Calculation of Assessed Valuation | | | | | | | | | | | |
| Market values - residential homes (000's) | | | | | | | | | | | |
| Beginning | 1,317,933 | 1,317,933 | 1,344,291 | 1,344,291 | 1,371,177 | 1,371,177 | 1,398,601 | 1,398,601 | 1,426,573 | 1,426,573 | 1,455,104 |
| Increases (see Exhibit V) | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment (prior years) | - | - | - | - | - | - | - | - | - | - | - |
| Biennial reassessment (1% per annum) | - | 26,359 | - | 26,886 | - | 27,424 | - | 27,972 | - | 28,531 | - |
| Ending | 1,317,933 | 1,344,291 | 1,344,291 | 1,371,177 | 1,371,177 | 1,398,601 | 1,398,601 | 1,426,573 | 1,426,573 | 1,455,104 | 1,455,104 |
| Residential assessment ratio | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% |
| Assessed value - residential (000's) | 94,232 | 96,117 | 96,117 | 98,039 | 98,039 | 100,000 | 100,000 | 102,000 | 102,000 | 104,040 | 104,040 |
| Market values - finished lots | | | | | | | | | | | |
| Beginning | - | - | - | - | - | - | - | - | - | - | - |
| Increases (decreases) (see Exhibit V) | - | - | - | - | - | - | - | - | - | - | - |
| Adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Market values - Commercial (000's) | | | | | | | | | | | |
| Beginning | 1,274 | 1,274 | 1,300 | 1,300 | 1,326 | 1,326 | 1,352 | 1,352 | 1,380 | 1,380 | 1,407 |
| Adjustment | - | - | - | - | - | - | - | - | - | - | - |
| Biennial reassessment (1% per annum) | - | 25 | - | 26 | - | 27 | - | 27 | - | 28 | - |
| Ending | 1,274 | 1,300 | 1,300 | 1,326 | 1,326 | 1,352 | 1,352 | 1,380 | 1,380 | 1,407 | 1,407 |
| Commercial assessment ratio | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% |
| Assessed value - commercial (000's) | 370 | 377 | 377 | 385 | 385 | 392 | 392 | 400 | 400 | 408 | 408 |
| Total assessed valuation (000's) | 94,602 | 96,494 | 96,494 | 98,424 | 98,424 | 100,392 | 100,392 | 102,400 | 102,400 | 104,448 | 104,448 |

**Southshore Metropolitan District No. 2
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2019 through 2047**

| | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 |
|--|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Calculation of Assessed Valuation | | | | | | | |
| Market values - residential homes (000's) | | | | | | | | |
| Beginning | 1,455,104 | 1,484,206 | 1,484,206 | 1,513,890 | 1,513,890 | 1,544,168 | 1,544,168 | 1,575,051 |
| Increases (see Exhibit V) | | | | | | | | |
| Adjustment (prior years) | | | | | | | | |
| Biennial reassessment (1% per annum) | 29,102 | - | 29,684 | - | 30,278 | - | 30,883 | - |
| Ending | 1,484,206 | 1,484,206 | 1,513,890 | 1,513,890 | 1,544,168 | 1,544,168 | 1,575,051 | 1,575,051 |
| Residential assessment ratio | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% |
| Assessed value - residential (000's) | 106,121 | 106,121 | 108,243 | 108,243 | 110,408 | 110,408 | 112,616 | 112,616 |
| Market values - finished lots | | | | | | | | |
| Beginning | - | - | - | - | - | - | - | - |
| Increases (decreases) (see Exhibit V) | | | | | | | | |
| Adjustment | | | | | | | | |
| | - | - | - | - | - | - | - | - |
| Market values - Commercial (000's) | | | | | | | | |
| Beginning | 1,407 | 1,435 | 1,435 | 1,464 | 1,464 | 1,493 | 1,493 | 1,523 |
| Adjustment | | | | | | | | |
| Biennial reassessment (1% per annum) | 28 | - | 29 | - | 29 | - | 30 | - |
| | 1,435 | 1,435 | 1,464 | 1,464 | 1,493 | 1,493 | 1,523 | 1,523 |
| Commercial assessment ratio | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% | 29.00% |
| Assessed value - commercial (000's) | 416 | 416 | 425 | 425 | 433 | 433 | 442 | 442 |
| Total assessed valuation (000's) | 106,537 | 106,537 | 108,668 | 108,668 | 110,841 | 110,841 | 113,058 | 113,058 |

| |
|--|
| Southshore Metropolitan District No. 2 Forecasted Schedule of General Obligation Debt - Series 2020A-1 For the Years Ended December 31, 2020 through 2039 |
|--|

| <u>Year</u> | <u>Principal</u> | <u>Coupon</u> | <u>Interest</u> | <u>Annual Total</u> | <u>Outstanding Balance</u> |
|-------------|-------------------|---------------|------------------|---------------------|----------------------------|
| | | | | | 30,090,000 |
| 2020 | | | 122,709 | | 30,090,000 |
| 2020 | 1,155,000 | 2.770% | 416,747 | 1,694,455 | 28,935,000 |
| 2021 | | | 316,838 | | 28,935,000 |
| 2021 | 1,045,000 | 2.190% | 316,838 | 1,678,677 | 27,890,000 |
| 2022 | | | 305,396 | | 27,890,000 |
| 2022 | 1,145,000 | 2.190% | 305,396 | 1,755,791 | 26,745,000 |
| 2023 | | | 292,858 | | 26,745,000 |
| 2023 | 1,170,000 | 2.190% | 292,858 | 1,755,716 | 25,575,000 |
| 2024 | | | 280,046 | | 25,575,000 |
| 2024 | 1,230,000 | 2.190% | 280,046 | 1,790,093 | 24,345,000 |
| 2025 | | | 266,578 | | 24,345,000 |
| 2025 | 1,260,000 | 2.190% | 266,578 | 1,793,156 | 23,085,000 |
| 2026 | | | 252,781 | | 23,085,000 |
| 2026 | 1,320,000 | 2.190% | 252,781 | 1,825,562 | 21,765,000 |
| 2027 | | | 238,327 | | 21,765,000 |
| 2027 | 1,350,000 | 2.190% | 238,327 | 1,826,654 | 20,415,000 |
| 2028 | | | 223,544 | | 20,415,000 |
| 2028 | 1,415,000 | 2.190% | 223,544 | 1,862,089 | 19,000,000 |
| 2029 | | | 208,050 | | 19,000,000 |
| 2029 | 1,445,000 | 2.190% | 208,050 | 1,861,100 | 17,555,000 |
| 2030 | | | 192,227 | | 17,555,000 |
| 2030 | 1,515,000 | 2.190% | 192,227 | 1,899,455 | 16,040,000 |
| 2031 | | | 175,638 | | 16,040,000 |
| 2031 | 1,550,000 | 2.190% | 175,638 | 1,901,276 | 14,490,000 |
| 2032 | | | 158,666 | | 14,490,000 |
| 2032 | 1,620,000 | 2.190% | 158,666 | 1,937,331 | 12,870,000 |
| 2033 | | | 140,927 | | 12,870,000 |
| 2033 | 1,655,000 | 2.190% | 140,927 | 1,936,853 | 11,215,000 |
| 2034 | | | 122,804 | | 11,215,000 |
| 2034 | 1,730,000 | 2.190% | 122,804 | 1,975,609 | 9,485,000 |
| 2035 | | | 103,861 | | 9,485,000 |
| 2035 | 1,770,000 | 2.190% | 103,861 | 1,977,722 | 7,715,000 |
| 2036 | | | 84,479 | | 7,715,000 |
| 2036 | 1,845,000 | 2.190% | 84,479 | 2,013,959 | 5,870,000 |
| 2037 | | | 64,277 | | 5,870,000 |
| 2037 | 1,890,000 | 2.190% | 64,277 | 2,018,553 | 3,980,000 |
| 2038 | | | 43,581 | | 3,980,000 |
| 2038 | 1,970,000 | 2.190% | 43,581 | 2,057,162 | 2,010,000 |
| 2039 | | | 22,010 | | 2,010,000 |
| 2039 | 2,010,000 | 2.190% | 22,010 | 2,054,019 | - |
| | <u>30,090,000</u> | | <u>7,525,227</u> | <u>37,615,227</u> | |

| |
|--|
| Southshore Metropolitan District No. 2 Forecasted Schedule of General Obligation Debt - Series 2020A-2 For the Years Ended December 31, 2020 through 2046 |
|--|

| <u>Year</u> | <u>Principal</u> | <u>Coupon</u> | <u>Interest</u> | <u>Annual Total</u> | <u>Outstanding Balance</u> |
|-------------|-------------------|---------------|-------------------|-------------------------|--------------------------------|
| | | | | | 12,780,000 |
| 2020 | | | 75,260 | | 12,780,000 |
| 2020 | | | 255,600 | 330,860 | 12,780,000 |
| 2021 | | | 255,600 | | 12,780,000 |
| 2021 | | | 255,600 | 511,200 | 12,780,000 |
| 2022 | | | 255,600 | | 12,780,000 |
| 2022 | | | 255,600 | 511,200 | 12,780,000 |
| 2023 | | | 255,600 | | 12,780,000 |
| 2023 | | | 255,600 | 511,200 | 12,780,000 |
| 2024 | | | 255,600 | | 12,780,000 |
| 2024 | | | 255,600 | 511,200 | 12,780,000 |
| 2025 | | | 255,600 | | 12,780,000 |
| 2025 | | | 255,600 | 511,200 | 12,780,000 |
| 2026 | | | 255,600 | | 12,780,000 |
| 2026 | | | 255,600 | 511,200 | 12,780,000 |
| 2027 | | | 255,600 | | 12,780,000 |
| 2027 | | | 255,600 | 511,200 | 12,780,000 |
| 2028 | | | 255,600 | | 12,780,000 |
| 2028 | | | 255,600 | 511,200 | 12,780,000 |
| 2029 | | | 255,600 | | 12,780,000 |
| 2029 | | | 255,600 | 511,200 | 12,780,000 |
| 2030 | | | 255,600 | | 12,780,000 |
| 2030 | | | 255,600 | 511,200 | 12,780,000 |
| 2031 | | | 255,600 | | 12,780,000 |
| 2031 | | | 255,600 | 511,200 | 12,780,000 |
| 2032 | | | 255,600 | | 12,780,000 |
| 2032 | | | 255,600 | 511,200 | 12,780,000 |
| 2033 | | | 255,600 | | 12,780,000 |
| 2033 | | | 255,600 | 511,200 | 12,780,000 |
| 2034 | | | 255,600 | | 12,780,000 |
| 2034 | | | 255,600 | 511,200 | 12,780,000 |
| 2035 | | | 255,600 | | 12,780,000 |
| 2035 | | | 255,600 | 511,200 | 12,780,000 |
| 2036 | | | 255,600 | | 12,780,000 |
| 2036 | | | 255,600 | 511,200 | 12,780,000 |
| 2037 | | | 255,600 | | 12,780,000 |
| 2037 | | | 255,600 | 511,200 | 12,780,000 |
| 2038 | | | 255,600 | | 12,780,000 |
| 2038 | | | 255,600 | 511,200 | 12,780,000 |
| 2039 | | | 255,600 | | 12,780,000 |
| 2039 | | | 255,600 | 511,200 | 12,780,000 |
| 2040 | | | 255,600 | | 12,780,000 |
| 2040 | 1,575,000 | 4.000% | 255,600 | 2,086,200 | 11,205,000 |
| 2041 | | | 224,100 | | 11,205,000 |
| 2041 | 1,640,000 | 4.000% | 224,100 | 2,088,200 | 9,565,000 |
| 2042 | | | 191,300 | | 9,565,000 |
| 2042 | 1,740,000 | 4.000% | 191,300 | 2,122,600 | 7,825,000 |
| 2043 | | | 156,500 | | 7,825,000 |
| 2043 | 1,810,000 | 4.000% | 156,500 | 2,123,000 | 6,015,000 |
| 2044 | | | 120,300 | | 6,015,000 |
| 2044 | 1,915,000 | 4.000% | 120,300 | 2,155,600 | 4,100,000 |
| 2045 | | | 82,000 | | 4,100,000 |
| 2045 | 1,990,000 | 4.000% | 82,000 | 2,154,000 | 2,110,000 |
| 2046 | | | 42,200 | | 2,110,000 |
| 2046 | 2,110,000 | 4.000% | 42,200 | 2,194,400 | - |
| | <u>12,780,000</u> | | <u>12,187,660</u> | <u>24,967,660</u> | |

| |
|--|
| Southshore Metropolitan District No. 2 Forecasted Schedule of General Obligation Debt - Series 2020B For the Years Ended December 31, 2020 through 2041 |
|--|

| <u>Year</u> | <u>Principal</u> | <u>Coupon</u> | <u>Interest</u> | <u>Annual Total</u> | <u>Outstanding Balance</u> |
|-------------|-------------------|---------------|-------------------|---------------------|----------------------------|
| | | | | | 19,175,000 |
| 2020 | | | 533,692 | 533,692 | 19,175,000 |
| 2021 | | | 777,850 | 777,850 | 19,175,000 |
| 2022 | | | 777,850 | 777,850 | 19,175,000 |
| 2023 | | | 777,850 | 777,850 | 19,175,000 |
| 2024 | 30,000 | 3.125% | | | 19,145,000 |
| 2024 | 185,000 | 4.000% | 777,850 | 992,850 | 18,960,000 |
| 2025 | 55,000 | 3.125% | | | 18,905,000 |
| 2025 | 350,000 | 4.000% | 769,513 | 1,174,513 | 18,555,000 |
| 2026 | 70,000 | 3.125% | | | 18,485,000 |
| 2026 | 500,000 | 4.000% | 753,794 | 1,323,794 | 17,985,000 |
| 2027 | 75,000 | 3.125% | | | 17,910,000 |
| 2027 | 550,000 | 4.000% | 731,606 | 1,356,606 | 17,360,000 |
| 2028 | 85,000 | 3.125% | | | 17,275,000 |
| 2028 | 600,000 | 4.000% | 707,263 | 1,392,263 | 16,675,000 |
| 2029 | 90,000 | 3.125% | | | 16,585,000 |
| 2029 | 625,000 | 4.000% | 680,606 | 1,395,606 | 15,960,000 |
| 2030 | 95,000 | 3.125% | | | 15,865,000 |
| 2030 | 685,000 | 4.000% | 652,794 | 1,432,794 | 15,180,000 |
| 2031 | 175,000 | 3.750% | | | 15,005,000 |
| 2031 | 630,000 | 4.125% | 622,425 | 1,427,425 | 14,375,000 |
| 2032 | 190,000 | 3.750% | | | 14,185,000 |
| 2032 | 690,000 | 4.125% | 589,875 | 1,469,875 | 13,495,000 |
| 2033 | 200,000 | 3.750% | | | 13,295,000 |
| 2033 | 715,000 | 4.125% | 554,288 | 1,469,288 | 12,580,000 |
| 2034 | 215,000 | 3.750% | | | 12,365,000 |
| 2034 | 775,000 | 4.125% | 517,294 | 1,507,294 | 11,590,000 |
| 2035 | 220,000 | 3.750% | | | 11,370,000 |
| 2035 | 810,000 | 4.125% | 477,263 | 1,507,263 | 10,560,000 |
| 2036 | 1,115,000 | 4.125% | 435,600 | 1,550,600 | 9,445,000 |
| 2037 | 1,155,000 | 4.125% | 389,606 | 1,544,606 | 8,290,000 |
| 2038 | 1,245,000 | 4.125% | 341,963 | 1,586,963 | 7,045,000 |
| 2039 | 1,300,000 | 4.125% | 290,606 | 1,590,606 | 5,745,000 |
| 2040 | 1,920,000 | 4.125% | 236,981 | 2,156,981 | 3,825,000 |
| 2041 | 3,825,000 | 4.125% | 157,781 | 3,982,781 | - |
| | <u>19,175,000</u> | | <u>12,554,348</u> | <u>31,729,348</u> | |

**Southshore Metropolitan District No. 2
Forecasted Schedules of Absorption
Market Values and System Development Fees
For the Years Ended December 31, 2019 through 2030**

Schedule of Absorption

| Property Description | Prior Years | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|----------|----------|----------|----------|--------------|
| Units Absorbed | | | | | | | | | | | | | | |
| Residential | | | | | | | | | | | | | | |
| SFD Various (Filings 2-9) | 511 | | | | | | | | | | | | | 511 |
| SFD Richmond (Waverly) SFD 75' | 24 | 9 | | | | | | | | | | | | 33 |
| SFD Richmond (Lakeview) SFD 60' | 35 | 11 | | | | | | | | | | | | 46 |
| SFD Richmond (Hillcrest) SFD 50' | 54 | 50 | 11 | | | | | | | | | | | 115 |
| SFD Century (Hills) SFD 55' | 55 | 52 | 3 | | | | | | | | | | | 110 |
| SFD Toll (Vista Point) SFD 74' | 7 | 25 | 40 | 20 | | | | | | | | | | 92 |
| SFD Lyon Filing 12 (Marque) SFD 50' | 28 | 62 | 60 | | | | | | | | | | | 150 |
| SFD Lyon Filing 12 (Touchstone) SFD 60' | 9 | 44 | 18 | | | | | | | | | | | 71 |
| SFD Richmond Filing 16/17 SFD 62' | | - | 43 | 46 | 46 | 46 | 33 | | | | | | | 214 |
| SFD Toll (Lake) SFD 65' | | 9 | 38 | 38 | 38 | 16 | | | | | | | | 139 |
| SFD Lyon Filing 16 SFD 55' | | | 24 | 51 | 51 | 9 | | | | | | | | 135 |
| SFD TBD Filing 19 SFD 60' | | | 15 | 63 | 64 | 73 | 80 | 38 | | | | | | 333 |
| | 723 | 262 | 252 | 218 | 199 | 144 | 113 | 38 | - | - | - | - | - | 1,949 |
| Finished Lots | | | | | | | | | | | | | | |
| Residential | | | | | | | | | | | | | | |
| SFD Various (Filings 2-9) | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SFD Richmond (Waverly) SFD 75' | (15) | (9) | - | - | - | - | - | - | - | - | - | - | - | (24) |
| SFD Richmond (Lakeview) SFD 60' | (24) | (11) | - | - | - | - | - | - | - | - | - | - | - | (35) |
| SFD Richmond (Hillcrest) SFD 50' | (4) | (39) | (11) | - | - | - | - | - | - | - | - | - | - | (54) |
| SFD Century (Hills) SFD 55' | (3) | (49) | (3) | - | - | - | - | - | - | - | - | - | - | (55) |
| SFD Toll (Vista Point) SFD 74' | 18 | 15 | (20) | (20) | - | - | - | - | - | - | - | - | - | (7) |
| SFD Lyon Filing 12 (Marque) SFD 50' | 34 | (2) | (60) | - | - | - | - | - | - | - | - | - | - | (28) |
| SFD Lyon Filing 12 (Touchstone) SFD 60' | 35 | (26) | (18) | - | - | - | - | - | - | - | - | - | - | (9) |
| SFD Richmond Filing 16/17 SFD 62' | - | 43 | 3 | - | - | (13) | (33) | - | - | - | - | - | - | - |
| SFD Toll (Lake) SFD 65' | 9 | 29 | - | - | (22) | (16) | - | - | - | - | - | - | - | - |
| SFD Lyon Filing 16 SFD 55' | - | 24 | 27 | - | (42) | (9) | - | - | - | - | - | - | - | - |
| SFD TBD Filing 19 SFD 60' | - | 15 | 48 | 1 | 9 | 7 | (42) | (38) | - | - | - | - | - | - |
| | 50 | (10) | (34) | (19) | (55) | (31) | (75) | (38) | - | - | - | - | - | (212) |

**Southshore Metropolitan District No. 2
Forecasted Schedules of Absorption
Market Values and System Development Fees
For the Years Ended December 31,2019 through 2030**

Schedule of System Development Fees

| | | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|-------------------------|----------------------|---------|---------|---------|---------|---------|---------|--------|------|------|------|------|------|-----------|
| System development fees | Fee Per SFE 2,500 | 297,500 | 867,500 | 545,000 | 497,500 | 360,000 | 282,500 | 95,000 | - | - | - | - | - | 2,945,000 |

Schedule of Market Values

| | Market Value | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|--------------|-------------|-------------|-------------|-------------|------------|------------|------------|------|------|------|------|------|-------------|
| Residential | | | | | | | | | | | | | | |
| SFD Various (Filings 2-9) | | | | | | | | | | | | | | |
| SFD Richmond (Waverly) SFD 75' | 661,048 | 5,949,432 | - | - | - | - | - | - | - | - | - | - | - | 5,949,432 |
| SFD Richmond (Lakeview) SFD 60' | 659,884 | 7,258,724 | - | - | - | - | - | - | - | - | - | - | - | 7,258,724 |
| SFD Richmond (Hillcrest) SFD 50' | 547,633 | 27,381,650 | 6,144,442 | - | - | - | - | - | - | - | - | - | - | 33,526,092 |
| SFD Century (Hills) SFD 55' | 487,051 | 25,326,652 | 1,490,376 | - | - | - | - | - | - | - | - | - | - | 26,817,028 |
| SFD Toll (Vista Point) SFD 74' | 943,071 | 23,576,775 | 38,477,297 | 19,623,421 | - | - | - | - | - | - | - | - | - | 81,677,493 |
| SFD Lyon Filing 12 (Marque) SFD 50' | 467,173 | 28,964,726 | 28,590,988 | - | - | - | - | - | - | - | - | - | - | 57,555,714 |
| SFD Lyon Filing 12 (Touchstone) SFD 60' | 586,345 | 25,799,180 | 10,765,294 | - | - | - | - | - | - | - | - | - | - | 36,564,474 |
| SFD Richmond Filing 16/17 SFD 62' | 598,483 | - | 26,249,464 | 28,642,439 | 29,215,288 | 29,799,593 | 21,805,529 | - | - | - | - | - | - | 135,712,313 |
| SFD Toll (Lake) SFD 65' | 723,107 | 6,507,963 | 28,027,627 | 28,588,180 | 29,159,943 | 12,523,428 | - | - | - | - | - | - | - | 104,807,142 |
| SFD Lyon Filing 16 SFD 55' | 586,345 | - | 14,353,726 | 31,111,700 | 31,733,934 | 5,712,108 | - | - | - | - | - | - | - | 82,911,468 |
| SFD TBD Filing 19 SFD 60' | 598,495 | - | 9,156,974 | 39,228,474 | 40,648,172 | 47,291,607 | 52,862,947 | 25,612,098 | - | - | - | - | - | 214,800,272 |
| | | 150,765,102 | 163,256,188 | 147,194,215 | 130,757,337 | 95,326,737 | 74,668,476 | 25,612,098 | - | - | - | - | - | 787,580,152 |

| | | | | | | | | | | | | | | |
|-------------------------------------|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---|---|---|---|---|--------------|
| Finished Lots | | | | | | | | | | | | | | |
| Residential | | | | | | | | | | | | | | |
| SFD Various (Filings 2-9) | | | | | | | | | | | | | | |
| SFD Richmond (Waverly) SFD 75' | 66,105 | (594,943) | - | - | - | - | - | - | - | - | - | - | - | (594,943) |
| SFD Richmond (Lakeview) SFD 60' | 65,988 | (725,872) | - | - | - | - | - | - | - | - | - | - | - | (725,872) |
| SFD Richmond (Hillcrest) SFD 50' | 54,763 | (2,135,769) | (602,396) | - | - | - | - | - | - | - | - | - | - | (2,738,165) |
| SFD Century (Hills) SFD 55' | 48,705 | (2,386,550) | (146,115) | - | - | - | - | - | - | - | - | - | - | (2,532,665) |
| SFD Toll (Vista Point) SFD 74' | 94,307 | 1,414,607 | (1,886,142) | (1,886,142) | - | - | - | - | - | - | - | - | - | (2,357,678) |
| SFD Lyon Filing 12 (Marque) SFD 50' | 46,717 | (93,435) | (2,803,038) | - | - | - | - | - | - | - | - | - | - | (2,896,473) |
| SFD Richmond Filing 16/17 SFD 62' | 59,848 | 2,573,477 | 179,545 | - | - | (778,028) | (1,974,994) | - | - | - | - | - | - | (0) |
| SFD Toll (Lake) SFD 65' | 72,311 | 2,097,010 | - | - | (1,590,835) | (1,156,971) | - | - | - | - | - | - | - | (650,796) |
| SFD Lyon Filing 16 SFD 55' | 58,635 | 1,407,228 | 1,583,132 | - | (2,462,649) | (527,711) | - | - | - | - | - | - | - | - |
| SFD TBD Filing 19 SFD 60' | 59,850 | 897,743 | 2,872,776 | 59,850 | 538,646 | 418,947 | (2,513,679) | (2,274,281) | - | - | - | - | - | - |
| | | 2,453,495 | (802,239) | (1,826,293) | (3,514,839) | (2,043,763) | (4,488,673) | (2,274,281) | - | - | - | - | - | (12,496,592) |

APPENDIX B

SELECTED DEFINITIONS

“*Act*” means the Special District Act, Title 32, Article 1, C.R.S., as amended.

“*2002 Election*” means the election of the eligible electors of the District, duly called and held on Tuesday, November 5, 2002.

“*2007 Bonds*” means the District’s Limited Tax General Obligation Bonds, Series 2007, issued in the aggregate original principal amount of \$10,000,000.

“*2007 Indenture*” means the Indenture of Trust dated as of July 15, 2007, between the District and the Trustee relating to the execution and delivery of the 2007 Bonds.

“*2015 Bonds*” means the District’s General Obligation (Limited Tax Convertible to Unlimited Tax) Convertible Capital Appreciation Bonds, Series 2015, in the original aggregate principal amount of \$12,482,806.60, issued by the District pursuant to the 2015 Indenture.

“*2015 Indenture*” means the First Supplement to Indenture of Trust between the District and UMB Bank, n.a., as trustee thereunder, which supplemented the 2007 Indenture and pursuant to which the 2015 Bonds were issued.

“*2017 Indenture*” means the Indenture of Trust (Subordinate) between the District and the Trustee relating to the execution and delivery of the 2017 Subordinate Bonds.

“*2017 Subordinate Bonds*” means the District’s Subordinate Limited Tax General Obligation Bonds, Series 2017, originally issued in the aggregate principal amount of \$10,404,000 pursuant to the 2017 Indenture.

“*2018 Election*” means the election held within the District on May 8, 2018.

“*2020A Senior Bonds*” means, collectively, the 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds.

“*2020A Escrow Account*” means the “Southshore Metropolitan District No. 2, Arapahoe County, Colorado, 2020A Escrow Account” created in the 2020A Escrow Agreement.

“*2020A Escrow Agreement*” means the Escrow Agreement dated as of its date of execution and delivery, between the District and the Trustee, as escrow agent for the 2020A-1 Senior Bonds.

“*2020A-1 Bond Purchaser*” means the initial purchaser of the 2020A-1 Senior Bonds pursuant to a direct private placement thereof.

“*2020A-1 Reserve Fund*” means a special fund designated as the “Southshore Metropolitan District No. 2, 2020A-1 Senior Bonds, 2020A-1 Reserve Fund” established by the provisions of the Senior Indenture for the purposes set forth therein, which Senior Reserve Fund is for the benefit of the Owners of the 2020A-1 Senior Bonds only and shall not apply to any other Senior Bonds hereafter issued.

“*2020A-1 Senior Bonds*” means the District’s Taxable General Obligation Limited Tax (Convertible to Unlimited Tax) Refunding Bonds, Series 2020A-1, issued pursuant to the Senior

Indenture for the purpose of refunding all of the currently outstanding 2015 Bonds and 2017 Subordinate Bonds.

“*2020A-2 Reserve Fund*” means a special fund designated as the “Southshore Metropolitan District No. 2, 2020A-2 Senior Bonds, 2020A-2 Reserve Fund” established by the provisions of the Senior Indenture for the purposes set forth therein, which Senior Reserve Fund is for the benefit of the Owners of the 2020A-2 Senior Bonds only and shall not apply to any other Senior Bonds hereafter issued.

“*2020A-2 Senior Bonds*” means the District’s Tax-Exempt General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2, issued pursuant to the Senior Indenture for the purpose of providing funds for the Improvement Project.

“*2020B Escrow Account*” means the “Southshore Metropolitan District No. 2, Arapahoe County, Colorado, 2020B Escrow Account” created in the 2020B Escrow Agreement.

“*2020B Escrow Agreement*” means the Escrow Agreement dated as of its date of execution and delivery, between the District and the Trustee, as escrow agent for the 2020B Subordinate Bonds.

“*2020B Subordinate Bonds*” means the District’s Tax-Exempt Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B, issued pursuant to the Subordinate Indenture for the purpose of refunding all of the currently outstanding 2007 Bonds and providing funds for the Improvement Project.

“*2020B Subordinate Bond Termination Date*” means December 15, 2046, being the date on which no further payments will be due on the 2020B Subordinate Bonds, regardless of the amount of principal and interest paid prior to that date.

“*Act*” means the Special District Act, Title 32, Article 1, C.R.S., as amended.

“*Additional Bonds*” (for purposes of the Senior Indenture) means (a) all obligations of the District for borrowed money and reimbursement obligations, (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District or any part of the Senior Pledged Revenue, (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any other Senior Bonds or Subordinate Bonds, (d) all obligations of the District to pay the deferred purchase price of property or services, (e) all obligations of the District as lessee under capital leases, and (f) all obligations of others guaranteed by the District; provided that notwithstanding the foregoing, the term “Additional Bonds” does not include:

(1) obligations issued solely for the purpose of paying operations and maintenance costs of the District, the repayment of which is contingent upon the District’s annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as (i) no amounts due or to become due on such obligations are payable from the District’s debt service mill levy, and (ii) no amounts due or to become due on such obligations are payable from a District operations and maintenance mill levy in excess of that which, when combined with the Senior Required Mill Levy, would exceed 55.664 mills, calculated and adjusted from the date of delivery of the 2020A Senior Bonds, as provided in the definition of “Senior Required Mill Levy;”

(2) obligations which are payable solely from the proceeds of Additional Bonds, when and if issued;

(3) obligations which refund or refinance any 2020A Senior Bonds or Additional Bonds, so long as (i) such refunding obligations do not increase the District's debt service in any year in which both the refunding obligations and any 2020A Senior Bonds or Additional Bonds are Outstanding, (ii) such refunding obligations are payable on the same date or dates as the obligations being refunded or refinanced, and are not subject to acceleration, (iii) such refunding obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations being refunded or refinanced, and (iv) the remedies for defaults under such refunding or refinancing obligations are substantially the same as the remedies applicable to the obligations being refunded or refinanced;

(4) obligations payable solely from periodic, recurring fees and/or service charges imposed by the District for the use of any District facility or service including but not limited to facility fees, 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;

(5) 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 guarantee payment of all principal and interest on any issue of Additional Bonds, and (ii) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the Additional Bonds supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements, and

(6) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District.

"Additional Bonds" (for purposes of the Subordinate Indenture) means (a) all obligations of the District for borrowed money and reimbursement obligations, (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District or any part of the Subordinate Pledged Revenue, (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Senior Bonds, (d) all obligations of the District to pay the deferred purchase price of property or services, (e) all obligations of the District as lessee under capital leases, and (f) all obligations of others guaranteed by the District; provided that notwithstanding the foregoing, the term *"Additional Bonds"* does not include:

(1) obligations issued solely for the purpose of paying operations and maintenance costs of the District, the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as (i) no amounts due or to become due on such obligations are payable from the District's debt service mill levy, and (ii) no amounts due or to become due on such obligations are payable from a District operations and maintenance mill levy in excess of that which, when combined with the Subordinate Required Mill Levy, would exceed 55.664 mills, calculated and adjusted from the date of delivery of the 2020B Subordinate Bonds, as provided in the definition of *"Subordinate Required Mill Levy;"*

(2) obligations which are payable solely from the proceeds of Additional Bonds, when and if issued;

(3) obligations which refund or refinance any 2020B Subordinate Bonds, Senior Bonds or Additional Bonds so long as (i) such refunding obligations do not increase the District's debt service in any year in which both the refunding obligations and any 2020B Subordinate Bonds, Senior Bonds, Additional Bonds, or Permitted Refunding Bonds are Outstanding (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 shall be deemed to increase the District's debt service

in any year, (ii) such refunding obligations are payable on the same date or dates as the obligations being refunded or refinanced, and are not subject to acceleration, (iii) such refunding obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations being refunded or refinanced, and (iv) the remedies for defaults under such refunding or refinancing obligations are substantially the same as the remedies applicable to the bonds being refunded or refinanced;

(4) obligations payable solely from periodic, recurring fees and/or service charges imposed by the District for the use of any District facility or service including but not limited to facility fees, 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;

(5) 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 guarantee payment of all principal and interest on any issue of Additional Bonds, and (ii) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the Additional Bonds supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements, and

(6) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District.

“*Authorized Denominations*” means \$5,000 at the applicable date of purchase or transfer, or any integral multiple thereof.

“*Beneficial Owner*” means any person for which a Participant acquires an interest in the Bonds.

“*Board*” means the Board of Directors of the District.

“*Board of County Commissioners*” means the Board of County Commissioners of the County, being the governing body of the County.

“*Bond Counsel*” means the law firm of Butler Snow LLP, Denver, Colorado, or any other person or firm of which such a person is a member acceptable to and selected by the District, which is: (a) authorized in any state to practice law, and (b) nationally recognized municipal bond counsel experienced in the issuance of opinions regarding the tax exempt status of municipal bonds.

“*Bond Insurer*” means Build America Mutual Assurance Company, or any successor thereto or assignee thereof, as issuer of the Insurance Policy.

“*Bond Resolution*” means the resolution adopted by the Board on January 27, 2020, as amended March 25, 2020, authorizing the issuance of the Bonds and the execution of the Indentures, certified by the Secretary or an Assistant Secretary of the District to have been duly adopted by the District and to be in full force and effect on the date of such certification, including any amendments or supplements duly made thereto.

“*Bond Year*” (for purposes of the Senior Indenture) means the period from December 2 of any calendar year to December 1 of the following calendar year.

“*Bond Year*” (for purposes of the Subordinate Indenture) means the period commencing on the date of issuance of the 2020B Subordinate Bonds to December 15, 2020, and, thereafter, the period from December 16 of any calendar year to December 15 of the following calendar year.

“*Bonds*” means, collectively, the 2020A-1 Senior Bonds, the 2020A-2 Senior Bonds, and the 2020B Subordinate Bonds.

“*Business Day*” means a day on which the Trustee, or banks or trust companies in Denver, Colorado, or in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

“*C.R.S.*” means the Colorado Revised Statutes, as amended.

“*Cede*” means Cede & Co., the nominee of DTC as record owner of the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds, or any successor nominee of DTC with respect to the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds.

“*Certified Public Accountant*” means an independent certified public accountant within the meaning of §12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State.

“*City*” means the City of Aurora, Colorado.

“*Code*” or “*Tax Code*” means the Internal Revenue Code of 1986, as amended to the date of issuance of each series of the Bonds.

“*Costs of the Improvement Project*” means the District’s costs properly attributable to the Improvement Project or any part thereof, including without limitation:

- (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work;
- (b) the costs of insurance premiums, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed;
- (c) administrative and general overhead costs;
- (d) the costs of reimbursing funds advanced by the District in anticipation of reimbursement from 2020A-2 Senior Bond or 2020B Subordinate Bond proceeds, including any intrafund or interfund loan;
- (e) the costs of surveys, appraisals, plans, designs, specifications, and estimates;
- (f) the costs, fees, and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees;
- (g) the costs of publishing, reproducing, posting, mailing, or recording documents;
- (h) the costs of contingencies or reserves;
- (i) the costs of issuing the 2020A-2 Senior Bonds and the 2020B Subordinate Bonds;

(j) the costs of amending any resolution or other instrument relating to the 2020A-2 Senior Bonds, the 2020B Subordinate Bonds, or the Improvement Project;

(k) the costs of repaying any short-term financing, construction loans, and other temporary loans and of the incidental expenses incurred in connection with such loans;

(l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, and franchises;

(m) the costs of demolition, removal, and relocation, and

(n) all other lawful costs as determined by the Board.

“*Counsel*” means a person, or firm of which such a person is a member, authorized in any state to practice law.

“*County*” means Arapahoe County, Colorado.

“*County Assessor*” means the Assessor of Arapahoe County, Colorado.

“*Debt to Assessed Ratio*” means the ratio derived by dividing the then-outstanding principal amount of all general obligation debt of the District (including Subordinate Bonds) by the most recent December 10 certified assessed valuation of the taxable property in the District, as such assessed valuation is certified from time to time by the County Assessor.

“*Depository*” means any securities depository as the District may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

“*District*” means Southshore Metropolitan District No. 2, in the City of Aurora, Arapahoe County, Colorado.

“*District No. 1*” means Southshore Metropolitan District No. 1, in the City of Aurora, Arapahoe County, Colorado, which was formed contemporaneously with the District pursuant to the Service Plan.

“*District Representative*” means the President, the Treasurer of the District or any other person or persons at the time designated to act on behalf of the District by the Bond Resolution or by a written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the District by its President and attested by its Secretary or an Assistant Secretary, and any alternate or alternates designated as such therein.

“*DTC*” means the Depository Trust Company, New York, New York, and its successors and assigns.

“*Event of Default*” (for purposes of the Senior Indenture) means any one or more of the events set forth in the Section of the Senior Indenture entitled “Events of Default.”

“*Event of Default*” (for purposes of the Subordinate Indenture) means any one or more of the events set forth in the Section of the Subordinate Indenture entitled “Events of Default.”

“*Federal Securities*” means direct obligations of (including obligations issued or held in book entry form on the books of), or obligations the principal of, premium, if any, and interest on which are unconditionally guaranteed by, the United States of America.

“*Improvement Project*” means acquiring, constructing, equipping and reimbursing those projects authorized by the District voters at the 2018 Election.

“*Indentures*” means the Senior Indenture and the Subordinate Indenture.

“*Insurance Policy*” means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of principal of and interest on the Bonds when due.

“*Maximum Surplus Amount*” means, with respect to the 2020B Subordinate Bonds, the amount of \$1,078,491, which is the maximum amount of the Subordinate Bonds Surplus Fund.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Official Statement*” means the final Official Statement relating to the offer and sale of the Bonds, to which this APPENDIX B is appended.

“*Outstanding*” or “*Outstanding Bonds*” means, as of any particular time, the Bonds which have been duly authenticated and delivered by the Trustee under the Indentures, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation because of payment at maturity or prior redemption;

(b) Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to the Indentures) shall have been theretofore deposited with the Trustee, or Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to the Indentures) shall have been placed in escrow and in trust, and

(c) Bonds in lieu of which other Bonds have been authenticated and delivered pursuant to the provisions of the Indentures relating to Bonds being exchanged or transferred or lost, stolen, destroyed, or mutilated Bonds.

“*Owner(s) or Owner(s) of Bonds*” means the registered owner(s) of any Bond, as shown on the registration books maintained by the Trustee.

“*Participants*” means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

“*Paying Agent*” means UMB Bank, n.a., in Denver, Colorado, or its successor, which shall perform the function of paying agent with respect to the Bonds as provided in the Indentures.

“*Permitted Refunding Bonds*” means any obligations or instruments issued to refund or refinance the 2020B Subordinate Bonds or Senior Bonds, so long as each of the following conditions are met:

(a) Subject to the provisions of paragraph (f) hereafter, such refunding obligations are issued solely for the purpose of paying the costs of refunding all or any part of the 2020B Subordinate Bonds or any Senior Bonds, which costs may include amounts sufficient to pay all expenses in connection with

such refunding or refinancing, to fund reserve funds (if required), 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.

(b) Such refunding obligations do not increase the District's scheduled debt service with respect to the 2020B Subordinate Bonds or the Senior 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 shall be deemed to increase the District's debt service in any year.

(c) No additional reserve funds, surplus funds, sinking funds, or other similar funds or accounts are created for the additional security of such refunding obligations if such funds or accounts are funded or replenished from the District's ad valorem taxes; provided that (i) the refunding obligations with respect to any Senior Bonds may be secured by a reserve fund in the same fashion as the Senior Bonds as provided in the Senior Indenture, and (ii) nothing in the Indentures will be construed as prohibiting the creation of any such additional reserve funds, surplus funds, sinking funds, or other similar funds or accounts which are funded and replenished solely from sources of revenue other than the District's ad valorem taxes.

(d) Such refunding obligations are payable on the same day or days of the calendar year as the Senior Bonds or 2020B Subordinate Bonds being refunded, respectively, and are not subject to acceleration.

(e) The ad valorem mill levy pledged to the payment of the refunding obligations shall be not greater than the maximum rate and subject to the same deductions and adjustments as the ad valorem mill levy pledged to the payment of the 2020B Subordinate Bonds or the Senior Bonds being refunded.

(f) The remedies for defaults under such refunding obligations are substantially the same as the remedies applicable to the 2020B Subordinate Bonds or the Senior Bonds being refunded.

"Policy Costs" means repayment of draws under the Reserve Fund Insurance Policy, if any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest thereon, or any similar costs related to a reserve fund insurance policy for other Senior Bonds.

"Preliminary Official Statement" means the Preliminary Official Statement relating to the offer and sale of the Bonds, to which this APPENDIX B is appended.

"Record Date" (for purposes of the 2020A Senior Bonds under the Senior Indenture) means the fifteenth (15th) day of the calendar month next preceding each interest payment date, whether or not a Business Day.

"Record Date" (for purposes of the 2020B Subordinate Bonds under the Subordinate Indenture) means the last day of the calendar month next preceding each interest payment date, whether or not a Business Day.

"Refunded Bonds" means all of the District's currently outstanding 2015 Bonds, 2017 Subordinate Bonds, and 2007 Bonds.

"Reserve Fund Insurance Policy" means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Senior Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“*Reserve Policy*” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer relating to the 2020A Senior Bonds and deposited into the Senior Reserve Fund.

“*S&P*” means Standard and Poor’s Rating Group, a division of the McGraw-Hill Companies, Inc.

“*Senior Bond Fund*” means a special fund designated the “Southshore Metropolitan District No. 2, 2020A Senior Bonds, Bond Fund” established by the provisions of the Senior Indenture for the purpose of paying the principal of, premium if any, and interest on the 2020A Senior Bonds.

“*Senior Bond Mill Levy*” means the Senior Required Mill Levy required to be imposed by the District under the Senior Indenture for payment of 2020A Senior Bonds and any other mill levy required to be imposed for any other Senior Bonds in accordance with the indenture or other instrument pursuant to which they are issued.

“*Senior Bonds*” means bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Senior Pledged Revenue or any part thereof on parity with the lien thereon of the 2020A Senior Bonds, and includes any bonds which may be issued after the date of delivery of the 2020A Senior Bonds pursuant to the terms of the Senior Indenture as described under the caption “THE 2020A SENIOR BONDS—Certain Senior Indenture Provisions—Additional Bonds—Senior Parity Refunding Bonds” (and set forth below in this Supplement). The Senior Indenture provides that any other Senior Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and will not be issued under the Senior Indenture.

“*Senior Construction Fund*” means the “Southshore Metropolitan District No. 2, Arapahoe County, Colorado, Tax-Exempt Limited Tax General Obligation (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2, Construction Fund,” established by the provisions of the Senior Indenture for the purpose of paying the Costs of the Improvement Project.

“*Senior Indenture*” means the Indenture of Trust (Senior), dated as of the date of issuance of the 2020A Senior Bonds, between the District and the Trustee pursuant to which the 2020A Senior Bonds are issued, as the same may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

“*Senior Pledged Revenue*” means the moneys derived by the District from the following sources, after payment of any costs of collection:

- (a) the Senior Required Mill Levy;
- (b) the System Development Fee, and
- (c) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Senior Bond Fund.

“*Senior Required Mill Levy*” means, with respect to the 2020A Senior Bonds:

- (a) Subject to paragraph (c) below, ***prior to the Unlimited Tax Conversion Date***, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable real and personal property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds as the same becomes due and payable, and to replenish the Senior Reserve Fund in the amount of the Senior Reserve Fund Requirement, but not in excess of 55.664 mills as adjusted as provided below or such lesser mill levy which, when combined with other Senior Pledged

Revenue then held in the Senior Bond Fund, will permit the District to fully fund the Senior Bond Fund for the next Bond Year and pay the 2020A Senior Bonds as they come due; provided however, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020A Senior Bonds, the minimum and maximum mill levies provided in the Senior Indenture (and stated in this paragraph (a)) will be increased or decreased to reflect such changes, such increases or decreases 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 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation, and

(b) Subject to paragraph (c) below, *on or after the Unlimited Tax Conversion Date*, an ad valorem mill levy imposed upon all taxable property of the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the 2020A Senior Bonds as the same become due and payable, without limitation of rate and in amounts sufficient to make such payments when due. Once the Unlimited Tax Conversion Date has occurred, the definition of “Senior Required Mill Levy” thereafter shall be determined exclusively by this paragraph (b) regardless of any subsequent increase in the Debt to Assessed Ratio.

(c) Notwithstanding anything in the Senior Indenture to the contrary, in no event may the Senior Required Mill Levy 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 pursuant to the foregoing 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 shall be reduced to the point that such maximum tax increase is not exceeded.

“*Senior Reserve Fund*” means, collectively, the 2020A-1 Reserve Fund and the 2020A-2 Reserve Fund.

“*Senior Reserve Fund Requirement*” means with respect to the 2020A-1 Senior Bonds and the 2020A-2 Senior Bonds individually, the least of (i) 10% of the proceeds of the 2020A Senior Bonds, (ii) the maximum annual principal and interest payable with respect to the 2020A Senior Bonds, or (iii) 125% of the average annual principal and interest payable with respect to the 2020A Senior Bonds. The Senior Reserve Fund secures only the 2020A Senior Bonds, and any other Senior Bonds hereafter issued may or may not be secured by a reserve fund as required by a resolution or indenture authorizing the issuance of such other Senior Bonds.

“*Service Plan*” means the Consolidated Service Plan for the District and District No. 1 dated February 2002.

“*Special Record Date*” (for purposes of the Senior Indenture) means the record date for determining 2020A Senior Bond ownership for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to the Senior Indenture.

“*Special Record Date*” (for purposes of the Subordinate Indenture) means the record date for determining 2020B Subordinate Bond ownership for purposes of paying unpaid interest, as such date may be determined pursuant to the Subordinate Indenture.

“*State*” means State of Colorado.

“*Subordinate Bond Fund*” means the “Southshore Metropolitan District No. 2, Arapahoe County, Colorado, Tax-Exempt Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B, Subordinate Bond Fund,” established by the Subordinate Indenture for the purpose of paying the principal of, premium if any, and interest on the 2020B Subordinate Bonds.

“*Subordinate Bonds*” (for purposes of the Senior Indenture) means bonds, notes, debentures, or other financial obligations having a lien upon the Senior Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the 2020A Senior Bonds issued pursuant to the applicable provisions of the Senior Indenture, which Subordinate Bonds include the 2020B Subordinate Bonds. Any Subordinate Bonds hereafter issued may be issued pursuant to such resolutions, indentures or other documents as may be determined by the District, and will not be issued under the Senior Indenture.

“*Subordinate Bonds*” (for purposes of the Subordinate Indenture) means the 2020B Subordinate Bonds and any Permitted Refunding Bonds issued to refund all or any portion of the 2020B Subordinate Bonds, and any other obligations secured by the promise of the District to impose ad valorem property taxes for the payment thereof on a basis subordinate to the Senior Bonds and on parity with the 2020B Subordinate Bonds, if any.

“*Subordinate Bonds Surplus Fund*” means the “Southshore Metropolitan District No. 2, Arapahoe County, Colorado, Tax-Exempt Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B, Subordinate Bonds Surplus Fund,” established by the Subordinate Indenture for the purposes set forth therein.

“*Subordinate Construction Fund*” means the “Southshore Metropolitan District No. 2, Arapahoe County, Colorado, Tax-Exempt Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B, Subordinate Construction Fund,” established by the provisions of the Subordinate Indenture for the purpose of paying the costs of the Improvement Project.

“*Subordinate Indenture*” means the Indenture of Trust (Subordinate) dated as of the date of issuance of the 2020B Subordinate Bonds between the District and the Trustee pursuant to which the 2020B Subordinate Bonds are issued, as the same may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

“*Subordinate Pledged Revenue*” means the revenue derived from the following sources, net of any costs of collection:

- (a) the Subordinate Required Mill Levy;
- (b) the Subordinate System Development Fee Revenue, and
- (c) any other legally available moneys which the Board determines, in its absolute discretion, to pledge to the Subordinate Bond Fund.

“*Subordinate Required Mill Levy*” means:

- (a) Subject to paragraph (d) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable real and personal property of the District each year in an amount equal to 55.664 mills *less the Senior Bond Mill Levy*, provided however, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020B Subordinate Bonds, the mill levy of 55.664 mills as provided herein shall be increased or decreased to reflect such changes, such increases or decreases 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 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. It is the intent that if the amount of the Senior Bond Mill Levy equals or exceeds 55.664 mills in any year, adjusted for changes in law as aforesaid, the Subordinate Required Mill Levy for that year shall be zero.

(b) For so long as the amount on deposit in the Subordinate Bonds Surplus Fund is less than the Maximum Surplus Amount, the Subordinate Required Mill Levy shall be equal to 55.664 mills (as adjusted for changes in law after the date of delivery of the 2020B Subordinate Bonds in the manner provided in the Subordinate Indenture and described in paragraph (a) above) *less the Senior Bond Mill Levy*, but not less than 45.000 mills until the Subordinate Bonds Surplus Fund is funded in the Maximum Surplus Amount; *provided however*, that in the event the method of calculating assessed valuation is changed after the date of delivery of the 2020B Subordinate Bonds, the mill levy of 45.000 mills will be increased or decreased to reflect such changes, such increases or decreases 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 such 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 to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

(c) In the event the Subordinate Required Mill Levy described in paragraphs (a) and (b) above would produce revenue which, when combined with available moneys in the Subordinate Bonds Surplus Fund, would be in excess of that required to repay all principal and interest on the 2020B Subordinate Bonds, then such mill levy may be reduced to a mill levy which will produce revenue which, when combined with available moneys in the Subordinate Bonds Surplus Fund, would be sufficient to repay all principal and interest on the 2020B Subordinate Bonds.

(d) Notwithstanding anything in the Subordinate Indenture to the contrary, in no event may the Subordinate Required Mill Levy 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 pursuant to the foregoing 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 shall be reduced to the point that such maximum tax increase is not exceeded.

"Subordinate Reserve Fund" means a special fund designated as the "Southshore Metropolitan District No. 2, Tax-Exempt Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B, Reserve Fund" established by the provisions of the Subordinate Indenture for the purposes set forth therein, which Subordinate Reserve Fund is for the benefit of the Owners of the 2020B Subordinate Bonds only and shall not apply to other Subordinate Bonds hereafter issued.

"Subordinate Reserve Fund Requirement" means the amount of \$1,828,897.98, which is the amount to be maintained in the Subordinate Reserve Fund for the 2020B Subordinate Bonds.

"Subordinate System Development Fee Revenue" means any System Development Fee revenue remaining after deduction of any amount thereof used, paid, pledged or otherwise applied to the payment of the Senior Bonds.

"Surety Provider" means the Bond Insurer or any other entity issuing a Reserve Fund Insurance Policy with respect to the 2020A Senior Bonds.

“*System Development Fee*” means that certain fee imposed by the District pursuant to the System Development Fee Resolution or amounts collected by the District pursuant to the System Development Fee Resolution.

“*System Development Fee Resolution*” means the District’s resolution adopted by the Board on November 30, 2006, as amended and restated on December 3, 2007, February 16, 2010, and December 11, 2012, and including any permitted amendments or supplements thereto as hereafter may be approved.

“*Tax Code*” or “*Code*” means the Internal Revenue Code of 1986, as amended to the date of issuance of each series of the Bonds.

“*Trust Estate*” (for purposes of the Senior Indenture) means the moneys, securities, contracts, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses of the Senior Indenture.

“*Trust Estate*” (for purposes of the Subordinate Indenture) means the moneys, securities, contracts, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses the Subordinate Indenture.

“*Trustee*” means UMB Bank, n.a., in Denver, Colorado, or its successor, which shall perform the function of trustee, paying agent and registrar with respect to the Bonds.

“*Underwriter*” means D.A. Davidson & Co., the original purchaser of the Bonds.

“*Unlimited Tax Conversion Date*” means the first mill levy certification date with respect to the 2020A Senior Bonds occurring after: (i) the Debt to Assessed Ratio becomes 50% or less, (ii) the majority of the members of the Board are residents of the District, and (iii) the Board has affirmatively approved the conversion of the 2020A Senior Bonds from limited tax general obligation bonds to unlimited tax general obligation bonds; provided that no conversion of the 2020A Senior Bonds to unlimited tax obligations can occur unless the Senior Reserve Fund is fully funded at the Senior Reserve Fund Requirement.

“*Unlimited Tax Receipt Date*” means the first principal or interest payment date with respect to the 2020A Senior Bonds occurring after the Unlimited Tax Conversion Date.

APPENDIX C
MARKET STUDY



SOUTHSHORE
IN THE CITY OF AURORA

ARAPAHOE COUNTY

Prepared for:

SOUTHSHORE METROPOLITAN DISTRICT No. 2

Fourth Quarter 2019

Metrostudy | A Hanley Wood company

Denver Colorado Office

9033 East Easter Place, Suite 116

Centennial, CO 80112

www.metrostudy.com

Phone: 720.493.2020 Fax: 720.493.9222

October 23, 2019 (revised March 5, 2020)

Mr. Jerry Richmond
Southshore Metropolitan District No. 2
c/o Raintree Investment Corp.
7200 S. Alton Way, Suite C-400
Centennial, CO 80112

RE: Southshore Metro District No. 2 Market Study

Dear Mr. Richmond:

Metrostudy is pleased to present this market analysis and absorption forecast for the Southshore Metropolitan District No.2. 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 Southshore Competitive Market Area.

Rob Bookhout, Consultant, and Bridget Berry, Senior Consultant, conducted this report with participation from Tom Hayden, Vice President of Advisory, and 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

Table of Contents

| | |
|--|-----------|
| Executive Summary | 5 |
| Introduction..... | 10 |
| Methodology | 12 |
| Housing Market Statistics and Analysis..... | 14 |
| Competitive Market Analysis | 16 |
| Lot Supplies | 18 |
| Demand Analysis | 20 |
| Conclusions | 21 |
| Absorption | 21 |
| Exhibit Package | 25 |
| Economic Overview | 26 |
| Demographic Overview | 28 |
| Housing Market Overview | 32 |
| Competitive Market Analysis | 41 |

Table of Exhibits

Exhibit 1 : **Location of Subject Property**10

Exhibit 2 : **Site Drive-time Analysis**11

Exhibit 3 : **Regional Map**11

Exhibit 4 : **Denver Market Map**13

Exhibit 5 : **Southshore CMA Map**.....13

Exhibit 6 : **Projected Denver Market Total Starts and Closing Forecast**14

Exhibit 7 : **Southshore CMA Ten-Year Forecast & Market Capture (Detached Only)**16

Exhibit 8 : **Selected CMA Communities Historical Closings Trends & Peak**.....17

Exhibit 9 : **Selected Communities Historical Closings Capture of CMA**17

Exhibit 10 : **CMA Projected Build-Out Model**19

Exhibit 11 : **Demand Variance Analysis Model**.....20

Exhibit 12 : **Absorption Summary (based on the build-out model)**.....21

Exhibit 13 : **Southshore Metro District Home Pricing Program**23

Exhibit 14 : **Denver, CO Employment by Industry Sector**26

Exhibit 15 : **Denver, CO Employment Growth Year-Over-Year**.....26

Exhibit 16 : **Regional Unemployment Rate Trends by County**27

Exhibit 17 : **Denver Market Total Population**.....28

Exhibit 18 : **Southshore CMA Total Population**28

Exhibit 19 : **Market Age Distribution**.....29

Exhibit 20 : **CMA Age Distribution**.....29

Exhibit 21 : **Market Household Income**.....30

Exhibit 22 : **CMA Household Income**.....30

Exhibit 23 : **Migration Trends into Arapahoe County, CO**31

Exhibit 24 : **Housing Starts Activity – Detached**32

Exhibit 25 : **New Housing Starts and Closings Activity Comparison - Detached**33

Exhibit 26 : **Vacant Developed Lots and Months of Supply – Detached**34

Exhibit 27 : **Development Status of Future Lots and Future Supply**35

Exhibit 28 : **Finished and Vacant vs. Under Construction Inventory - Detached**36

Exhibit 29 : **12-Month Starts by Price – Denver Market - Detached**37

Exhibit 30 : **12-Month Starts by Price – Southshore CMA - Detached**.....37

Exhibit 31 : **CMA Product Distribution, Annual Starts and Annual Closings**.....38

Exhibit 32 : **CMA Product Distribution, Vacant Developed Lots and Finished Inventory**39

Exhibit 33 : **New, Resale, and Foreclosures by Housing Type - CMA**.....40

Exhibit 34 : **CMA Comparable Subdivisions – Single-Family Detached 50’ to 59’ - Product Details**41

Exhibit 35 : **CMA Price Position Graph – Single-Family Detached 50’-59’ - New Home Base Prices**43

Exhibit 36 : **CMA Price Position Graph – Single-Family Detached 50’-59’ - New Home Closing Prices**44

Exhibit 37 : **CMA Price Position Graph – Single-Family Detached 50’-59’ - Resale Activity**45

Exhibit 38 : **CMA Comparable Subdivisions – Single-Family Detached 60’ to 69’ - Product Details**46

Exhibit 39 : **CMA Price Position Graph – Single-Family Detached 60’-69’ - New Home Base Prices**48

Exhibit 40 : **CMA Price Position Graph – Single-Family Detached 60’-69’ - New Home Closing Prices**49

Exhibit 41 : **CMA Price Position Graph – Single-Family Detached 60’-69’ - Resale Activity**50

Exhibit 42 : **CMA Comparable Subdivisions – Single-Family Detached 70’ to 89’ - Product Details**51

Exhibit 43 : **CMA Price Position Graph – Single-Family Detached 70’-89’ - New Home Base Prices**53

Exhibit 44 : **CMA Price Position Graph – Single-Family Detached 70’-89’ - New Home Closing Prices**54

Exhibit 45 : **CMA Price Position Graph – Single-Family Detached 70’-99’ - Resale Activity**55

Exhibit 46 : **Southshore Community Deed Records**56

Executive Summary

The purpose of this report is to provide Southshore Metropolitan District No. 2 (referred to as Southshore Metropolitan District) with an overview of the Denver Market economy and the competitive market area ("CMA") surrounding the subject property, the actively-selling and future filings within the Southshore community, within the City of Aurora, in Arapahoe County, Colorado. Southshore Metropolitan District totals 1,947 lots (773 of which have closed prior to 2019 and are not analyzed within this study) including single-family detached homes on lots ranging from 50' – 70' frontages. The Southshore masterplan totals 1,964 lots overall.

Metrostudy analyzed the competitive position of Southshore 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 Southshore CMA. We have collected and reviewed data for both new and resale single-family detached 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 of Southshore.

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 32,300 jobs to their payrolls over the twelve months ended with August 2019, posting the 110th consecutive month of growth. The average annual growth rate was 1.9%; down from the 2.9% recorded twelve months earlier, as growth over the past year has continued but at a declining rate. Unemployment in the Denver region has fallen to a rate of 2.6%, slightly below the statewide level (2.7%), and below the national level of 3.7%. Arapahoe County, where Southshore is located, reported an unemployment rate of 2.7%, down from the previous year mark at 3.3%.

The Denver Market still reports a positive net 208,000 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 5.8% over the next five years. Estimates indicate the CMA population will rise at an annual rate of 1.2%, rising to over 139,500 residents and 46,000 households by 2024. The CMA is younger in age with more wealth than the Denver Market overall, with a median age of 35.8 years (Denver Market = 36.5) and median household income of \$111,601 (Denver Market = \$80,236).

Within the Southshore CMA, the greatest percentage increases are forecasted to occur in the age groups 65-84. In terms of household incomes within the CMA, the largest gains are forecasted for the \$150,000+ income range (approximately +1,268 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 past three quarters (4Q18-2Q19), which exacerbated inventory supplies and housing unaffordability.

Denver experienced a 10.0% decrease in annual starts and a 10.7% increase in annual closings from 3Q18 to 2Q19. A total of 12,406 new homes were started in the Denver Market over the trailing 12 months, compared to 13,792 new homes the preceding 12 months. A total of 13,296 new homes were closed over the trailing 12 months, compared to 12,008 closings the preceding 12 months.

Denver reported 8,492 single-family detached annual starts from 3Q18 to 2Q19, a decline of 11.6% from the 9,607 single-family detached homes started the preceding year, a reduction of 1,115 homes. Single-family detached closings (8,492 homes) from 3Q18 to 2Q19 increased by 4.4% compared to the previous year's total of 9,023 closings. The single-family detached market experienced a 5.2% reduction in Vacant Developed Lots ("VDL") dropping from 12,537 home sites at the end of 2Q18 to 11,889 home sites at the end of 2Q19. Because of the decline in housing starts surpassing the decline in VDLs, the VDL months-of-supply increased to the current 16.8 months of supply compared to 15.7 months as of the end of 2Q18.

As single-family detached home prices escalate across the metropolitan Denver area, attached housing demand continues to gain traction. The Denver Market reported 3,914 attached annual starts at the end of 2Q19, an annual decline of 6.5%, but still 23.2% higher than the pace two years ago. As of the end of 2Q19, annual closings have increased by 29.8% to 3,875 attached homes closed, compared to 2,985 attached home closings a year ago and only 2,327 attached home closings two years ago. The Denver Market experienced a 5.3% reduction in the number of VDL designated for attached housing. As of the end of 2Q19, there is 4,121 VDL designated for attached housing, which is 5.3% lower than the 4,351 home sites that were available at the end of the 2Q18. Because of the decline in housing starts eclipsing the decline in VDLs, the VDL months-of-supply increased slightly to 12.6 months from 12.5 months.

Southshore CMA

At 861 single-family detached and 181 single-family attached home starts through the four quarters ended 2Q19 (1,042 total annual starts), the Southshore CMA reported a production decline of -18% compared to the 1,276 total annual starts in 2Q18. Through 2Q19, annual closings rose 25% to 1,313 homes closed from 1,049 closings in 2Q18.

Annual lot deliveries through 2Q19 totaled 759 home sites, a -46% drop from the 1,399 annual lots delivered in 2Q18 (44 were attached deliveries in 2Q19). The 759 home sites delivered in 2Q19 were -27% below the pace of home production (1,042 starts). This resulted in the months of supply of VDL at 2Q19 registering 16.0 months-of-supply, compared to 15.8 months in 2Q18. A total of 344 new lots were delivered in the second quarter of 2019, 17% above the starts pace for the quarter. A replenishment of new lots will be needed within the CMA to help fuel continued start production and closing activity.

- The 861 new single-family detached home starts in the Southshore CMA in 2Q19 was 26% above the ten-year average of 683 starts and nearly even with the five-year average of 844 starts. The 1,014 new single-family detached home closings in the CMA through 2Q19 was 52% above the ten-year average of 663 closings and 30% above the five-year average of 782 closings.
- The 181 new single-family attached home starts in the Southshore CMA through 2Q19 was 132% above the ten-year average of 78 starts and 73% above the five-year average of 135 starts. The CMA's 299 new single-family attached home closings in 2Q19 was 327% above the ten-year average of 70 closings and 171% above the five-year average of 110 closings.
- The CMA's current VDL supply (2Q19) of 1,272 home sites for single-family detached homes was 28% below the ten-year average of 1,772 home sites and was 7% below the five-year average of 1,368 home sites.
- The CMA's current VDL supply (2Q19) of 121 home sites for single-family attached homes was 65% below the ten-year average of 348 home sites and 58% below the five-year average of 291 home sites.
- The CMA's 759 annual lot deliveries ending 2Q19 for all homes was 41% above the ten-year average of 516 home site deliveries and -18% below the five-year average of 926 home site deliveries.

Based on current trends, Metrostudy believes Denver's housing growth is likely to see a 5.1% overall increase in annual closings (all new housing) in 2019. Attaining these figures will be based on builders being able to deliver more attainably priced homes. Recent labor and supply constraints have resulted in higher home prices that are reducing the number of potential homebuyers from the demand equation, as wage growth has not kept pace with the escalation in home prices. The Southshore CMA is a maturing housing submarket where land availability has become limited.

With this shift, the CMA is projected to gradually see its capture percentage of the Denver market closings over the next ten years steadily diminish due to the lack of future land supply for further development.

| Denver Market and Southshore CMA Closing Forecasts | | | | | | | | | | | | | |
|--|-----------|-------|-------|-------|-------|--------|-------|--------|--------|--------|--------|--------|--------|
| | 10-Yr Avg | 2017 | 2018 | 2019F | 2020F | 2021F | 2022F | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F |
| Market | 6,024 | 8,712 | 9,542 | 9,892 | 9,665 | 10,089 | 9,926 | 10,209 | 10,948 | 11,789 | 12,294 | 13,013 | 13,588 |
| CMA | 659 | 951 | 1,013 | 947 | 1,066 | 1,110 | 1,068 | 1,032 | 970 | 565 | 514 | 524 | 487 |
| CMA % | 11% | 11% | 11% | 10% | 11% | 11% | 11% | 10% | 9% | 5% | 4% | 4% | 4% |

Note: For additional information, please refer to Exhibits 4 & 5.

The subject property has the following positive features that should strengthen its position in the CMA and overall Market:

- Easy commuter access to various employment centers via Highway 470, Highway 83 (Parker Road), Highway 88 (Arapahoe Road) and Smoky Hill Road. This includes travelling to Denver International Airport to the north, as well as employment centers throughout the southern Denver Market, including the Denver Tech Center.
- Southshore has already established itself as one of the top-performing master plans in the Denver Market. With buyer acceptance, top-tier schools and a wealth of amenities, the final filings of the community should continue to perform well.
- The community has access to a variety of neighborhood support services and retail amenities. A King Soopers grocery store is located less than one mile from the community. Southlands Mall, home to various national and local retail, restaurant, entertainment and convenience services is located within two miles.
- Location within a market area that has seen strong new home sales volume and price increases over the last five years. The average home closing price of a new detached home has risen from \$391,210 in 2013 to \$549,053 in 2018.
- Amenities offered in the community include access to the Aurora Reservoir, providing aquatic activities such as fishing and non-motorized boating, beach access, walking trails, open space and community clubhouse (The Lakehouse) with pool and meeting space.
- The future product lines should appeal to a wide variety of homebuyers, ranging from first time buyers, to young and maturing families, and empty nesters. Toll Brothers home collection in Vista Point, which offers lakefront lots, will draw in buyers interested in a luxury home at a higher price point.
- As of October 13, 2019, builders reported 144 net sales contracts year to date - 33 from Century, 36 from both Richmond’s active filings and 75 contracts from William Lyon. Toll Brothers does not participate in Metrostudy’s Weekly Traffic & Sales collection, so we are unable to report their net sales contracts at this time.

Some potential challenges and concerns associated with the project are:

- Typical economic risks of the sensitivity of both young family and entry-level homebuyers. Metrostudy projections assume that entry-level buyers will continue to re-emerge within the Denver marketplace, encouraged by continued gains in job growth, wage growth, and slowly loosening of credit qualification standards, although a rise of interest rates (long term) may prevent some buyers on the fence from buying their first home.

Based on the communities’ historical success and rollover of its product offerings from previous filings, Southshore has shown its ability to compete successfully within the competitive market area. With the current mix of detached product by Century Communities, Richmond American Homes, Toll Brothers, and William Lyon Homes, Metrostudy estimates the community’s annual absorption potential (closings) and CMA capture rate in the display below. This absorption projection is dependent on the builders effectively marketing their product lines and continuing to offer competitively priced or niche products, while emphasizing the communities’ access to the Aurora Reservoir and Cherry Creek Schools.

| Subject Property Absorption Projection Summary (Home Closings) | | | | | | | | | | | | | |
|--|----------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Pre-2017 | 2017 | 2018 | 2019F | 2020F | 2021F | 2022F | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F |
| Southshore Closings | 417 | 70 | 251 | 262 | 252 | 218 | 199 | 144 | 113 | 38 | 0 | 0 | 0 |
| Southshore Mkt Share of CMA | --- | 7% | 25% | 28% | 24% | 20% | 19% | 14% | 12% | 7% | 0% | 0% | 0% |

Note: For additional information, please refer to Exhibits 8, 9, & 10.

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 26.

Introduction

The Southshore Metropolitan District is an actively selling residential community consisting of 1,947 home sites, which opened for sales in 2006. 773 homes have been closed prior to 2019. There are currently four active builders in the community, Century Communities, Richmond American Homes, Toll Brothers and William Lyon Homes, all of whom offer single-family detached products. Southshore closed 251 homes in 2018 and three of the four builders have reported 144 net sales contracts year-to-date. The Southshore community totals 1,964 home sites. Southshore is located to the east of the intersection of E Smoky Hill Road and S Powhaton Road, within the City of Aurora, in Arapahoe County.

For local conveniences, the subject property is located less than two miles from retail, grocery, gas and dining; most of which are located at Southlands Mall, at the intersections of E-470 and Arapahoe Road, roughly two miles to the northwest. Retailers in these areas include JC Penney, TJ Maxx, Sams Club, and Walmart. A King Soopers grocery store is located less than one mile to the west at East Arapahoe Road and East Smoky Hill Road. There are three gas stations within two miles of the site.

For recreation, the community is located adjacent to the Aurora Reservoir, which offers a variety of water sports, fishing and non-motorized boating. There is an 8.5-mile walking trail around the reservoir, which weaves through the subject property. Walking trails within the community connect to those of neighboring communities, and there are several acres of open space. The community is home to both The Boathouse and The Lakehouse community centers, with the latter offering a community pool and event space. There are three golf courses (public and private) located with three miles of the subject property.

SCL Health Community Hospital is located about three miles to the northwest, and the 170-bed Parker Adventist Hospital is located roughly six miles to the southwest.

The site is under the jurisdiction of the Cherry Creek School District. The schools serving the site are Altitude Elementary, located within the Southshore community; Fox Ridge Middle School, and Cherokee Trail High School, both located adjacent to the Arapahoe Road/Powhaton Road entrance to the community.

Exhibit 1 : *Location of Subject Property*



Major employment centers are within a reasonable commute, off corridors that include E-470, Parker Road/Highway 83, and Arapahoe Road/Highway 88.

From a drive-time analysis, these transit routes provide access to nearly all locations within the Denver market. Centennial, Lone Tree, Parker and the Denver Tech Center are within a 15-to-30 minute drive. Broomfield, Castle Rock, Englewood, Lakewood, Littleton and Downtown Denver are all accessible within about 40-to-60 minutes.

At the end of the narrative of the report, an Exhibit Package has been included (page 26). In this package, additional exhibits and information utilized to analyze the market and determine conclusions are provided.

Exhibit 2 : *Site Drive-time Analysis*

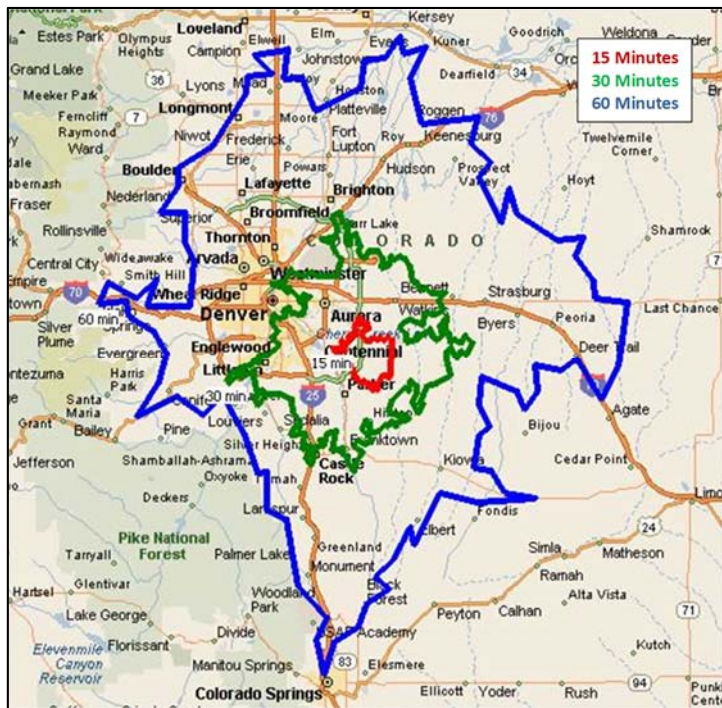
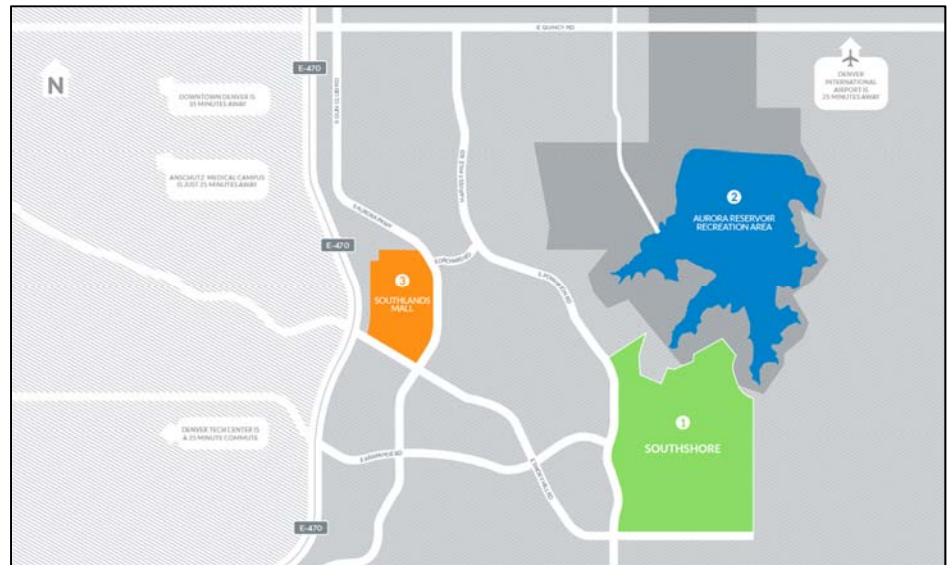


Exhibit 3 : *Regional Map*



Methodology

The Denver Market and Southshore 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 Southshore 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.

Exhibit 4 : *Denver Market Map*

- **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 southwest portion of Weld County, as demarcated in the adjoining map.

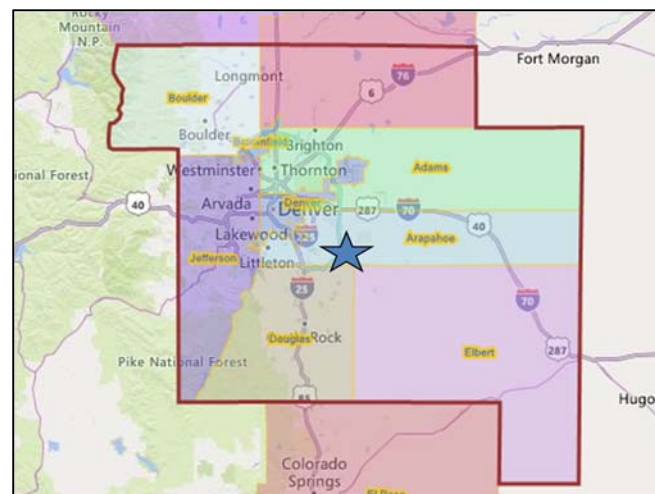
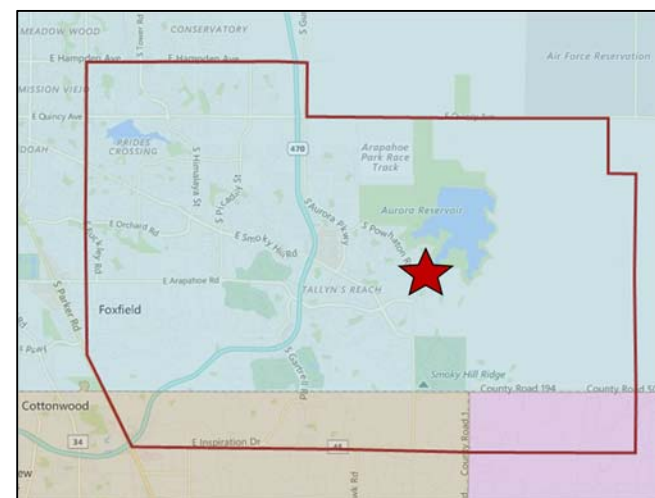


Exhibit 5 : *Southshore CMA Map*

- **Southshore CMA:** The Competitive Market Area (“CMA”) has been defined to encompass a territory which includes a representative portion of the competitive new housing market in the Southeast Aurora area. The polygon covers portions of three counties, Arapahoe, Douglas and Elbert counties, focused on the southeastern Aurora market. 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

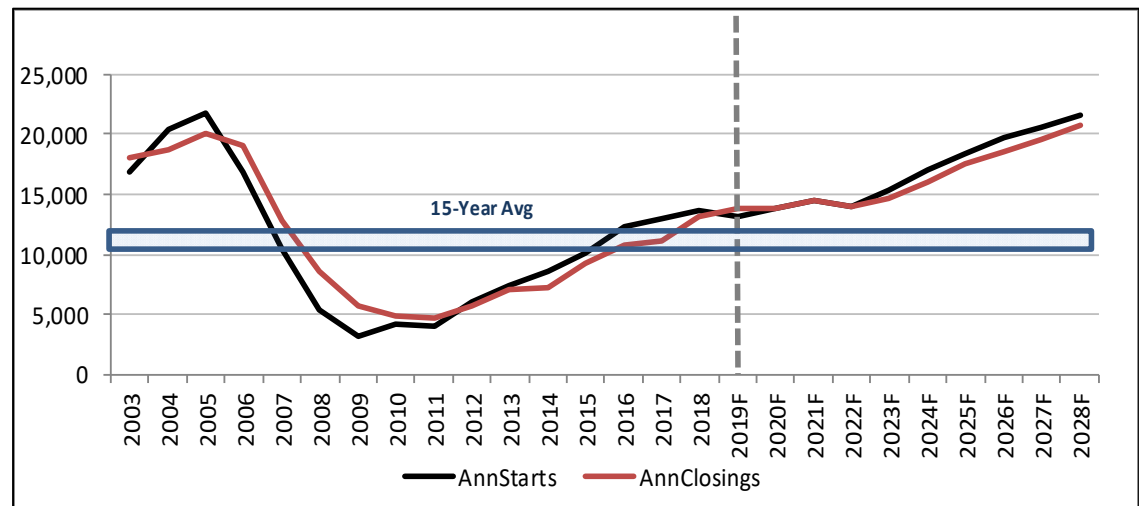
At the peak in 2005, homebuilders started over 21,700 homes in the Denver Market. The low point for housing starts came in 2009 at the end of the Great Recession when builders started fewer than 3,100 homes, an 86% decline from the peak. Up until recently, home starts had continued to trend upwards. In 2018, homebuilders started 13,642 homes, 70% of which were single-family detached and 30% attached homes. This equates to 9,515 single-family detached and 4,127 attached homes being started in their respective product class. The 13,624 new home starts in 2018 was 6.5% higher than the start total reported for 2017 (12,885 starts). Through the first half of 2019, preliminary figures show 5,906 new homes started, which is 17% off the pace of 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 13,049 homes, 73% of which were single-family detached and 27% attached homes. This equates to 9,542 single-family detached and 3,507 attached home closings annually. The 13,086 new home closings in 2018 was 17.1% higher than the closings total reported for 2017 (11,177 closings). Through the first half of 2019, preliminary figures show 6,805 new homes closed, which is 4% above the pace of 2018.

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

- Denver employers added 32,300 non-farm jobs (1.9% annual growth) to their payrolls in the 12 months ended with August 2019; representing the 110th consecutive month of growth. The Denver Market has added over 208,000 jobs over the past five years.
- Denver’s unemployment rate is 2.6%; akin to the Colorado rate of 2.7% and below the national rate of 3.7%; Arapahoe County’s unemployment rate, where the site is located, is 2.7%.
- Denver’s population continues to grow. It is expected to reach nearly 3.6 million residents by 2024.

Exhibit 6 : **Projected Denver Market Total Starts and Closing Forecast**



- Year-to-date comparisons through September for the Metro Denver Market show a 5.8% decrease in resale home transactions (all home types) from 11,235 through the first three months of 2018 to 10,584 transactions in 2019. For detached resale homes, sales transactions decreased by 4.3% from 7,783 to 7,445 transactions. For attached resale homes, sales transactions decreased by 9.1% from 3,452 to 3,139 transactions.
- The median and average sales prices for resale homes in the Metro Denver Market have continued to increase. For all activity through the end of September 2019, the detached resale median home price was \$525,900, up 3.0% from the same period in 2018 (\$510,600). During these period comparisons, the median sales price for an attached home rose 2.6% from \$389,500 to \$399,700.

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

- Homebuilder's 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.

Metrostudy believes that Denver has 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 anticipates that Denver will experience a temporary decline in housing starts in 2019 as builders and developers transition their product lines to make them more attainable to a larger audience. Metrostudy has estimated that the Denver Market will likely reach 13,759 total home closings by the end of 2019, up 5.1% from the 13,086 total closings at the end of 2018.

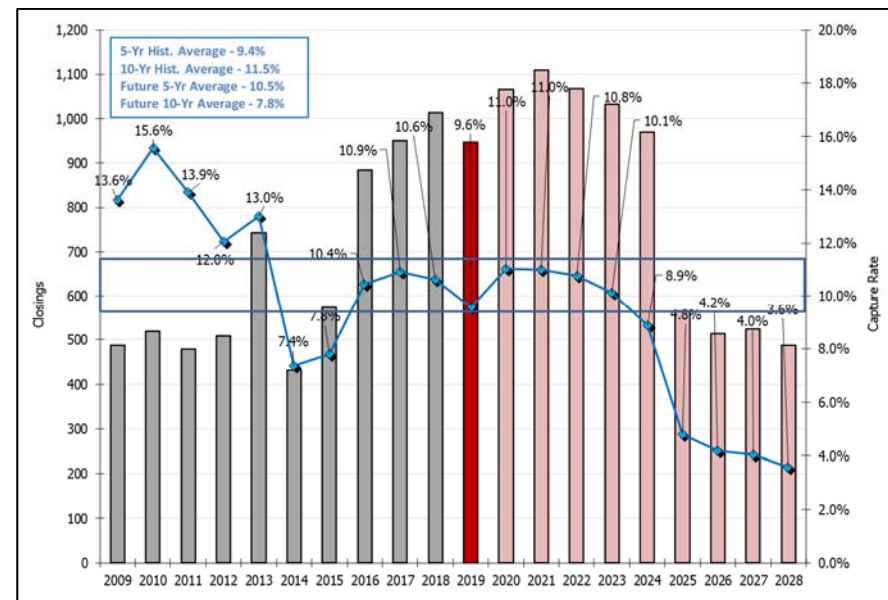
Competitive Market Analysis

In reviewing the most competitive master planned communities and subdivisions within the Southshore 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. Factor in a review of resale activity and selling price points, tightening lot supplies, positive economic factors that are positioned to drive this CMA within the Denver Market, and the Southshore CMA appears poised to remain a strong development sub-area within the market over the next five years.

In the early part of the past decade, the Southshore CMA grew tremendously, increasing its significance within the Denver Market

- In 2002, the CMA reported 1,340 detached annual housing starts and 1,339 annual closings. This accounted for roughly 10% of both total starts and closings within the Denver Market.
- As the Denver housing market continued its expansion over the next four years, the CMA rose to an average of 1,214 annual detached starts and 1,211 annual closings between 2003 and 2006.
- At its peak, in 1Q06, the CMA started 1,549 detached homes over the previous four quarters, and captured 10% of market-wide starts. Annual detached closings peaked in 2Q03, at 1,369 homes, an 11% share of Denver Market activity.
- From there, the overall market began its decline. Both the CMA and Market experienced sharp declines in starts and closings through 2009, but the CMA's market share remained steady. At its trough, the CMA had 324 annual starts, and captured 13% of market-wide starts (2Q09). Closings bottomed out in 1Q12 at 469 homes and 13% of Denver closings
- In 2017, with the completion/near completion of several projects and delay in replacement opportunities, the CMA began to see a decrease in new home starts, with 950 detached annual starts, capturing a 10.3% share of the Denver Market.
- As of 2Q19, the CMA has reported 1,014 detached annual closings (10.8% capture). Annual starts were down over the last four-quarters, at 861 (10.1% capture), and annual lot deliveries were also down over the year (-39.9%), accounting for 9.1% of market-wide deliveries.

Exhibit 7 : **Southshore CMA Ten-Year Forecast & Market Capture (Detached Only)**



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 2009 through 2018 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 2019 through 2028 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 continues with a healthy level of new housing activity, the Southshore CMA will experience a decline in market capture of that activity compared to its recent historical levels based on limited lot availability and the continued build out of active communities. This result is given the economic trends outlined within this analysis and existing supply constraints along the western portion within and outside of the CMA boundary in the Denver market, and new supplies emerging in other part of the Market. This is also based on the CMA’s ability to deliver new lots for development.

As can be seen within the following exhibits, the Southshore 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**

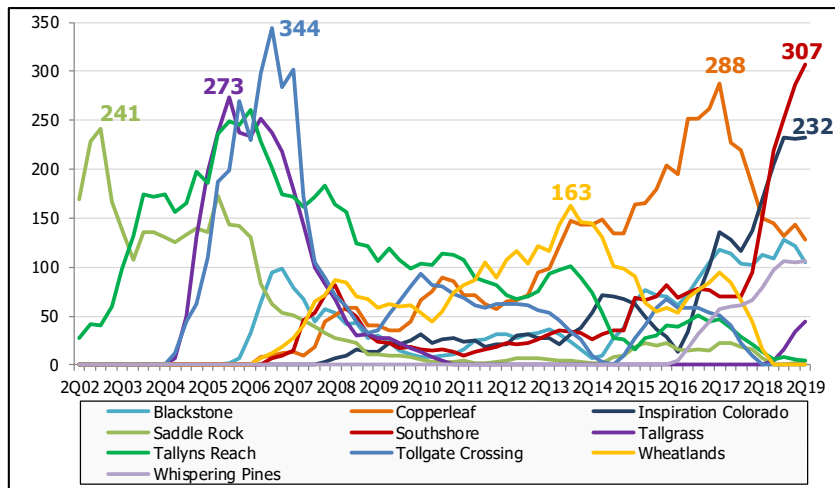
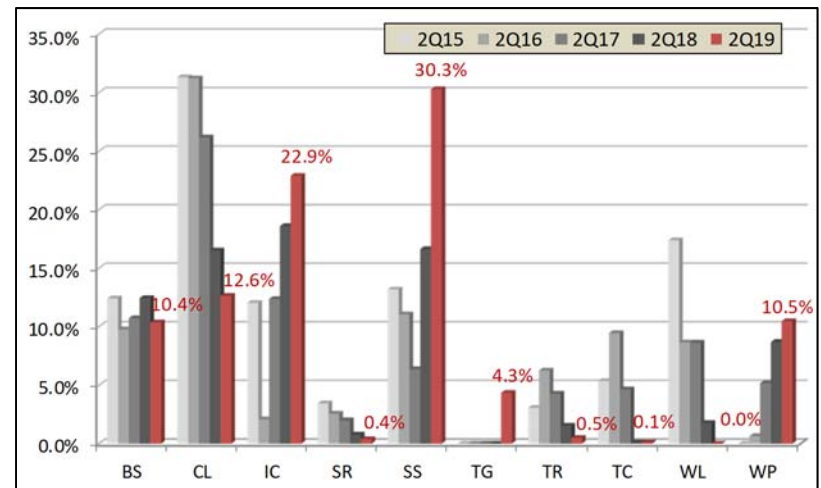


Exhibit 9 : **Selected Communities Historical Closings Capture of CMA**



For the trailing four quarters ended 2Q19, Southshore led the CMA with 307 new detached home closings (26.4% capture rate of CMA activity), followed by Inspiration (232 closings – 24.0% share), Copperleaf (16.1% share), Whispering Pines (10.6% share), and Blackstone (7.7% share).

| MPCs | Built-Out | Lots Remain | VDL | Home Inv | Ann Starts Capture | Historical Capture Peak & Qtr | Ann Close Capture | Historical Capture Peak & Qtr |
|-----------------------|-----------|----------------|--------------|------------|-----------------------|----------------------------------|----------------------|----------------------------------|
| Blackstone | 82.5% | 160 | 122 | 38 | 7.7% | 13.8% 2Q15 | 10.4% | 14.4% 3Q15 |
| Copperleaf | 65.5% | 776 | 195 | 93 | 16.1% | 34.9% 4Q14 | 12.6% | 32.3% 3Q16 |
| Inspiration Colorado | 41.3% | 1,124 | 516 | 140 | 24.0% | 24.0% 2Q19 | 22.9% | 22.9% 2Q19 |
| Saddle Rock | 98.9% | 14 | 7 | 7 | 0.1% | 41.2% 4Q01 | 0.4% | 25.5% 1Q02 |
| Southshore | 45.5% | 1,068 | 126 | 124 | 26.4% | 29.5% 4Q18 | 30.3% | 30.3% 2Q19 |
| Tallgrass | 93.6% | 52 | 27 | 25 | 4.8% | 22.7% 2Q05 | 4.3% | 20.6% 4Q05 |
| Tallyns Reach | 89.1% | 220 | 2 | 2 | 0.1% | 25.2% 4Q09 | 0.5% | 23.2% 3Q09 |
| Tollgate Crossing | 99.7% | 3 | 0 | 3 | 0.5% | 24.7% 1Q06 | 0.1% | 26.7% 2Q07 |
| Wheatlands | 100.0% | 0 | 0 | 0 | 0.0% | 25.9% 4Q13 | 0.0% | 25.5% 3Q14 |
| Whispering Pines | 52.7% | 221 | 144 | 77 | 10.6% | 10.6% 2Q19 | 10.5% | 10.5% 2Q19 |
| Combined Total | --- | 3,638 | 1,139 | 509 | | | | |

Lot Supplies

Currently, there are 1,272 vacant developed lots and an estimated 2,204 undeveloped future lots in actively selling communities within the CMA (detached only). In addition, future projects currently moving through the development process will continue to enter the market in the next five to seven years, pending entitlement approvals, development financing and ultimately, land development. These future proposed communities have an additional 3,542 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 2019 through 2028 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 not 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 detached housing market segment.

Four 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 Southshore 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.

Exhibit 10 : CMA Projected Build-Out Model

| | Detached New Housing | | | | | | | Actual Historical Closings Volume | | | | | | | | | | Projected Closings Volume | | | | | | | | | | | | | | | | |
|-------------------------------|----------------------|------------|--------------|------------|--------------|--------------|--------------|-----------------------------------|------------|------------|------------|---------------------|-------------|------------|------------|------------|--------------|---------------------------|--------------|------------|------------|------------|------------|-------------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|----------|--------|
| | Ann | Lot | Del | Ann | St | Ann | Cl | Hm | Inv | VDL | Inv | Future ¹ | Built-Out % | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 ² | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Beyond |
| CMA Selected MPCs | 37 | 227 | 307 | 124 | 126 | 818 | 46.8% | 17 | 16 | 16 | 23 | 34 | 36 | 70 | 78 | 70 | 251 | 262 | 252 | 218 | 199 | 144 | 113 | 38 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | --- |
| Southshore | 5% | 26% | 30% | 21% | 10% | 14% | --- | 3% | 3% | 3% | 5% | 5% | 8% | 12% | 9% | 7% | 25% | 28% | 24% | 20% | 19% | 14% | 12% | 7% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | --- | | |
| Blackstone | 0 | 66 | 105 | 38 | 122 | 0 | 82.5% | 15 | 9 | 26 | 31 | 24 | 27 | 71 | 88 | 103 | 128 | 80 | 80 | 49 | | | | | | | | | | | | | | |
| Copperleaf | 139 | 139 | 128 | 93 | 195 | 488 | 65.5% | 36 | 89 | 63 | 71 | 147 | 134 | 180 | 252 | 220 | 132 | 130 | 180 | 180 | 150 | 120 | 80 | | | | | | | | | | | |
| East Quincy Highlands | 0 | 0 | 12 | 0 | 0 | 81 | 88.5% | 24 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 22 | 0 | 10 | 20 | 20 | 20 | 11 | | | | | | | | | | | |
| Forest Trace | 0 | 36 | 52 | 23 | 11 | 0 | 74.8% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 49 | 37 | 17 | | | | | | | | | | | | | | | |
| Inspiration Colorado | 406 | 207 | 232 | 140 | 516 | 468 | 41.3% | 21 | 26 | 19 | 32 | 31 | 70 | 37 | 72 | 116 | 232 | 225 | 225 | 215 | 200 | 200 | 178 | | | | | | | | | | | |
| Saddle Rock | 0 | 1 | 4 | 7 | 7 | 0 | 98.9% | 9 | 3 | 2 | 7 | 4 | 8 | 20 | 16 | 18 | 1 | 8 | 10 | | | | | | | | | | | | | | | |
| Sorrel Ranch | 75 | 13 | 0 | 13 | 65 | 50 | 76.1% | 17 | 11 | 26 | 46 | 95 | 0 | 0 | 0 | 0 | 0 | 8 | 45 | 45 | 30 | | | | | | | | | | | | | |
| Tallgrass | 44 | 41 | 44 | 25 | 27 | 0 | 93.6% | 23 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 47 | 33 | | | | | | | | | | | | | | | |
| Tallgrass Reach | 0 | 1 | 5 | 2 | 2 | 216 | 89.1% | 108 | 114 | 85 | 70 | 101 | 27 | 30 | 51 | 29 | 8 | 1 | 25 | 35 | 50 | 50 | 50 | 9 | | | | | | | | | | |
| Tollgate Crossing | 0 | 4 | 1 | 3 | 0 | 0 | 99.7% | 65 | 80 | 59 | 61 | 34 | 1 | 59 | 58 | 22 | 0 | 4 | | | | | | | | | | | | | | | | |
| Whispering Pines | 0 | 91 | 106 | 77 | 144 | 0 | 52.7% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 61 | 106 | 105 | 100 | 63 | | | | | | | | | | | | | | |
| Other (Combined) ⁴ | 14 | 35 | 18 | 36 | 57 | 83 | 97.9% | 153 | 156 | 183 | 168 | 272 | 129 | 107 | 237 | 278 | 68 | 40 | 35 | 30 | 25 | 20 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | |
| Active Summary | 715 | 861 | 1,014 | 581 | 1,272 | 2,204 | 82.2% | 488 | 519 | 479 | 509 | 742 | 432 | 574 | 884 | 951 | 1,013 | 947 | 1,012 | 855 | 674 | 554 | 447 | 62 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 0 | |
| Butterfield Trails | 0 | 0 | 0 | 0 | 0 | 1,015 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 34 | 155 | 154 | 158 | 163 | 118 | 84 | 84 | 65 | | | | | | | |
| Kings Point | 0 | 0 | 0 | 0 | 0 | 1,344 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 20 | 100 | 160 | 200 | 200 | 180 | 180 | 160 | 144 | | | | | | | |
| Kings Point South | 0 | 0 | 0 | 0 | 0 | 553 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | 80 | 100 | 100 | 80 | 80 | 80 | 33 | | | | | | | |
| Whisper | 0 | 0 | 0 | 0 | 0 | 334 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 20 | 50 | 65 | 85 | 80 | 34 | | | | | | | |
| Other (Combined) ⁴ | 0 | 0 | 0 | 0 | 0 | 296 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | 20 | 40 | 75 | 90 | 100 | 150 | --- | | | | | | |
| Future Summary | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 54 | 255 | 394 | 478 | 523 | 503 | 499 | 509 | 472 | 34 | | | | | | |
| CMA Totals: | | | | | | | | 488 | 519 | 479 | 509 | 742 | 432 | 574 | 884 | 951 | 1,013 | 947 | 1,066 | 1,110 | 1,068 | 1,032 | 970 | 565 | 514 | 524 | 487 | NA | | | | | | |
| Denver Market: | | | | | | | | 3,585 | 3,334 | 3,441 | 4,229 | 5,705 | 5,866 | 7,362 | 8,460 | 8,712 | 9,542 | 9,892 | 9,665 | 10,089 | 9,926 | 10,209 | 10,948 | 11,789 | 12,294 | 13,013 | 13,588 | NA | | | | | | |
| CMA Capture of Market: | | | | | | | | 13.6% | 15.6% | 13.9% | 12.0% | 13.0% | 7.4% | 7.8% | 10.4% | 10.9% | 10.6% | 9.6% | 11.0% | 11.0% | 10.8% | 10.1% | 8.9% | 4.8% | 4.2% | 4.0% | 3.6% | NA | | | | | | |

Notes:

- ¹ Future lot counts are based on currently known breakdowns of lots already identified within the Competitive Market Area. This figure may increase/decrease as future development parcel plans are realized.
- ² 2019 forecast is based on the actual preliminary closings within the first two quarters of 2019 (based on Metrostudy's lot-by-lot survey), combined with an estimated third and fourth quarters.
- ³ 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 several have not yet been platted. There may be additional future communities currently unknown at this time that enter the market during this time period; some of the communities listed may ultimately not enter the market. Actual lot counts and product type may prove different than information collected at this time.
- ⁴ Other (Combined) represent the combined total of remaining CMA subdivisions identified at this time, both within Active and Future segments.

This model tracks a moving target with many variables and requires amending over time as existing and future competition evolve. The most notable observation from this model is the drop in CMA closings extending out past five years due to the lack of future supply. The Southshore CMA has a ten-year historical Denver Market closings capture rate of new home closings of 11.5%, and a five-year average of 9.4% (detached only). Given the limited land availability for future housing projects, growth is expected to decline in the CMA, with a future ten-year average projected at 7.8%.

If some of the future developments included in this model 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 an average of 7.8%. We then calculated a potential demand variance of +/- 3% to account for unknown factors that could cause a negative or positive market movement from our estimate. The resulting model is featured below:

Exhibit 11 : *Demand Variance Analysis Model*

| | Southshore CMA | | | | | | | | | | | | | | |
|--|------------------|-------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| | Actual | | | | | Forecast | | | | | | | | | |
| Total Denver Mkt Closings Projections ¹ | 5,866 | 7,362 | 8,460 | 8,712 | 9,542 | 9,892 | 9,665 | 10,089 | 9,926 | 10,209 | 10,948 | 11,789 | 12,294 | 13,013 | 13,588 |
| Total CMA Capture ² | 432 7.4% | 574 7.8% | 884 10.4% | 951 10.9% | 1,013 10.6% | 947 9.6% | 1,066 11.0% | 1,110 11.0% | 1,068 10.8% | 1,032 10.1% | 970 8.9% | 565 4.8% | 514 4.2% | 524 4.0% | 487 3.6% |
| Active Community Capture ³ | 432 100% | 574 100% | 884 100% | 951 100% | 1,013 100% | 947 100% | 1,012 95% | 855 77% | 674 63% | 554 54% | 447 46% | 62 11% | 15 3% | 15 3% | 15 3% |
| Future Community Capture ⁴ | 0 0% | 0 0% | 0 0% | 0 0% | 0 0% | 0 0% | 54 5% | 255 23% | 394 37% | 478 46% | 523 54% | 503 89% | 499 97% | 509 97% | 472 97% |
| Southshore Closings & CMA % | 36 8% | 70 12% | 78 9% | 70 7% | 251 25% | 262 28% | 252 24% | 218 20% | 199 19% | 144 14% | 113 12% | 38 7% | 0 0% | 0 0% | 0 0% |
| Potential Demand Variance⁶ | | | | | | | | | | | | | | | |
| CMA @ 4.8% Capture | NA | NA | NA | NA | NA | -472 | -602 | -626 | -592 | -542 | -444 | 1 | 76 | 101 | 165 |
| CMA @ 10.8% Capture | NA | NA | NA | NA | NA | 121 | -22 | -20 | 4 | 71 | 212 | 708 | 814 | 881 | 981 |

Notes:

¹ Annual closings for 2014 to 2018 are based on Metrostudy 2Q19 data for the Southshore CMA. Future annual closings between 2019 through 2028 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.

² Includes all annual closings within the Southshore CMA per Metrostudy. Market share percentages between 2014 and 2018 are actual capture rates, at an average of 9.4%. 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.

³ The combined total of all currently active selling communities' related closings within the CMA. 2014 through 2018 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.

⁴ The combined total of all currently future planned communities and their closings within the CMA. Years 2014 through 2018 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 ten years.

⁵ Based on the absorption analysis for the subject property, as shown within the build-out model.

⁶ 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 7.8% capture rate by the CMA over the next ten years.

This demand analysis is consistent with historical trending and current projected upward growth within the Southshore 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.

Based on these product offerings, trends in the surrounding CMA, and current onsite sales contracts, Metrostudy believes that Southshore has the potential to absorb up to 262 homes during its peak year in 2019, averaging 185 home sales in the subsequent years until full community build-out in 2025.

The CMA's capture rate of the Denver Market has averaged 9.4% over the past five years (2014 to 2018). Based on current economic and competitive conditions, land availability, and pricing comparable to the Market as a whole, Metrostudy estimates the future capture rate of the CMA to average around 10.5% of the Denver Market's new housing activity over the next five years, during the peak remaining years of the Subject Property. The CMA's capture of Denver Market is expected to drop in 2025, when both Southshore and the remaining masterplans in the CMA (Copperleaf and Inspiration Colorado) build-out. Metrostudy believes that Southshore has the potential to capture 7% to 28% of the CMA's total home closings in its remaining years, which seems reasonable given previous capture rates by the community (25% in 2018), and with diminishing competition within 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, if 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 current product offerings at the community provided by the builders, coupled with fieldwork to evaluate the competitive market area and product segmentation and positioning. Pricing for future releases may need adjustment as the market continues to evolve. **Single-family detached new home closings prices increased 3.2% to \$566,777 from \$549,053 over the past year, while the average square footage retracted 2.5% to 2,712 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 Southshore Pricing Program in Exhibit 13 on the next page.

Exhibit 13 : Southshore Metro District Home Pricing Program

| Waverly: Richmond American SFD 75' x 130' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|---|--------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | Daniel | 3/2 | 1/3 | 2,326 | \$513,950 | \$220.96 | 9.0% | 10.0% | \$616,226 | \$264.93 |
| Delaney | 2/2 | 1/3 | 2,378 | \$532,950 | \$224.12 | 9.0% | 10.0% | \$639,007 | \$268.72 | |
| Hanford | 3/2.5 | 1/3 | 2,950 | \$569,950 | \$193.20 | 10.0% | 10.0% | \$699,640 | \$233.78 | |
| Holbrook | 3/2.5 | 1/3 | 3,200 | \$577,950 | \$180.61 | 10.0% | 10.0% | \$689,320 | \$218.54 | |
| Average | | | | 2,714 | \$548,700 | \$202.21 | 9.5% | 10.0% | \$661,048 | \$243.61 |

| Lakeview: Richmond American SFD 60' x 120' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|--|--------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | Decker | 2/2 | 1/3 | 2,000 | \$489,950 | \$244.98 | 9.0% | 18.0% | \$630,174 | \$315.09 |
| Dearborn | 3/2.5 | 1/3 | 2,200 | \$505,950 | \$229.98 | 9.0% | 18.0% | \$650,753 | \$295.80 | |
| Daniel | 3/2 | 1/3 | 2,326 | \$511,950 | \$220.10 | 10.0% | 19.0% | \$670,143 | \$288.11 | |
| Delaney | 2/2 | 1/3 | 2,378 | \$525,950 | \$221.17 | 10.0% | 19.0% | \$688,469 | \$289.52 | |
| Average | | | | 2,226 | \$508,450 | \$228.41 | 9.5% | 18.5% | \$659,884 | \$296.44 |

| Hillcrest: Richmond American SFD 50' x 110' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|---|--------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | Alcott | 3/2 | 1/2 | 1,924 | \$451,950 | \$234.90 | 5.0% | 9.0% | \$517,257 | \$268.84 |
| Decker | 2/2 | 1/3 | 2,000 | \$462,950 | \$231.48 | 5.0% | 9.0% | \$529,846 | \$264.92 | |
| Twain | 4/2.5 | 2/2 | 2,198 | \$460,950 | \$209.71 | 5.0% | 9.0% | \$527,557 | \$240.02 | |
| Dearborn | 3/2.5 | 1/3 | 2,200 | \$477,950 | \$217.25 | 5.0% | 9.0% | \$547,014 | \$248.64 | |
| Daniel | 3/2 | 1/3 | 2,326 | \$487,950 | \$209.78 | 5.5% | 9.5% | \$563,692 | \$242.34 | |
| Delaney | 2/2 | 1/3 | 2,378 | \$498,950 | \$209.82 | 5.5% | 9.5% | \$576,400 | \$242.39 | |
| Hemingway | 4/2.5 | 2/2 | 2,492 | \$469,950 | \$188.58 | 5.5% | 9.5% | \$542,898 | \$217.86 | |
| Seth | 4/2.5 | 2/2 | 3,006 | \$498,950 | \$165.98 | 5.5% | 9.5% | \$576,400 | \$191.75 | |
| Average | | | | 2,316 | \$476,200 | \$205.66 | 5.3% | 9.3% | \$547,633 | \$236.51 |

| The Hills: Century SFD 55' x 110' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|---|-------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | 40120 | 3/2 | 1/2 | 1,673 | \$435,950 | \$260.58 | 3.0% | 6.5% | \$478,215 | \$285.84 |
| 40121 | 3/2 | 1/2 | 1,772 | \$445,950 | \$251.66 | 3.0% | 6.5% | \$489,185 | \$276.06 | |
| 40221 | 3/2.5 | 2/2 | 1,831 | \$430,950 | \$235.36 | 3.0% | 7.0% | \$474,950 | \$259.39 | |
| 40222 | 3/2.5 | 2/2 | 1,967 | \$435,950 | \$221.63 | 3.0% | 7.0% | \$480,460 | \$244.26 | |
| 40223 | 4/3 | 2/2 | 2,148 | \$446,950 | \$208.08 | 3.0% | 7.0% | \$492,584 | \$229.32 | |
| 40224 | 4/2.5 | 2/2 | 2,542 | \$459,950 | \$180.94 | 3.0% | 7.0% | \$506,911 | \$199.41 | |
| Average | | | | 1,989 | \$442,617 | \$222.55 | 3.0% | 6.8% | \$487,051 | \$244.89 |

| Vista Point: Toll Brothers SFD 74' x 130' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|--|---------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | Montana | 3/2.5 | 1/3 | 2,897 | \$586,995 | \$202.62 | 11.5% | 25.0% | \$818,124 | \$282.40 |
| Chatfield | 3/2.5 | 1/3 | 3,405 | \$632,995 | \$185.90 | 12.0% | 26.0% | \$893,283 | \$262.34 | |
| Ralston | 4/3.5 | 2/3 | 3,573 | \$634,995 | \$177.72 | 15.5% | 27.0% | \$931,442 | \$260.69 | |
| Orion | 4/3.5 | 2/3 | 3,954 | \$668,995 | \$169.19 | 16.0% | 28.0% | \$993,324 | \$251.22 | |
| Bella | 3/2.5 | 2/3 | 3,978 | \$655,995 | \$164.91 | 18.5% | 29.0% | \$1,002,787 | \$252.08 | |
| Valmont | 4/3.5 | 2/3 | 4,147 | \$658,995 | \$158.91 | 19.0% | 30.0% | \$1,019,465 | \$245.83 | |
| Average | | | | 3,659 | \$639,828 | \$174.86 | 15.4% | 27.5% | \$943,071 | \$257.74 |

| Filing 12 (Marque): William Lyon SFD 50'-55' x 120' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|---|-------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | 40A1 | 3/2 | 1/2 | 1,697 | \$390,000 | \$229.82 | 4.0% | 9.0% | \$442,104 | \$260.52 |
| 40C1 | 3/2.5 | 2/2 | 1,820 | \$395,500 | \$217.31 | 4.0% | 9.0% | \$448,339 | \$246.34 | |
| 40A2 | 3/2 | 1/2 | 2,040 | \$407,900 | \$199.95 | 4.0% | 9.0% | \$462,395 | \$226.66 | |
| 40C2 | 4/2.5 | 2/2 | 2,079 | \$408,500 | \$196.49 | 4.0% | 9.0% | \$463,076 | \$222.74 | |
| 40C3 | 4/2.5 | 2/2 | 2,170 | \$412,500 | \$190.09 | 4.0% | 9.0% | \$467,610 | \$215.49 | |
| 40C4 | 4/2.5 | 2/3 | 2,407 | \$427,900 | \$177.77 | 4.0% | 9.0% | \$485,067 | \$201.52 | |
| 40C5 | 4/2.5 | 2/3 | 2,633 | \$442,500 | \$168.06 | 4.0% | 9.0% | \$501,618 | \$190.51 | |
| Average | | | | 2,121 | \$412,114 | \$194.31 | 4.0% | 9.0% | \$467,173 | \$220.28 |

| Filing 12 (Touchstone): William Lyon SFD 60' x 120' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|--|-------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | 50A2 | 3/2.5 | 1/3 | 2,292 | \$453,900 | \$198.04 | 6.5% | 12.5% | \$543,829 | \$237.27 |
| 50C1 | 4/2.5 | 2/3 | 2,806 | \$472,900 | \$168.53 | 6.5% | 12.5% | \$566,593 | \$201.92 | |
| 50C2 | 4/2.5 | 2/3 | 2,931 | \$482,900 | \$164.76 | 6.5% | 12.5% | \$578,575 | \$197.40 | |
| 50B1 | 4/3.5 | 2/3 | 2,963 | \$490,900 | \$165.68 | 7.0% | 12.5% | \$590,921 | \$199.43 | |
| 50C3 | 4/3.5 | 2/3 | 3,125 | \$495,900 | \$158.69 | 7.0% | 13.0% | \$599,593 | \$191.87 | |
| 40C4 | 4/3.5 | 2/3 | 3,245 | \$497,900 | \$153.44 | 7.0% | 13.0% | \$602,011 | \$185.52 | |
| 50C5 | 4/3.5 | 2/3 | 3,472 | \$512,900 | \$147.72 | 7.0% | 13.5% | \$622,891 | \$179.40 | |
| Average | | | | 2,976 | \$486,757 | \$163.55 | 6.8% | 12.8% | \$586,345 | \$197.01 |

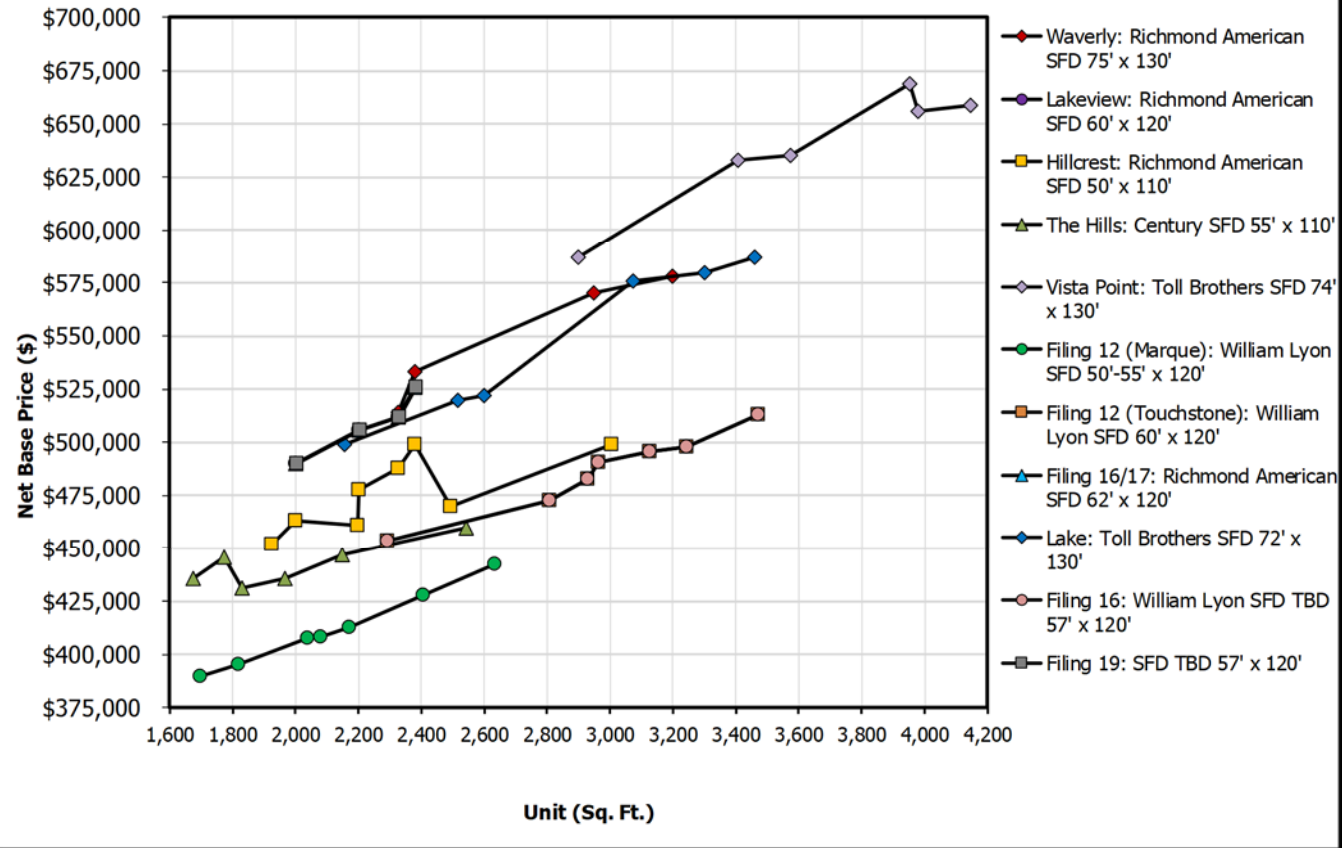
| Filing 16/17: Richmond American SFD 62' x 120' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|--|-------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | 1 | 2/2 | 1/3 | 2,000 | \$489,950 | \$244.98 | 6.0% | 10.0% | \$571,292 | \$285.64 |
| 2 | 3/2.5 | 1/3 | 2,200 | \$505,950 | \$229.98 | 6.0% | 10.0% | \$589,938 | \$268.15 | |
| 3 | 3/2 | 1/3 | 2,326 | \$511,950 | \$220.10 | 7.0% | 11.0% | \$608,043 | \$261.41 | |
| 4 | 2/2 | 1/3 | 2,378 | \$525,950 | \$221.17 | 7.0% | 11.0% | \$624,671 | \$262.69 | |
| Average | | | | 2,226 | \$508,450 | \$228.41 | 6.5% | 10.5% | \$598,483 | \$268.86 |

| Lake: Toll Brothers SFD 72' x 130' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|--|------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | 1 | 2/2 | 1/2 | 2,155 | \$498,995 | \$231.55 | 10.0% | 19.0% | \$653,184 | \$303.10 |
| 2 | 2/2 | 1/2 | 2,515 | \$519,995 | \$206.76 | 10.0% | 19.0% | \$680,673 | \$270.65 | |
| 3 | 3/2 | 2/2 | 2,600 | \$521,995 | \$200.77 | 10.0% | 19.5% | \$686,162 | \$263.91 | |
| 4 | 4/3 | 2/3 | 3,075 | \$575,995 | \$187.32 | 10.0% | 19.5% | \$757,145 | \$246.23 | |
| 5 | 4/3 | 2/3 | 3,300 | \$579,995 | \$175.76 | 11.0% | 20.0% | \$772,553 | \$234.11 | |
| 6 | 4/3 | 2/3 | 3,460 | \$586,995 | \$169.65 | 12.0% | 20.0% | \$788,921 | \$228.01 | |
| Average | | | | 2,851 | \$547,328 | \$191.99 | 10.5% | 19.5% | \$723,107 | \$253.65 |

| Filing 16: William Lyon SFD TBD 57' x 120' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|---|-------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | 1 | 3/2.5 | 1/3 | 2,292 | \$453,900 | \$198.04 | 6.5% | 12.5% | \$543,829 | \$237.27 |
| 2 | 4/2.5 | 2/3 | 2,806 | \$472,900 | \$168.53 | 6.5% | 12.5% | \$566,593 | \$201.92 | |
| 3 | 4/2.5 | 2/3 | 2,931 | \$482,900 | \$164.76 | 6.5% | 12.5% | \$578,575 | \$197.40 | |
| 4 | 4/3.5 | 2/3 | 2,963 | \$490,900 | \$165.68 | 7.0% | 12.5% | \$590,921 | \$199.43 | |
| 5 | 4/3.5 | 2/3 | 3,125 | \$495,900 | \$158.69 | 7.0% | 13.0% | \$599,593 | \$191.87 | |
| 6 | 4/3.5 | 2/3 | 3,245 | \$497,900 | \$153.44 | 7.0% | 13.0% | \$602,011 | \$185.52 | |
| 7 | 4/3.5 | 2/3 | 3,472 | \$512,900 | \$147.72 | 7.0% | 13.5% | \$622,891 | \$179.40 | |
| Average | | | | 2,976 | \$486,757 | \$163.55 | 6.8% | 12.8% | \$586,345 | \$197.01 |

| Filing 19: SFD TBD 57' x 120' | Plan | Bed/Bath | Fr/Pkg | Unit Size (Sq. Ft.) | Base Price (\$) | Base \$/Sq. Ft. | Lot Premium | Opt/Upgrade | Est. Close Price | Close \$/Sq. Ft. |
|-------------------------------------|-------|----------|--------|------------------------|-----------------|-----------------|-------------|-------------|------------------|------------------|
| | 1 | 2/2 | 1/3 | 2,005 | \$489,960 | \$244.37 | 6.0% | 10.0% | \$571,293 | \$284.93 |
| 2 | 3/2.5 | 1/3 | 2,205 | \$505,960 | \$229.46 | 6.0% | 10.0% | \$589,949 | \$267.55 | |
| 3 | 3/2 | 1/3 | 2,331 | \$511,960 | \$219.63 | 7.0% | 11.0% | \$608,055 | \$260.86 | |
| 4 | 2/2 | 1/3 | 2,383 | \$525,960 | \$220.71 | 7.0% | 11.0% | \$624,683 | \$262.14 | |
| Average | | | | 2,231 | \$508,460 | \$227.91 | 6.5% | 10.5% | \$598,495 | \$268.26 |

Base Price Product Positioning
Southshore



- Product prices and plan information for the Subject Property is based on all currently available information regarding the Subject Property as provided by the Client. 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 nearest available projects being built by subject site builders, if relevant.
- Metrostudy estimates a 3% annual increase on base pricing in the CMA, an easing pressure on pricing as interest rates rise.

Exhibit Package

Economic Overview

Employment and Job Growth

Exhibit 14 : Denver, CO Employment by Industry Sector

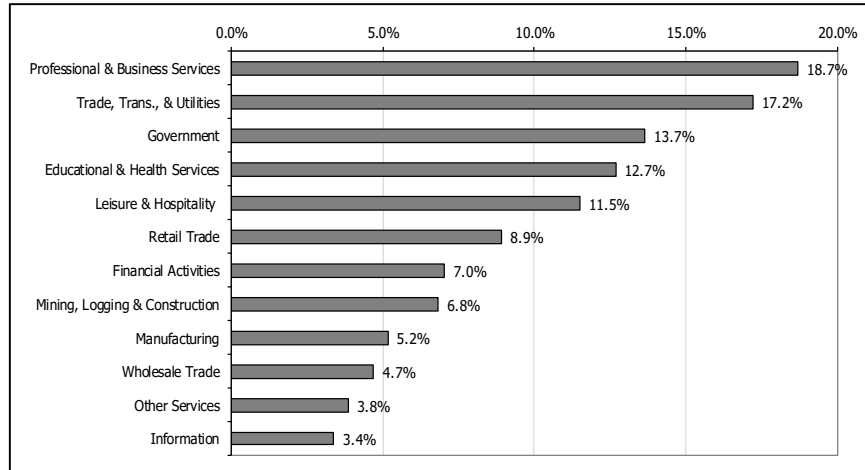
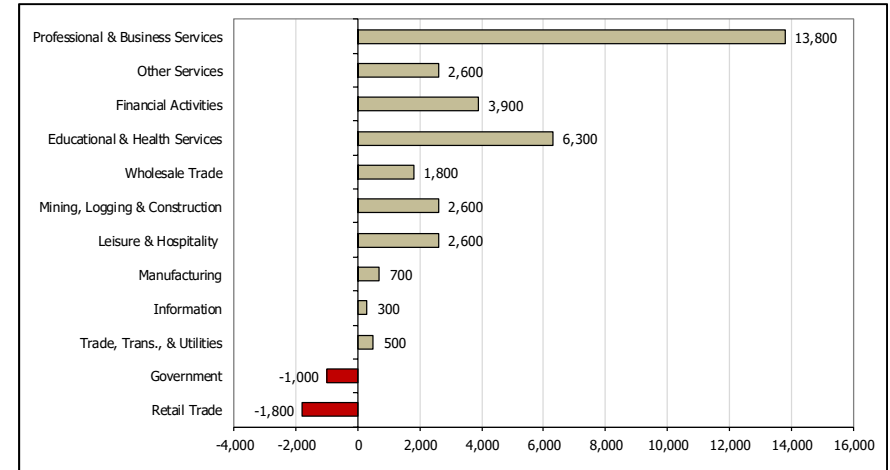


Exhibit 15 : Denver, CO Employment Growth Year-Over-Year



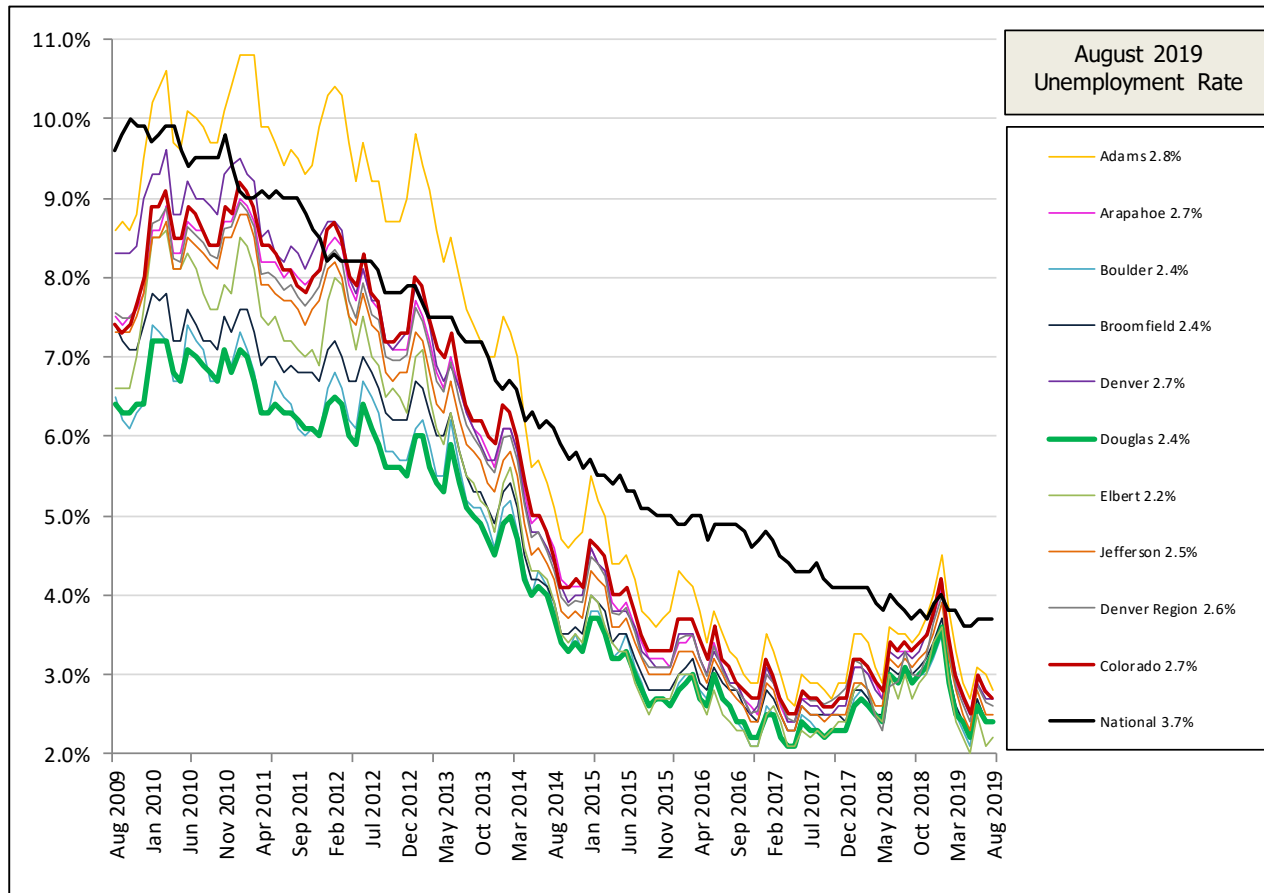
Ranked by Current Industry Sector One-Year Growth

| Sector | Aug 2019 | Aug 2018 | Net Jobs | | | Capture % | YOY % |
|----------------------------------|------------------|------------------|---------------|----------------|----------------|---------------|-------------|
| | | | 1-Yr | 3-Yr | 5-Yr | | |
| Professional & Business Services | 326,700 | 312,900 | 13,800 | 30,300 | 44,300 | 18.7% | 4.4% |
| Other Services | 67,200 | 64,600 | 2,600 | 4,000 | 7,700 | 3.8% | 4.0% |
| Financial Activities | 122,800 | 118,900 | 3,900 | 8,600 | 16,400 | 7.0% | 3.3% |
| Educational & Health Services | 221,400 | 215,100 | 6,300 | 13,900 | 30,500 | 12.7% | 2.9% |
| Wholesale Trade | 82,000 | 80,200 | 1,800 | 4,700 | 7,900 | 4.7% | 2.2% |
| Mining, Logging & Construction | 119,100 | 116,500 | 2,600 | 14,100 | 19,700 | 6.8% | 2.2% |
| Leisure & Hospitality | 200,900 | 198,300 | 2,600 | 10,700 | 25,400 | 11.5% | 1.3% |
| Manufacturing | 90,000 | 89,300 | 700 | 3,000 | 6,200 | 5.2% | 0.8% |
| Information | 59,100 | 58,800 | 300 | 3,700 | 4,800 | 3.4% | 0.5% |
| Trade, Trans., & Utilities | 300,600 | 300,100 | 500 | 12,200 | 24,800 | 17.2% | 0.2% |
| Government | 238,500 | 239,500 | -1,000 | 15,900 | 28,200 | 13.7% | -0.4% |
| Retail Trade | 155,600 | 157,400 | -1,800 | 500 | 6,600 | 8.9% | -1.1% |
| Total Non-Farm | 1,746,300 | 1,714,000 | 32,300 | 116,400 | 208,000 | 100.0% | 1.9% |

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.

Arapahoe County (pink-colored line), where Southshore is located, has historically held and continues to report unemployment rates in-line with the region and state. Currently, Arapahoe County's unemployment rate stands at 2.7%, compared to the Denver Region (2.6%), Colorado (2.7%) and the National (3.7%) rates.

Exhibit 16 : *Regional Unemployment Rate Trends by County*



Demographic Overview
Population and Households

Exhibit 17 : *Denver Market Total Population*

| Denver Market | Total Population | | |
|-------------------------------|-------------------------|----------------------|------------------------|
| | 2010 Census | 2019 Estimate | 2024 Projection |
| Population | 2,880,569 | 3,358,503 | 3,550,021 |
| Total Numerical Change | --- | 477,934 | 191,518 |
| Total Percent Change | --- | 16.6% | 5.7% |
| Annual Number Change | --- | 53,104 | 38,304 |
| Annual Percent Change | --- | 1.7% | 1.1% |
| Households | 1,135,214 | 1,319,995 | 1,394,101 |
| Total Numerical Change | --- | 184,781 | 74,106 |
| Total Percent Change | --- | 16.3% | 5.6% |
| Annual Number Change | --- | 20,531 | 14,821 |
| Annual Percent Change | --- | 1.7% | 1.1% |
| Average Household Size | 2.5 | 2.5 | 2.5 |

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

Exhibit 18 : *Southshore CMA Total Population*

| Southshore CMA | Total Population | | |
|-------------------------------|-------------------------|----------------------|------------------------|
| | 2010 Census | 2019 Estimate | 2024 Projection |
| Population | 103,583 | 131,443 | 139,528 |
| Total Numerical Change | --- | 27,860 | 8,085 |
| Total Percent Change | --- | 26.9% | 6.2% |
| Annual Number Change | --- | 3,096 | 1,617 |
| Annual Percent Change | --- | 2.7% | 1.2% |
| Households | 34,693 | 43,445 | 46,012 |
| Total Numerical Change | --- | 8,752 | 2,567 |
| Total Percent Change | --- | 25.2% | 5.9% |
| Annual Number Change | --- | 972 | 513 |
| Annual Percent Change | --- | 2.5% | 1.2% |
| Average Household Size | 3.0 | 3.0 | 3.0 |
| CMA % of Market | | | |
| Population | 3.6% | 3.9% | 3.9% |
| Households | 3.1% | 3.3% | 3.3% |

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

Age Distribution

Exhibit 19 : *Market Age Distribution*

| Denver Market | | | | | | |
|----------------------|--------------------|----------|----------------------|----------|------------------------|----------|
| Age Group | 2010 Census | | 2019 Estimate | | 2024 Projection | |
| | Total | % | Total | % | Total | % |
| 0-24 | 977,672 | 33.9% | 1,042,549 | 31.0% | 1,080,994 | 30.5% |
| 25-34 | 436,926 | 15.2% | 555,686 | 16.5% | 503,531 | 14.2% |
| 35-44 | 425,262 | 14.8% | 486,643 | 14.5% | 530,807 | 15.0% |
| 45-54 | 424,330 | 14.7% | 435,043 | 13.0% | 466,521 | 13.1% |
| 55-64 | 328,769 | 11.4% | 402,540 | 12.0% | 416,127 | 11.7% |
| 65-74 | 161,924 | 5.6% | 271,243 | 8.1% | 323,271 | 9.1% |
| 75-84 | 88,791 | 3.1% | 116,844 | 3.5% | 166,051 | 4.7% |
| 85+ | 36,896 | 1.3% | 47,953 | 1.4% | 62,721 | 1.8% |
| | 2,880,569 | 100.0% | 3,358,503 | 100.0% | 3,550,021 | 100.0% |
| Annual Change | | | | | | |
| 0-24 | - | - | 7,209 | 0.7% | 7,689 | 0.7% |
| 25-34 | - | - | 13,196 | 2.7% | -10,431 | -2.0% |
| 35-44 | - | - | 6,820 | 1.5% | 8,833 | 1.8% |
| 45-54 | - | - | 1,190 | 0.3% | 6,296 | 1.4% |
| 55-64 | - | - | 8,197 | 2.3% | 2,717 | 0.7% |
| 65-74 | - | - | 12,147 | 5.9% | 10,406 | 3.6% |
| 75-84 | - | - | 3,117 | 3.1% | 9,841 | 7.3% |
| 85+ | - | - | 1,229 | 3.0% | 2,954 | 5.5% |
| Median Age | 35.6 | | 36.6 | | 38.5 | |

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

Exhibit 20 : *CMA Age Distribution*

| Southshore CMA | | | | | | |
|-----------------------|--------------------|----------|----------------------|----------|------------------------|----------|
| Age Group | 2010 Census | | 2019 Estimate | | 2024 Projection | |
| | Total | % | Total | % | Total | % |
| 0-24 | 39,328 | 38.0% | 46,669 | 35.5% | 46,668 | 33.4% |
| 25-34 | 12,607 | 12.2% | 17,576 | 13.4% | 18,670 | 13.4% |
| 35-44 | 18,452 | 17.8% | 18,443 | 14.0% | 18,076 | 13.0% |
| 45-54 | 16,995 | 16.4% | 20,210 | 15.4% | 19,874 | 14.2% |
| 55-64 | 10,512 | 10.1% | 16,246 | 12.4% | 18,020 | 12.9% |
| 65-74 | 4,044 | 3.9% | 8,762 | 6.7% | 11,924 | 8.5% |
| 75-84 | 1,303 | 1.3% | 2,833 | 2.2% | 4,988 | 3.6% |
| 85+ | 340 | 0.3% | 703 | 0.5% | 1,308 | 0.9% |
| | 103,583 | 100.0% | 131,443 | 100.0% | 139,528 | 100.0% |
| Annual Change | | | | | | |
| 0-24 | - | - | 816 | 1.9% | 0 | 0.0% |
| 25-34 | - | - | 552 | 3.8% | 219 | 1.2% |
| 35-44 | - | - | -1 | 0.0% | -73 | -0.4% |
| 45-54 | - | - | 357 | 1.9% | -67 | -0.3% |
| 55-64 | - | - | 637 | 5.0% | 355 | 2.1% |
| 65-74 | - | - | 524 | 9.0% | 632 | 6.4% |
| 75-84 | - | - | 170 | 9.0% | 431 | 12.0% |
| 85+ | - | - | 40 | 8.4% | 121 | 13.2% |
| Median Age | 34.9 | | 35.8 | | 37.5 | |

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

Household Income

Exhibit 21 : *Market Household Income*

| Denver Market | | | | | | |
|-------------------------------|--------------------|----------|----------------------|----------|------------------------|----------|
| Annual Household Inc. | 2010 Census | | 2019 Estimate | | 2024 Projection | |
| | Total HH | % | Total HH | % | Total HH | % |
| Under \$25,000 | 229,058 | 20.2% | 166,284 | 12.6% | 167,201 | 12.0% |
| \$25,000-\$34,000 | 107,778 | 9.5% | 86,192 | 6.5% | 87,153 | 6.3% |
| \$35,000-\$49,000 | 149,894 | 13.2% | 147,588 | 11.2% | 153,142 | 11.0% |
| \$50,000-\$74,000 | 203,454 | 17.9% | 220,243 | 16.7% | 229,308 | 16.4% |
| \$75,000-\$99,000 | 150,325 | 13.2% | 189,518 | 14.4% | 200,693 | 14.4% |
| \$100,000-\$149,000 | 168,257 | 14.8% | 253,864 | 19.2% | 273,920 | 19.6% |
| \$150,000+ | 126,448 | 11.1% | 256,308 | 19.4% | 282,682 | 20.3% |
| | 1,135,214 | 100.0% | 1,319,995 | 100.0% | 1,394,101 | 100.0% |
| Average Household Inc. | \$78,919 | | \$102,772 | | \$105,128 | |
| Median Household Inc. | \$59,546 | | \$80,236 | | \$82,504 | |

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

Exhibit 22 : *CMA Household Income*

| Southshore CMA | | | | | | |
|-------------------------------|--------------------|----------|----------------------|----------|------------------------|----------|
| Annual Household Inc. | 2010 Census | | 2019 Estimate | | 2024 Projection | |
| | Total HH | % | Total HH | % | Total HH | % |
| Under \$25,000 | 2,440 | 7.0% | 1,844 | 4.2% | 1,904 | 4.1% |
| \$25,000-\$34,000 | 1,532 | 4.4% | 1,289 | 3.0% | 1,309 | 2.8% |
| \$35,000-\$49,000 | 3,573 | 10.3% | 3,182 | 7.3% | 3,253 | 7.1% |
| \$50,000-\$74,000 | 6,516 | 18.8% | 5,780 | 13.3% | 5,842 | 12.7% |
| \$75,000-\$99,000 | 6,848 | 19.7% | 6,329 | 14.6% | 6,405 | 13.9% |
| \$100,000-\$149,000 | 8,110 | 23.4% | 12,877 | 29.6% | 13,885 | 30.2% |
| \$150,000+ | 5,673 | 16.4% | 12,144 | 28.0% | 13,412 | 29.1% |
| | 34,693 | 100.0% | 43,445 | 100.0% | 46,012 | 100.0% |
| Average Household Inc. | \$102,859 | | \$130,089 | | \$132,720 | |
| Median Household Inc. | \$86,992 | | \$111,601 | | \$114,079 | |

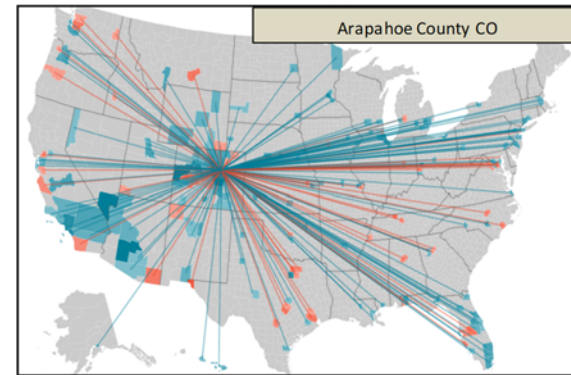
Source: Metrostudy/Neustar/U.S. Census Bureau

In and Out Migration Trends

The following tables represent in-migration patterns within Arapahoe County, as determined through exemptions claimed in tax returns filed with the Internal Revenue Service between 2015 and 2016, the most recent available data set. These tables reflect (1) patterns of in-migration; or those residents who filed somewhere else in 2015 and then within Arapahoe County in 2016; (2) patterns of out-migration; those residents who filed within Arapahoe County in 2015 and somewhere else in 2016. IRS migration data tend to under-represent the poor and elderly, as well as the very wealthy, and has other weaknesses, but these data are the most comprehensive that exist.

Exhibit 23 : *Migration Trends into Arapahoe County, CO*

| Arapahoe County Migration Patterns 2015-2016 | | | | |
|--|---------------|--------------|----------------|---------------|
| | In | | Out | |
| Denver | 9,537 | 30.9% | Denver | 8,223 28.0% |
| Douglas | 2,755 | 8.9% | Douglas | 3,322 11.3% |
| Adams | 2,620 | 8.5% | Adams | 2,810 9.6% |
| Jefferson | 2,450 | 7.9% | Jefferson | 2,627 8.9% |
| El Paso | 696 | 2.3% | El Paso | 742 2.5% |
| Maricopa AZ | 343 | 1.1% | Maricopa AZ | 422 1.4% |
| Larimer | 342 | 1.1% | Boulder | 322 1.1% |
| Los Angeles CA | 339 | 1.1% | Weld | 321 1.1% |
| Boulder | 318 | 1.0% | Larimer | 293 1.0% |
| Weld | 249 | 0.8% | Los Angeles CA | 237 0.8% |
| Cook IL | 191 | 0.6% | Elbert | 223 0.8% |
| Harris TX | 183 | 0.6% | Clark NV | 217 0.7% |
| Total | 30,859 | | Total | 29,364 |
| Net Migration: | | 1,495 | | |



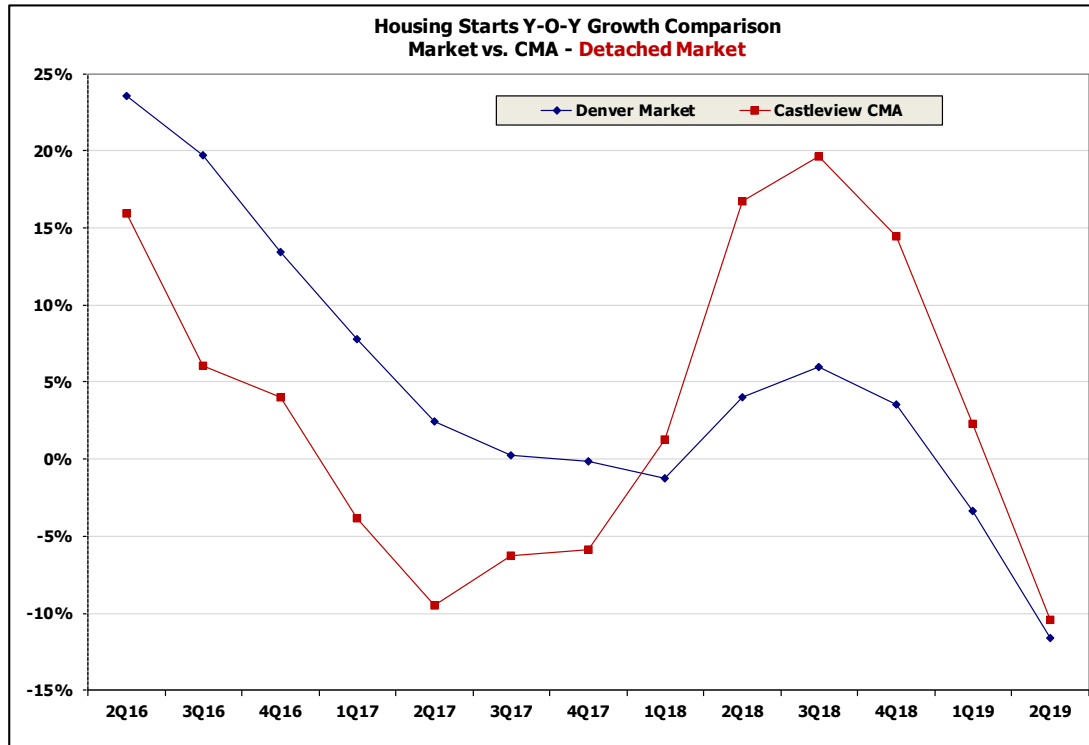
| Years | In | Out | Net |
|--------------|---------------|---------------|--------------|
| 04-05 | 22,297 | 22,955 | -658 |
| 05-06 | 22,697 | 22,647 | 50 |
| 06-07 | 22,424 | 21,373 | 1,051 |
| 07-08 | 24,085 | 22,450 | 1,635 |
| 08-09 | 24,231 | 22,633 | 1,598 |
| 09-10 | 24,034 | 21,961 | 2,073 |
| 10-11 | 20,871 | 21,908 | -1,037 |
| 11-12 | 27,231 | 25,641 | 1,590 |
| 12-13 | 29,467 | 27,461 | 2,006 |
| 13-14 | 28,156 | 26,384 | 1,772 |
| 14-15 | 21,827 | 20,388 | 1,439 |
| 15-16 | 30,859 | 29,364 | 1,495 |

Source: Internal Revenue Service 2015-2016; Metrostudy

Housing Market Overview

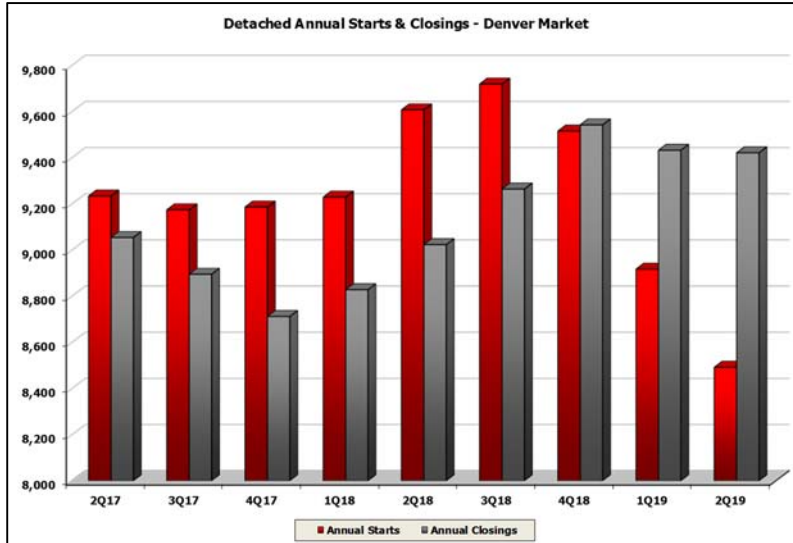
New Home Production

Exhibit 24 : *Housing Starts Activity – Detached*



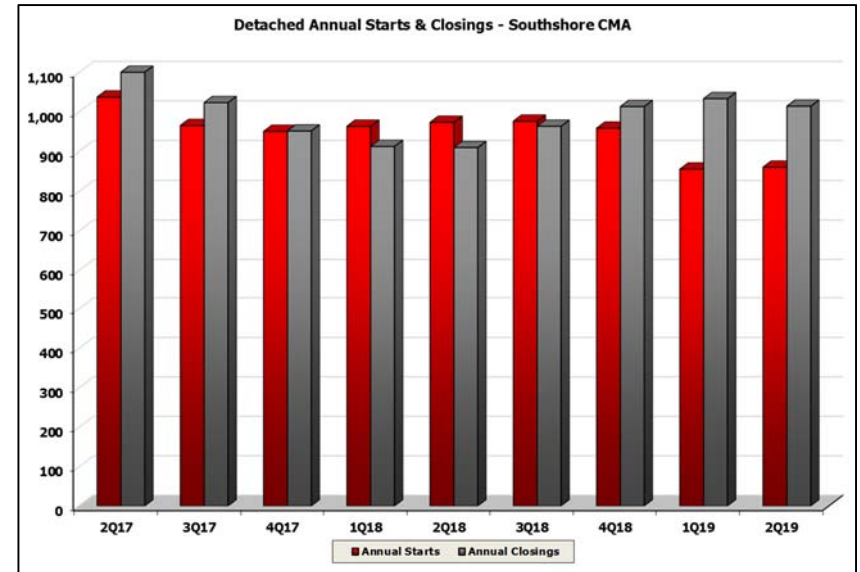
| Quarter | Denver Market | | Castlevue CMA | |
|-------------------|---------------|--------------|---------------|--------------|
| | Ann Starts | % YOY Growth | Ann Starts | % YOY Growth |
| 2Q15 | 7,294 | * | 1,373 | * |
| 3Q15 | 7,643 | * | 1,453 | * |
| 4Q15 | 8,111 | * | 1,479 | * |
| 1Q16 | 8,669 | * | 1,578 | * |
| 2Q16 | 9,011 | 23.5% | 1,592 | 16.0% |
| 3Q16 | 9,150 | 19.7% | 1,541 | 6.1% |
| 4Q16 | 9,203 | 13.5% | 1,538 | 4.0% |
| 1Q17 | 9,343 | 7.8% | 1,518 | -3.8% |
| 2Q17 | 9,234 | 2.5% | 1,441 | -9.5% |
| 3Q17 | 9,174 | 0.3% | 1,445 | -6.2% |
| 4Q17 | 9,186 | -0.2% | 1,448 | -5.9% |
| 1Q18 | 9,229 | -1.2% | 1,537 | 1.3% |
| 2Q18 | 9,607 | 4.0% | 1,682 | 16.7% |
| 3Q18 | 9,719 | 5.9% | 1,729 | 19.7% |
| 4Q18 | 9,515 | 3.6% | 1,657 | 14.4% |
| 1Q19 | 8,917 | -3.4% | 1,572 | 2.3% |
| 2Q19 | 8,492 | -11.6% | 1,506 | -10.5% |
| Hist. Avg. | 8,912 | 5.0% | 1,535 | 3.4% |

Exhibit 25 : *New Housing Starts and Closings Activity Comparison - Detached*



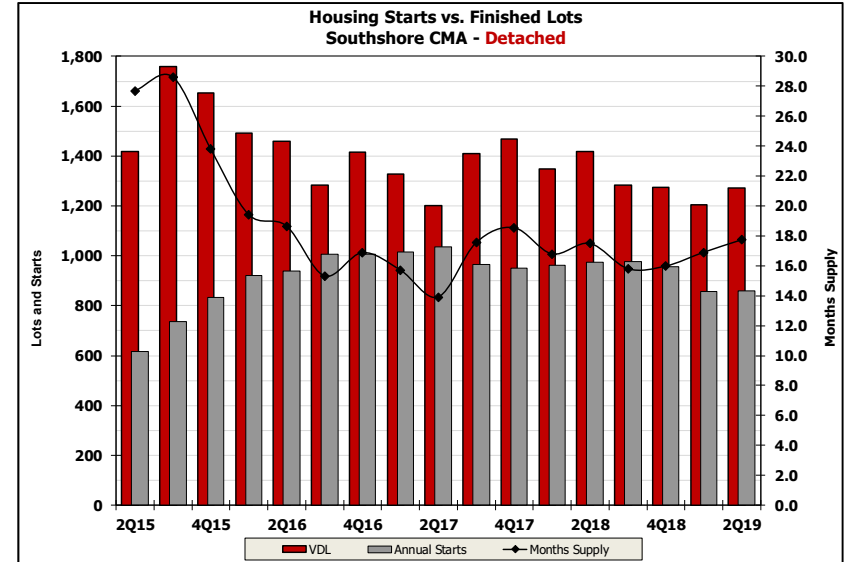
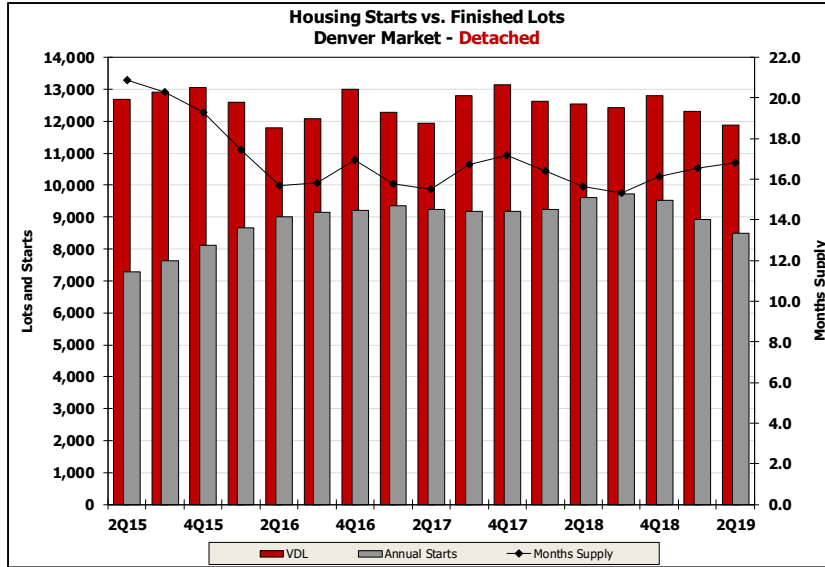
| Denver Market - Detached | | | | | |
|--------------------------|---------------|-------------|-----------------|-------------|------------|
| Quarter | Annual Starts | | Annual Closings | | St - Cl |
| 2Q17 | 9,234 | 2.5% | 9,054 | 18.4% | 180 |
| 3Q17 | 9,174 | 0.3% | 8,895 | 9.6% | 279 |
| 4Q17 | 9,186 | -0.2% | 8,712 | 3.0% | 474 |
| 1Q18 | 9,229 | -1.2% | 8,828 | 1.5% | 401 |
| 2Q18 | 9,607 | 4.0% | 9,023 | -0.3% | 584 |
| 3Q18 | 9,719 | 5.9% | 9,264 | 4.1% | 455 |
| 4Q18 | 9,515 | 3.6% | 9,542 | 9.5% | -27 |
| 1Q19 | 8,917 | -3.4% | 9,432 | 6.8% | -515 |
| 2Q19 | 8,492 | -11.6% | 9,421 | 4.4% | -929 |
| 9-Qtr Avg | 9,230 | 0.0% | 9,130 | 6.3% | 100 |

| Southshore CMA - Detached | | | | | |
|---------------------------|---------------|--------------|-----------------|--------------|------------|
| Quarter | Annual Starts | | Annual Closings | | St - Cl |
| 2Q17 | 1,037 | 10.3% | 1,101 | 76.2% | -64 |
| 3Q17 | 965 | -4.1% | 1,023 | 31.5% | -58 |
| 4Q17 | 950 | -5.7% | 951 | 7.6% | -1 |
| 1Q18 | 963 | -5.0% | 912 | -6.1% | 51 |
| 2Q18 | 973 | -6.2% | 909 | -17.4% | 64 |
| 3Q18 | 976 | 1.1% | 963 | -5.9% | 13 |
| 4Q18 | 958 | 0.8% | 1,013 | 6.5% | -55 |
| 1Q19 | 856 | -11.1% | 1,033 | 13.3% | -177 |
| 2Q19 | 861 | -11.5% | 1,014 | 11.6% | -153 |
| 9-Qtr Avg | 949 | -3.5% | 991 | 13.0% | -42 |



Lot Supply

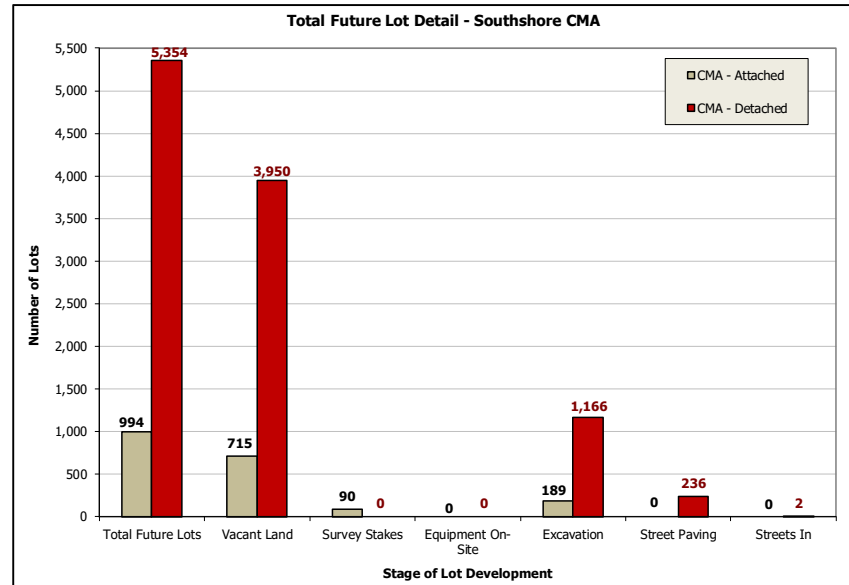
Exhibit 26 : Vacant Developed Lots and Months of Supply – Detached



| Quarter | Denver Market - Detached | | | Southshore CMA - Detached | | |
|-----------|--------------------------|---------------|---------------|---------------------------|---------------|---------------|
| | VDL | Annual Starts | Months Supply | VDL | Annual Starts | Months Supply |
| 2Q16 | 11,787 | 9,011 | 15.7 | 1,461 | 940 | 18.7 |
| 2Q17 | 11,936 | 9,234 | 15.5 | 1,202 | 1,037 | 13.9 |
| 2Q18 | 12,537 | 9,607 | 15.7 | 1,418 | 973 | 17.5 |
| 2Q19 | 11,889 | 8,492 | 16.8 | 1,272 | 861 | 17.7 |
| Hist. Avg | 12,522 | 8,912 | 16.9 | 1,394 | 918 | 18.2 |

Future Lot Supply

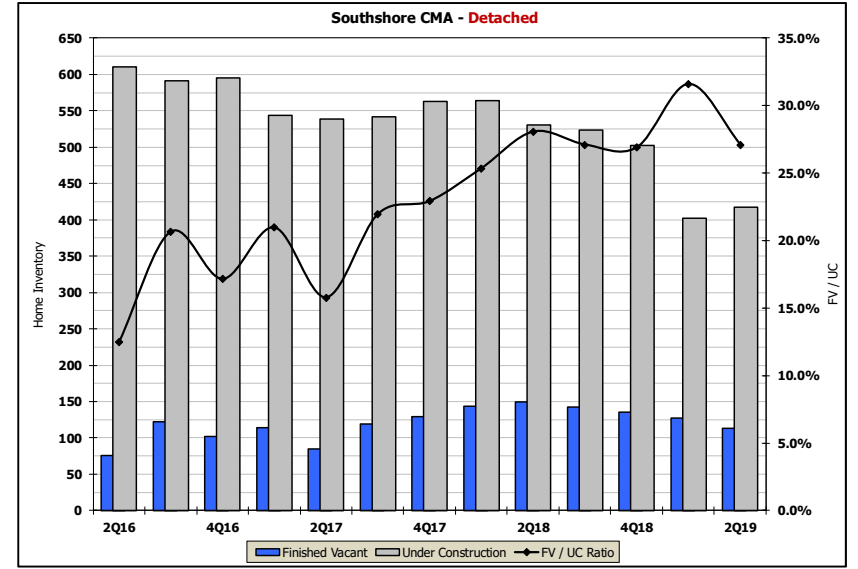
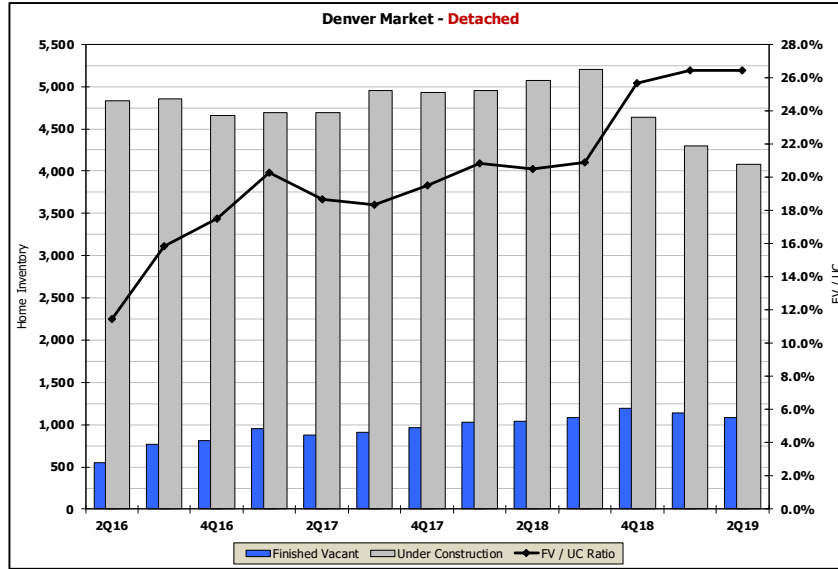
Exhibit 27 : Development Status of Future Lots and Future Supply



| 2Q19 | Denver Market | | Southshore CMA | |
|----------------------------|----------------|---------------|----------------|---------------|
| Attached Future Lot Detail | | | | |
| Total Future Lots | 95,716 | 100.0% | 994 | 100.0% |
| Vacant Land | 87,878 | 91.8% | 715 | 71.9% |
| Survey Stakes | 723 | 0.8% | 90 | 9.1% |
| Equipment On-Site | 1,063 | 1.1% | 0 | 0.0% |
| Excavation | 5,163 | 5.4% | 189 | 19.0% |
| Street Paving | 868 | 0.9% | 0 | 0.0% |
| Streets In | 21 | 0.0% | 0 | 0.0% |
| Plat Recorded | 6,369 | 6.7% | 279 | 28.1% |
| Detached Future Lot Detail | | | | |
| Total Future Lots | 185,103 | 100.0% | 5,354 | 100.0% |
| Vacant Land | 160,055 | 86.5% | 3,950 | 73.8% |
| Survey Stakes | 1,154 | 0.6% | 0 | 0.0% |
| Equipment On-Site | 6,504 | 3.5% | 0 | 0.0% |
| Excavation | 15,971 | 8.6% | 1,166 | 21.8% |
| Street Paving | 1,217 | 0.7% | 236 | 4.4% |
| Streets In | 202 | 0.1% | 2 | 0.0% |
| Plat Recorded | 23,223 | 12.5% | 1,080 | 20.2% |

Housing Inventory

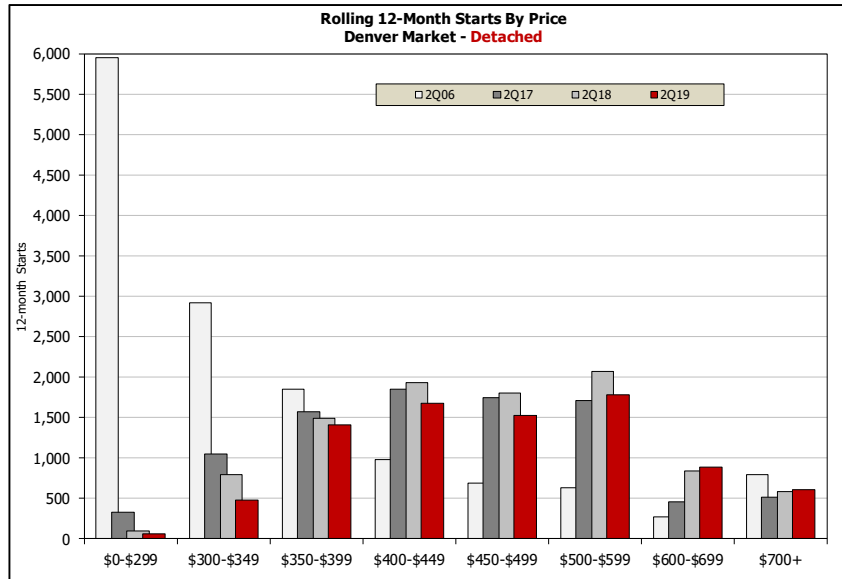
Exhibit 28 : *Finished and Vacant vs. Under Construction Inventory - Detached*



| Quarter | Denver Market - Detached | | | | | Southshore CMA - Detached | | | | |
|-----------|--------------------------|--------------------|--------|-----------------|---------------|---------------------------|--------------------|--------|-----------------|---------------|
| | Finished Vacant | Under Construction | Models | Total Inventory | FV / UC Ratio | Finished Vacant | Under Construction | Models | Total Inventory | FV / UC Ratio |
| 2Q16 | 554 | 4,831 | 423 | 5,808 | 11.5% | 76 | 610 | 48 | 734 | 12.5% |
| 3Q16 | 768 | 4,854 | 415 | 6,037 | 15.8% | 122 | 591 | 53 | 766 | 20.6% |
| 4Q16 | 816 | 4,657 | 402 | 5,875 | 17.5% | 102 | 595 | 47 | 744 | 17.1% |
| 1Q17 | 952 | 4,694 | 417 | 6,063 | 20.3% | 114 | 544 | 51 | 709 | 21.0% |
| 2Q17 | 874 | 4,686 | 428 | 5,988 | 18.7% | 85 | 539 | 46 | 670 | 15.8% |
| 3Q17 | 909 | 4,956 | 451 | 6,316 | 18.3% | 119 | 542 | 47 | 708 | 22.0% |
| 4Q17 | 963 | 4,935 | 451 | 6,349 | 19.5% | 129 | 563 | 51 | 743 | 22.9% |
| 1Q18 | 1,033 | 4,956 | 475 | 6,464 | 20.8% | 143 | 564 | 53 | 760 | 25.4% |
| 2Q18 | 1,041 | 5,072 | 459 | 6,572 | 20.5% | 149 | 531 | 54 | 734 | 28.1% |
| 3Q18 | 1,086 | 5,204 | 481 | 6,771 | 20.9% | 142 | 524 | 55 | 721 | 27.1% |
| 4Q18 | 1,191 | 4,641 | 490 | 6,322 | 25.7% | 135 | 502 | 51 | 688 | 26.9% |
| 1Q19 | 1,138 | 4,304 | 507 | 5,949 | 26.4% | 127 | 402 | 54 | 583 | 31.6% |
| 2Q19 | 1,080 | 4,082 | 481 | 5,643 | 26.5% | 113 | 417 | 51 | 581 | 27.1% |
| Hist. Avg | 954 | 4,759 | | 6,166 | 20.0% | 120 | 533 | | 703 | 22.5% |

Price Distribution

Exhibit 29 : 12-Month Starts by Price – Denver Market - Detached



| Denver Market - Detached | | 12-Month Annual Starts by Price Segment | | | | | | |
|--------------------------|-----------|---|-------------|-------------|-------------|-------------|-------------|--------|
| Quarter | \$0-\$299 | \$300-\$349 | \$350-\$399 | \$400-\$449 | \$450-\$499 | \$500-\$599 | \$600-\$699 | \$700+ |
| 2Q06 | 5,949 | 2,923 | 1,857 | 978 | 690 | 633 | 276 | 795 |
| 2Q17 | 332 | 1,045 | 1,572 | 1,854 | 1,747 | 1,708 | 458 | 519 |
| 2Q18 | 100 | 790 | 1,489 | 1,930 | 1,805 | 2,070 | 842 | 581 |
| 2Q19 | 59 | 486 | 1,409 | 1,674 | 1,523 | 1,783 | 892 | 607 |
| Market Share | | | | | | | | |
| 2Q06 | 42.2% | 20.7% | 13.2% | 6.9% | 4.9% | 4.5% | 2.0% | 5.6% |
| 2Q17 | 3.6% | 11.3% | 17.0% | 20.1% | 18.9% | 18.5% | 5.0% | 5.6% |
| 2Q18 | 1.0% | 8.2% | 15.5% | 20.1% | 18.8% | 21.5% | 8.8% | 6.0% |
| 2Q19 | 0.7% | 5.8% | 16.7% | 19.9% | 18.1% | 21.1% | 10.6% | 7.2% |

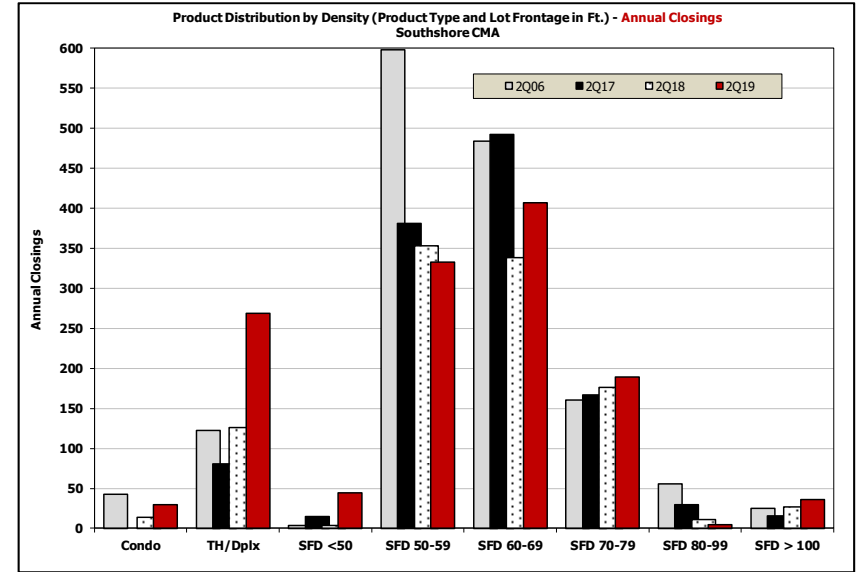
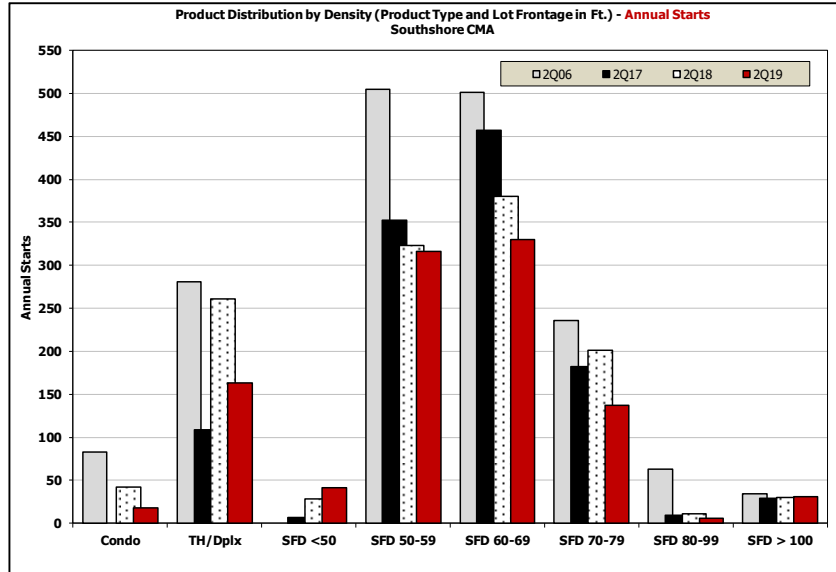
Exhibit 30 : 12-Month Starts by Price – Southshore CMA - Detached



| Southshore CMA - Detached | | 12-Month Annual Starts by Price Segment | | | | | | |
|---------------------------|-----------|---|-------------|-------------|-------------|-------------|-------------|--------|
| Quarter | \$0-\$349 | \$350-\$399 | \$400-\$449 | \$450-\$499 | \$500-\$549 | \$550-\$599 | \$600-\$699 | \$700+ |
| 2Q06 | 867 | 235 | 44 | 41 | 76 | 39 | 16 | 19 |
| 2Q17 | 66 | 184 | 298 | 234 | 111 | 67 | 53 | 23 |
| 2Q18 | 1 | 71 | 242 | 268 | 165 | 112 | 89 | 26 |
| 2Q19 | 0 | 60 | 178 | 266 | 118 | 111 | 105 | 23 |
| Market Share | | | | | | | | |
| 2Q06 | 64.8% | 17.6% | 3.3% | 3.1% | 5.7% | 2.9% | 1.2% | 1.4% |
| 2Q17 | 6.4% | 17.8% | 28.8% | 22.6% | 10.7% | 6.5% | 5.1% | 2.2% |
| 2Q18 | 0.1% | 7.3% | 24.8% | 27.5% | 16.9% | 11.5% | 9.1% | 2.7% |
| 2Q19 | 0.0% | 7.0% | 20.7% | 30.9% | 13.7% | 12.9% | 12.2% | 2.7% |

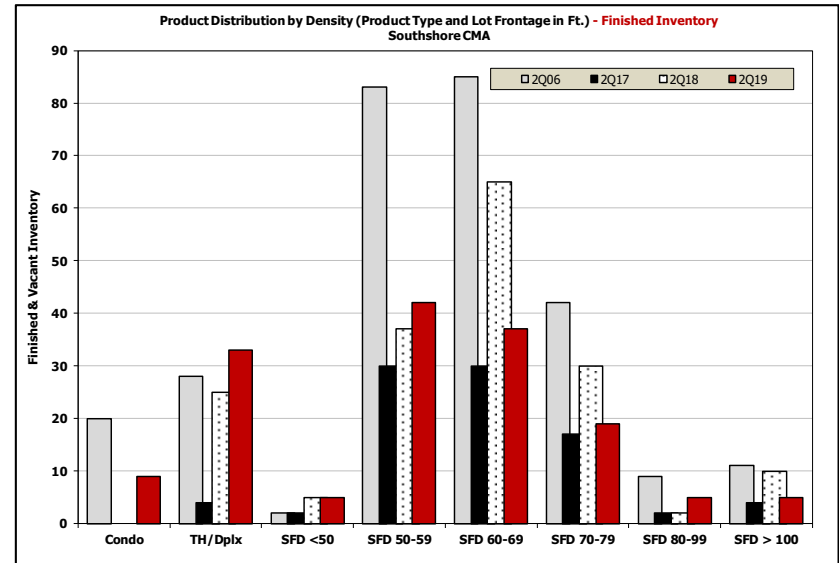
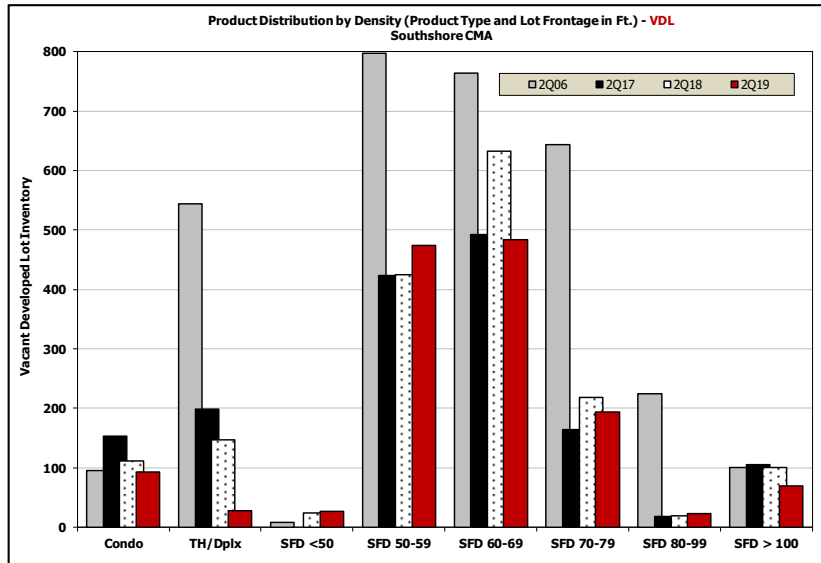
Product Distribution

Exhibit 31 : *CMA Product Distribution, Annual Starts and Annual Closings*



| Southshore CMA | | | | | | | | | |
|--|-------|---------|---------|-----------|-----------|-----------|-----------|-----------|-------|
| Annual Starts 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 | Total |
| 2Q06 | 83 | 281 | 0 | 505 | 501 | 236 | 63 | 34 | 1,703 |
| 2Q17 | 0 | 109 | 7 | 353 | 457 | 182 | 9 | 29 | 1,146 |
| 2Q18 | 42 | 261 | 28 | 323 | 380 | 201 | 11 | 30 | 1,276 |
| 2Q19 | 18 | 163 | 41 | 316 | 330 | 137 | 6 | 31 | 1,042 |
| Market Share | | | | | | | | | |
| 2Q06 | 4.9% | 16.5% | 0.0% | 29.7% | 29.4% | 13.9% | 3.7% | 2.0% | 100% |
| 2Q17 | 0.0% | 9.5% | 0.6% | 30.8% | 39.9% | 15.9% | 0.8% | 2.5% | 100% |
| 2Q18 | 3.3% | 20.5% | 2.2% | 25.3% | 29.8% | 15.8% | 0.9% | 2.4% | 100% |
| 2Q19 | 1.7% | 15.6% | 3.9% | 30.3% | 31.7% | 13.1% | 0.6% | 3.0% | 100% |

Exhibit 32 : **CMA Product Distribution, Vacant Developed Lots and Finished Inventory**



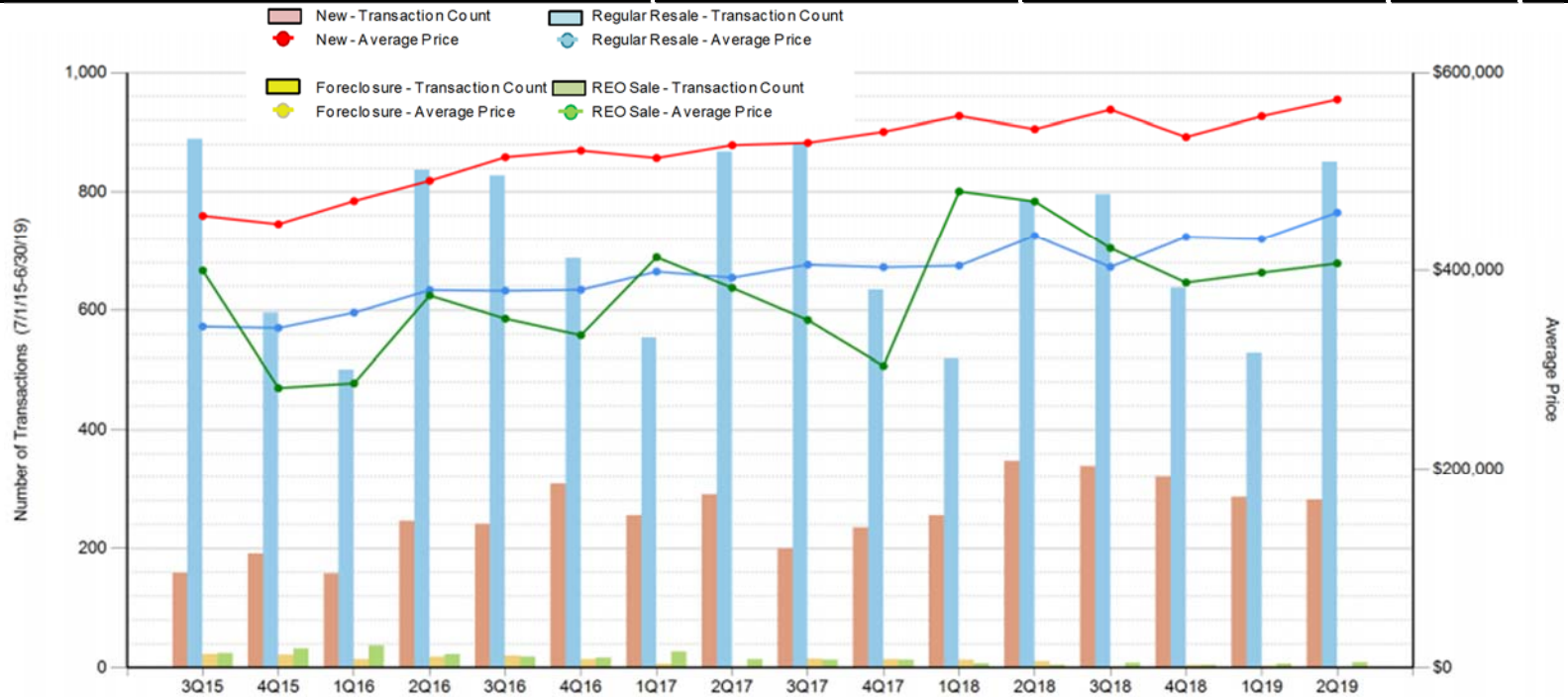
| Southshore CMA | | | | | | | | | Vacant Developed Lots by Product Type/Lot Size | |
|----------------|-------|---------|---------|-----------|-----------|-----------|-----------|-----------|--|--|
| Quarter | Condo | TH/Dplx | SFD <50 | SFD 50-59 | SFD 60-69 | SFD 70-79 | SFD 80-99 | SFD > 100 | Total | |
| 2Q06 | 95 | 544 | 8 | 797 | 764 | 644 | 224 | 100 | 3,176 | |
| 2Q17 | 153 | 198 | 0 | 423 | 492 | 164 | 18 | 105 | 1,553 | |
| 2Q18 | 111 | 147 | 24 | 425 | 632 | 218 | 19 | 100 | 1,676 | |
| 2Q19 | 93 | 28 | 27 | 474 | 484 | 194 | 23 | 70 | 1,393 | |
| Market Share | | | | | | | | | | |
| 2Q06 | 3.0% | 17.1% | 0.3% | 25.1% | 24.1% | 20.3% | 7.1% | 3.1% | 100% | |
| 2Q17 | 9.9% | 12.7% | 0.0% | 27.2% | 31.7% | 10.6% | 1.2% | 6.8% | 100% | |
| 2Q18 | 6.6% | 8.8% | 1.4% | 25.4% | 37.7% | 13.0% | 1.1% | 6.0% | 100% | |
| 2Q19 | 6.7% | 2.0% | 1.9% | 34.0% | 34.7% | 13.9% | 1.7% | 5.0% | 100% | |

Resale Activity

Exhibit 33 : *New, Resale, and Foreclosures by Housing Type - CMA*

New, Resale, and Foreclosures By Housing Type
Southshore CMA

| Date Range: 9/1/2018 - 8/31/2019 | | | | | | | | | | | | | | | |
|----------------------------------|---------------|------------------|--------------|----------------|---------------|---------------|------------------|--------------|----------------|-------------|------------------|--------------|----------------|------------|--------------|
| Transaction Type | Single Family | | | | | TH/Plex/Other | | | | Condominium | | | | Other/Unkn | Total |
| | Count | Avg Price | Avg SF | \$ / SF | Avg Lot SF | Count | Avg Price | Avg SF | \$ / SF | Count | Avg Price | Avg SF | \$ / SF | Count | Count |
| New | 856 | \$599,025 | 2,940 | \$209.9 | 9,449 | 212 | \$404,056 | 1,844 | \$224.8 | 30 | \$356,674 | 1,743 | \$214.1 | 0 | 1,098 |
| Regular Resale | 2,336 | \$459,660 | 2,506 | \$199.8 | 12,066 | 229 | \$385,326 | 1,721 | \$226.3 | 155 | \$237,757 | 1,124 | \$214.4 | 6 | 2,726 |
| Foreclosure | 12 | n/a | 1,845 | --- | 9,973 | 2 | n/a | 1,375 | --- | 0 | --- | --- | --- | 0 | 14 |
| REO Sale | 16 | \$457,641 | 2,464 | \$188.5 | 7,529 | 4 | \$267,250 | 1,402 | \$191.5 | 3 | \$247,633 | 1,130 | \$219.7 | 0 | 23 |
| Selection Totals | 3,220 | \$496,790 | 2,620 | \$202.5 | 11,341 | 447 | \$393,188 | 1,774 | \$225.3 | 188 | \$256,890 | 1,222 | \$214.4 | 6 | 3,861 |



Competitive Market Analysis
Competitive Market Comparables & Positioning

Exhibit 34 : **CMA Comparable Subdivisions – Single-Family Detached 50’ to 59’ - Product Details**

| Southshore CMA Market Rate Competitive Positioning - Single-Family Detached 50' to 59' | | | | | | | | | | | | | | |
|---|---------------|-------|-----------------------------------|----------------------|-----------|-----------------|---------------|-----------|------------|---------|---------------|-----------|----------------|----------------|
| Project Name/Community Area/Lot Size/Builder | Planned Units | Occ. | Avg. Mos/Ann. Start & Ann. Closed | Unit | | | | | Base Price | Incen's | Base Tax Rate | Ann. HOA | Net Base Price | Price / Sq.Ft. |
| | | | | Plan Name | Bed- Bath | Floors- Parking | Size (Sq.Ft.) | | | | | | | |
| 1 Cherry Hollow | 58 | 0 | 0.3 | Arlington | 3 - 2.0 | 1 - 2 | 1,886 | \$455,950 | (\$9,000) | \$4,916 | \$1,200 | \$446,950 | \$237 | |
| Aurora | | 0.0% | 3 | Bedford | 3 - 2.5 | 2 - 2 | 2,300 | \$447,950 | (\$9,000) | \$4,828 | \$1,200 | \$438,950 | \$191 | |
| SF Detached - Avg. 55 x 110 | | | 0.0 | Hemingway | 4 - 2.5 | 2 - 2 | 2,520 | \$467,950 | (\$9,000) | \$5,048 | \$1,200 | \$458,950 | \$182 | |
| Richmond American | | | 0 | Hopewell | 3 - 2.5 | 2 - 2 | 2,680 | \$462,950 | (\$9,000) | \$4,993 | \$1,200 | \$453,950 | \$169 | |
| <i>Note: Filing 6</i> | | | | Coronado | 3 - 2.5 | 2 - 2 | 2,740 | \$464,950 | (\$9,000) | \$5,015 | \$1,200 | \$455,950 | \$166 | |
| | | | | Yorktown | 4 - 2.5 | 2 - 3 | 2,930 | \$493,950 | (\$9,000) | \$5,334 | \$1,200 | \$484,950 | \$166 | |
| Averages | | | | | | | 2,509 | \$465,617 | (\$9,000) | \$5,023 | \$1,200 | \$456,617 | \$185 | |
| 2 Copperleaf/Pinon | 87 | 0 | 2.2 | Neuville | 3 - 2.0 | 1 - 2 | 1,644 | \$425,990 | (\$3,000) | \$4,653 | \$756 | \$422,990 | \$257 | |
| Aurora | | 0.0% | 26 | Spruce | 3 - 2.0 | 1 - 2 | 1,650 | \$435,990 | (\$3,000) | \$4,763 | \$756 | \$432,990 | \$262 | |
| SF Detached - Avg. 50 x 115 | | | 0.0 | Orchard | 3 - 2.0 | 1 - 2 | 1,816 | \$430,990 | (\$3,000) | \$4,708 | \$756 | \$427,990 | \$236 | |
| Express/DR Horton | | | 0 | Alder | 3 - 2.0 | 1 - 2 | 1,890 | \$440,990 | (\$3,000) | \$4,818 | \$756 | \$437,990 | \$232 | |
| <i>Note: Filing 15</i> | | | | Cali | 4 - 2.0 | 1 - 2 | 1,902 | \$449,990 | (\$3,000) | \$4,917 | \$756 | \$446,990 | \$235 | |
| | | | | Flora | 4 - 2.5 | 2 - 2 | 2,364 | \$442,990 | (\$3,000) | \$4,840 | \$756 | \$439,990 | \$186 | |
| | | | | Galen | 4 - 2.5 | 2 - 2 | 2,535 | \$452,990 | (\$3,000) | \$4,950 | \$756 | \$449,990 | \$178 | |
| | | | | Herring | 5 - 4.0 | 2 - 2 | 2,716 | \$472,990 | (\$3,000) | \$5,170 | \$756 | \$469,990 | \$173 | |
| | | | | Hayden | 5 - 3.0 | 2 - 2 | 2,725 | \$462,990 | (\$3,000) | \$5,060 | \$756 | \$459,990 | \$169 | |
| Averages | | | | | | | 2,138 | \$446,212 | (\$3,000) | \$4,875 | \$756 | \$443,212 | \$214 | |
| 3 Copperleaf/Landmark | 112 | 105 | 1.2 | Landmark - Arlington | 3 - 2.0 | 1 - 2 | 1,900 | \$445,950 | (\$9,000) | \$4,806 | \$720 | \$436,950 | \$230 | |
| Aurora | | 93.8% | 14 | Landmark - Alcott | 3 - 2.0 | 1 - 2 | 1,924 | \$446,950 | (\$9,000) | \$4,817 | \$720 | \$437,950 | \$228 | |
| SF Detached - Avg. 50 x 105 | | | 3.8 | Landmark - Bedford | 3 - 2.5 | 2 - 2 | 2,300 | \$442,950 | (\$9,000) | \$4,773 | \$720 | \$433,950 | \$189 | |
| Richmond American | | | 46 | Landmark - Hemingway | 4 - 2.5 | 2 - 2 | 2,492 | \$461,950 | (\$9,000) | \$4,982 | \$720 | \$452,950 | \$182 | |
| <i>Note: Filing 9</i> | | | | Landmark - Coronado | 3 - 2.5 | 2 - 2 | 2,600 | \$464,950 | (\$9,000) | \$5,015 | \$720 | \$455,950 | \$175 | |
| | | | | Landmark - Hopewell | 3 - 2.5 | 2 - 2 | 2,650 | \$462,950 | (\$9,000) | \$4,993 | \$720 | \$453,950 | \$171 | |
| | | | | Landmark - Yorktown | 4 - 2.5 | 2 - 3 | 2,950 | \$493,950 | (\$9,000) | \$5,334 | \$720 | \$484,950 | \$164 | |
| | | | | Landmark - Seth | 4 - 2.5 | 2 - 3 | 3,006 | \$496,950 | (\$9,000) | \$5,367 | \$720 | \$487,950 | \$162 | |
| Averages | | | | | | | 2,478 | \$464,575 | (\$9,000) | \$5,011 | \$720 | \$455,575 | \$188 | |
| 4 Copperleaf/Seasons | 144 | 38 | 4.0 | Seasons - Amethyst | 2 - 2.0 | 1 - 2 | 1,420 | \$372,950 | (\$3,000) | \$4,069 | \$744 | \$369,950 | \$261 | |
| Aurora | | 26.4% | 48 | Seasons - Onyx | 3 - 2.0 | 1 - 2 | 1,580 | \$382,950 | (\$3,000) | \$4,179 | \$744 | \$379,950 | \$240 | |
| SF Detached - Avg. 50 x 100 | | | 3.2 | Seasons - Coral | 3 - 2.5 | 2 - 2 | 1,830 | \$392,950 | (\$3,000) | \$4,289 | \$744 | \$389,950 | \$213 | |
| Richmond American | | | 38 | Seasons - Citrine | 3 - 2.5 | 2 - 2 | 1,960 | \$397,950 | (\$3,000) | \$4,344 | \$744 | \$394,950 | \$202 | |
| <i>Note: Filing 11</i> | | | | Seasons - Lapis | 3 - 2.5 | 2 - 2 | 2,180 | \$409,950 | (\$3,000) | \$4,476 | \$744 | \$406,950 | \$187 | |
| Averages | | | | | | | 1,794 | \$391,350 | (\$3,000) | \$4,272 | \$744 | \$388,350 | \$220 | |
| 5 Copperleaf/Willow | 18 | 0 | 0.3 | Alcott | 3 - 2.5 | 2 - 2 | 1,920 | \$454,950 | (\$9,000) | \$4,905 | \$744 | \$445,950 | \$232 | |
| Aurora | | 0.0% | 4 | Twain | 4 - 2.5 | 2 - 2 | 2,190 | \$464,950 | (\$9,000) | \$5,015 | \$744 | \$455,950 | \$208 | |
| SF Detached - Avg. 50 x 100 | | | 0.0 | Hemingway | 4 - 2.5 | 2 - 2 | 2,490 | \$469,950 | (\$9,000) | \$5,070 | \$744 | \$460,950 | \$185 | |
| Richmond American | | | 0 | Seth | 4 - 2.5 | 2 - 3 | 3,006 | \$504,950 | (\$9,000) | \$5,455 | \$744 | \$495,950 | \$165 | |
| <i>Note: Filing 11. Finished basement or \$30,000 towards design center incentive. Currently offering 50% off lot premiums.</i> | | | | | | | | | | | | | | |
| Averages | | | | | | | 2,402 | \$473,700 | (\$9,000) | \$5,112 | \$744 | \$464,700 | \$198 | |
| 6 Inspiration Colorado | 98 | 61 | 1.8 | Northgate | 3 - 2.5 | 1 - 2 | 1,839 | \$441,490 | (\$5,000) | \$4,801 | \$960 | \$436,490 | \$237 | |
| Aurora | | 62.2% | 21 | Timberline | 3 - 2.0 | 1 - 2 | 1,935 | \$446,490 | (\$5,000) | \$4,856 | \$960 | \$441,490 | \$228 | |
| SF Detached - Avg. 55 x 110 | | | 2.4 | Glacier | 3 - 2.5 | 2 - 3 | 2,397 | \$467,490 | (\$5,000) | \$5,087 | \$960 | \$462,490 | \$193 | |
| Meritage Homes | | | 29 | Ridgeline | 3 - 2.5 | 2 - 3 | 2,584 | \$483,490 | (\$5,000) | \$5,263 | \$960 | \$478,490 | \$185 | |
| <i>Note: Filing 6</i> | | | | Apex | 3 - 2.5 | 2 - 3 | 2,772 | \$496,490 | (\$5,000) | \$5,406 | \$960 | \$491,490 | \$177 | |
| | | | | Clear Creek | 4 - 3.0 | 2 - 3 | 2,820 | \$500,490 | (\$5,000) | \$5,450 | \$960 | \$495,490 | \$176 | |
| Averages | | | | | | | 2,391 | \$472,657 | (\$5,000) | \$5,144 | \$960 | \$467,657 | \$199 | |

| Southshore CMA Market Rate Competitive Positioning - Single-Family Detached 50' to 59' | | | | | | | | | | | | | | |
|--|------------------|------------|-----------------------------------|-----------------------|------------------------|----------------|---------------|------------|-----------|---------------|----------|----------------|----------------|-------|
| Project Name/Community Area/Lot Size/Builder | Planned Units | Occ. | Avg. Mos/Ann. Start & Ann. Closed | Unit | | | | Base Price | Incent's | Base Tax Rate | Ann. HOA | Net Base Price | Price / Sq.Ft. | |
| | | | | Plan Name | Bed- Bath | Floors-Parking | Size (Sq.Ft.) | | | | | | | |
| 7 Inspiration Colorado/Jefferson | 210 | 99 | 2.2 | Jefferson - Logan | 2 - 2.0 | 1 - 2 | 1,601 | \$406,995 | (\$2,500) | \$4,449 | \$1,800 | \$404,495 | \$253 | |
| Aurora | | 47.1% | 26 | Jefferson - Carson | 2 - 2.0 | 1 - 2 | 1,714 | \$425,995 | (\$2,500) | \$4,658 | \$1,800 | \$423,495 | \$247 | |
| SF Detached - Avg. 50-52 x 110 | | | 3.3 | Jefferson - Wakefield | 2 - 2.0 | 1 - 2 | 1,871 | \$417,995 | (\$2,500) | \$4,570 | \$1,800 | \$415,495 | \$222 | |
| Toll Brothers | | | 39 | Jefferson - Lindsey | 2 - 2.0 | 1 - 2 | 1,882 | \$419,995 | (\$2,500) | \$4,592 | \$1,800 | \$417,495 | \$222 | |
| <i>Note: Filings 8, 10, and 16</i> | | | | Jefferson - Fairplay | 2 - 2.0 | 1 - 2 | 1,993 | \$429,995 | (\$2,500) | \$4,702 | \$1,800 | \$427,495 | \$214 | |
| Averages | | | | | | | 1,812 | \$420,195 | (\$2,500) | \$4,595 | \$1,800 | \$417,695 | \$232 | |
| 8 Inspiration Colorado/Villas | 80 | 0 | 0.0 | Villas - Arlington | 3 - 2.0 | 1 - 2 | 1,880 | \$459,950 | (\$9,000) | \$4,960 | \$1,008 | \$450,950 | \$240 | |
| Aurora | | 0.0% | 0 | Villas - Bedford | 3 - 2.5 | 2 - 2 | 2,300 | \$456,950 | (\$9,000) | \$4,927 | \$1,008 | \$447,950 | \$195 | |
| SF Detached - Avg. 55 x 110 | | | 0.0 | Villas - Hemingway | 4 - 2.5 | 2 - 2 | 2,490 | \$475,950 | (\$9,000) | \$5,136 | \$1,008 | \$466,950 | \$188 | |
| Richmond American | | | 0 | Villas - Avril | 3 - 2.5 | 1 - 2 | 2,500 | \$497,950 | (\$9,000) | \$5,378 | \$1,008 | \$488,950 | \$196 | |
| <i>Note: Filing 15</i> | | | | Averages | | | | 2,293 | \$472,700 | (\$9,000) | \$5,101 | \$1,008 | \$463,700 | \$204 |
| 9 Saddle Rock Vistas | 17 | 8 | 0.8 | One | 2 - 2.0 | 1 - 2 | 1,621 | \$515,000 | \$0 | \$5,665 | \$672 | \$515,000 | \$318 | |
| Aurora | | 47.1% | 9 | Two | 3 - 2.0 | 1 - 2 | 1,875 | \$525,000 | \$0 | \$5,775 | \$672 | \$525,000 | \$280 | |
| SF Detached - Avg. 55 x 100 | | | 0.7 | Three | 4 - 3.0 | 2 - 2 | 1,890 | \$475,000 | \$0 | \$5,225 | \$672 | \$475,000 | \$251 | |
| Montano Homes | | | 8 | Four | 3 - 2.5 | 2 - 2 | 2,169 | \$495,000 | \$0 | \$5,445 | \$672 | \$495,000 | \$228 | |
| <i>Note: Filing 1</i> | | | | Averages | | | | 1,889 | \$502,500 | \$0 | \$5,528 | \$672 | \$502,500 | \$269 |
| 10 Sorrel Ranch | 46 | 0 | 0.8 | Arlington | 3 - 2.0 | 1 - 2 | 1,880 | \$444,950 | (\$9,000) | \$4,795 | \$720 | \$435,950 | \$232 | |
| Aurora | | 0.0% | 10 | Bedford | 3 - 2.5 | 2 - 2 | 2,306 | \$439,950 | (\$9,000) | \$4,740 | \$720 | \$430,950 | \$187 | |
| SF Detached - Avg. 50 x 120 | | | 0.0 | Hemingway | 4 - 2.5 | 2 - 2 | 2,520 | \$458,950 | (\$9,000) | \$4,949 | \$720 | \$449,950 | \$179 | |
| Richmond American | | | 0 | Hopewell | 3 - 2.5 | 2 - 2 | 2,680 | \$459,950 | (\$9,000) | \$4,960 | \$720 | \$450,950 | \$168 | |
| <i>Note: Filing 9</i> | | | | Coronado | 3 - 2.5 | 2 - 2 | 2,740 | \$461,950 | (\$9,000) | \$4,982 | \$720 | \$452,950 | \$165 | |
| | | | | Yorktown | 4 - 2.5 | 2 - 3 | 2,931 | \$485,950 | (\$9,000) | \$5,246 | \$720 | \$476,950 | \$163 | |
| | | | | Seth | 4 - 2.5 | 2 - 3 | 3,006 | \$487,950 | (\$9,000) | \$5,268 | \$720 | \$478,950 | \$159 | |
| Averages | | | | | | | 2,580 | \$462,807 | (\$9,000) | \$4,992 | \$720 | \$453,807 | \$179 | |
| <i>Competitive Market Area Summary:</i> | | | | | | | | | | | | | | |
| | Planned | 870 | | 13.4 | Avg. Monthly | Min. | 1,420 | \$372,950 | (\$9,000) | \$4,069 | \$672 | \$369,950 | \$159 | |
| | Occ. | 311 | | 161 | Last Ann. Start | Max. | 3,006 | \$525,000 | \$0 | \$5,775 | \$1,800 | \$525,000 | \$318 | |
| | Remaining | 559 | | 13.3 | Avg. Monthly | Average | 2,257 | \$456,123 | (\$5,957) | \$4,952 | \$913 | \$450,166 | \$206 | |
| | | | | 160 | Last Ann. Close | Median | 2,300 | \$459,450 | (\$7,000) | \$4,955 | \$756 | \$450,470 | \$194 | |

Exhibit 35 : CMA Price Position Graph – Single-Family Detached 50'-59' - New Home Base Prices

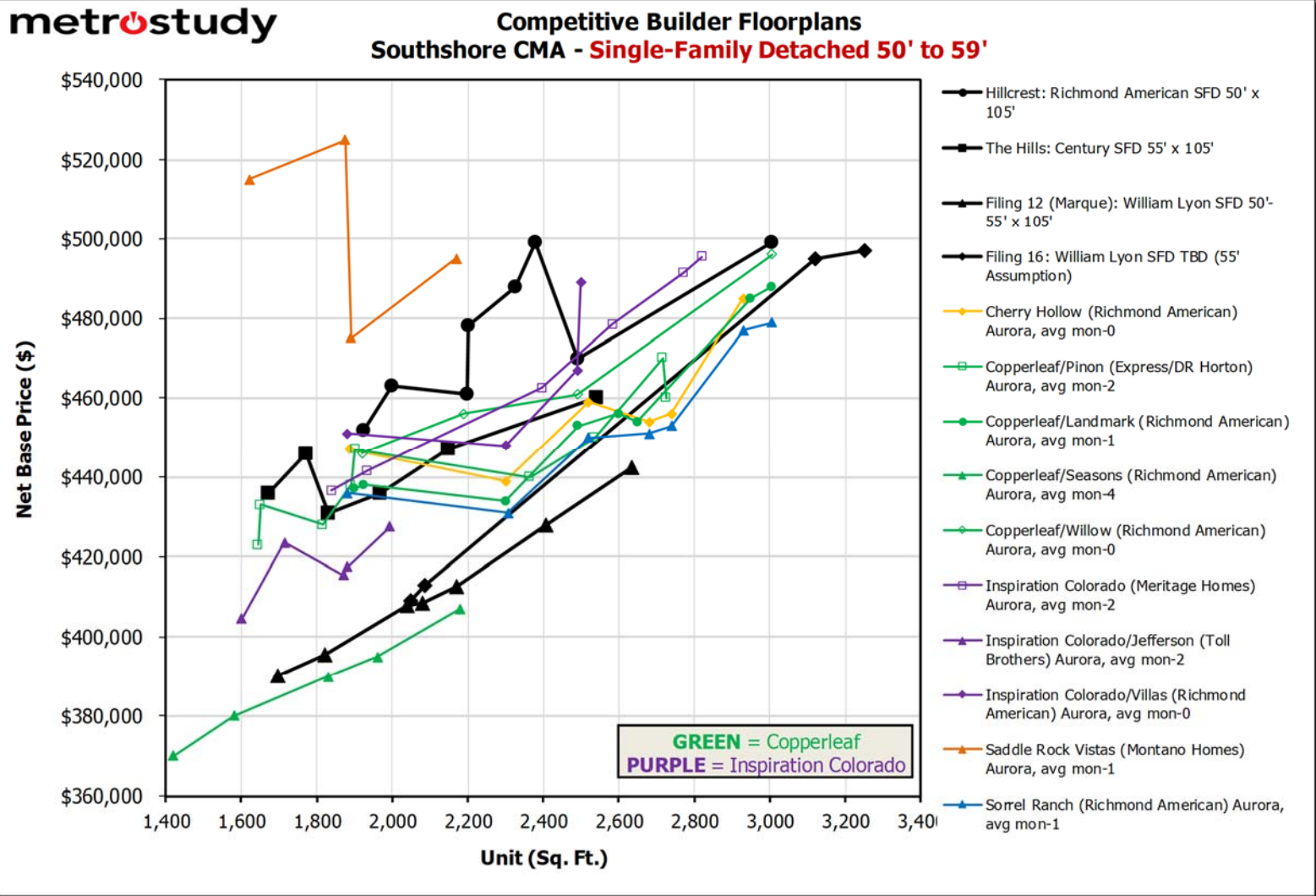


Exhibit 36 : CMA Price Position Graph – Single-Family Detached 50'-59' - New Home Closing Prices

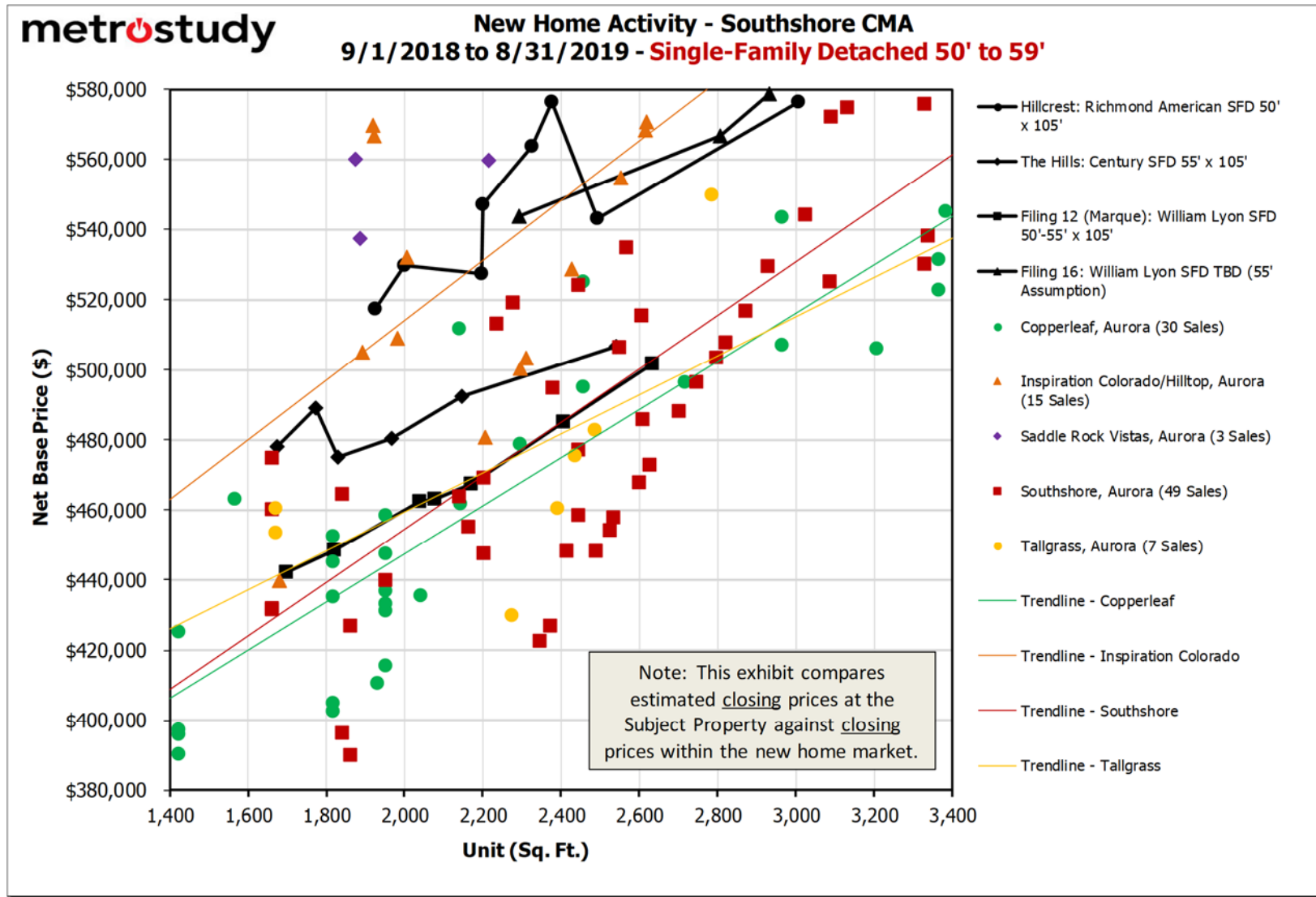


Exhibit 37 : CMA Price Position Graph – Single-Family Detached 50'-59' - Resale Activity

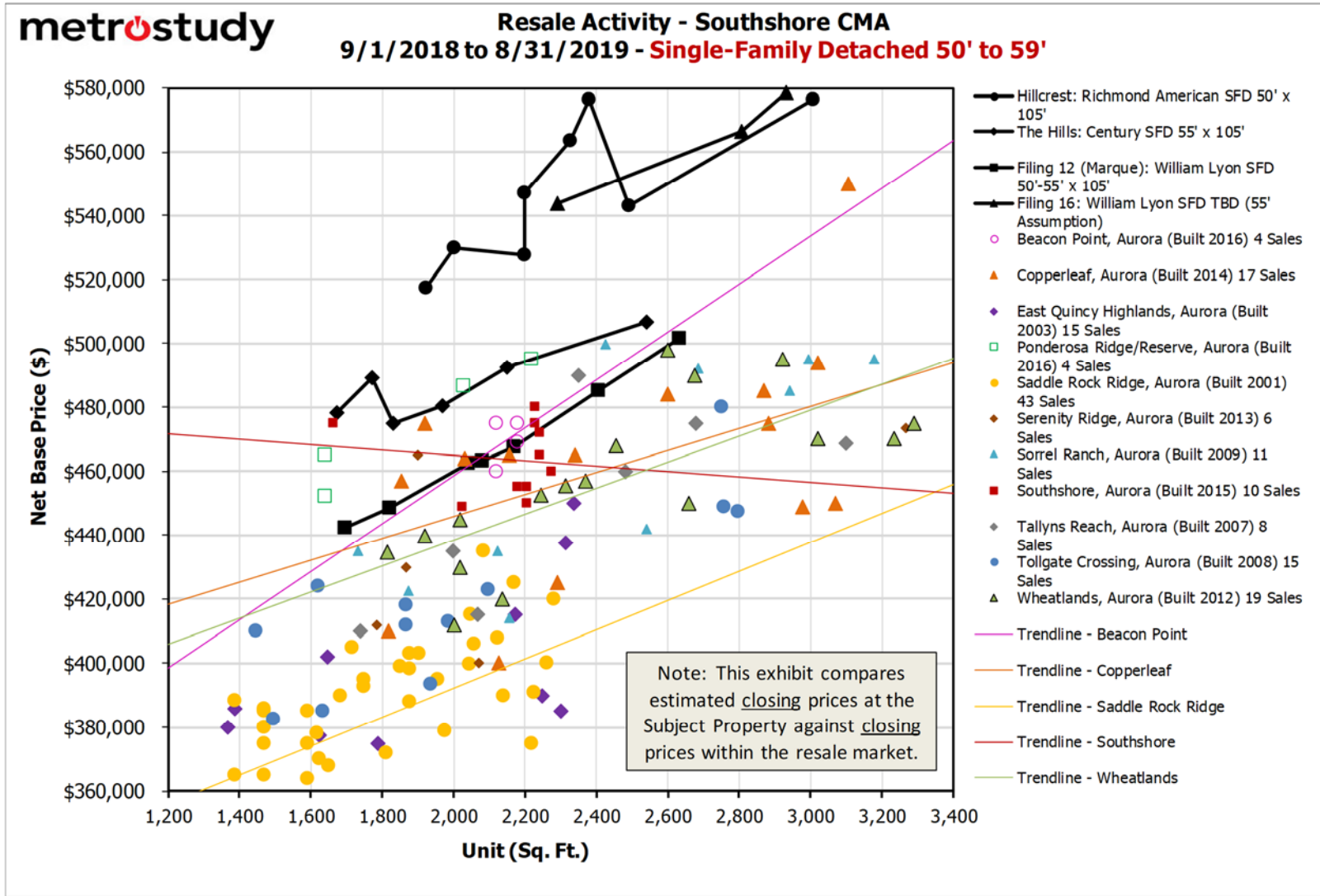


Exhibit 38 : CMA Comparable Subdivisions – Single-Family Detached 60’ to 69’ - Product Details

| Southshore CMA Market Rate Competitive Positioning - Single-Family Detached 60' to 69' | | | | | | | | | | | | | | |
|--|---------------|--------------|-----------------------------------|------------------------|-----------|----------------|-----------|---------------|------------|-----------|---------------|-----------|----------------|----------------|
| Project Name/Community Area/Lot Size/Builder | Planned Units | Occ. | Avg. Mos/Ann. Start & Ann. Closed | Plan Name | Unit | | | Size (Sq.Ft.) | Base Price | Incen's | Base Tax Rate | Ann. HOA | Net Base Price | Price / Sq.Ft. |
| | | | | | Bed- Bath | Floors-Parking | | | | | | | | |
| 1 Blackstone/Monarch Aurora SF Detached - Avg. 60 x 120 Lennar Homes <i>Note: Filing 3</i> | 115 | 25 21.7% | 1.8 22 2.1 25 | Monarch - Graham | 3 - 2.0 | 1 - 2 | | 1,974 | \$507,900 | (\$5,000) | \$5,532 | \$2,100 | \$502,900 | \$255 |
| | | | | Monarch - Springdale | 3 - 2.5 | 1 - 2 | | 2,287 | \$522,900 | (\$5,000) | \$5,697 | \$2,100 | \$517,900 | \$226 |
| | | | | Monarch - Davenport | 4 - 2.5 | 2 - 2 | | 2,584 | \$517,900 | (\$5,000) | \$5,642 | \$2,100 | \$512,900 | \$198 |
| | | | | Monarch - Stonehaven | 3 - 3.0 | 2 - 2 | | 2,763 | \$543,900 | (\$5,000) | \$5,928 | \$2,100 | \$538,900 | \$195 |
| | | | | Monarch - Brookside | 5 - 4.5 | 2 - 2 | | 2,951 | \$567,900 | (\$5,000) | \$6,192 | \$2,100 | \$562,900 | \$191 |
| | | | | Averages | | | | | | 2,512 | \$532,100 | (\$5,000) | \$5,798 | \$2,100 |
| 2 Copperleaf/Maple Aurora SF Detached - Avg. 60 x 110 Richmond American <i>Note: Filing 10. Free finished basement.</i> | 84 | 27 32.1% | 3.8 45 2.1 25 | Arlington | 3 - 2.0 | 1 - 3 | | 1,850 | \$468,950 | (\$9,000) | \$5,059 | \$816 | \$459,950 | \$249 |
| | | | | Decker | 3 - 2.0 | 1 - 2 | | 2,000 | \$473,950 | (\$9,000) | \$5,114 | \$816 | \$464,950 | \$232 |
| | | | | Bedford | 3 - 2.5 | 2 - 3 | | 2,300 | \$458,950 | (\$9,000) | \$4,949 | \$816 | \$449,950 | \$196 |
| | | | | Daniel | 3 - 2.0 | 1 - 2 | | 2,320 | \$501,950 | (\$9,000) | \$5,422 | \$816 | \$492,950 | \$212 |
| | | | | Delaney | 2 - 2.0 | 1 - 2 | | 2,370 | \$507,950 | (\$9,000) | \$5,488 | \$816 | \$498,950 | \$211 |
| | | | | Hemingway | 4 - 2.5 | 2 - 3 | | 2,492 | \$477,950 | (\$9,000) | \$5,158 | \$816 | \$468,950 | \$188 |
| | | | | Coronado | 3 - 2.5 | 2 - 3 | | 2,600 | \$480,950 | (\$9,000) | \$5,191 | \$816 | \$471,950 | \$182 |
| | | | | Averages | | | | | | 2,276 | \$481,521 | (\$9,000) | \$5,198 | \$816 |
| 3 Forest Trace Aurora SF Detached - Avg. 62 x 120 Richmond American <i>Note: Filing 2</i> | 135 | 101 74.8% | 3.0 36 4.3 52 | Arlington | 3 - 2.0 | 1 - 3 | | 1,880 | \$489,950 | (\$9,000) | \$5,290 | \$540 | \$480,950 | \$256 |
| | | | | Bedford | 3 - 2.5 | 2 - 3 | | 2,306 | \$486,950 | (\$9,000) | \$5,257 | \$540 | \$477,950 | \$207 |
| | | | | Daniel | 3 - 2.0 | 1 - 3 | | 2,326 | \$526,950 | (\$9,000) | \$5,697 | \$540 | \$517,950 | \$223 |
| | | | | Delaney | 2 - 2.0 | 1 - 3 | | 2,378 | \$531,950 | (\$9,000) | \$5,752 | \$540 | \$522,950 | \$220 |
| | | | | Hemingway | 4 - 2.5 | 2 - 3 | | 2,492 | \$505,950 | (\$9,000) | \$5,466 | \$540 | \$496,950 | \$199 |
| | | | | Hopewell | 3 - 2.5 | 2 - 3 | | 2,683 | \$506,950 | (\$9,000) | \$5,477 | \$540 | \$497,950 | \$186 |
| | | | | Coronado | 3 - 2.5 | 2 - 3 | | 2,740 | \$508,950 | (\$9,000) | \$5,499 | \$540 | \$499,950 | \$182 |
| | | | | Dillon II | 4 - 3.5 | 2 - 3 | | 3,217 | \$569,950 | (\$9,000) | \$6,170 | \$540 | \$560,950 | \$174 |
| | | | | Daley | 4 - 3.5 | 2 - 3 | | 3,338 | \$598,950 | (\$9,000) | \$6,489 | \$540 | \$589,950 | \$177 |
| | | | | Dayton | 5 - 4.5 | 2 - 3 | | 3,954 | \$614,950 | (\$9,000) | \$6,665 | \$540 | \$605,950 | \$153 |
| | | | | Averages | | | | | | 2,731 | \$534,150 | (\$9,000) | \$5,777 | \$540 |
| 4 Inspiration Colorado Aurora SF Detached - Avg. 62 x 120 Dream Finders Homes <i>Note: Filing 4</i> | 27 | 17 63.0% | 1.2 14 1.3 16 | Summit | 3 - 2.0 | 1 - 3 | | 2,191 | \$459,990 | (\$5,000) | \$5,005 | \$1,008 | \$454,990 | \$208 |
| | | | | Madison | 4 - 4.0 | 2 - 2 | | 2,365 | \$479,990 | (\$5,000) | \$5,225 | \$1,008 | \$474,990 | \$201 |
| | | | | Willow | 3 - 3.0 | 2 - 2 | | 2,387 | \$464,990 | (\$5,000) | \$5,060 | \$1,008 | \$459,990 | \$193 |
| | | | | Birch | 3 - 2.5 | 1 - 3 | | 2,575 | \$503,990 | (\$5,000) | \$5,489 | \$1,008 | \$498,990 | \$194 |
| | | | | Boca I | 4 - 4.0 | 1 - 3 | | 2,754 | \$519,990 | (\$5,000) | \$5,665 | \$1,008 | \$514,990 | \$187 |
| | | | | Yukon | 4 - 3.5 | 2 - 3 | | 3,009 | \$524,990 | (\$5,000) | \$5,720 | \$1,008 | \$519,990 | \$173 |
| Averages | | | | | | 2,547 | \$492,323 | (\$5,000) | \$5,361 | \$1,008 | \$487,323 | \$192 | | |
| 5 Inspiration Colorado/Broomfield Aurora SF Detached - Avg. 60-62 x 110 Toll Brothers <i>Note: Filings 8, 10, and 16</i> | 185 | 92 49.7% | 2.8 33 2.8 34 | Broomfield - Windom | 2 - 2.0 | 1 - 2 | | 2,026 | \$463,995 | (\$2,500) | \$5,076 | \$1,800 | \$461,495 | \$228 |
| | | | | Broomfield - Trelease | 2 - 2.0 | 1 - 2 | | 2,186 | \$484,995 | (\$2,500) | \$5,307 | \$1,800 | \$482,495 | \$221 |
| | | | | Broomfield - Pendleton | 2 - 2.0 | 1 - 2 | | 2,195 | \$470,995 | (\$2,500) | \$5,153 | \$1,800 | \$468,495 | \$213 |
| | | | | Broomfield - Dunraven | 2 - 2.0 | 1 - 2 | | 2,313 | \$469,995 | (\$2,500) | \$5,142 | \$1,800 | \$467,495 | \$202 |
| | | | | Broomfield - Bancroft | 2 - 2.0 | 1 - 2 | | 2,403 | \$502,995 | (\$2,500) | \$5,505 | \$1,800 | \$500,495 | \$208 |
| | | | | Broomfield - Durango | 2 - 2.0 | 1 - 2 | | 2,516 | \$509,995 | (\$2,500) | \$5,582 | \$1,800 | \$507,495 | \$202 |
| | | | | Averages | | | | | | 2,273 | \$483,828 | (\$2,500) | \$5,295 | \$1,800 |
| 6 Inspiration Colorado/Grand Aurora SF Detached - Avg. 65 x 120 Lennar Homes <i>Note: Filing 14</i> | 105 | 41 39.0% | 3.4 41 2.8 33 | Grand - Hudson | 3 - 3.0 | 1 - 3 | | 2,512 | \$585,900 | (\$5,000) | \$6,390 | \$1,008 | \$580,900 | \$231 |
| | | | | Grand - Peyton | 4 - 3.5 | 2 - 3 | | 3,359 | \$613,900 | (\$5,000) | \$6,698 | \$1,008 | \$608,900 | \$181 |
| | | | | Grand - Prescott | 5 - 3.5 | 2 - 3 | | 3,498 | \$635,900 | (\$5,000) | \$6,940 | \$1,008 | \$630,900 | \$180 |
| | | | | Grand - Super Home | 6 - 4.5 | 2 - 3 | | 4,122 | \$691,900 | (\$5,000) | \$7,556 | \$1,008 | \$686,900 | \$167 |
| | | | | Averages | | | | | | 3,373 | \$631,900 | (\$5,000) | \$6,896 | \$1,008 |

| Southshore CMA Market Rate Competitive Positioning - Single-Family Detached 60' to 69' | | | | | | | | | | | | | | |
|--|------------------|------------|-----------------------------------|--------------------------|----------------|----------------|---------------|-----------|------------|---------|---------------|-----------|----------------|----------------|
| Project Name/Community Area/Lot Size/Builder | Planned Units | Occ. | Avg. Mos/Ann. Start & Ann. Closed | Unit | | | | | Base Price | Incer's | Base Tax Rate | Ann. HOA | Net Base Price | Price / Sq.Ft. |
| | | | | Plan Name | Bed- Bath | Floors-Parking | Size (Sq.Ft.) | | | | | | | |
| 7 Inspiration Colorado/Estates | 56 | 1 | 1.5 | Estates - Dearborn | 3 - 2.5 | 1 - 2 | 2,200 | \$523,950 | (\$9,000) | \$5,664 | \$1,008 | \$514,950 | \$234 | |
| Aurora | | 1.8% | 18 | Estates - Daniel | 3 - 2.0 | 1 - 2 | 2,320 | \$531,950 | (\$9,000) | \$5,752 | \$1,008 | \$522,950 | \$225 | |
| SF Detached - Avg. 62 x 120 | | | 0.1 | Estates - Delaney | 2 - 2.0 | 1 - 2 | 2,370 | \$546,950 | (\$9,000) | \$5,917 | \$1,008 | \$537,950 | \$227 | |
| Richmond American | | | 1 | Estates - Darius | 3 - 3.5 | 1 - 3 | 2,870 | \$579,950 | (\$9,000) | \$6,280 | \$1,008 | \$570,950 | \$199 | |
| <i>Note: Filing 4</i> | | | | Averages | | | 2,440 | \$545,700 | (\$9,000) | \$5,904 | \$1,008 | \$536,700 | \$221 | |
| 8 Sorrel Ranch | 24 | 0 | 0.3 | Arlington | 3 - 2.0 | 1 - 2 | 1,880 | \$444,950 | (\$9,000) | \$4,795 | \$720 | \$435,950 | \$232 | |
| Aurora | | 0.0% | 3 | Bedford | 3 - 2.5 | 2 - 2 | 2,306 | \$439,950 | (\$9,000) | \$4,740 | \$720 | \$430,950 | \$187 | |
| SF Detached - Avg. 60 x 100-120 | | | 0 | Hemingway | 4 - 2.5 | 2 - 2 | 2,520 | \$458,950 | (\$9,000) | \$4,949 | \$720 | \$449,950 | \$179 | |
| Richmond American | | | 0 | Hopewell | 3 - 2.5 | 2 - 2 | 2,680 | \$459,950 | (\$9,000) | \$4,960 | \$720 | \$450,950 | \$168 | |
| <i>Note: Filings 7 and 9</i> | | | | Averages | | | 2,740 | \$461,950 | (\$9,000) | \$4,982 | \$720 | \$452,950 | \$165 | |
| | | | | Coronado | 3 - 2.5 | 2 - 2 | 2,740 | \$461,950 | (\$9,000) | \$4,982 | \$720 | \$452,950 | \$165 | |
| | | | | Yorktown | 4 - 2.5 | 2 - 3 | 2,931 | \$485,950 | (\$9,000) | \$5,246 | \$720 | \$476,950 | \$163 | |
| | | | | Seth | 4 - 2.5 | 2 - 3 | 3,006 | \$487,950 | (\$9,000) | \$5,268 | \$720 | \$478,950 | \$159 | |
| <i>Note: Filings 1 and 3</i> | | | | Averages | | | 2,580 | \$462,807 | (\$9,000) | \$4,992 | \$720 | \$453,807 | \$179 | |
| 9 Whispering Pines/Monarch | 93 | 5 | 2.8 | Monarch - Foxtail | 3 - 2.0 | 1 - 2 | 1,830 | \$458,900 | (\$5,000) | \$4,993 | \$0 | \$453,900 | \$248 | |
| Aurora | | 5.4% | 33 | Monarch - Torrey | 3 - 3.0 | 1 - 2 | 1,983 | \$468,900 | (\$5,000) | \$5,103 | \$0 | \$463,900 | \$234 | |
| SF Detached - Avg. 60 x 120 | | | 0.4 | Monarch - Bristlecone | 4 - 3.0 | 2 - 3 | 2,487 | \$508,900 | (\$5,000) | \$5,543 | \$0 | \$503,900 | \$203 | |
| Lennar Homes | | | 5 | Monarch - Ponderosa | 5 - 3.0 | 2 - 3 | 2,801 | \$538,900 | (\$5,000) | \$5,873 | \$0 | \$533,900 | \$191 | |
| <i>Note: Filing 3</i> | | | | Averages | | | 2,275 | \$493,900 | (\$5,000) | \$5,378 | \$0 | \$488,900 | \$219 | |
| 10 Whispering Pines/Woodlands | 145 | 69 | 2.1 | Woodlands - Coulter Pine | 2 - 2.5 | 1 - 3 | 2,568 | \$543,900 | (\$7,500) | \$5,900 | \$0 | \$536,400 | \$209 | |
| Aurora | | 47.6% | 25 | Woodlands - Timber Ridge | 2 - 2.5 | 1 - 3 | 2,726 | \$565,900 | (\$7,500) | \$6,142 | \$0 | \$558,400 | \$205 | |
| SF Detached - Avg. 60 x 110-120 | | | 2.6 | Woodlands - Torrey Pine | 4 - 4.5 | 2 - 3 | 3,117 | \$549,400 | (\$7,500) | \$5,961 | \$0 | \$541,900 | \$174 | |
| Shea Homes | | | 31 | Woodlands - Pinyon | 3 - 2.5 | 2 - 3 | 3,499 | \$560,900 | (\$7,500) | \$6,087 | \$0 | \$553,400 | \$158 | |
| <i>Note: Filings 1 and 3</i> | | | | Averages | | | 3,741 | \$595,900 | (\$7,500) | \$6,472 | \$0 | \$588,400 | \$157 | |
| <i>Competitive Market Area Summary:</i> | | | | Averages | | | 3,130 | \$563,200 | (\$7,500) | \$6,113 | \$0 | \$555,700 | \$181 | |
| | Planned | 969 | 22.5 | Avg. Monthly | Min. | | 1,830 | \$439,950 | (\$9,000) | \$4,740 | \$0 | \$430,950 | \$153 | |
| | Occ. | 378 | 270 | Last Ann. Start | Max. | | 4,122 | \$691,900 | (\$2,500) | \$7,556 | \$2,100 | \$686,900 | \$256 | |
| | Remaining | 591 | 18.5 | Avg. Monthly | Average | | 2,600 | \$516,745 | (\$6,888) | \$5,608 | \$889 | \$509,857 | \$200 | |
| | | | 222 | Last Ann. Close | Median | | 2,502 | \$507,925 | (\$7,500) | \$5,502 | \$816 | \$500,223 | \$199 | |

Exhibit 39 : CMA Price Position Graph – Single-Family Detached 60'-69' - New Home Base Prices

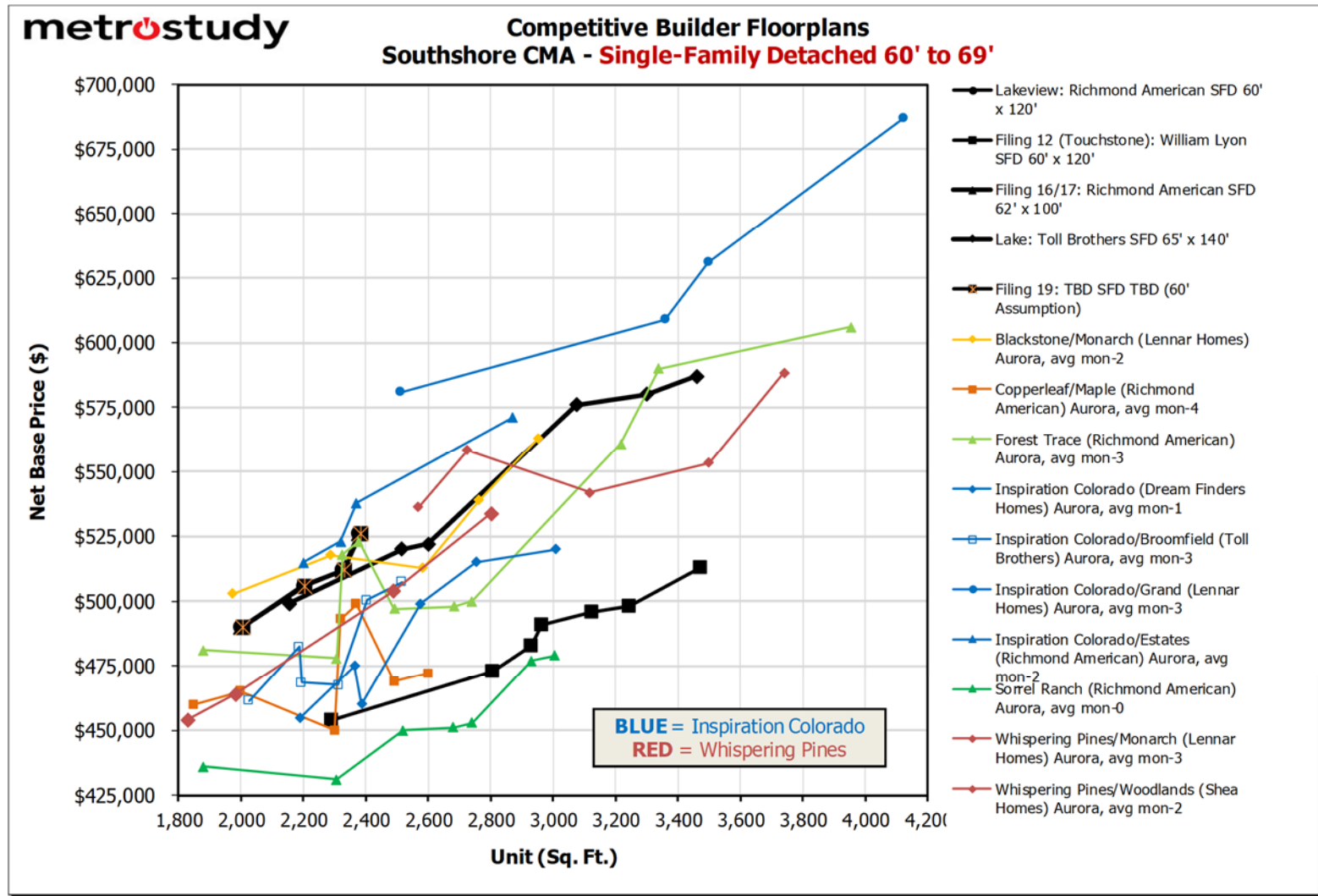


Exhibit 40 : CMA Price Position Graph – Single-Family Detached 60'-69' - New Home Closing Prices

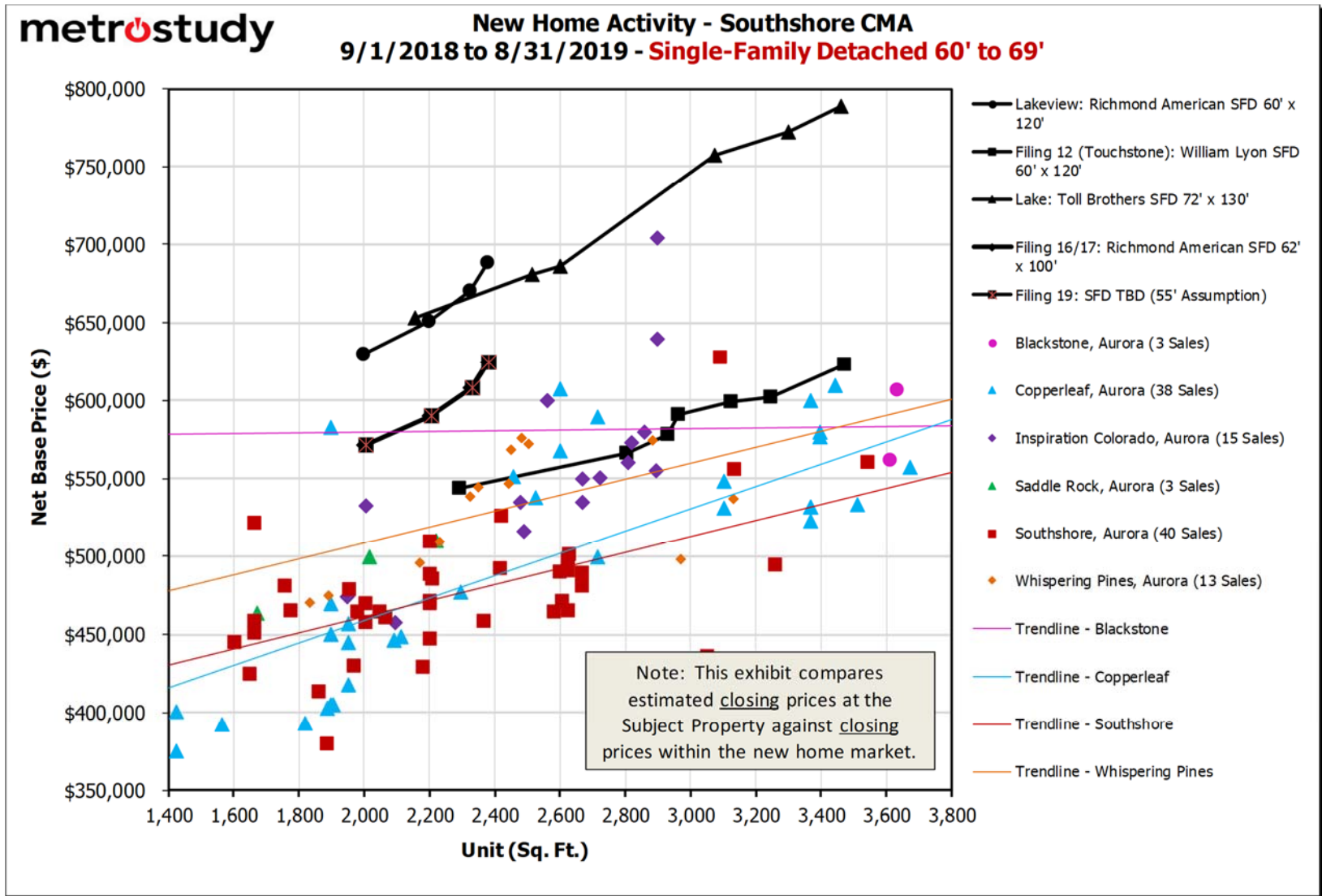


Exhibit 41 : CMA Price Position Graph – Single-Family Detached 60'-69' - Resale Activity

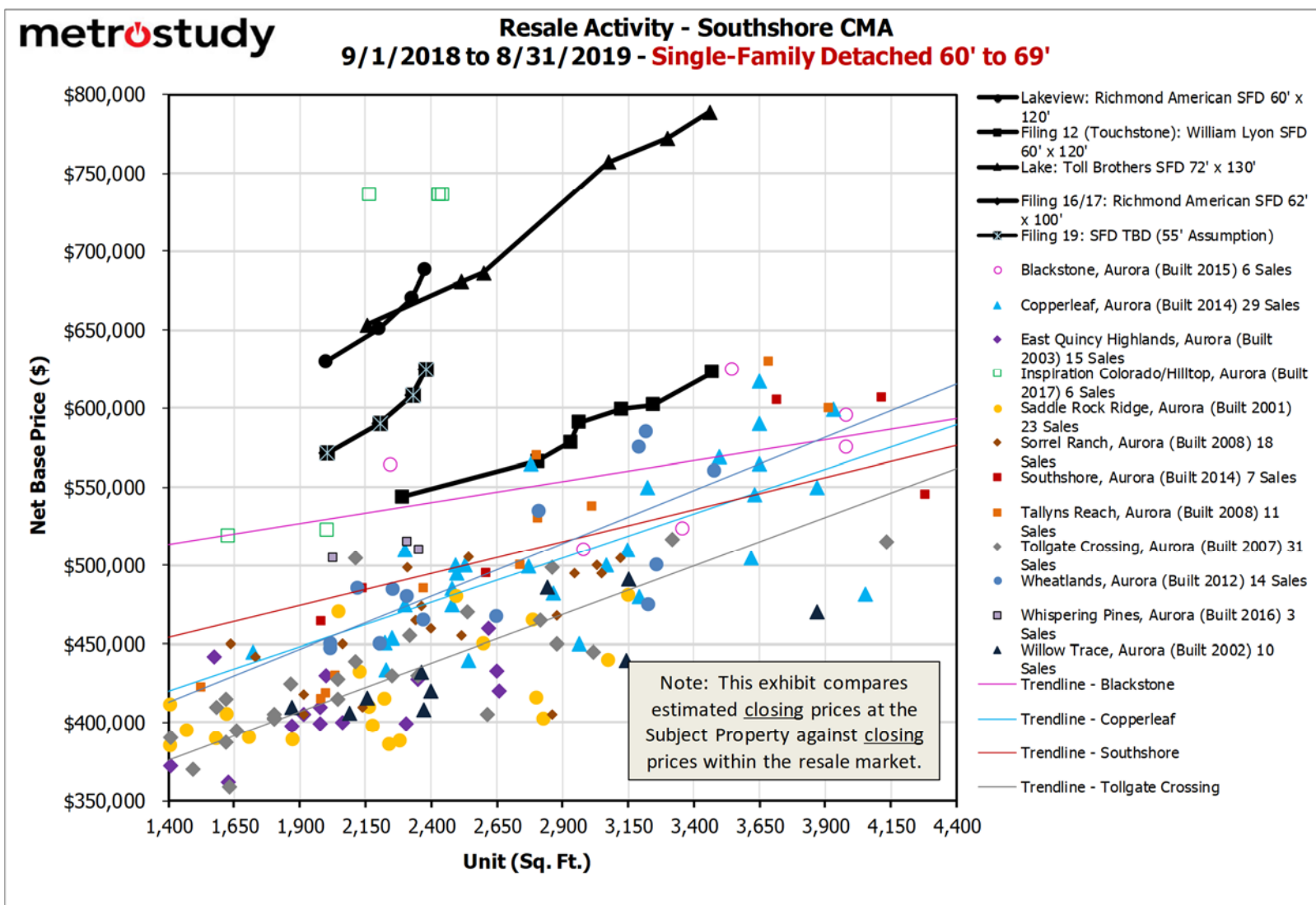


Exhibit 42 : CMA Comparable Subdivisions – Single-Family Detached 70’ to 89’ - Product Details

| Southshore CMA Market Rate Competitive Positioning - Single-Family Detached 70' to 89' | | | | | | | | | | | | | |
|--|---------------|-------|-----------------------------------|----------------------|-----------|-----------------|---------------|------------|-----------|---------------|----------|----------------|----------------|
| Project Name/Community Area/Lot Size/Builder | Planned Units | Occ. | Avg. Mos/Ann. Start & Ann. Closed | Plan Name | Unit | | | Base Price | Incen's | Base Tax Rate | Ann. HOA | Net Base Price | Price / Sq.Ft. |
| | | | | | Bed- Bath | Floors- Parking | Size (Sq.Ft.) | | | | | | |
| 1 Blackstone/Monarch | 48 | 21 | 0.8 | Monarch - Graham | 3 - 2.0 | 1 - 2 | 1,974 | \$507,900 | (\$5,000) | \$5,532 | \$2,100 | \$502,900 | \$255 |
| Aurora | | 43.8% | 9 | Monarch - Springdale | 3 - 2.5 | 1 - 2 | 2,287 | \$522,900 | (\$5,000) | \$5,697 | \$2,100 | \$517,900 | \$226 |
| SF Detached - Avg. 70 x 120 | | | 0.3 | Monarch - Davenport | 4 - 2.5 | 2 - 2 | 2,584 | \$517,900 | (\$5,000) | \$5,642 | \$2,100 | \$512,900 | \$198 |
| Lennar Homes | | | 3 | Monarch - Stonehaven | 3 - 3.0 | 2 - 2 | 2,763 | \$543,900 | (\$5,000) | \$5,928 | \$2,100 | \$538,900 | \$195 |
| <i>Note: Filing 3</i> | | | | Monarch - Brookside | 5 - 4.5 | 2 - 2 | 2,951 | \$567,900 | (\$5,000) | \$6,192 | \$2,100 | \$562,900 | \$191 |
| Averages | | | | | | | 2,512 | \$532,100 | (\$5,000) | \$5,798 | \$2,100 | \$527,100 | \$213 |
| 2 Blackstone/Grand | 46 | 27 | 1.8 | Grand - Preston | 3 - 2.5 | 1 - 3 | 2,256 | \$562,900 | (\$5,000) | \$6,137 | \$2,100 | \$557,900 | \$247 |
| Aurora | | 58.7% | 21 | Grand - Somerton | 4 - 3.0 | 1 - 3 | 2,527 | \$584,900 | (\$5,000) | \$6,379 | \$2,100 | \$579,900 | \$229 |
| SF Detached - Avg. 70 x 120 | | | 1.8 | Grand - Wellington | 3 - 3.0 | 1 - 3 | 2,737 | \$591,900 | (\$5,000) | \$6,456 | \$2,100 | \$586,900 | \$214 |
| Lennar Homes | | | 22 | Grand - Silverleaf | 5 - 4.0 | 2 - 3 | 3,001 | \$586,900 | (\$5,000) | \$6,401 | \$2,100 | \$581,900 | \$194 |
| <i>Note: Filing 3</i> | | | | Grand - Peyton | 4 - 3.5 | 2 - 3 | 3,359 | \$596,900 | (\$5,000) | \$6,511 | \$2,100 | \$591,900 | \$176 |
| | | | | Grand - Prescott | 5 - 4.0 | 2 - 3 | 3,498 | \$624,900 | (\$5,000) | \$6,819 | \$2,100 | \$619,900 | \$177 |
| Averages | | | | | | | 2,896 | \$591,400 | (\$5,000) | \$6,450 | \$2,100 | \$586,400 | \$206 |
| 3 Copperleaf/Pinon | 10 | 0 | 0.2 | Neuville | 3 - 2.0 | 1 - 2 | 1,644 | \$425,990 | (\$3,000) | \$4,653 | \$756 | \$422,990 | \$257 |
| Aurora | | 0.0% | 2 | Spruce | 3 - 2.0 | 1 - 2 | 1,650 | \$435,990 | (\$3,000) | \$4,763 | \$756 | \$432,990 | \$262 |
| SF Detached - Avg. 85 x 100 | | | 0.0 | Orchard | 3 - 2.0 | 1 - 2 | 1,816 | \$430,990 | (\$3,000) | \$4,708 | \$756 | \$427,990 | \$236 |
| Express/DR Horton | | | 0 | Alder | 3 - 2.0 | 1 - 2 | 1,890 | \$440,990 | (\$3,000) | \$4,818 | \$756 | \$437,990 | \$232 |
| <i>Note: Filing 15</i> | | | | Cali | 4 - 2.0 | 1 - 2 | 1,902 | \$449,990 | (\$3,000) | \$4,917 | \$756 | \$446,990 | \$235 |
| | | | | Flora | 4 - 2.5 | 2 - 2 | 2,364 | \$442,990 | (\$3,000) | \$4,840 | \$756 | \$439,990 | \$186 |
| | | | | Galen | 4 - 2.5 | 2 - 2 | 2,535 | \$452,990 | (\$3,000) | \$4,950 | \$756 | \$449,990 | \$178 |
| | | | | Herring | 5 - 4.0 | 2 - 2 | 2,716 | \$472,990 | (\$3,000) | \$5,170 | \$756 | \$469,990 | \$173 |
| | | | | Hayden | 5 - 3.0 | 2 - 2 | 2,725 | \$462,990 | (\$3,000) | \$5,060 | \$756 | \$459,990 | \$169 |
| Averages | | | | | | | 2,138 | \$446,212 | (\$3,000) | \$4,875 | \$756 | \$443,212 | \$214 |
| 4 Inspiration Colorado/Harmony | 29 | 28 | 0.3 | Harmony - Caruso | 4 - 3.0 | 1 - 3 | 2,388 | \$565,990 | \$0 | \$6,226 | \$1,008 | \$565,990 | \$237 |
| Aurora | | 96.6% | 3 | Harmony - Topaz | 3 - 2.5 | 2 - 2 | 2,436 | \$544,990 | \$0 | \$5,995 | \$1,008 | \$544,990 | \$224 |
| SF Detached - Avg. 75 x 120 | | | 0.6 | Harmony - Bothwell | 3 - 3.5 | 1 - 3 | 2,847 | \$602,990 | \$0 | \$6,633 | \$1,008 | \$602,990 | \$212 |
| David Weekley Homes | | | 7 | Harmony - Boticelli | 4 - 3.5 | 2 - 3 | 2,899 | \$596,990 | \$0 | \$6,567 | \$1,008 | \$596,990 | \$206 |
| <i>Note: Filing 8, project sold out - 3Q18 pricing</i> | | | | Harmony - Rouseau | 3 - 3.5 | 1 - 3 | 2,899 | \$579,990 | \$0 | \$6,380 | \$1,008 | \$579,990 | \$200 |
| | | | | Harmony - Reinhardt | 4 - 3.5 | 2 - 3 | 3,070 | \$604,990 | \$0 | \$6,655 | \$1,008 | \$604,990 | \$197 |
| | | | | Harmony - Brooksdale | 4 - 3.5 | 2 - 3 | 3,321 | \$628,990 | \$0 | \$6,919 | \$1,008 | \$628,990 | \$189 |
| | | | | Harmony - Ossorio | 4 - 3.5 | 2 - 3 | 3,397 | \$613,990 | \$0 | \$6,754 | \$1,008 | \$613,990 | \$181 |
| Averages | | | | | | | 2,907 | \$592,365 | \$0 | \$6,516 | \$1,008 | \$592,365 | \$206 |
| 5 Inspiration Colorado/Boulder | 153 | 64 | 2.1 | Boulder - Drake | 2 - 2.5 | 1 - 3 | 2,346 | \$545,995 | (\$2,500) | \$5,978 | \$1,800 | \$543,495 | \$232 |
| Aurora | | 41.8% | 25 | Boulder - Warren | 2 - 2.5 | 1 - 3 | 2,398 | \$549,995 | (\$2,500) | \$6,022 | \$1,800 | \$547,495 | \$228 |
| SF Detached - Avg. 75 x 110-125 | | | 1.7 | Boulder - Durango | 2 - 2.5 | 1 - 3 | 2,516 | \$553,995 | (\$2,500) | \$6,066 | \$1,800 | \$551,495 | \$219 |
| Toll Brothers | | | 20 | Boulder - Antero | 2 - 2.5 | 1 - 3 | 2,814 | \$569,995 | (\$2,500) | \$6,242 | \$1,800 | \$567,495 | \$202 |
| <i>Note: Filings 8, 10, and 16</i> | | | | Boulder - Berkley | 2 - 2.5 | 1 - 3 | 2,814 | \$563,995 | (\$2,500) | \$6,176 | \$1,800 | \$561,495 | \$200 |
| | | | | Boulder - Montana | 2 - 2.5 | 1 - 3 | 2,897 | \$575,995 | (\$2,500) | \$6,308 | \$1,800 | \$573,495 | \$198 |
| Averages | | | | | | | 2,631 | \$559,995 | (\$2,500) | \$6,132 | \$1,800 | \$557,495 | \$213 |
| 6 Inspiration Colorado/Vistas | 15 | 10 | 0.8 | 5A01 | 3 - 2.5 | 1 - 3 | 2,316 | \$496,975 | \$0 | \$5,467 | \$1,152 | \$496,975 | \$215 |
| Aurora | | 66.7% | 10 | 5A02 | 3 - 3.5 | 1 - 3 | 2,393 | \$503,975 | \$0 | \$5,544 | \$1,152 | \$503,975 | \$211 |
| SF Detached - Avg. 70 x 110 | | | 0.8 | 5A03 | 3 - 3.5 | 1 - 3 | 2,489 | \$514,975 | \$0 | \$5,665 | \$1,152 | \$514,975 | \$207 |
| Lennar Homes | | | 10 | 5A04 | 3 - 3.5 | 1 - 3 | 2,735 | \$538,975 | \$0 | \$5,929 | \$1,152 | \$538,975 | \$197 |
| <i>Note: Filing 5, 4Q18 pricing</i> | | | | Averages | | | 2,483 | \$513,725 | \$0 | \$5,651 | \$1,152 | \$513,725 | \$207 |

| Southshore CMA Market Rate Competitive Positioning - Single-Family Detached 70' to 89' | | | | | | | | | | | | | |
|--|------------------|------------|-----------------------------------|---------------------|------------------------|----------------|---------------|------------|-----------|---------------|----------|----------------|----------------|
| Project Name/Community Area/Lot Size/Builder | Planned Units | Occ. | Avg. Mos/Ann. Start & Ann. Closed | Unit | | | | Base Price | Incen's | Base Tax Rate | Ann. HOA | Net Base Price | Price / Sq.Ft. |
| | | | | Plan Name | Bed- Bath | Floors-Parking | Size (Sq.Ft.) | | | | | | |
| 7 Sorrel Ranch | 8 | 0 | 0.0 | Arlington | 3 - 2.0 | 1 - 2 | 1,880 | \$444,950 | (\$8,500) | \$4,801 | \$720 | \$436,450 | \$232 |
| Aurora | | 0.0% | 0 | Bedford | 3 - 2.5 | 2 - 2 | 2,306 | \$439,950 | (\$8,500) | \$4,746 | \$720 | \$431,450 | \$187 |
| SF Detached - Avg. 70 x 120 | | | 0.0 | Hemingway | 4 - 2.5 | 2 - 2 | 2,520 | \$458,950 | (\$8,500) | \$4,955 | \$720 | \$450,450 | \$179 |
| Richmond American | | | 0 | Hopewell | 3 - 2.5 | 2 - 2 | 2,680 | \$459,950 | (\$8,500) | \$4,966 | \$720 | \$451,450 | \$168 |
| <i>Note: Filing 9</i> | | | | Coronado | 3 - 2.5 | 2 - 2 | 2,740 | \$461,950 | (\$8,500) | \$4,988 | \$720 | \$453,450 | \$165 |
| | | | | Yorktown | 4 - 2.5 | 2 - 3 | 2,931 | \$485,950 | (\$8,500) | \$5,252 | \$720 | \$477,450 | \$163 |
| | | | | Seth | 4 - 2.5 | 2 - 3 | 3,006 | \$487,950 | (\$8,500) | \$5,274 | \$720 | \$479,450 | \$159 |
| Averages | | | | | | | 2,580 | \$462,807 | (\$8,500) | \$4,997 | \$720 | \$454,307 | \$179 |
| 8 Whispering Pines/Encore | 115 | 76 | 2.2 | Encore - Resid 6001 | 3 - 3.5 | 1 - 3 | 2,955 | \$610,900 | (\$7,500) | \$6,637 | \$0 | \$603,400 | \$204 |
| Aurora | | 66.1% | 26 | Encore - Resid 5005 | 4 - 4.5 | 2 - 3 | 3,491 | \$604,900 | (\$7,500) | \$6,571 | \$0 | \$597,400 | \$171 |
| SF Detached - Avg. 70 x 125 | | | 2.8 | Encore - Resid 5006 | 5 - 4.5 | 2 - 3 | 3,660 | \$613,900 | (\$7,500) | \$6,670 | \$0 | \$606,400 | \$166 |
| Tri Pointe Homes | | | 33 | Encore - Resid 6002 | 4 - 4.5 | 2 - 3 | 3,889 | \$647,900 | (\$7,500) | \$7,044 | \$0 | \$640,400 | \$165 |
| <i>Note: Filing 4</i> | | | | Encore - Resid 6004 | 4 - 4.5 | 2 - 3 | 4,030 | \$669,900 | (\$7,500) | \$7,286 | \$0 | \$662,400 | \$164 |
| | | | | Encore - Resid 6003 | 5 - 5.5 | 2 - 3 | 4,049 | \$639,900 | (\$7,500) | \$6,956 | \$0 | \$632,400 | \$156 |
| | | | | Encore - Resid 6005 | 5 - 5.5 | 2 - 4 | 4,299 | \$680,900 | (\$7,500) | \$7,407 | \$0 | \$673,400 | \$157 |
| Averages | | | | | | | 3,768 | \$638,329 | (\$7,500) | \$6,939 | \$0 | \$630,829 | \$169 |
| <i>Competitive Market Area Summary:</i> | | | | | | | | | | | | | |
| | Planned | 424 | | 8.0 | Avg. Monthly | Min. | 1,644 | \$425,990 | (\$8,500) | \$4,653 | \$0 | \$422,990 | \$156 |
| | Occ. | 226 | | 96 | Last Ann. Start | Max. | 4,299 | \$680,900 | \$0 | \$7,407 | \$2,100 | \$673,400 | \$262 |
| | Remaining | 198 | | 7.9 | Avg. Monthly | Average | 2,742 | \$540,126 | (\$4,019) | \$5,897 | \$1,123 | \$536,107 | \$200 |
| | | | | 95 | Last Ann. Close | Median | 2,730 | \$547,995 | (\$3,000) | \$6,009 | \$1,008 | \$546,243 | \$198 |

Exhibit 44 : CMA Price Position Graph – Single-Family Detached 70’-89’ - New Home Closing Prices



New Home Activity - Southshore CMA
9/1/2018 to 8/31/2019 - Single-Family Detached 70' to 99'

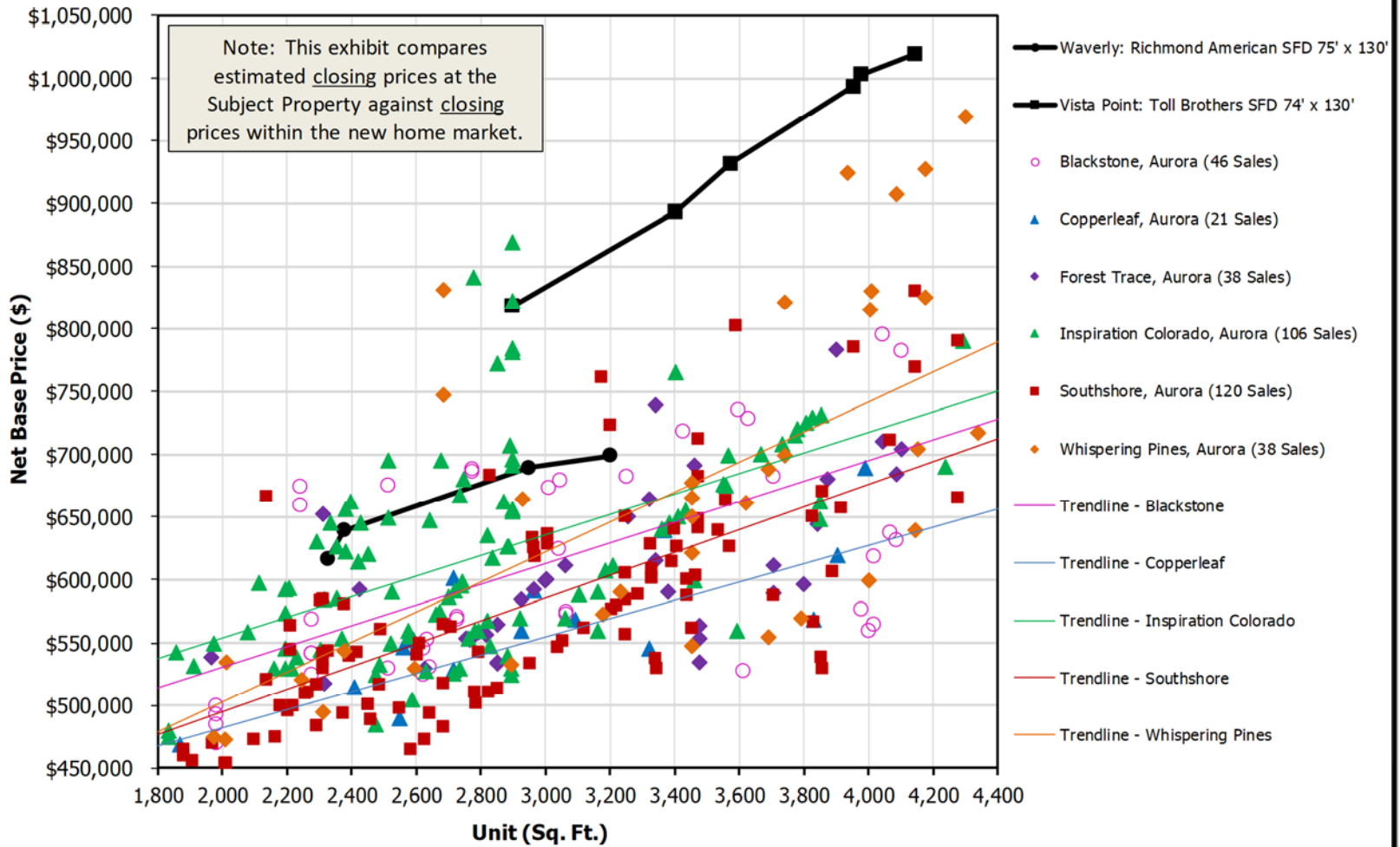


Exhibit 45 : CMA Price Position Graph – Single-Family Detached 70'-99' - Resale Activity

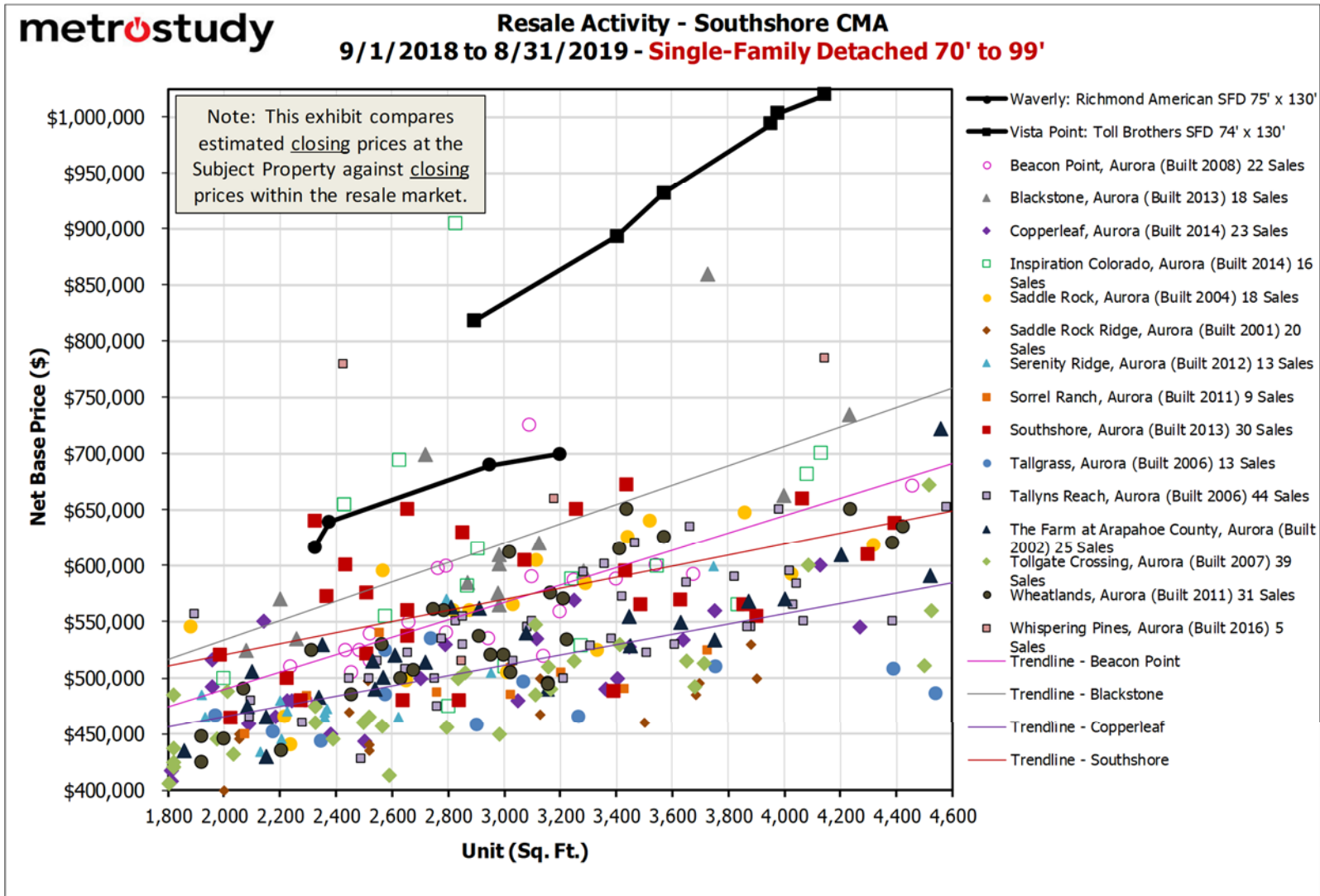


Exhibit 46 : *Southshore Community Deed Records*



| Overall | Deeds | Avg Deed \$ | YOY +/- % | Avg Lot | Avg Unit | \$/Fin SF |
|----------|-------|-------------|-----------|---------|----------|-----------|
| 2017 | 85 | \$554,505 | - | 8,477 | 3,082 | \$179.92 |
| 2018 | 259 | \$564,776 | 1.9% | 8,436 | 2,940 | \$192.10 |
| 2019ytd* | 163 | \$584,617 | 3.5% | 7,989 | 2,928 | \$199.66 |

Note: 2019 year-to-date deeds recorded through 8/31/2019.

| Century Communities | Deeds | Avg Deed \$ | YOY +/- % | Avg Lot | Avg Unit | \$/Fin SF |
|---------------------|-------|-------------|-----------|---------|----------|-----------|
| 2017 | 15 | \$488,894 | - | 7,764 | 2,443 | \$200.12 |
| 2018 | 44 | \$471,788 | -3.5% | 7,152 | 2,197 | \$214.74 |
| 2019ytd* | 30 | \$479,866 | 1.7% | 7,109 | 2,188 | \$219.32 |

Note: 2019 year-to-date deeds recorded through 8/31/2019.

| Richmond American | Deeds | Avg Deed \$ | YOY +/- % | Avg Lot | Avg Unit | \$/Fin SF |
|-------------------|-------|-------------|-----------|---------|----------|-----------|
| 2017 | 20 | \$573,625 | - | 8,197 | 3,497 | \$164.03 |
| 2018 | 100 | \$592,167 | 3.2% | 8,695 | 3,426 | \$172.85 |
| 2019ytd* | 50 | \$585,828 | -1.1% | 7,943 | 3,257 | \$179.87 |

Note: 2019 year-to-date deeds recorded through 8/31/2019.

| Toll Brothers | Deeds | Avg Deed \$ | YOY +/- % | Avg Lot | Avg Unit | \$/Fin SF |
|---------------|-------|-------------|-----------|---------|----------|-----------|
| 2017 | 0 | --- | - | --- | --- | - |
| 2018 | 16 | \$870,071 | - | 11,070 | 3,890 | \$223.67 |
| 2019ytd* | 19 | \$938,449 | 7.9% | 11,810 | 3,919 | \$239.46 |

Note: 2019 year-to-date deeds recorded through 8/31/2019.

| Village Homes | Deeds | Avg Deed \$ | YOY +/- % | Avg Lot | Avg Unit | \$/Fin SF |
|---------------|-------|-------------|-----------|---------|----------|-----------|
| 2017 | 34 | \$574,906 | - | 8,991 | 3,152 | \$182.39 |
| 2018 | 1 | \$603,000 | 4.9% | 10,343 | 3,402 | \$177.25 |
| 2019ytd* | 0 | --- | - | --- | --- | - |

Note: 2019 year-to-date deeds recorded through 8/31/2019.

| William Lyon Homes | Deeds | Avg Deed \$ | YOY +/- % | Avg Lot | Avg Unit | \$/Fin SF |
|--------------------|-------|-------------|-----------|---------|----------|-----------|
| 2017 | 16 | \$548,761 | - | 8,404 | 3,014 | \$182.07 |
| 2018 | 98 | \$528,343 | -3.7% | 8,298 | 2,617 | \$201.89 |
| 2019ytd* | 64 | \$527,730 | -0.1% | 7,302 | 2,725 | \$193.66 |

Note: 2019 year-to-date deeds recorded through 8/31/2019.

Disclaimer:

It is understood by Southshore Metropolitan District ("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 2Q2019 and Metrostudy has not undertaken any update of its research effort since such date. Competitive project information was surveyed as of September 13, 2019 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 Metrostudy, a consulting firm and the nation's leading provider of primary and secondary market information to the housing, retail, and related industries nationwide.



CONTACT INFORMATION

Tom Hayden

Vice President, Advisory
Denver Office:
9033 East Easter Place, Suite 116
Centennial, Colorado 80112
(720) 493-2020
thayden@metrostudy.com
www.metrostudy.com

John Covert

Senior Director – Colorado / New Mexico
Denver Office:
9033 East Easter Place, Suite 116
Centennial, Colorado 80112
(720) 493-2020
jcovert@metrostudy.com
www.metrostudy.com

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the District is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information not presented herein may be available concerning the area in which the District is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the District or its officers, employees, or advisors.*

Population

The following tables set forth population statistics for the City of Aurora (the “City”), Arapahoe County (the “County”), the Denver metropolitan statistical area (comprised of Adams, Arapahoe, Boulder, Broomfield (city and county), Denver (city and county), Douglas and Jefferson counties) (the “DMA”) and the State of Colorado (the “State”).

| Year | Population | | | | | | | |
|-------------------|----------------|----------------|-----------------|----------------|-----------|----------------|-------------------|----------------|
| | City of Aurora | Percent Change | Arapahoe County | Percent Change | DMA | Percent Change | State of Colorado | Percent Change |
| 1970 | 74,974 | -- | 162,142 | -- | 1,238,273 | -- | 2,207,259 | -- |
| 1980 | 158,588 | 111.52% | 293,621 | 81.10% | 1,618,461 | 30.70% | 2,889,964 | 30.93% |
| 1990 | 222,103 | 40.05 | 391,511 | 33.34 | 1,848,319 | 14.20 | 3,294,473 | 13.99 |
| 2000 | 276,393 | 24.44 | 488,896 | 24.87 | 2,400,570 | 29.88 | 4,301,261 | 30.56 |
| 2010 | 325,078 | 17.61 | 572,003 | 17.00 | 2,784,228 | 15.98 | 5,029,196 | 16.92 |
| 2018 ¹ | 324,427 | (0.20) | 651,345 | 13.87 | 3,197,879 | 14.86 | 5,694,311 | 13.23 |

¹ Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census, and Colorado Division of Local Government

Income

The following tables set forth historical median household effective buying income, the percentage of households by classification of effective buying income (“EBI”) levels, and the per capita personal income levels the County, the State and the United States.

Median Household Effective Buying Income ¹

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| Arapahoe County | \$53,589 | \$57,549 | \$60,256 | \$64,082 | \$67,348 |
| Colorado | 52,345 | 48,043 | 57,732 | 59,227 | 62,340 |
| United States | 46,738 | 54,718 | 50,620 | 52,468 | 54,686 |

¹ Calculated as of January 1.

Source: The Nielsen Company, *Site Reports, 2016-2017*; Environics Analytics, Spotlight Claritas Reports 2018-2020

**Percent of Households by
Effective Buying Income Groups – 2020 ¹**

| | Less Than \$25,000 | \$25,000- \$49,999 | \$50,000- \$99,999 | \$100,000- \$149,999 | \$150,000 and more |
|-----------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------|-------------------------------|
| Arapahoe County | 11.47% | 23.66% | 38.55% | 15.19% | 11.15% |
| Colorado | 15.57 | 24.20 | 36.17 | 14.08 | 9.98 |
| United States | 20.24 | 25.61 | 34.10 | 11.57 | 8.47 |

¹ Calculated as of January 1. Totals may not equal 100% due to rounding.

Source: Environics Analytics, Spotlight Claritas Reports 2020

Per Capita Personal Income

| | 2014 | 2015 | 2016 | 2017 | 2018 ¹ |
|-----------------|-------------|-------------|-------------|-------------|--------------------------|
| Arapahoe County | \$53,236 | \$54,358 | \$55,001 | \$56,789 | \$60,180 |
| Colorado | 50,700 | 52,133 | 52,262 | 55,335 | 58,456 |
| United States | 47,058 | 48,978 | 49,870 | 51,885 | 54,446 |

¹ 2018 is the most current data available.

Source: United States Department of Commerce, Bureau of Economic Analysis

School Enrollment

The following table presents a five-year history of school enrollment for Cherry Creek School District No. 5, the primary school district serving the District.

Historical Enrollment

| Year | Enrollment | Percent Change |
|-------------|-------------------|---------------------------|
| 2015-2016 | 54,695 | -- |
| 2016-2017 | 54,815 | 0.22% |
| 2017-2018 | 55,657 | 1.54 |
| 2018-2019 | 55,791 | 0.24 |
| 2019-2020 | 56,172 | 0.68 |

Source: Colorado Department of Education

Housing Stock

The following table sets forth information on housing units in the City and the County.

| | Housing Units | | |
|-----------------|----------------------|-------------|-------------------------|
| | 2000 | 2010 | 2018¹ |
| City of Aurora | 109,260 | 131,040 | 125,138 |
| Arapahoe County | 196,835 | 238,301 | 255,424 |

¹ Estimate.

Source: U.S. Department of Commerce, Bureau of the Census

Building Permit Activity

Set forth hereafter is a five-year history of building permit activity for the City.

| Year | Recent History of Building Permits Issued in Aurora | | | | | |
|-------------------|--|---------------|------------------------|---------------|------------------------------|---------------|
| | Single Family | | Multi-Family | | Commercial/Industrial | |
| | Permits | Value | Permits / Units | Value | Permits | Value |
| 2015 | 978 | \$248,052,515 | 0 / 0 | -- | 71 | \$162,550,490 |
| 2016 | 1,350 | 326,969,435 | 39 / 1,365 | \$170,353,007 | 50 | 125,289,770 |
| 2017 | 1,655 | 378,288,595 | 18 / 341 | 47,992,429 | 67 | 305,297,799 |
| 2018 ¹ | 1,411 | -- | 46 / 1,114 | -- | 60 | -- |
| 2019 | 1,516 | -- | 32 / 1,153 | -- | 57 | -- |
| 2020 ² | 271 | -- | 4 / 14 | -- | 6 | -- |

¹ Beginning in 2018 the City no longer reports the valuation of building permits.

² Permits issued through February 29, 2020.

Source: City of Aurora Building Division

Foreclosure Activity

Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the County Public Trustee's Office over the past five years.

| Year | Number of Foreclosures Filed | Percent Change |
|-------------------|---|---------------------------|
| 2015 | 872 | -- |
| 2016 | 736 | (15.60)% |
| 2017 | 715 | (2.85) |
| 2018 | 646 | (9.65) |
| 2019 | 638 | (1.24) |
| 2020 ¹ | 138 | -- |

¹ Foreclosures through March 10, 2020.

Source: Arapahoe County Public Trustee's Office

Retail Sales

The retail trade sector employs a large portion of the City and County's work force and is important to the area's economy. According to the Colorado Department of Revenue, the department is currently experiencing a system problem that prevents the creation of retail sales reports and historical retail sales data subsequent to 2015; therefore, retail sales data has not been provided herein.

Employment

The following tables set forth employment statistics by industry for the County and the most recent historical labor force estimates for the County and the State.

Total Business Establishments and Employment - Arapahoe County

| Industry ¹ | Third Quarter 2018 | | Third Quarter 2019 | | Quarterly Change | |
|--|--------------------|----------------|--------------------|----------------|------------------|--------------|
| | Units | Employment | Units | Employment | Units | Employment |
| Agriculture, forestry, fishing and hunting | 20 | 124 | 18 | 189 | (2) | 65 |
| Mining | 103 | 641 | 99 | 652 | (4) | 11 |
| Utilities | 10 | 179 | 11 | 202 | 1 | 23 |
| Construction | 1,898 | 22,533 | 1,936 | 22,760 | 38 | 227 |
| Manufacturing | 472 | 8,252 | 472 | 8,402 | 0 | 150 |
| Wholesale trade | 1,609 | 14,721 | 1,621 | 14,852 | 12 | 131 |
| Retail trade | 1,790 | 33,742 | 1,760 | 33,140 | (30) | (602) |
| Transportation and warehousing | 381 | 3,711 | 413 | 4,117 | 32 | 406 |
| Information | 519 | 18,028 | 539 | 18,843 | 20 | 815 |
| Finance and insurance | 1,839 | 28,907 | 1,843 | 25,706 | 4 | (3,201) |
| Real estate and rental and leasing | 1,293 | 6,587 | 1,326 | 6,568 | 33 | (19) |
| Professional and technical services | 4,471 | 32,958 | 4,617 | 34,438 | 146 | 1,480 |
| Management of companies and enterprises | 376 | 8,633 | 428 | 8,926 | 52 | 293 |
| Administrative and waste services | 1,438 | 27,602 | 1,476 | 28,382 | 38 | 780 |
| Educational services | 335 | 3,820 | 345 | 3,722 | 10 | (98) |
| Health care and social assistance | 2,299 | 42,844 | 2,295 | 44,106 | (4) | 1,262 |
| Arts, entertainment, and recreation | 265 | 5,365 | 272 | 5,458 | 7 | 93 |
| Accommodation and food services | 1,360 | 27,337 | 1,374 | 27,231 | 14 | (106) |
| Other services, except public administration | 1,748 | 9,511 | 1,790 | 9,818 | 42 | 307 |
| Non-classifiable | 23 | 37 | 11 | 26 | (12) | (11) |
| Government | 145 | 37,111 | 146 | 37,798 | 1 | 687 |
| Total | 22,394 | 332,644 | 22,792 | 335,335 | 398 | 2,691 |

¹ Information provided herein reflects only those employers which are subject to state unemployment insurance law.

Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW) Colorado

Labor Force Estimates

| Year | Arapahoe County | | Colorado | |
|-------------------|-----------------|--------------------|-------------|--------------------|
| | Labor Force | Percent Unemployed | Labor Force | Percent Unemployed |
| 2014 | 331,367 | 4.9% | 2,802,528 | 5.0% |
| 2015 | 334,731 | 3.7 | 2,828,876 | 3.9 |
| 2016 | 340,924 | 3.1 | 2,896,771 | 3.2 |
| 2017 | 350,862 | 2.7 | 2,992,412 | 2.7 |
| 2018 | 362,692 | 3.2 | 3,096,358 | 3.3 |
| 2019 ¹ | 369,155 | 2.8 | 3,141,845 | 2.9 |

¹ Labor force averages through November 30, 2019.

Source: State of Colorado, Division of Employment and Training, Labor Market Information

Selected major employers in the Denver metropolitan area are set forth in the following table. No independent investigation has been made of, and there can be no representation as to, the stability or financial condition of the companies listed below, or the likelihood that such companies will maintain their status as major employers in the area.

Selected Major Employers in the Denver Metropolitan Area ¹

| Firm | Product or Service | Estimated Number of Employees |
|---------------------------------|-------------------------------------|-------------------------------|
| U.S. Government | Federal Government | 36,222 |
| State of Colorado | State Government | 29,180 |
| University of Colorado System | University and Health Care Services | 22,984 |
| UCHealth | Health Care | 18,900 |
| Denver Public Schools | Education | 15,386 |
| Centura Health | Nonprofit Health Care | 14,450 |
| Jefferson County Public Schools | Education | 14,436 |
| City & County of Denver | City Government | 12,445 |
| SCL Health | Nonprofit Health Care | 12,385 |
| HCA-HealthONE LLC | Health Care | 11,370 |

¹ As of December 31, 2018.

Source: *Denver Business Journal*, July 12, 2019

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company (“DTC”) New York, NY and DTC’s book-entry-only system has been obtained from DTC, and the District and the Underwriter take no responsibility for the accuracy thereof.

DTC will act as securities depository for the 2020A-2 Senior Bonds and 2020B Subordinate Bonds, collectively referred to as the “Bonds” in this appendix. The Bonds will be issued as fully-registered securities 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 certificate will be issued for the Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Bonds and 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. 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 & 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 an S&P Global Markets 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 www.dtcc.com and www.dtc.org.

Purchases of the 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 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 remain responsible for keeping accounts 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 the 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, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the 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 registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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).

Redemption proceeds, distributions, and dividend payments on the Bonds are to 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 Paying Agent, on 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 Participant and not of DTC, the Paying Agent or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities 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). In that event, bond certificates will be printed and delivered to DTC.

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Agreement”) is between the Southshore Metropolitan District No. 2, Arapahoe County, Colorado (the “District”), and UMB Bank, n.a., as dissemination agent, and is executed and delivered in connection with the issuance of the District’s General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2 in the aggregate principal amount of \$12,780,000 (the “2020A-2 Senior Bonds”), and Subordinate Limited Tax Refunding and Improvement Bonds, Series 2020B in the aggregate principal amount of \$19,175,000 (the “2020B Subordinate Bonds” and, together with the 2020A-2 Senior Bonds, the “Bonds”), each dated as of April 8, 2020. The Bonds are being issued pursuant to a bond resolution adopted by the Board of Directors of the District on January 27, 2020 as amended March 25, 2020 (the “Bond Resolution”) and the Indenture of Trust (Senior) and Indenture of Trust (Subordinate), each dated as of April 8, 2020 (collectively, the “Indentures”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indentures or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Board*” means the Board of Directors of the District.

“*Bond Resolution*” means the resolution adopted by the Board on January 27, 2020, as amended March 25, 2020 authorizing the issuance of the Bonds.

“*Bonds*” means the District’s General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2, and Subordinate Limited Tax Refunding and Improvement Bonds, Series 2020B, issued pursuant to the Indentures.

“*Dissemination Agent*” means, initially, UMB Bank, n.a., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Fiscal Year*” means the calendar year commencing on January 1 of each year and ending on December 31 of the same year.

“*Listed Events*” means any of the events listed in Section 5 of this Disclosure Agreement.

“*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, which is currently available at <http://emma.msrb.org>.

“*Official Statement*” means the final Official Statement prepared in connection with the offer and sale of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Agreement.

“*SEC*” means the Securities and Exchange Commission.

Section 2. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) The District shall provide an Annual Report to the Dissemination Agent not later than ten (10) business days prior to the end of the ninth (9th) month following the end of the District’s Fiscal Year of each year, commencing with the ninth (9th) month following the end of the District’s Fiscal Year ending December 31, 2019. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the District; it is not required that the format reflected in the Official Statement be used in future years. The District shall include with each submission of the Annual Report to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that such Annual Report is the Annual Report required by this Disclosure Agreement and that it complies with the requirements of Section 4 of this Disclosure Agreement.

(b) The Dissemination Agent shall provide the Annual Report to the MSRB in electronic format as prescribed by the MSRB within four (4) business days of its receipt from the District.

(c) If the District is unable to provide to the Dissemination Agent an Annual Report (or any portion thereof) by the date required in subsection (a), the Dissemination Agent shall, in a timely manner, file a notice with the MSRB in substantially the form attached to this Disclosure Agreement as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) send written notice to the District at least 30 but no more than 60 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof, and

(iii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the entities to which it was provided.

(e) The Dissemination Agent is not responsible for reviewing or determining the District's compliance with the content requirements of, and the Dissemination Agent shall have no duty to review, the Annual Report.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements shall be provided to the Dissemination Agent when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), 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.

Section 5. Reporting of Listed Events. The District shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Bonds.

- (1) Principal and interest payment delinquencies;
- (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 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 Bonds, *if material*;
- (11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the 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 obligation² 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 Issuer, 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 obligation² of the obligated person, any of which reflect financial difficulties.

Section 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure 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 Disclosure 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 7. Termination of Reporting Obligation. The District's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds, (ii) the date that the District shall no longer constitute an "obligated person" within the meaning of the Rule, or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, 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 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.

² For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term "financial obligation" is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

do not apply to the Bonds, which determination shall be evidenced by an opinion of nationally recognized bond counsel selected by the District.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement and may waive any provision of this Disclosure Agreement, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule, as evidenced by an opinion of nationally recognized bond counsel selected by the District and delivered to the Dissemination Agent. The Dissemination Agent shall provide notice of such amendment or waiver to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Indentures, and the sole remedy under this Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. The Dissemination Agent shall have no power or duty to enforce this Disclosure Agreement, nor shall the Dissemination Agent have any responsibility for the content of any report, disclosure or notice provided by the District. The Dissemination Agent shall have no liability to any person, including any holder or beneficial owners of the Bonds, with respect to any reports, notices or disclosures provided to it by the District hereunder.

Section 11. Resignation or Removal of Dissemination Agent. The present or any future Dissemination Agent may resign at any time upon 30 days' prior written notice to the District. The District may remove the present or any future Dissemination Agent upon 30 days' prior written notice to the Dissemination Agent. Such resignation or removal shall take effect upon the appointment by the District of a successor Dissemination Agent or upon execution by the District of a written undertaking in which the District agrees to assume all of the obligations of the Dissemination Agent hereunder, but in no event later than 30 days after such written notice of resignation or removal has been given. The new Dissemination Agent or the District, as the case may be, shall forthwith give notice thereof to the MSRB.

Section 12. Compensation. As compensation for its services under this Disclosure Agreement, the Dissemination Agent shall be compensated or reimbursed by the District for its reasonable fees and expenses (including without limitation, legal fees and expenses) in performing the services specified under this Disclosure Agreement.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Colorado without regard to choice of law analysis. Venue for any judicial proceeding to enforce or interpret this Disclosure Agreement shall be in the District Court located in Arapahoe County, Colorado.

IN WITNESS WHEREOF, the District and the Dissemination Agent have caused this Continuing Disclosure Undertaking to be executed in their respective names, all as of the date first above written.

**SOUTHSHORE METROPOLITAN DISTRICT NO.
2, ARAPAHOE COUNTY, COLORADO**

By _____
President, Board of Directors

[SEAL]

Attest:

Secretary, Board of Directors

UMB BANK, N.A.,
as Dissemination Agent

By: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Southshore Metropolitan District No. 2, Arapahoe County, Colorado (the “District”).

Name of Bond Issues: (i) General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2 in the aggregate principal amount of \$12,780,000 (the “2020A-2 Senior Bonds”), and (ii) Subordinate Limited Tax Refunding and Improvement Bonds, Series 2020B in the aggregate principal amount of \$19,175,000 (the “2020B Subordinate Bonds” and, together with the 2020A-2 Senior Bonds, the “Bonds”).

Date of Issuance: April 8, 2020.

CUSIP No. 84467P.

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Indentures dated April 8, 2020, and by the Continuing Disclosure Undertaking, dated as of April 8, 2020, between the District and UMB Bank, n.a., as Dissemination Agent. The District has represented that the Annual Report will be filed by _____ [date] _____.

Dated: _____, 20____.

UMB BANK, N.A.,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

- V History of District's Assessed Valuation and Mill Levies
- VI Assessed and Actual Valuation of Classes of Property in the District
- VII History of District Property Tax Collections
- VIII Largest Taxpayers Within the District
- IX Total Mill Levies
- X General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
- XI Debt Service Fund Statement of Revenues, Expenditures and Changes in Fund Balance
- XII Capital Projects Fund Statement of Revenues, Expenditures and Changes in Fund Balance
- XIII General Fund Budget Summary and Comparison
- XIV Debt Service Fund Budget Summary and Comparison
- XV Capital Projects Fund Budget Summary and Comparison

APPENDIX G

FORM OF BOND COUNSEL OPINION FOR 2020A SENIOR BONDS

Southshore Metropolitan District No. 2
c/o Collins Cockrel & Cole, P.C.
390 Union Boulevard, Suite 400
Denver, Colorado 80228

**SOUTHSHORE METROPOLITAN DISTRICT NO. 2
In the City of Aurora
Arapahoe County, Colorado**

\$30,090,000
Taxable General Obligation
Limited Tax
(Convertible to Unlimited Tax)
Refunding Bonds
Series 2020A-1

\$12,780,000
Tax-Exempt General Obligation
Limited Tax
(Convertible to Unlimited Tax)
Improvement Bonds
Series 2020A-2

Ladies and Gentlemen:

We have acted as bond counsel to Southshore Metropolitan District No. 2, Arapahoe County, Colorado (the “District”), in connection with the issuance of its Taxable General Obligation Limited Tax (Convertible to Unlimited Tax) Refunding Bonds, Series 2020A-1, in the aggregate principal amount of \$30,090,000 (the “Series 2020A-1 Senior Bonds”), and its Tax-Exempt General Obligation Limited Tax (Convertible to Unlimited Tax) Improvement Bonds, Series 2020A-2, in the aggregate principal amount of \$12,780,000 (the “Series 2020A-2 Senior Bonds” and together with the Series 2020A-1 Senior Bonds, 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 pursuant to an authorizing resolution of the Board of Directors of the District adopted on January 27, 2020 as amended March 25, 2020 (the “Bond Resolution”), and issued and secured pursuant to that certain Indenture of Trust (Senior) dated as of April 8, 2020 (the “Indenture”), between the District and UMB Bank, n.a., Denver, Colorado, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in 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, subject to the limitations set forth in the Indenture and the electoral authorization from the 2002 Election (with respect to the 2020A-1 Senior Bonds) and the 2018 Election (with respect to the 2020A-2 Senior Bonds).

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, enforceable in accordance with its terms.

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 on a parity with other Parity Bonds (if any) to be issued, subject to the provisions, conditions and limitations contained in the Indenture. Except as described in this paragraph, 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 Series 2020A-1 Senior Bonds is included in gross income for federal and State of Colorado income tax purposes.

6. Interest on the Series 2020A-2 Senior Bonds is excludable 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 Series 2020A-2 Senior Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Series 2020A-2 Senior Bonds is excludable 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 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 rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are 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.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accounts verifying the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemptions premiums, and interest on the Refunded Bonds.

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 policy 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 (i) 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, (ii) the financial condition or capabilities of the District, or (iii) upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

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.

Respectfully submitted,

BUTLER SNOW LLP

APPENDIX H

FORM OF BOND COUNSEL OPINION FOR 2020B SUBORDINATE BONDS

Southshore Metropolitan District No. 2
c/o Collins Cockrel & Cole, P.C.
390 Union Boulevard, Suite 400
Denver, Colorado 80228

\$19,175,000
Southshore Metropolitan District No. 2
In the City of Aurora
Arapahoe County, Colorado
Tax-Exempt Subordinate Limited Tax
General Obligation
Refunding and Improvement Bonds
Series 2020B

Ladies and Gentlemen:

We have acted as bond counsel to Southshore Metropolitan District No. 2, Arapahoe County, Colorado (the “District”), in connection with the issuance of its Tax-Exempt Subordinate Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020B, in the aggregate principal amount of \$19,175,000 (the “Series 2020B Subordinate 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 Series 2020B Subordinate Bonds are issued pursuant to an authorizing resolution of the Board of Directors of the District adopted on January 27, 2020 as amended March 25, 2020 (the “Bond Resolution”), and issued and secured pursuant to that certain Indenture of Trust (Subordinate) dated as of April 8, 2020 (the “Subordinate Indenture”), between the District and UMB Bank, n.a., Denver, Colorado, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Subordinate 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 Series 2020B Subordinate 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 Subordinate Indenture, subject to the limitations set forth in the Subordinate Indenture and the electoral authorization from the 2018 Election.

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 Series 2020B Subordinate Bonds.

3. Assuming due authorization, execution and delivery by the Trustee, the Subordinate Indenture constitutes a valid and binding obligation of the District, enforceable in accordance with its terms.

4. The Subordinate Indenture creates a valid lien on the Subordinate Pledged Revenue and on the funds and accounts pledged therein for the security of the Series 2020B Bonds on a parity with other Parity Subordinate Bonds (if any) to be issued, subject to the provisions, conditions and limitations contained in the Subordinate Indenture. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Subordinate Pledged Revenue or on the funds and accounts created by the Subordinate Indenture.

5. Interest on the Series 2020B Subordinate Bonds is excludable 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 Series 2020B Subordinate Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Series 2020B Subordinate Bonds is excludable 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 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 rights of the owners of the Series 2020B Subordinate Bonds and the enforceability of the Series 2020B Subordinate Bonds and the Subordinate Indenture are 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.

We understand that Build America Mutual Assurance Company has issued a Municipal Bond Insurance Policy relating to the Series 2020B Subordinate Bonds. We express no opinion as to the validity or enforceability of such policy 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 (i) the accuracy, adequacy or completeness of the Official Statement relating to the Series 2020B Subordinate Bonds or any other statements made in connection with any offer or sale of the Series 2020B Subordinate Bonds, (ii) the financial condition or capabilities of the District, or (iii) upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2020B Subordinate Bonds, except those specifically addressed herein.

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.

Respectfully submitted,

BUTLER SNOW LLP

APPENDIX I

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

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Financial Statements

Year Ended December 31, 2018

with

Independent Auditors' Report

C O N T E N T S

| | <u>Page</u> |
|--|-------------|
| <u>Independent Auditors' Report</u> | I |
| <u>Basic Financial Statements</u> | |
| Balance Sheet/Statement of Net Position - Governmental Funds | 1 |
| Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds | 2 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 3 |
| Notes to Financial Statements | 4 |
| <u>Supplemental Information</u> | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund | 19 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Projects Fund | 20 |
| Schedule of Debt Service Requirements to Maturity – Series 2007 Bonds | 21 |
| Schedule of Debt Service Requirements to Maturity – Series 2015 Bonds | 22 |
| Schedule of Debt Service Requirements to Maturity – Series 2017 Bonds | 23 |
| Summary of Assessed Valuation, Mill Levy and Property Taxes Collected | 24 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southshore Metropolitan District No. 2
Arapahoe County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Southshore Metropolitan District No. 2 (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District'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.

Auditor's 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 auditor's 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.

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 each major fund of Southshore Metropolitan District No. 2, as of December 31, 2018, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
July 29, 2019

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

BALANCE SHEET/STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS
December 31, 2018

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Net Position</u> |
|---|-------------------|-------------------------|-----------------------------|---------------------|------------------------|--|
| ASSETS | | | | | | |
| Cash and investments | \$ 29,355 | \$ - | \$ - | \$ 29,355 | \$ - | \$ 29,355 |
| Cash and investments - restricted | 32 | 1,683,847 | 4,411,733 | 6,095,612 | - | 6,095,612 |
| Receivable - County Treasurer | 8,223 | - | - | 8,223 | - | 8,223 |
| Receivable - System Development Fees | - | 15,000 | - | 15,000 | - | 15,000 |
| Property taxes receivable | <u>63,869</u> | <u>1,550,489</u> | <u>-</u> | <u>1,614,358</u> | <u>-</u> | <u>1,614,358</u> |
| Total Assets | <u>\$ 101,479</u> | <u>\$ 3,249,336</u> | <u>\$ 4,411,733</u> | <u>\$ 7,762,548</u> | <u>-</u> | <u>7,762,548</u> |
| LIABILITIES | | | | | | |
| Due to District No. 1 | \$ - | \$ - | \$ 159,344 | \$ 159,344 | \$ - | \$ 159,344 |
| Accrued interest on bonds | - | - | - | - | 1,382,996 | 1,382,996 |
| Long-term liabilities: | | | | | | |
| Due within one year | - | - | - | - | 325,000 | 325,000 |
| Due in more than one year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>33,189,000</u> | <u>33,189,000</u> |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>159,344</u> | <u>159,344</u> | <u>34,896,996</u> | <u>35,056,340</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred property taxes | <u>63,869</u> | <u>1,550,489</u> | <u>-</u> | <u>1,614,358</u> | <u>-</u> | <u>1,614,358</u> |
| Total Deferred Inflows of Resources | <u>63,869</u> | <u>1,550,489</u> | <u>-</u> | <u>1,614,358</u> | <u>-</u> | <u>1,614,358</u> |
| FUND BALANCES | | | | | | |
| Fund Balances: | | | | | | |
| Restricted: | | | | | | |
| Emergencies | 32 | - | - | 32 | (32) | - |
| Debt service | - | 1,698,847 | - | 1,698,847 | (1,698,847) | - |
| Capital projects | - | - | 4,252,389 | 4,252,389 | (4,252,389) | - |
| Unassigned | <u>37,578</u> | <u>-</u> | <u>-</u> | <u>37,578</u> | <u>(37,578)</u> | <u>-</u> |
| Total Fund Balances | <u>37,610</u> | <u>1,698,847</u> | <u>4,252,389</u> | <u>5,988,846</u> | <u>(5,988,846)</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 101,479</u> | <u>\$ 3,249,336</u> | <u>\$ 4,411,733</u> | <u>\$ 7,762,548</u> | | |
| NET POSITION | | | | | | |
| Restricted for: | | | | | | |
| Emergencies | | | | | 32 | 32 |
| Debt service | | | | | 315,851 | 315,851 |
| Capital projects | | | | | 4,252,389 | 4,252,389 |
| Unrestricted | | | | | <u>(33,476,422)</u> | <u>(33,476,422)</u> |
| Total Net Position | | | | | <u>\$ (28,908,150)</u> | <u>\$ (28,908,150)</u> |

The notes to the financial statements are an integral part of these statements.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|------------------------------------|------------------|-------------------------|-----------------------------|---------------------|------------------------|--|
| EXPENDITURES | | | | | | |
| Transfer to District No. 1 | \$ 164,414 | \$ - | \$ 4,885,443 | \$ 5,049,857 | \$ - | \$ 5,049,857 |
| Treasurer's fees | 818 | 19,868 | - | 20,686 | - | 20,686 |
| Miscellaneous expense | 164 | - | - | 164 | - | 164 |
| Bond principal | - | 275,000 | - | 275,000 | (275,000) | - |
| Bond interest expense | - | 1,445,306 | - | 1,445,306 | 835,964 | 2,281,270 |
| Paying agent fees | - | 8,500 | - | 8,500 | - | 8,500 |
| Total Expenditures | <u>165,396</u> | <u>1,748,674</u> | <u>4,885,443</u> | <u>6,799,513</u> | <u>560,964</u> | <u>7,360,477</u> |
| PROGRAM REVENUES | | | | | | |
| System development fees | - | 417,500 | - | 417,500 | - | 417,500 |
| Total Program Revenues | <u>-</u> | <u>417,500</u> | <u>-</u> | <u>417,500</u> | <u>-</u> | <u>417,500</u> |
| Net Program Income (Expenses) | (165,396) | (1,331,174) | (4,885,443) | (6,382,013) | (560,964) | (6,942,977) |
| GENERAL REVENUES | | | | | | |
| Property taxes | 54,554 | 1,324,346 | - | 1,378,900 | - | 1,378,900 |
| Specific ownership taxes | 100,300 | - | - | 100,300 | - | 100,300 |
| Interest income | 8,298 | 28,835 | 120,165 | 157,298 | - | 157,298 |
| Total General Revenues | <u>163,152</u> | <u>1,353,181</u> | <u>120,165</u> | <u>1,636,498</u> | <u>-</u> | <u>1,636,498</u> |
| NET CHANGES IN FUND BALANCES | (2,244) | 22,007 | (4,765,278) | (4,745,515) | 4,745,515 | |
| CHANGE IN NET POSITION | | | | | (5,306,479) | (5,306,479) |
| FUND BALANCES/NET POSITION: | | | | | | |
| BEGINNING OF YEAR | <u>39,854</u> | <u>1,676,840</u> | <u>9,017,667</u> | <u>10,734,361</u> | <u>(34,336,032)</u> | <u>(23,601,671)</u> |
| END OF YEAR | <u>\$ 37,610</u> | <u>\$ 1,698,847</u> | <u>\$ 4,252,389</u> | <u>\$ 5,988,846</u> | <u>\$ (34,896,996)</u> | <u>\$ (28,908,150)</u> |

The notes to the financial statements are an integral part of these statements.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2018

| | Original <u>Budget</u> | Final Budget | Actual | Variance Favorable <u>(Unfavorable)</u> |
|-----------------------------------|---------------------------|----------------|------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 54,605 | \$ 54,605 | \$ 54,554 | \$ (51) |
| Specific ownership taxes | 83,277 | 110,779 | 100,300 | (10,479) |
| Interest income | <u>566</u> | <u>566</u> | <u>8,298</u> | <u>7,732</u> |
| Total Revenues | <u>138,448</u> | <u>165,950</u> | <u>163,152</u> | <u>(2,798)</u> |
| EXPENDITURES | | | | |
| Transfer to District No. 1 | 137,498 | 165,000 | 164,414 | 586 |
| Miscellaneous expense | 100 | 100 | 164 | (64) |
| Treasurer's fees | 822 | 822 | 818 | 4 |
| Emergency reserve | <u>28</u> | <u>28</u> | <u>-</u> | <u>28</u> |
| Total Expenditures | <u>138,448</u> | <u>165,950</u> | <u>165,396</u> | <u>554</u> |
| NET CHANGE IN FUND BALANCE | - | - | (2,244) | (2,244) |
| FUND BALANCE: | | | | |
| BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>39,854</u> | <u>39,854</u> |
| END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,610</u> | <u>\$ 37,610</u> |

The notes to the financial statements are an integral part of these statements.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Southshore Metropolitan District No. 2 (the “District” or “District No. 2”), located in the City of Aurora, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in February 2002, as a quasi-municipal corporation established under the State of Colorado Special District Act. The District was created in conjunction with Southshore Metropolitan District No. 1, (“District No. 1”) to provide for streets, sanitation and water facilities, parks and recreation and other public improvements. The District was established as the Taxing District and Southshore Metropolitan District No. 1 as the Operating District. The purpose of the Taxing District is to provide funding to the Operating District for construction, operation and maintenance of facilities and improvements. The Taxing District has also issued debt to finance public improvements. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2018

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

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 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

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.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2018

For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. 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. The appropriation is at the total fund expenditures level and lapses at year end.

In November 2018, the District amended its total appropriations in the General Fund from \$138,448 to \$150,000 and subsequently to \$165,950 primarily due to available funds to transfer to District No. 1.

Assets, Liabilities and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2018

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting under this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting under this category. Property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

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 30 or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2018

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$32 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,698,847 is restricted for the payment of the debt service costs associated with the Limited Tax General Obligation Bonds Series 2007, the General Obligation (Limited Tax Convertible to Unlimited Tax) Capital Appreciation Bonds Series 2015, and the Subordinate Limited Tax General Obligation Bonds, Series 2017 (see Note 3) and represents proceeds held by the Trustee as a reserve requirement, as defined by the Indenture, and is used to secure the District's obligation to the Bondholders until such a time that the Debt to Assessed Value Ratio is less than 50%. At that time the required reserve shall be zero.

The restricted fund balance in the Capital Projects Fund in the amount of \$4,252,389 is restricted for the payment of the costs for capital improvements within or which benefit the District.

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2018

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all other funds can report negative amounts.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets. At December 31, 2018, the District had no items that qualified for reporting in this category.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

Note 2: Cash and Investments

As of December 31, 2018, cash and investments are classified in the accompanying financial statements as follows:

| | |
|-----------------------------------|---------------------|
| Cash and investments | \$ 29,355 |
| Cash and investments - restricted | <u>6,095,612</u> |
| Total | <u>\$ 6,124,967</u> |

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

| | |
|--------------------------------------|---------------------|
| Deposits with financial institutions | \$ 68,860 |
| Investments – Colotrast Plus + | <u>6,056,107</u> |
| | <u>\$ 6,124,967</u> |

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. 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 is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of 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.

The District follows state statutes for deposits. None of the District’s deposits were exposed to custodial credit risk.

Investments:

Credit Risk

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements December 31, 2018

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share.

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

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is rated AAAM by Standard & Poor's with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians' internal records identify the investments owned by COLOTRUST. At December 31, 2018, the District had \$6,056,107 invested in COLOTRUST.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

Note 3: Long Term Debt

A description of the long-term obligations as of December 31, 2018, is as follows:

Limited Tax General Obligation Bonds, Series 2007 - The District issued its Series 2007 Bonds in the original principal amount of \$10,000,000. The Bonds are term bonds, of which, \$3,000,000 bearing interest at 5.375% mature December 1, 2022 and \$7,000,000 bearing interest at 5.750% mature December 1, 2031, payable semiannually on each June 1 and December 1, commencing on December 1, 2007. The Bonds are subject to redemption prior to maturity at the option of the District beginning December 1, 2017, and on any date thereafter, upon payment of the principal amount redeemed plus accrued interest to the date of redemption, with no redemption premium.

The Bonds maturing December 1, 2022 are subject to mandatory sinking fund redemption, in part, by lot, on each December 1 in the years 2010 through 2021. The bonds maturing December 1, 2031 are subject to mandatory sinking fund redemption, in part, by lot, on each December 1 in the years 2023 through 2030.

General Obligation (Limited Tax Convertible to Unlimited Tax) Capital Appreciation Bonds, Series 2015 - On September 3, 2015, the District issued \$14,410,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Capital Appreciation Bonds, Series 2015 ("Series 2015 Bonds") dated January 15, 2015 with an original issue price of \$12,482,807 for the purpose of funding public capital facilities and paying the costs of issuing the bonds. The Series 2015 Bonds were issued as convertible capital appreciation bonds and will accrete in value from their date of issuance at an annual rate of 6.50%, compounding semi-annually on June 1 and December 1 each year, commencing December 1, 2015. The Series 2015 Bonds convert to current interest bonds on December 1, 2017, and are payable semi-annually thereafter at the rate of 6.50% per annum on June 1 and December 1 of each year, commencing June 1, 2018. The bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2032. The Bonds mature on December 1, 2042. The Series 2015 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2020, and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

| Date of Redemption | Redemption Premium |
|--|---------------------------|
| December 1, 2020, to November 30, 2021 | 3.00% |
| December 1, 2021, to November 30, 2022 | 2.00 |
| December 1, 2022, to November 30, 2023 | 1.00 |
| December 1, 2023 and thereafter | 0.00 |

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

The Series 2007 Bonds and the Series 2015 Bonds are secured by and payable from the pledged revenue, consisting of the moneys derived from a required mill levy of at least 30.000 mills until the surplus fund is fully funded, but not to exceed 50.000 mills (adjusted for changes occurring after the issuance of such Bonds in the ratio of assessed values to market values), system development fees (see Note 5) and any other legally available moneys of the District credited to the Bond Fund. The required and limited mill levy rates require adjustment for changes in the ratio of assessed values to market values occurring after the issuance date of the Bonds.

The District funded a Reserve Fund for the 2007 Bonds in the amount of \$1,000,000. The Series 2007 and Series 2015 Bonds are also secured by a Surplus Fund to be funded from the required mill levy to be funded with up to \$1,000,000. The Reserve Fund and the Surplus Fund shall be maintained by the Trustee until the date upon which the Debt to Assessed Ratio is less than 50%, after which the Reserve Fund and the Surplus Fund shall be terminated and any moneys in the Reserve Fund transferred to the Construction Fund and utilized for construction of capital improvements as approved by the voters of the District at the Election and any moneys in the Surplus Fund shall be applied to any lawful purpose.

Subordinate Limited Tax General Obligation Bonds, Series 2017 - On June 21, 2017, the District issued the Subordinate Limited Tax General Obligation Bonds, Series 2017 (the “Series 2017 Bonds”), in the original principal amount of \$10,404,000. The Bonds will bear interest at 7.75% payable annually on December 15, to the extent subordinate pledged revenue is available, commencing December 15, 2017. Accrued but unpaid interest on the Series 2017 Bonds will compound annually on each December 15. Failure to pay interest when due on the Series 2017 Bonds does not constitute an Event of Default under the Indenture. The Series 2017 Bonds mature on December 15, 2042. Proceeds from the sale of the Series 2017 Bonds will be used for the purposes of: (a) paying the project costs for infrastructure located within, or serving the District, and (b) paying the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2020, and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

| Date of Redemption | Redemption Premium |
|--|---------------------------|
| December 1, 2020, to November 30, 2021 | 3.00% |
| December 1, 2021, to November 30, 2022 | 2.00 |
| December 1, 2022, to November 30, 2023 | 1.00 |
| December 1, 2023 and thereafter | 0.00 |

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

The following is an analysis of changes in long-term debt for the period ending December 31, 2018:

| | Balance 1/1/2018 | Additions | Deletions | Balance 12/31/2018 | Current Portion |
|--|----------------------|-------------|-------------------|-----------------------|--------------------|
| General Obligation Bonds - Series 2007 | \$ 8,975,000 | \$ - | \$ 275,000 | \$ 8,700,000 | \$ 325,000 |
| General Obligation Bonds - Series 2015 | 14,410,000 | - | - | 14,410,000 | - |
| Subordinate General Obligation Bonds - Series 2017 | 10,404,000 | - | - | 10,404,000 | - |
| Total Long-term debt | <u>\$ 33,789,000</u> | <u>\$ -</u> | <u>\$ 275,000</u> | <u>\$ 33,514,000</u> | <u>\$ 325,000</u> |

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2007 Bonds:

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|----------------------|
| 2019 | \$ 325,000 | \$ 493,875 | \$ 818,875 |
| 2020 | 400,000 | 476,406 | 876,406 |
| 2021 | 450,000 | 454,906 | 904,906 |
| 2022 | 525,000 | 430,719 | 955,719 |
| 2023 | 570,000 | 402,500 | 972,500 |
| 2024-2028 | 3,695,000 | 1,440,089 | 5,135,089 |
| 2029-2031 | 2,735,000 | 319,413 | 3,054,413 |
| | <u>\$ 8,700,000</u> | <u>\$ 4,017,908</u> | <u>\$ 12,717,908</u> |

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2015 Bonds:

| | Principal | Interest | Total |
|-------------|----------------------|----------------------|----------------------|
| 2019 | \$ - | \$ 936,650 | \$ 936,650 |
| 2020 | - | 936,650 | 936,650 |
| 2021 | - | 936,650 | 936,650 |
| 2022 | - | 936,650 | 936,650 |
| 2023 | - | 936,650 | 936,650 |
| 2024 - 2028 | - | 4,683,250 | 4,683,250 |
| 2029 - 2033 | 1,785,000 | 4,627,025 | 6,412,025 |
| 2034 - 2038 | 5,950,000 | 3,390,400 | 9,340,400 |
| 2039 - 2042 | 6,675,000 | 1,126,125 | 7,801,125 |
| | <u>\$ 14,410,000</u> | <u>\$ 18,510,050</u> | <u>\$ 32,920,050</u> |

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2017 Bonds:

| | Principal | Interest | Total |
|-------------|---------------|--------------|---------------|
| 2019 | \$ - | \$ - | \$ - |
| 2020 | - | - | - |
| 2021 | - | 969,877 | 969,877 |
| 2022 | - | 1,528,468 | 1,528,468 |
| 2023 | - | 3,444,779 | 3,444,779 |
| 2024 - 2028 | 9,543,000 | 3,107,135 | 12,650,135 |
| 2029 | 861,000 | 66,728 | 927,728 |
| | \$ 10,404,000 | \$ 9,116,987 | \$ 19,520,987 |

Debt Authorization

As of December 31, 2017, District No. 1 and District No. 2 (the “Districts”) had remaining combined voted debt authorization of \$0.00. The District’s Service Plan establishes a total combined general obligation debt limit for both Districts of \$33,033,000. In May 2018, the authorized electors of the District voted to increase the debt authorization by \$27,500,000. Such debt can be issued only if the Service Plan is amended or the District follows certain statutory procedures prior to issuance.

Note 4: Related Party

One member of the Board of Directors is an employee of RainTree Investment Corporation (“RainTree”), which has significant ownership and/or investment interests in the property within the Districts. Two other directors are consultants, directly or indirectly, to Raintree. Management believes that all potential conflicts, if any, have been disclosed to the Secretary of State and the Board of Directors.

Note 5: Agreements

Third Amended and Restated Joint Resolution of Southshore Metropolitan District Nos. 1 and 2 to Establish System Development Fees – On November 30, 2006 and as amended and restated in 2007, 2010 and with the most recent Third Amendment on December 11, 2012, the District imposes a system development fee due and payable upon issuance of a building permit to a buyer by the City of Aurora. The fee, at the District’s discretion, may increase on an annual basis in an amount equal to the Consumer Price Index (“CPI”) for that year not to exceed 5%. For 2012, the fee was \$2,000 per single family unit. Effective January 1, 2013, the Third Amendment increased the fees to \$2,500 per single family unit and \$1,750 per multi-family unit. During 2018, the District collected \$417,500 in fees.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

Amended and Restated Intergovernmental Agreement – On December 2, 2004, and amended on May 11, 2007, the District entered into an agreement with District No. 1, in which the District agrees to assign all revenue raised from all sources not pledged to District debt to District No. 1 to offset the expenses of construction of public improvements and the costs of operation and maintenance of such public improvements. District No. 1 shall provide the operations and maintenance services and to maintain all necessary insurance in a manner deemed appropriate by the Districts and in compliance with applicable law. In 2018, the District transferred to District No. 1, \$164,414 for operations and maintenance and \$4,885,443 for capital improvements.

Note 6: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer 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.

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.

In 2002, a majority of the District’s electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

Notes to Financial Statements
December 31, 2018

Note 7: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“the Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other 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: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The *Governmental Funds Balance Sheet/Statement of Net Position* includes an adjustments column. The adjustments have the following elements:

1) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities* includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities; and,
- 2) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTAL INFORMATION

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2018

| | <u>Original and Final Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|-----------------------------------|--------------------------------------|---------------------|---|
| REVENUES | | | |
| System development fees | \$ 1,325,599 | \$ 417,500 | \$ (908,099) |
| Property taxes | 420,000 | 1,324,346 | 904,346 |
| Interest income | <u>730</u> | <u>28,835</u> | <u>28,105</u> |
| Total Revenues | <u>1,746,329</u> | <u>1,770,681</u> | <u>24,352</u> |
| EXPENDITURES | | | |
| Bond principal | 275,000 | 275,000 | - |
| Bond interest expense | 1,445,306 | 1,445,306 | - |
| Paying agent fees | 10,000 | 8,500 | 1,500 |
| Treasurer's fees | <u>19,951</u> | <u>19,868</u> | <u>83</u> |
| Total Expenditures | <u>1,750,257</u> | <u>1,748,674</u> | <u>1,583</u> |
| NET CHANGE IN FUND BALANCE | (3,928) | 22,007 | 25,935 |
| FUND BALANCE: | | | |
| BEGINNING OF YEAR | <u>1,445,140</u> | <u>1,676,840</u> | <u>231,700</u> |
| END OF YEAR | <u>\$ 1,441,212</u> | <u>\$ 1,698,847</u> | <u>\$ 257,635</u> |

The notes to the financial statements are an integral part of these statements.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND For the Year Ended December 31, 2018

| | Original and <u>Final Budget</u> | <u>Actual</u> | Variance Favorable <u>(Unfavorable)</u> |
|----------------------------|-------------------------------------|---------------------|---|
| REVENUES | | | |
| Interest income | \$ 10,000 | \$ 120,165 | \$ 110,165 |
| Total Revenues | <u>10,000</u> | <u>120,165</u> | <u>110,165</u> |
| EXPENDITURES | | | |
| Transfer to District 1 | <u>6,981,655</u> | <u>4,885,443</u> | <u>2,096,212</u> |
| Total Expenditures | <u>6,981,655</u> | <u>4,885,443</u> | <u>2,096,212</u> |
| NET CHANGE IN FUND BALANCE | (6,971,655) | (4,765,278) | 2,206,377 |
| FUND BALANCE: | | | |
| BEGINNING OF YEAR | <u>6,971,655</u> | <u>9,017,667</u> | <u>2,046,012</u> |
| END OF YEAR | <u>\$ -</u> | <u>\$ 4,252,389</u> | <u>\$ 4,252,389</u> |

The notes to the financial statements are an integral part of these statements.

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2018

\$10,000,000 Limited Tax General Obligation Bonds Series 2007

Interest Payable June 1 and December 1

Principal Due December 1

| Year Ended <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------------|------------------------|----------------------|
| 2019 | \$ 325,000 | \$ 493,875 | \$ 818,875 |
| 2020 | 400,000 | 476,406 | 876,406 |
| 2021 | 450,000 | 454,906 | 904,906 |
| 2022 | 525,000 | 430,719 | 955,719 |
| 2023 | 570,000 | 402,500 | 972,500 |
| 2024 | 695,000 | 369,725 | 1,064,725 |
| 2025 | 700,000 | 329,763 | 1,029,763 |
| 2026 | 725,000 | 289,513 | 1,014,513 |
| 2027 | 775,000 | 247,825 | 1,022,825 |
| 2028 | 800,000 | 203,263 | 1,003,263 |
| 2029 | 875,000 | 157,263 | 1,032,263 |
| 2030 | 900,000 | 106,950 | 1,006,950 |
| 2031 | 960,000 | 55,200 | 1,015,200 |
| | <u>\$ 8,700,000</u> | <u>\$ 4,017,908</u> | <u>\$ 12,717,908</u> |

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2018

General Obligation (Limited Tax Convertible to Unlimited Tax)

Convertible Capital Appreciation Bonds, Series 2015

Interest Payable June 1 and December 1

Principal Due December 1

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------------|----------------------|----------------------|
| 2019 | \$ - | \$ 936,650 | \$ 936,650 |
| 2020 | - | 936,650 | 936,650 |
| 2021 | - | 936,650 | 936,650 |
| 2022 | - | 936,650 | 936,650 |
| 2023 | - | 936,650 | 936,650 |
| 2024 | - | 936,650 | 936,650 |
| 2025 | - | 936,650 | 936,650 |
| 2026 | - | 936,650 | 936,650 |
| 2027 | - | 936,650 | 936,650 |
| 2028 | - | 936,650 | 936,650 |
| 2029 | - | 936,650 | 936,650 |
| 2030 | - | 936,650 | 936,650 |
| 2031 | - | 936,650 | 936,650 |
| 2032 | 865,000 | 936,650 | 1,801,650 |
| 2033 | 920,000 | 880,425 | 1,800,425 |
| 2034 | 1,015,000 | 820,625 | 1,835,625 |
| 2035 | 1,085,000 | 754,650 | 1,839,650 |
| 2036 | 1,190,000 | 684,125 | 1,874,125 |
| 2037 | 1,270,000 | 606,775 | 1,876,775 |
| 2038 | 1,390,000 | 524,225 | 1,914,225 |
| 2039 | 1,480,000 | 433,875 | 1,913,875 |
| 2040 | 1,610,000 | 337,675 | 1,947,675 |
| 2041 | 1,715,000 | 233,025 | 1,948,025 |
| 2042 | 1,870,000 | 121,550 | 1,991,550 |
| | <u>\$ 14,410,000</u> | <u>\$ 18,510,050</u> | <u>\$ 32,920,050</u> |

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018**

**Subordinate Limited Tax General Obligation Bonds
Series 2017**

**Interest Payable June 15 and December 15
Principal Due December 15**

| <u>Year Ended December 31,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------------|------------------------|----------------------|
| 2019 | \$ - | \$ - | \$ - |
| 2020 | - | - | - |
| 2021 | - | 969,877 | 969,877 |
| 2022 | - | 1,528,468 | 1,528,468 |
| 2023 | - | 3,444,779 | 3,444,779 |
| 2024 | 1,095,000 | 1,097,250 | 2,192,250 |
| 2025 | 1,693,000 | 721,448 | 2,414,448 |
| 2026 | 1,992,000 | 590,240 | 2,582,240 |
| 2027 | 2,239,000 | 435,860 | 2,674,860 |
| 2028 | 2,524,000 | 262,338 | 2,786,338 |
| 2029 | 861,000 | 66,728 | 927,728 |
| | <u>\$ 10,404,000</u> | <u>\$ 9,116,987</u> | <u>\$ 19,520,987</u> |

SOUTHSHORE METROPOLITAN DISTRICT NO. 2

**SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED**

December 31, 2018

| Year Ended December 31, | Prior Year Assessed Valuation for Current Year Property Tax Levy | Mills Levied | | Total Property Tax | | Percent Collected to Levied |
|--|---|---------------------|---------------------|---------------------------|------------------|--|
| | | General Fund | Debt Service | Levied | Collected | |
| 2005 | \$ 1,314,200 | 38.000 | 0.000 | \$ 49,940 | \$ 49,940 | 100.00% |
| 2006 | \$ 1,309,490 | 38.000 | 0.000 | \$ 49,761 | \$ 49,761 | 100.00% |
| 2007 | \$ 3,670,340 | 38.000 | 7.290 | \$ 166,230 | \$ 165,676 | 99.67% |
| 2008 | \$ 7,508,600 | 47.000 | 5.060 | \$ 390,898 | \$ 391,471 | 100.15% |
| 2009 | \$ 14,577,280 | 47.000 | 5.060 | \$ 758,893 | \$ 702,376 | 92.55% |
| 2010 | \$ 11,872,620 | 22.060 | 30.000 | \$ 618,089 | \$ 612,180 | 99.04% |
| 2011 | \$ 11,218,360 | 22.060 | 30.000 | \$ 584,028 | \$ 524,019 (a) | 89.72% |
| 2012 | \$ 10,761,490 | 22.060 | 30.000 | \$ 560,243 | \$ 376,928 (b) | 67.28% |
| 2013 | \$ 11,161,250 | 2.060 | 50.000 | \$ 581,055 | \$ 580,450 | 99.90% |
| 2014 | \$ 11,037,770 | 2.060 | 50.000 | \$ 574,626 | \$ 574,684 | 100.01% |
| 2015 | \$ 11,779,267 | 2.060 | 50.000 | \$ 613,229 | \$ 613,228 | 100.00% |
| 2016 | \$ 15,940,103 | 2.060 | 50.000 | \$ 829,842 | \$ 829,699 | 99.98% |
| 2017 | \$ 17,920,698 | 2.060 | 50.000 | \$ 932,952 | \$ 934,880 | 100.21% |
| 2018 | \$ 23,981,031 | 2.277 | 55.277 | \$ 1,380,204 | \$ 1,378,900 | 99.91% |
| Estimated for year ending December 31, 2019 | \$ 28,049,450 | 2.277 | 55.277 | \$ 1,614,358 | | |

NOTE

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

(a) The collected tax in 2011 reflects abatements of \$53,791.

(b) The collected tax in 2012 reflects abatements of \$178,099

APPENDIX J

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 receipt of 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 teletype 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 AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN