

CERTIFICATION TO THE TOWN OF CASTLE ROCK

CASTLEVIEW METROPOLITAN DISTRICT NO. 2

PROPOSED LIMITED GENERAL OBLIGATION BONDS, SERIES 2020A₍₃₎ IN THE APPROXIMATE PRINCIPAL AMOUNT OF \$3,385,000, AND ITS PROPOSED SUBORDINATE GENERAL OBLIGATION BONDS, SERIES 2020B₍₃₎ IN THE APPROXIMATE PRINCIPAL AMOUNT OF \$324,000

In accordance with the provisions of the Town of Castle Rock Municipal Code (the “**Town Code**”), Section 11.02.110, Castlevue Metropolitan District No. 2 (the “District”) hereby certifies the following:

1. The District will be undertaking the issuance of its proposed Limited General Obligation Bonds, Series 2020A₍₃₎ in the approximate principal amount of \$3,385,000, and its Subordinate General Obligation Bonds, Series 2020B₍₃₎ in the approximate principal amount of \$324,000 to finance additional project costs, generally in accordance with the term sheet, attached hereto and incorporated herein as **Exhibit A** (the “**2020 Bonds**”), with an estimated closing date in early September 2020. A detailed financial plan is attached hereto and incorporated herein as **Exhibit B**. The District’s draft Preliminary Official Statement is attached hereto as **Exhibit C**. The Preliminary Official Statement is expected to be finalized and posted at the end of August 2020 and is therefore subject to change.

2. The term sheet, financial plan, and Preliminary Official Statement contain the dollar amount of the issue, the interest rate and other financing costs, and the types of revenues pledged, including the amount of the mill levy pledged. The 2020 Bonds are being issued for the purpose of purpose of funding public improvements necessary to serve the Project, paying costs of issuance for the 2020 Bonds, funding a Reserve Fund, and funding a portion of the interest to accrue on the bonds as authorized by and in compliance with the District’s Service Plan.

3. The District’s Consolidated Amended and Restated Service Plan, approved by the Town Council for the Town of Castle Rock on August 21, 2018, provides for a debt service mill levy cap of 63.600 mills, subject to Gallagher adjustments after January 1, 2018. As a result of such Gallagher adjustments, the District’s current debt service mill levy cap is 64.044 mills. For tax collection year 2020, the District imposed a debt service mill levy of 50.000 mills. The mill levy pledged to the 2020 Bonds 50.000 mills, as adjusted. The financial plan attached as Exhibit B shows a target mill levy of 50.000 mills commencing in tax collection year 2020 and remaining steady throughout the term of thereof. The mill levy pledged to the 2020 Bonds is significantly lower than the caps permitted by the District’s Service Plan, and, therefore, is well within the requirements set forth therein.

4. The 2020 Bonds are authorized by and in compliance with the District’s Service Plan, approved by the Town Council for the Town of Castle Rock on August 21, 2018.

5. The District requests that the Town Council review the proposed financing at the September 1, 2020, regular meeting, and provide any comments to the District in accordance with the Town Code. The District also requests the Town execute the attached Acknowledgment

at its meeting on September 1, 2020. The District, its Board members and consultants, are available to address any questions or comments the Town may have as it begins its review.

6. Review of the proposed 2020 Bonds and execution of the Acknowledgment does not constitute a material modification of the District's Service Plan.

Certified to the Town of Castle Rock as of this 21st day of August, 2020.

By:

Rodney Alpert

[Rodney Alpert \(Aug 20, 2020 17:33 MDT\)](#)

Rodney Alpert, President of the District
Board of Directors of Castleview Metropolitan
District No. 2

Certificate to Town for Bonds 2020-08-21

Final Audit Report

2020-08-20

Created:	2020-08-20
By:	Allison Fogg (afogg@wbapc.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAetZE0TL31Ho_kt45exAJWxYz3Khtp-CY

"Certificate to Town for Bonds 2020-08-21" History

-  Document created by Allison Fogg (afogg@wbapc.com)
2020-08-20 - 11:06:01 PM GMT- IP address: 50.209.233.181
-  Document emailed to Rodney Alpert (rod.alpert@gmail.com) for signature
2020-08-20 - 11:06:35 PM GMT
-  Email viewed by Rodney Alpert (rod.alpert@gmail.com)
2020-08-20 - 11:33:19 PM GMT- IP address: 66.109.222.235
-  Document e-signed by Rodney Alpert (rod.alpert@gmail.com)
Signature Date: 2020-08-20 - 11:33:48 PM GMT - Time Source: server- IP address: 66.109.222.235
-  Signed document emailed to Allison Fogg (afogg@wbapc.com) and Rodney Alpert (rod.alpert@gmail.com)
2020-08-20 - 11:33:48 PM GMT

**EXHIBIT A
TO
CERTIFICATION TO THE TOWN OF CASTLE ROCK
FOR
CASTLEVIEW METROPOLITAN DISTRICT NO. 2 2020 BONDS
(Term Sheet)**

CASTLEVIEW METROPOLITAN DISTRICT NO.2
LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2020A₃

TERM SHEET – AS OF AUGUST 21, 2020

Delivery Date:	September 2020
Sources:	
Par Amount:	\$3,385,000 (estimated)
Uses:	
Project Fund:	\$2,232,422.90 (estimated)
Capitalized Interest:	\$ 520,443.77 (estimated)
Reserve Fund:	\$ 314,433.33 (estimated)
Costs of Issuance:	\$ 317,700.00 (estimated)
Structure:	
Final Maturity:	December 1, 2050 (estimated)
Interest Rate:	5.125% (estimated, actual rate determined at pricing)
Payment Dates:	Semi-annual interest payments on June 1 and December 1 with principal payments annually on December 1.
Tax Status:	Tax-exempt, Non-AMT, Bank Qualified
Optional Redemption:	Estimated 12/1/2025 at \$103 premium declining 1% per year (actual redemption provisions determined at pricing)
Credit Rating:	Non-Rated
Senior Pledged Revenue:	Pledged Revenue consists of a senior lien on (i) revenues produced from the required mill levy of 50 mills (subject to Gallagherization after the date of issuance of the bonds – or 7.15% RAR) (the “Required Mill Levy”); and (ii) specific ownership taxes generated from the Required Mill Levy. The mill levy pledge will not convert to an unlimited pledge. The Bonds will discharge on December 1, 2055.
Surplus Fund:	The District shall be required to levy the Required Mill Levy until the Surplus Fund is full. To the extent this amount of revenue is not needed for current year debt service, it will be deposited to the Surplus Fund. The Surplus Fund will have a maximum size of 10% of par and shall be drawn in the event that Pledged Revenue is insufficient to cover current debt service.

Additional Debt:	Allowed with majority bondholder consent. Allowed without bondholder consent when the District's total debt to assessed ratio is at or below 50% or for a refunding of this 2020 debt such that debt service is lower in every year.
Subordinate Debt:	Subordinate bonds may be issued provided that they pay debt service annually only after all payment on senior bonds.
Events of Default:	It is not an event of default if the District fails to pay interest and principal on December 1, but has levied the required mill levy. Only failure to levy the required mill levy is a payment event of default.
Trustee:	UMB Bank, n.a.
Title 32 qual.:	Issued to financial institutions or institutional investors
Title 11 exemption:	\$500,000 denominations

CASTLEVIEW METROPOLITAN DISTRICT NO.2
SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2020B₃

Delivery Date:	Same as 2020A
Sources:	
Par Amount:	\$324,000 (estimated)
Uses:	
Project Fund:	\$320,760 (estimated)
Costs of Issuance:	\$ 3,240 (estimated)
Structure:	
Final Maturity:	December 15, 2050 (estimated)
Interest Rate:	8.00% (estimated, actual rate determined at pricing)
Payment Dates:	Principal and interest payments annually on December 15
Tax Status:	Tax-exempt, Non-AMT, Bank Qualified
Optional Redemption:	Estimated 12/1/2025 at \$103 premium declining (actual redemption provisions determined at pricing)
Credit Rating:	Non-Rated
Subordinate Pledged Revenue:	The bonds are structured as cash flow bonds that pay each year on December 15th. Any Senior Pledged Revenue available to the subordinate bonds will be used to pay current interest, accrued interest, and then principal. Interest not paid when due will accrue and compound annually at the rate on the bonds. Any amount unpaid at the maturity date will remain outstanding and continue to accrue and compound. The bonds will discharge on December 15, 2055.
Additional Subordinate Debt:	Senior debt allowed without subordinate bondholder consent only for refunding the senior debt and subject to the condition that the refunding bond debt service is lower in every year than the refunded bond debt service and that the reserve and surplus fund for such refunding bonds be limited to 10% of par. Additional subordinate debt allowed with 100% subordinate bondholder consent.
Junior Subordinate Debt:	Junior subordinate bonds may be issued provided that they pay debt service annually only after all payment on senior bonds and subordinate bonds.

Trustee: UMB Bank, n.a.

Title 32 qual.: 50 mill hard cap

Title 11 exemption: Accredited Investor

**EXHIBIT B
TO
CERTIFICATION TO THE TOWN OF CASTLE ROCK
FOR
CASTLEVIEW METROPOLITAN DISTRICT NO. 2 2020 BONDS
(Financial Plan)**

CASTLEVIEW METROPOLITAN DISTRICT #2

Development Projection at 50.000 (target) Mills for Debt Service -- 08/17/2020

Series 2020A(3), General Obligation Bonds, Non-Rated, 120x, 30-yr. Maturity; plus Series 2020B(3) Developer Cash-Flow Subs.



YEAR	<<<<<<< Residential >>>>>>>>				< Platted/Developed Lots >		Total Assessed Value	District D/S Mill Levy [50.000 Target] [50.000 Cap]	District D/S Mill Levy Collections @ 98%	District S.O. Taxes Collected @ 6%	Total Available Revenue
	Total Res'l Units	Mkt Value Biennial Reasses'mt @ 5.0%	Cumulative Market Value	As'ed Value* @ 7.15% of Market (2-yr lag)	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)					
2017	0		0		0						
2018	0		0		1,724						
2019	0		0	0	3,183,138	0	0	0.000	\$0	\$0	\$0
2020	9	0	4,000,509	0	4,708,626	500	500	50.000	24	1	26
2021	48		25,763,278	0	4,110,150	923,110	923,110	50.000	45,232	2,714	47,946
2022	60	1,545,797	55,056,605	286,036	0	1,365,502	1,651,538	50.000	80,925	4,856	85,781
2023	0		55,056,605	1,842,074	0	1,191,943	3,034,018	50.000	148,667	8,920	157,587
2024	0	3,303,396	58,360,001	3,936,547	0	0	3,936,547	50.000	192,891	11,573	204,464
2025	0		58,360,001	3,936,547	0	0	3,936,547	50.000	192,891	11,573	204,464
2026	0	3,501,600	61,861,601	4,172,740	0	0	4,172,740	50.000	204,464	12,268	216,732
2027	0		61,861,601	4,172,740	0	0	4,172,740	50.000	204,464	12,268	216,732
2028	0	3,711,696	65,573,298	4,423,105	0	0	4,423,105	50.000	216,732	13,004	229,736
2029	0		65,573,298	4,423,105	0	0	4,423,105	50.000	216,732	13,004	229,736
2030	0	3,934,398	69,507,695	4,688,491	0	0	4,688,491	50.000	229,736	13,784	243,520
2031	0		69,507,695	4,688,491	0	0	4,688,491	50.000	229,736	13,784	243,520
2032	0	4,170,462	73,678,157	4,969,800	0	0	4,969,800	50.000	243,520	14,611	258,131
2033	0		73,678,157	4,969,800	0	0	4,969,800	50.000	243,520	14,611	258,131
2034	0	4,420,689	78,098,847	5,267,988	0	0	5,267,988	50.000	258,131	15,488	273,619
2035	0		78,098,847	5,267,988	0	0	5,267,988	50.000	258,131	15,488	273,619
2036	0	4,685,931	82,784,777	5,584,068	0	0	5,584,068	50.000	273,619	16,417	290,036
2037	0		82,784,777	5,584,068	0	0	5,584,068	50.000	273,619	16,417	290,036
2038		4,967,087	87,751,864	5,919,112	0	0	5,919,112	50.000	290,036	17,402	307,439
2039			87,751,864	5,919,112	0	0	5,919,112	50.000	290,036	17,402	307,439
2040		5,265,112	93,016,976	6,274,258	0	0	6,274,258	50.000	307,439	18,446	325,885
2041			93,016,976	6,274,258	0	0	6,274,258	50.000	307,439	18,446	325,885
2042		5,581,019	98,597,994	6,650,714	0	0	6,650,714	50.000	325,885	19,553	345,438
2043			98,597,994	6,650,714	0	0	6,650,714	50.000	325,885	19,553	345,438
2044		5,915,880	104,513,874	7,049,757	0	0	7,049,757	50.000	345,438	20,726	366,164
2045			104,513,874	7,049,757	0	0	7,049,757	50.000	345,438	20,726	366,164
2046		6,270,832	110,784,706	7,472,742	0	0	7,472,742	50.000	366,164	21,970	388,134
2047			110,784,706	7,472,742	0	0	7,472,742	50.000	366,164	21,970	388,134
2048		6,647,082	117,431,789	7,921,107	0	0	7,921,107	50.000	388,134	23,288	411,422
2049			117,431,789	7,921,107	0	0	7,921,107	50.000	388,134	23,288	411,422
2050		7,045,907	124,477,696	8,396,373	0	0	8,396,373	50.000	411,422	24,685	436,108
2051			124,477,696	8,396,373	0	0	8,396,373	50.000	411,422	24,685	436,108
2052		7,468,662	131,946,358	8,900,155	0	0	8,900,155	50.000	436,108	26,166	462,274
2053			131,946,358	8,900,155	0	0	8,900,155	50.000	436,108	26,166	462,274
2054		7,916,781	139,863,139	9,434,165	0	0	9,434,165	50.000	462,274	27,736	490,011
	117	86,352,331							9,716,565	582,994	10,299,559

[*] RAR @ 7.20% in '18 & '19, Assumes 7.15% thereafter

CASTLEVIEW METROPOLITAN DISTRICT #2

Development Projection at 50.000 (target) Mills for Debt Service -- 08/17/2020

Series 2020A(3), General Obligation Bonds, Non-Rated, 120x, 30-yr. Maturity; plus Series 2020B(3) Developer Cash-Flow Subs.

YEAR	Less: Carve-Out for Trustee Fees [@ \$4,000]	Net Available for Debt Svc	Ser. 2020A \$3,385,000 Par [Net \$2.232 MM] Net Debt Service	Annual Surplus	Surplus Release to \$338,500	Cumulative Surplus \$338,500 Target	Senior Debt/ Assessed Ratio	Senior Debt/ Act'l Value Ratio	Cov. of Net DS: @ 50.000 Target	Cov. of Net DS: @ 50.000 Cap
2017										
2018		n/a								
2019	\$0	n/a								
2020	26	\$0	\$0	0	0	0	367%	11%	0.0%	0.0%
2021	4,000	43,946	0	43,946	0	43,946	205%	6%	0.0%	0.0%
2022	4,000	81,781	0	81,781	0	125,727	112%	6%	0.0%	0.0%
2023	4,000	153,587	39,515	114,072	0	239,799	86%	6%	398.8%	398.8%
2024	4,000	200,464	173,481	26,983	0	266,782	86%	6%	117.9%	117.9%
2025	4,000	200,464	173,481	26,983	0	293,765	81%	5%	117.9%	117.9%
2026	4,000	212,732	178,481	34,251	0	328,016	81%	5%	121.4%	121.4%
2027	4,000	212,732	178,225	34,507	24,023	338,500	76%	5%	121.6%	121.6%
2028	4,000	225,736	187,969	37,767	37,767	338,500	76%	5%	122.2%	122.2%
2029	4,000	225,736	187,200	38,536	38,536	338,500	71%	5%	122.7%	122.7%
2030	4,000	239,520	201,431	38,089	38,089	338,500	71%	5%	120.9%	120.9%
2031	4,000	239,520	199,894	39,626	39,626	338,500	66%	4%	121.8%	121.8%
2032	4,000	254,131	213,356	40,775	40,775	338,500	65%	4%	121.0%	121.0%
2033	4,000	254,131	211,050	43,081	43,081	338,500	61%	4%	122.3%	122.3%
2034	4,000	269,619	223,744	45,876	45,876	338,500	60%	4%	122.3%	122.3%
2035	4,000	269,619	225,669	43,951	43,951	338,500	55%	4%	121.2%	121.2%
2036	4,000	286,036	237,338	48,699	48,699	338,500	54%	4%	122.2%	122.2%
2037	4,000	286,036	238,238	47,799	47,799	338,500	49%	3%	121.7%	121.7%
2038	4,000	303,439	253,881	49,557	49,557	338,500	47%	3%	121.1%	121.1%
2039	4,000	303,439	253,500	49,939	49,939	338,500	43%	3%	121.3%	121.3%
2040	4,000	321,885	267,863	54,022	54,022	338,500	41%	3%	121.7%	121.7%
2041	4,000	321,885	271,200	50,685	50,685	338,500	36%	2%	120.2%	120.2%
2042	4,000	341,438	284,025	57,413	57,413	338,500	34%	2%	121.6%	121.6%
2043	4,000	341,438	285,825	55,613	55,613	338,500	30%	2%	120.9%	120.9%
2044	4,000	362,164	302,113	60,052	60,052	338,500	27%	2%	121.2%	121.2%
2045	4,000	362,164	302,119	60,046	60,046	338,500	23%	2%	121.2%	121.2%
2046	4,000	384,134	321,613	62,522	62,522	338,500	19%	1%	120.7%	120.7%
2047	4,000	384,134	319,569	64,565	64,565	338,500	15%	1%	121.5%	121.5%
2048	4,000	407,422	342,013	65,410	65,410	338,500	12%	1%	120.3%	120.3%
2049	4,000	407,422	337,663	69,760	69,760	338,500	8%	1%	121.8%	121.8%
2050	4,000	432,108	358,367	73,741	412,241	0	0%	0%	121.7%	121.7%
2051	4,000	432,108	0	432,108	432,108	0	0%	0%	0.0%	0.0%
2052	4,000	458,274	0	458,274	458,274	0	0%	0%	0.0%	0.0%
2053	4,000	458,274	0	458,274	458,274	0	0%	0%	0.0%	0.0%
2054	4,000	486,011	0	486,011	486,011	0	0%	0%	0.0%	0.0%
	136,026	10,163,533	6,768,819	3,394,713	3,394,713					

[ADAUG1720 20nrA3AD]

CASTLEVIEW METROPOLITAN DISTRICT #2
Operations Revenue and Expense Projection -- 08/17/2020

YEAR	Total Assessed Value	Oper'n's Mill Levy	Total Collections @ 98%	S.O. Taxes Collected @ 6%	Total Available For O&M	Total Mills
2017						
2018						
2019	0	0.000	0	0	0	0.000
2020	500	11.132	5	0	6	61.132
2021	923,110	11.132	10,071	604	10,675	61.132
2022	1,651,538	11.132	18,017	1,081	19,098	61.132
2023	3,034,018	11.132	33,099	1,986	35,085	61.132
2024	3,936,547	11.132	42,945	2,577	45,522	61.132
2025	3,936,547	11.132	42,945	2,577	45,522	61.132
2026	4,172,740	11.132	45,522	2,731	48,253	61.132
2027	4,172,740	11.132	45,522	2,731	48,253	61.132
2028	4,423,105	11.132	48,253	2,895	51,148	61.132
2029	4,423,105	11.132	48,253	2,895	51,148	61.132
2030	4,688,491	11.132	51,148	3,069	54,217	61.132
2031	4,688,491	11.132	51,148	3,069	54,217	61.132
2032	4,969,800	11.132	54,217	3,253	57,470	61.132
2033	4,969,800	11.132	54,217	3,253	57,470	61.132
2034	5,267,988	11.132	57,470	3,448	60,919	61.132
2035	5,267,988	11.132	57,470	3,448	60,919	61.132
2036	5,584,068	11.132	60,919	3,655	64,574	61.132
2037	5,584,068	11.132	60,919	3,655	64,574	61.132
2038	5,919,112	11.132	64,574	3,874	68,448	61.132
2039	5,919,112	11.132	64,574	3,874	68,448	61.132
2040	6,274,258	11.132	68,448	4,107	72,555	61.132
2041	6,274,258	11.132	68,448	4,107	72,555	61.132
2042	6,650,714	11.132	72,555	4,353	76,908	61.132
2043	6,650,714	11.132	72,555	4,353	76,908	61.132
2044	7,049,757	11.132	76,908	4,614	81,523	61.132
2045	7,049,757	11.132	76,908	4,614	81,523	61.132
2046	7,472,742	11.132	81,523	4,891	86,414	61.132
2047	7,472,742	11.132	81,523	4,891	86,414	61.132
2048	7,921,107	11.132	86,414	5,185	91,599	61.132
2049	7,921,107	11.132	86,414	5,185	91,599	61.132
2050	8,396,373	11.132	91,599	5,496	97,095	61.132
2051	8,396,373	11.132	91,599	5,496	97,095	61.132
2052	8,900,155	11.132	97,095	5,826	102,921	61.132
2053	8,900,155	11.132	97,095	5,826	102,921	61.132
2054	9,434,165	11.132	102,921	6,175	109,096	61.132
			2,163,296	129,798	2,293,094	

CASTLEVIEW METROPOLITAN DISTRICT #2
Development Summary
 Development Projection -- Buildout Plan (updated 5/26/20)



Residential Development		
Product Type	SFD - 75' x 110' Richmond American	
Base \$ ('20)	\$444,501	
		Res'l Totals
2019	-	-
2020	9	9
2021	48	48
2022	60	60
2023	-	-
2024	-	-
2025	-	-
2026	-	-
2027	-	-
2028	-	-
2029	-	-
2030	-	-
2031	-	-
2032	-	-
2033	-	-
2034	-	-
2035	-	-
2036	-	-
2037	-	-
	117	117
MV @ Full Buildout (base prices;un-infl.)	\$52,006,617	\$52,006,617
Contr. By Product (%)	100%	100%

notes:
 Platted/Dev Lots = 10% MV; one-yr prior
 Base MV \$ inflated 2% per annum

SOURCES AND USES OF FUNDS

**CASTLEVIEW METROPOLITAN DISTRICT #2
Combined Results**

**GENERAL OBLIGATION BONDS, SERIES 2020A(3)
SUBORDINATE BONDS, SERIES 2020B(3)**

[Preliminary -- for discussion only]

Dated Date 09/09/2020
Delivery Date 09/09/2020

Sources:	SER. 2020A(3)	SER. 2020B(3)	Total
Bond Proceeds:			
Par Amount	3,385,000.00	324,000.00	3,709,000.00
	<u>3,385,000.00</u>	<u>324,000.00</u>	<u>3,709,000.00</u>
<hr/>			
Uses:	SER. 2020A(3)	SER. 2020B(3)	Total
Project Fund Deposits:			
Project Fund	2,232,422.90		2,232,422.90
Developer Bond Proceeds		320,760.00	320,760.00
	<u>2,232,422.90</u>	<u>320,760.00</u>	<u>2,553,182.90</u>
Other Fund Deposits:			
Capitalized Interest Fund	520,443.77		520,443.77
Debt Service Reserve	314,433.33		314,433.33
	<u>834,877.10</u>		<u>834,877.10</u>
Cost of Issuance:			
Other Cost of Issuance	250,000.00		250,000.00
Underwriter's Discount:			
Other Underwriter's Discount	67,700.00	3,240.00	70,940.00
	<u>3,385,000.00</u>	<u>324,000.00</u>	<u>3,709,000.00</u>

SOURCES AND USES OF FUNDS

**CASTLEVIEW METROPOLITAN DISTRICT #2
GENERAL OBLIGATION BONDS, SERIES 2020A(3)
50.000 (target) Mills
Non-Rated, 120x, 2050 Final Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	09/09/2020
Delivery Date	09/09/2020

Sources:

<hr/>	
Bond Proceeds:	
Par Amount	3,385,000.00
<hr/>	
	3,385,000.00
<hr/> <hr/>	

Uses:

<hr/>	
Project Fund Deposits:	
Project Fund	2,232,422.90
Other Fund Deposits:	
Capitalized Interest Fund	520,443.77
Debt Service Reserve	314,433.33
	<hr/>
	834,877.10
Cost of Issuance:	
Other Cost of Issuance	250,000.00
Underwriter's Discount:	
Other Underwriter's Discount	67,700.00
<hr/>	
	3,385,000.00
<hr/> <hr/>	

BOND PRICING

CASTLEVIEW METROPOLITAN DISTRICT #2 GENERAL OBLIGATION BONDS, SERIES 2020A(3) 50.000 (target) Mills

Non-Rated, 120x, 2050 Final Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond due 2050:					
	12/01/2026	5,000	5.125%	5.125%	100.000
	12/01/2027	5,000	5.125%	5.125%	100.000
	12/01/2028	15,000	5.125%	5.125%	100.000
	12/01/2029	15,000	5.125%	5.125%	100.000
	12/01/2030	30,000	5.125%	5.125%	100.000
	12/01/2031	30,000	5.125%	5.125%	100.000
	12/01/2032	45,000	5.125%	5.125%	100.000
	12/01/2033	45,000	5.125%	5.125%	100.000
	12/01/2034	60,000	5.125%	5.125%	100.000
	12/01/2035	65,000	5.125%	5.125%	100.000
	12/01/2036	80,000	5.125%	5.125%	100.000
	12/01/2037	85,000	5.125%	5.125%	100.000
	12/01/2038	105,000	5.125%	5.125%	100.000
	12/01/2039	110,000	5.125%	5.125%	100.000
	12/01/2040	130,000	5.125%	5.125%	100.000
	12/01/2041	140,000	5.125%	5.125%	100.000
	12/01/2042	160,000	5.125%	5.125%	100.000
	12/01/2043	170,000	5.125%	5.125%	100.000
	12/01/2044	195,000	5.125%	5.125%	100.000
	12/01/2045	205,000	5.125%	5.125%	100.000
	12/01/2046	235,000	5.125%	5.125%	100.000
	12/01/2047	245,000	5.125%	5.125%	100.000
	12/01/2048	280,000	5.125%	5.125%	100.000
	12/01/2049	290,000	5.125%	5.125%	100.000
	12/01/2050	640,000	5.125%	5.125%	100.000
		3,385,000			

Dated Date	09/09/2020	
Delivery Date	09/09/2020	
First Coupon	12/01/2020	
Par Amount	3,385,000.00	
Original Issue Discount		
Production	3,385,000.00	100.000000%
Underwriter's Discount	-67,700.00	-2.000000%
Purchase Price	3,317,300.00	98.000000%
Accrued Interest		
Net Proceeds	3,317,300.00	

CALL PROVISIONS

**CASTLEVIEW METROPOLITAN DISTRICT #2
GENERAL OBLIGATION BONDS, SERIES 2020A(3)
50.000 (target) Mills
Non-Rated, 120x, 2050 Final Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Call Table: CALL

Call Date	Call Price
09/01/2025	103.00
09/01/2026	102.00
09/01/2027	101.00
09/01/2028	100.00

BOND SUMMARY STATISTICS

**CASTLEVIEW METROPOLITAN DISTRICT #2
GENERAL OBLIGATION BONDS, SERIES 2020A(3)
50.000 (target) Mills
Non-Rated, 120x, 2050 Final Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	09/09/2020
Delivery Date	09/09/2020
First Coupon	12/01/2020
Last Maturity	12/01/2050
Arbitrage Yield	5.125586%
True Interest Cost (TIC)	5.275206%
Net Interest Cost (NIC)	5.125000%
All-In TIC	5.868993%
Average Coupon	5.125000%
Average Life (years)	24.318
Weighted Average Maturity (years)	24.318
Duration of Issue (years)	13.795
Par Amount	3,385,000.00
Bond Proceeds	3,385,000.00
Total Interest	4,218,696.57
Net Interest	4,286,396.57
Bond Years from Dated Date	82,316,027.78
Bond Years from Delivery Date	82,316,027.78
Total Debt Service	7,603,696.57
Maximum Annual Debt Service	672,800.00
Average Annual Debt Service	251,546.66
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term Bond due 2050	3,385,000.00	100.000	5.125%	24.318	01/03/2045	5,145.20
	3,385,000.00			24.318		5,145.20

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,385,000.00	3,385,000.00	3,385,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-67,700.00	-67,700.00	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts			
Target Value	3,317,300.00	3,067,300.00	3,385,000.00
Target Date	09/09/2020	09/09/2020	09/09/2020
Yield	5.275206%	5.868993%	5.125586%

BOND DEBT SERVICE

**CASTLEVIEW METROPOLITAN DISTRICT #2
GENERAL OBLIGATION BONDS, SERIES 2020A(3)
50.000 (target) Mills
Non-Rated, 120x, 2050 Final Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2020			39,515.17	39,515.17	39,515.17
06/01/2021			86,740.63	86,740.63	
12/01/2021			86,740.63	86,740.63	173,481.26
06/01/2022			86,740.63	86,740.63	
12/01/2022			86,740.63	86,740.63	173,481.26
06/01/2023			86,740.63	86,740.63	
12/01/2023			86,740.63	86,740.63	173,481.26
06/01/2024			86,740.63	86,740.63	
12/01/2024			86,740.63	86,740.63	173,481.26
06/01/2025			86,740.63	86,740.63	
12/01/2025			86,740.63	86,740.63	173,481.26
06/01/2026			86,740.63	86,740.63	
12/01/2026	5,000	5.125%	86,740.63	91,740.63	178,481.26
06/01/2027			86,612.50	86,612.50	
12/01/2027	5,000	5.125%	86,612.50	91,612.50	178,225.00
06/01/2028			86,484.38	86,484.38	
12/01/2028	15,000	5.125%	86,484.38	101,484.38	187,968.76
06/01/2029			86,100.00	86,100.00	
12/01/2029	15,000	5.125%	86,100.00	101,100.00	187,200.00
06/01/2030			85,715.63	85,715.63	
12/01/2030	30,000	5.125%	85,715.63	115,715.63	201,431.26
06/01/2031			84,946.88	84,946.88	
12/01/2031	30,000	5.125%	84,946.88	114,946.88	199,893.76
06/01/2032			84,178.13	84,178.13	
12/01/2032	45,000	5.125%	84,178.13	129,178.13	213,356.26
06/01/2033			83,025.00	83,025.00	
12/01/2033	45,000	5.125%	83,025.00	128,025.00	211,050.00
06/01/2034			81,871.88	81,871.88	
12/01/2034	60,000	5.125%	81,871.88	141,871.88	223,743.76
06/01/2035			80,334.38	80,334.38	
12/01/2035	65,000	5.125%	80,334.38	145,334.38	225,668.76
06/01/2036			78,668.75	78,668.75	
12/01/2036	80,000	5.125%	78,668.75	158,668.75	237,337.50
06/01/2037			76,618.75	76,618.75	
12/01/2037	85,000	5.125%	76,618.75	161,618.75	238,237.50
06/01/2038			74,440.63	74,440.63	
12/01/2038	105,000	5.125%	74,440.63	179,440.63	253,881.26
06/01/2039			71,750.00	71,750.00	
12/01/2039	110,000	5.125%	71,750.00	181,750.00	253,500.00
06/01/2040			68,931.25	68,931.25	
12/01/2040	130,000	5.125%	68,931.25	198,931.25	267,862.50
06/01/2041			65,600.00	65,600.00	
12/01/2041	140,000	5.125%	65,600.00	205,600.00	271,200.00
06/01/2042			62,012.50	62,012.50	
12/01/2042	160,000	5.125%	62,012.50	222,012.50	284,025.00
06/01/2043			57,912.50	57,912.50	
12/01/2043	170,000	5.125%	57,912.50	227,912.50	285,825.00
06/01/2044			53,556.25	53,556.25	
12/01/2044	195,000	5.125%	53,556.25	248,556.25	302,112.50
06/01/2045			48,559.38	48,559.38	
12/01/2045	205,000	5.125%	48,559.38	253,559.38	302,118.76
06/01/2046			43,306.25	43,306.25	
12/01/2046	235,000	5.125%	43,306.25	278,306.25	321,612.50
06/01/2047			37,284.38	37,284.38	
12/01/2047	245,000	5.125%	37,284.38	282,284.38	319,568.76
06/01/2048			31,006.25	31,006.25	
12/01/2048	280,000	5.125%	31,006.25	311,006.25	342,012.50
06/01/2049			23,831.25	23,831.25	
12/01/2049	290,000	5.125%	23,831.25	313,831.25	337,662.50
06/01/2050			16,400.00	16,400.00	
12/01/2050	640,000	5.125%	16,400.00	656,400.00	672,800.00
	3,385,000		4,218,696.57	7,603,696.57	7,603,696.57

NET DEBT SERVICE

CASTLEVIEW METROPOLITAN DISTRICT #2 GENERAL OBLIGATION BONDS, SERIES 2020A(3) 50.000 (target) Mills

Non-Rated, 120x, 2050 Final Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve	Capitalized Interest Fund	Net Debt Service
12/01/2020		39,515.17	39,515.17		39,515.17	
12/01/2021		173,481.26	173,481.26		173,481.26	
12/01/2022		173,481.26	173,481.26		173,481.26	
12/01/2023		173,481.26	173,481.26		133,966.08	39,515.18
12/01/2024		173,481.26	173,481.26			173,481.26
12/01/2025		173,481.26	173,481.26			173,481.26
12/01/2026	5,000	173,481.26	178,481.26			178,481.26
12/01/2027	5,000	173,225.00	178,225.00			178,225.00
12/01/2028	15,000	172,968.76	187,968.76			187,968.76
12/01/2029	15,000	172,200.00	187,200.00			187,200.00
12/01/2030	30,000	171,431.26	201,431.26			201,431.26
12/01/2031	30,000	169,893.76	199,893.76			199,893.76
12/01/2032	45,000	168,356.26	213,356.26			213,356.26
12/01/2033	45,000	166,050.00	211,050.00			211,050.00
12/01/2034	60,000	163,743.76	223,743.76			223,743.76
12/01/2035	65,000	160,668.76	225,668.76			225,668.76
12/01/2036	80,000	157,337.50	237,337.50			237,337.50
12/01/2037	85,000	153,237.50	238,237.50			238,237.50
12/01/2038	105,000	148,881.26	253,881.26			253,881.26
12/01/2039	110,000	143,500.00	253,500.00			253,500.00
12/01/2040	130,000	137,862.50	267,862.50			267,862.50
12/01/2041	140,000	131,200.00	271,200.00			271,200.00
12/01/2042	160,000	124,025.00	284,025.00			284,025.00
12/01/2043	170,000	115,825.00	285,825.00			285,825.00
12/01/2044	195,000	107,112.50	302,112.50			302,112.50
12/01/2045	205,000	97,118.76	302,118.76			302,118.76
12/01/2046	235,000	86,612.50	321,612.50			321,612.50
12/01/2047	245,000	74,568.76	319,568.76			319,568.76
12/01/2048	280,000	62,012.50	342,012.50			342,012.50
12/01/2049	290,000	47,662.50	337,662.50			337,662.50
12/01/2050	640,000	32,800.00	672,800.00	314,433.33		358,366.67
	3,385,000	4,218,696.57	7,603,696.57	314,433.33	520,443.77	6,768,819.47

BOND SOLUTION

CASTLEVIEW METROPOLITAN DISTRICT #2 GENERAL OBLIGATION BONDS, SERIES 2020A(3) 50.000 (target) Mills

Non-Rated, 120x, 2050 Final Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2020		39,515	-39,515		26	26	
12/01/2021		173,481	-173,481		47,946	47,946	
12/01/2022		173,481	-173,481		85,781	85,781	
12/01/2023		173,481	-133,966	39,515	157,587	118,072	398.80089%
12/01/2024		173,481		173,481	204,464	30,983	117.85957%
12/01/2025		173,481		173,481	204,464	30,983	117.85957%
12/01/2026	5,000	178,481		178,481	216,732	38,251	121.43130%
12/01/2027	5,000	178,225		178,225	216,732	38,507	121.60590%
12/01/2028	15,000	187,969		187,969	229,736	41,767	122.22034%
12/01/2029	15,000	187,200		187,200	229,736	42,536	122.72225%
12/01/2030	30,000	201,431		201,431	243,520	42,089	120.89494%
12/01/2031	30,000	199,894		199,894	243,520	43,626	121.82482%
12/01/2032	45,000	213,356		213,356	258,131	44,775	120.98610%
12/01/2033	45,000	211,050		211,050	258,131	47,081	122.30818%
12/01/2034	60,000	223,744		223,744	273,619	49,876	122.29137%
12/01/2035	65,000	225,669		225,669	273,619	47,951	121.24820%
12/01/2036	80,000	237,338		237,338	290,036	52,699	122.20423%
12/01/2037	85,000	238,238		238,238	290,036	51,799	121.74258%
12/01/2038	105,000	253,881		253,881	307,439	53,557	121.09545%
12/01/2039	110,000	253,500		253,500	307,439	53,939	121.27758%
12/01/2040	130,000	267,863		267,863	325,885	58,022	121.66129%
12/01/2041	140,000	271,200		271,200	325,885	54,685	120.16407%
12/01/2042	160,000	284,025		284,025	345,438	61,413	121.62242%
12/01/2043	170,000	285,825		285,825	345,438	59,613	120.85649%
12/01/2044	195,000	302,113		302,113	366,164	64,052	121.20133%
12/01/2045	205,000	302,119		302,119	366,164	64,046	121.19882%
12/01/2046	235,000	321,613		321,613	388,134	66,522	120.68381%
12/01/2047	245,000	319,569		319,569	388,134	68,565	121.45562%
12/01/2048	280,000	342,013		342,013	411,422	69,410	120.29451%
12/01/2049	290,000	337,663		337,663	411,422	73,760	121.84423%
12/01/2050	640,000	672,800	-314,433	358,367	436,108	77,741	121.69313%
	3,385,000	7,603,697	-834,877	6,768,819	8,448,892	1,680,073	

SOURCES AND USES OF FUNDS

**CASTLEVIEW METROPOLITAN DISTRICT #2
SUBORDINATE BONDS, SERIES 2020B(3)
50.000 (target) Mills**

**Non-Rated, Developer Cash-Flow Bonds, Annual Pay, 12/15/2050 (Stated) Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Dated Date	09/09/2020
Delivery Date	09/09/2020

Sources:

<hr/>	
Bond Proceeds:	
Par Amount	324,000.00
<hr/>	
	324,000.00
<hr/> <hr/>	

Uses:

<hr/>	
Project Fund Deposits:	
Developer Bond Proceeds	320,760.00
Underwriter's Discount:	
Other Underwriter's Discount	3,240.00
<hr/>	
	324,000.00
<hr/> <hr/>	

BOND PRICING

**CASTLEVIEW METROPOLITAN DISTRICT #2
SUBORDINATE BONDS, SERIES 2020B(3)
50.000 (target) Mills**

**Non-Rated, Developer Cash-Flow Bonds, Annual Pay, 12/15/2050 (Stated) Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond due 2050:	12/15/2050	324,000	8.000%	8.000%	100.000
		324,000			

Dated Date	09/09/2020		
Delivery Date	09/09/2020		
First Coupon	12/15/2020		
Par Amount	324,000.00		
Original Issue Discount			
Production	324,000.00	100.000000%	
Underwriter's Discount	-3,240.00	-1.000000%	
Purchase Price	320,760.00	99.000000%	
Accrued Interest			
Net Proceeds	320,760.00		

CALL PROVISIONS

**CASTLEVIEW METROPOLITAN DISTRICT #2
SUBORDINATE BONDS, SERIES 2020B(3)
50.000 (target) Mills**

**Non-Rated, Developer Cash-Flow Bonds, Annual Pay, 12/15/2050 (Stated) Maturity
(Full Growth + 6.00% Bi-Reassessment Projections)
[Preliminary -- for discussion only]**

Call Table: CALL

Call Date	Call Price
09/01/2025	103.00
09/01/2026	102.00
09/01/2027	101.00
09/01/2028	100.00

**EXHIBIT C
TO
CERTIFICATION TO THE TOWN OF CASTLE ROCK
FOR
CASTLEVIEW METROPOLITAN DISTRICT NO. 2 2020 BONDS**

(Preliminary Official Statement)

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED AUGUST __, 2020

NEW ISSUE
BOOK-ENTRY-ONLY

NOT RATED
BANK QUALIFIED

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the Owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent interest on the Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. The District has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

\$3,385,000*
CASTLEVIEW METROPOLITAN DISTRICT NO. 2
In the Town of Castle Rock
Douglas County, Colorado
Limited Tax General Obligation Bonds
Series 2020A(3)

Dated: Date of Delivery

Due: December 1, 2050*

The Bonds are limited tax general obligations of the District secured by and payable from the moneys derived by the District from the following sources (the "Pledged Revenue"): (i) the Required Mill Levy, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The Bonds are also secured by amounts on deposit in the Reserve Fund and amounts, if any, accumulated in the Surplus Fund. The Reserve Fund is to be fully funded in an amount equal to the Reserve Requirement upon issuance of the Bonds from the proceeds thereof. The Surplus Fund is to be funded, if at all, solely from and to the extent of excess Pledged Revenue up to the Maximum Surplus Amount. **Notwithstanding anything in the Indenture to the contrary, all of the Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 2, 2054 (the "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 Limited Offering Memorandum are defined in the Introduction herein.

The designation "(3)" in the title of the Bonds indicates that such bonds are being sized and priced based on an assumption that home values in the District will appreciate at an annual rate of 3% (6% biennially) throughout their term, which is *not* guaranteed to occur. See "ASSESSED VALUE APPRECIATION REPORT" herein.

The Bonds are being issued in denominations of \$500,000 or any integral multiple of \$1,000 in excess thereof as fully registered bonds. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing December 1, 2020, at the rate set forth below.

\$3,385,000* _____% Term Bond due December 1, 2050* Price _____% CUSIP® _____¹

The Bonds are being issued pursuant to an Indenture of Trust to be dated as of the date of issuance of the Bonds between the District and UMB Bank, n.a., Denver, Colorado, as trustee. The Trustee will also act as Registrar and Paying Agent for the Bonds, and DTC will act as securities depository for 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 Limited Offering Memorandum.

Proceeds from the sale of the Bonds will be used for the purposes of: (i) paying or reimbursing Project Costs; (ii) paying the costs of issuance of the Bonds (and the Series 2020B(3) Subordinate Bonds, which are not being offered for sale pursuant to this Limited Offering Memorandum); (iii) funding the Reserve Fund; and (iv) funding a portion of interest to accrue on the Bonds.

REPAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS IS SUBJECT TO A HIGH DEGREE OF INVESTMENT RISK AND INVESTMENT IN THE BONDS IS NOT APPROPRIATE FOR ALL INVESTORS. THE BONDS ARE BEING OFFERED AND SOLD ONLY TO "FINANCIAL INSTITUTIONS AND INSTITUTIONAL INVESTORS" AS SUCH TERMS ARE DEFINED IN SECTION 32-1-103(6.5), C.R.S.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Prospective purchasers of the Bonds must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision. Each prospective investor should read this entire Limited Offering Memorandum and should give particular attention to the section entitled "RISK FACTORS."

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 Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Certain matters will be passed upon by White Bear Ankele Tanaka & Waldron, Professional Corporation, Centennial, Colorado, as General Counsel to the District. Kutak Rock LLP, Denver, Colorado, as Disclosure Counsel to the District, has assisted in the preparation of this Limited Offering Memorandum. Gilmore & Bell, PC, Salt Lake City, Utah, has served as Counsel to the Underwriter. The Bonds are expected to be available for delivery through the facilities of DTC on or about _____, 2020.

D.A. Davidson & Co.

This Limited Offering Memorandum is dated _____, 2020.

* Preliminary; subject to change.

© 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.

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

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The definitive Limited Offering Memorandum with respect to these securities will be made available concurrent with their sale.

CASTLEVIEW METROPOLITAN DISTRICT NO. 2
In the Town of Castle Rock
Douglas County, Colorado

Board of Directors

Rodney Alpert, President
Tanya Alpert, Secretary
Harvey Alpert, Treasurer
Neill Alpert, Assistant Secretary
Michael Alpert, Assistant Secretary

General Counsel to the District

White Bear Ankele Tanaka & Waldron, Professional Corporation
Centennial, Colorado

Bond Counsel and Disclosure Counsel

Kutak Rock LLP
Denver, Colorado

Trustee and Paying Agent

UMB Bank, n.a.
Denver, Colorado

Underwriter

D.A. Davidson & Co.
Denver, Colorado

Counsel to Underwriter

Gilmore & Bell, PC
Salt Lake City, Utah

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 Limited Offering Memorandum, in connection with the offering 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 Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum 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 Limited Offering Memorandum 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 Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. Investors must be willing and able to conduct an independent investigation of the risks attendant to ownership of the Bonds, including their own evaluation of the prospects for development within the District. Neither the contents of this Limited Offering Memorandum 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, prospective investors should consult with their 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	THE DISTRICT	44
The District	1	Organization and History	44
Assessed Valuation of the District	3	District Powers	45
The Prior Landowner, Richmond Homes and the Development	3	Service Plan Limitations	46
The Market Study	4	Governing Board	47
Security and Sources of Payment for the Bonds	4	Administration	48
Additional Bonds	6	Material Agreements	48
Purpose	7	Services Available to Residents and Property Owners	
Authority for Issuance	7	Within the District	53
Assessed Value Appreciation Report	7	THE DEVELOPMENT	53
Financial Forecast	8	Development Overview	53
Interest Rates; Payment Provisions; Record Date	8	Zoning/Land Use, Platting and Public Approvals	54
Exchange and Transfer	8	Annexation and Development Agreements	55
Book-Entry Only Registration	8	Subdivision Improvements Agreement	56
Prior Redemption	9	Public Infrastructure	57
Tax Status	9	Planned Development; Construction and Sales Activity	58
Continuing Disclosure Obligation	9	Land Acquisition; Encumbrances on Land	58
No Financial Statements	9	Water and Sewer	59
Offering and Delivery Information	9	Environmental Matters	59
Additional Information	10	Marketing and Advertising; Competition	60
Debt Ratios	10	Schools	60
FORWARD-LOOKING STATEMENTS	10	Richmond Homes	60
ASSESSED VALUE APPRECIATION REPORT	11	DISTRICT FINANCIAL INFORMATION	61
FINANCIAL FORECAST	12	Ad Valorem Property Taxes	61
RISK FACTORS	13	Ad Valorem Property Tax Data	63
General	13	Specific Ownership Taxes	64
Limited Offering; Restrictions on Purchase; Investor Suitability	13	Maximum Aggregate Mill Levy; Funding of Operations and	
No Credit Rating; Risk of Investment	13	Maintenance	65
Restrictions on Transferability; Deemed Representations of		Financial Statements, District Funds and Accounting Policies	65
Bond Purchasers	13	Budget and Appropriation Procedure	65
No Assurance of Secondary Market	14	Deposit and Investment of District Funds	68
Certain Risks Related to COVID-19 Coronavirus	14	Risk Management	68
Limited Operating History	16	Constitutional Amendment Limiting Taxes and Spending	68
Certain Risks Relating to Bonds	16	DEBT STRUCTURE	69
Discharge of Bonds on December 2, 2054	18	Debt Restrictions	69
Completion of Development Not Assured	18	General Obligation Debt	70
Completion of Public Infrastructure Not Assured	19	Estimated Overlapping General Obligation Debt	71
Financial Condition of and Dependence on Richmond Homes	19	Revenue and Other Financial Obligations	71
Taxpayer Concentration	20	LEGAL MATTERS	71
Risk of Reductions in Assessed Value; Assessed Valuation		Sovereign Immunity	71
Procedures and Factors; Market Value of Land	20	Legal Representation	72
Risk of Growth Limitations or Moratoria	21	Pending and Threatened Litigation	73
Risks Inherent in Financial Forecast, Assessed Value		Future Changes in Laws	73
Appreciation Report and Market Study	21	Limitations on Remedies Available to Bondholders	73
Directors' Private Interests	22	TAX MATTERS	73
Foreclosures	22	MISCELLANEOUS	76
Legal Constraints on District Operations	23	No Rating	76
Enforcement of Tax Collection by County	23	No Registration of Bonds	76
Property Taxes Not Personal Obligations	24	Continuing Disclosure Agreement	76
Enforceability of Bondholders' Remedies Upon Default	24	Interest of Certain Persons Named in this Limited Offering	
Future Changes in Law	24	Memorandum	76
Risk of Internal Revenue Service Audit	24	No Audited Financial Statements	76
Additional Bonds	25	Underwriting	77
No Acceleration; No Payment Default	26	Additional Information	77
THE BONDS	26	Limited Offering Memorandum Certification	77
Description	26		
Sources of Payment	26	APPENDIX A Forecasted Statement of Sources and Uses of Cash	
Authorized Denominations of the Bonds	27	APPENDIX B Assessed Value Appreciation Report	
Payment of Principal and Interest	27	APPENDIX C Market Study	
Discharge on Bond Termination Date	28	APPENDIX D Economic and Demographic Information	
Redemption	28	APPENDIX E Book-Entry-Only System	
Security for the Bonds	29	APPENDIX F Form of Continuing Disclosure Agreement	
Certain Indenture Provisions	31	APPENDIX G Form of Bond Counsel Opinion	
USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS	43	APPENDIX H Selected Definitions	
Application of Bond Proceeds	43		
Debt Service Requirements	43		

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

INDEX OF TABLES

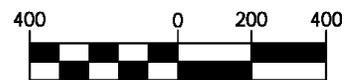
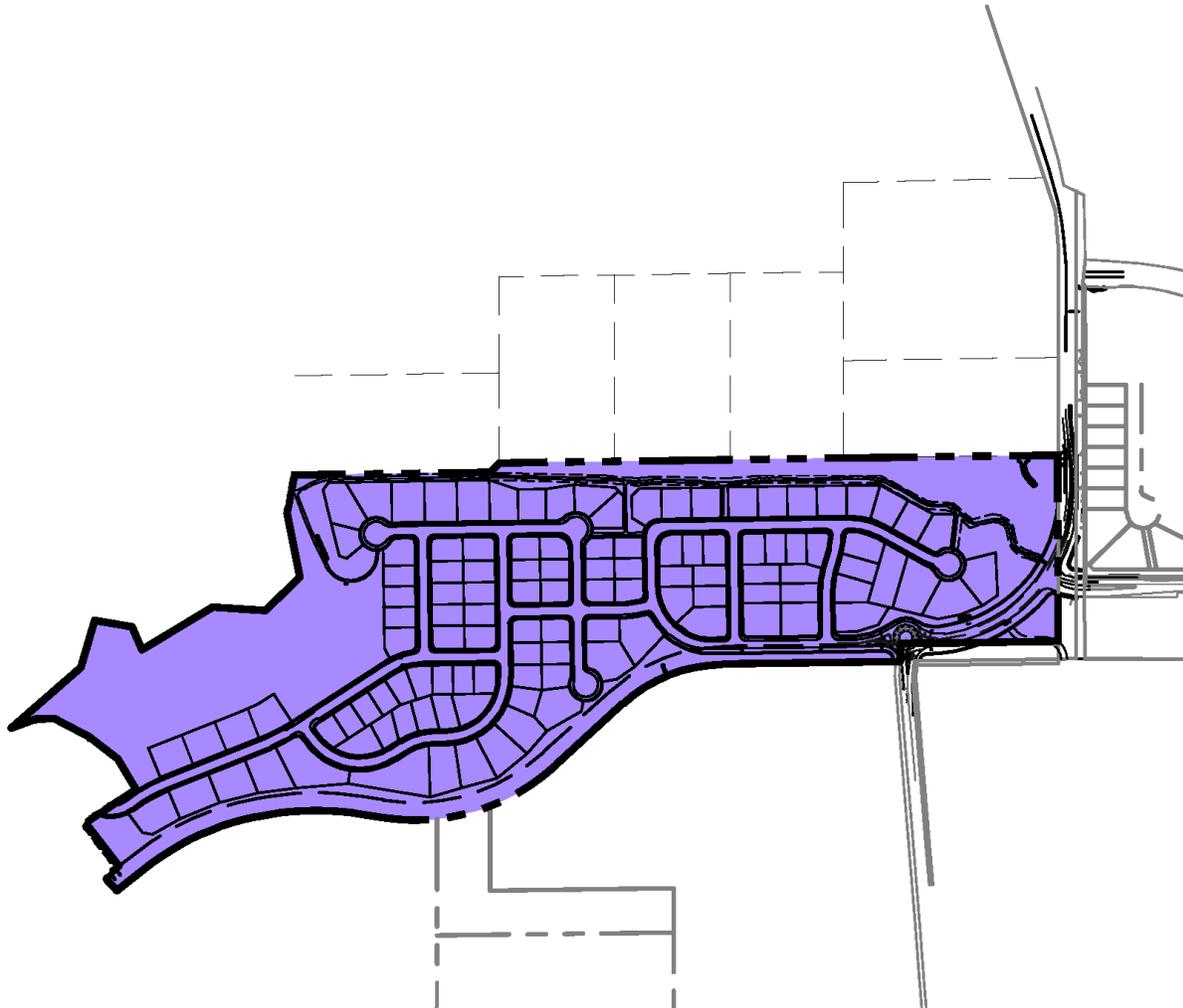
TABLE	Page
I Debt Service Requirements.....	44
II Land Use and Tract Summary Table.....	55
III Status of Infrastructure.....	58
IV Construction and Sales Activity.....	58
V District Assessed Valuation, Mill Levy and Tax Collection Information.....	64
VI Total 2019 Mill Levies.....	64
VII General Fund Budget Summary and Comparison.....	66
VIII Debt Service Fund Budget Summary.....	67
IX Capital Projects Fund Budget Summary.....	67
X Estimated Overlapping General Obligation Debt.....	71

AERIAL PHOTO



DRONE VIDEO ACCESS

DEVELOPMENT MAP



SCALE
1 inch = 500 ft.

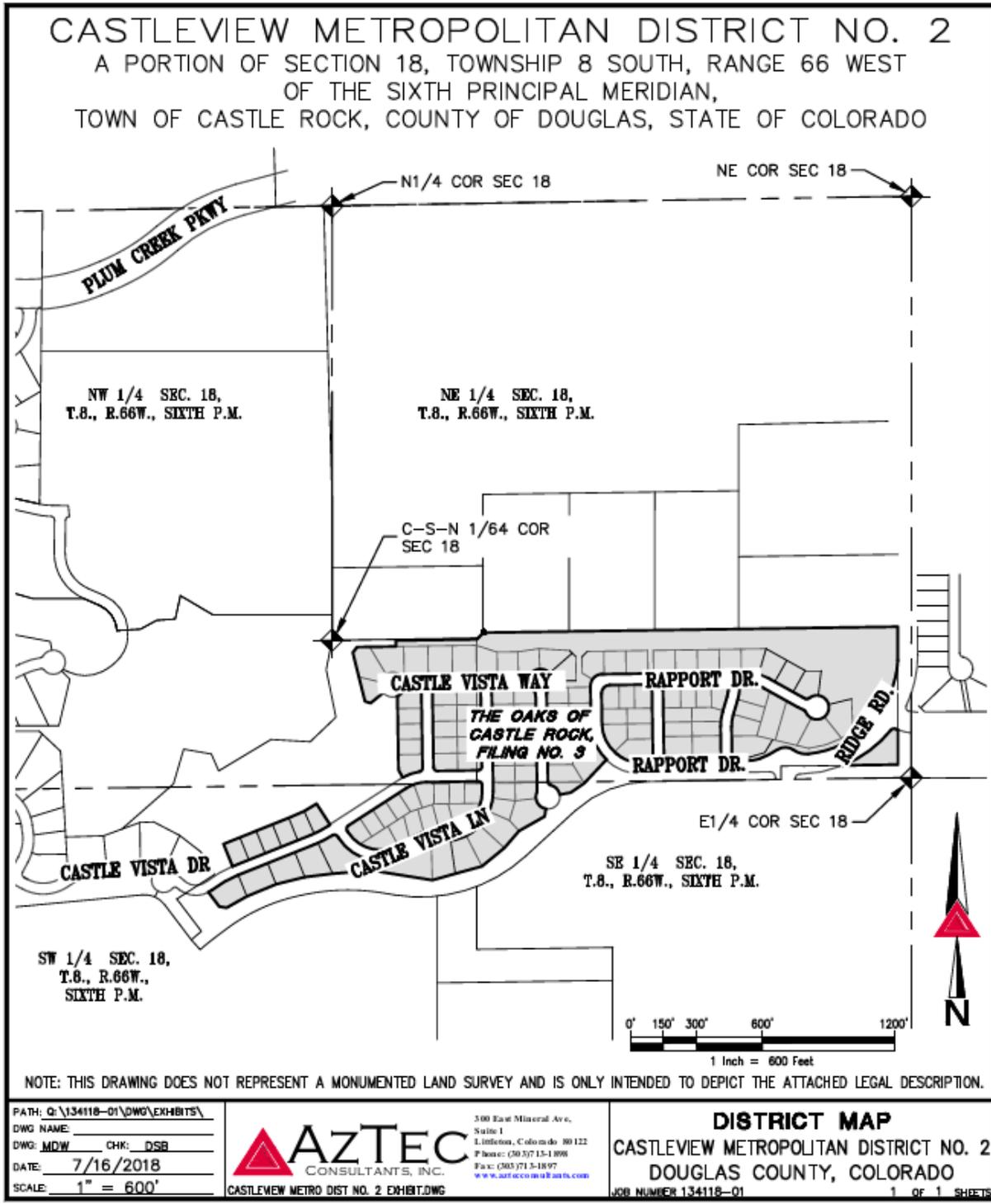
LEGEND

--- FILING BOUNDARY



THE OAKS- FILING NO. 3- CASTLEVIEW MD 2

DISTRICT MAP



REGIONAL MAP



**District
Vicinity**

INTRODUCTION

This Limited Offering Memorandum is furnished to prospective purchasers of \$3,385,000* Limited Tax General Obligation Bonds, Series 2020A₍₃₎ (the “Bonds”), issued by Castleview Metropolitan District No. 2 (the “District”), located in the Town of Castle Rock (the “Town”), in Douglas County (the “County”), Colorado (the “State”). The offering of the Bonds is made only by way of this Limited Offering Memorandum, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Limited Offering Memorandum speaks only as of its date, and the information contained herein is subject to change.

The information set forth in this Limited Offering Memorandum has been obtained from the District, the Prior Landowner (defined hereafter) and from other sources believed to be reliable but is not guaranteed as to accuracy or completeness. This Limited Offering Memorandum, 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 “RISK FACTORS.”

Capitalized terms not defined within the body of this Limited Offering Memorandum have the respective meanings set forth in APPENDIX H 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 Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein.

The District..... *History.* Castleview Metropolitan District was organized on April 11, 2007 (the “Original Castleview District”) and operates under a Service Plan approved by the Castle Rock Town Council (the “Town Council”) on July 11, 2006 (the “Original Service Plan”). As a result of the impact on residential home market conditions caused by the “Great Recession” of 2008, the Original Castleview District had, until approximately 2018, been largely inactive with no development occurring within its boundaries.

In 2018, in order to incorporate revised land use plans and build out projections, and to ensure the most efficient and cost-effective financing of the public facilities and services for its residents, property owners, and taxpayers, it became necessary to amend and replace the Original Service Plan and to split the Original Castleview District into two districts overlaying the new anticipated phases of development.

Accordingly, a “Consolidated Amended and Restated Service Plan for Castleview Metropolitan District No. 1 and Service Plan for Castleview Metropolitan District No. 2” was approved by the Town Council pursuant to Resolution No. 2018-076 adopted on August 21, 2018 (the “Service Plan”) allowing for the creation of two districts: Castleview Metropolitan District No. 2 (as previously defined, the “District”) and Castleview Metropolitan District No. 1 (“District No. 1” and, together with the District, the “Districts”). Contemporaneously with the approval of the Service Plan, the Original Castleview District changed its name to

* Preliminary; subject to change.

Castleview Metropolitan District No. 1. The Service Plan fully amended and restated the Original Service Plan as it applied to District No. 1 and created a service plan for the District.

Organization and Acreage. At an election of the eligible electors of the District, duly called and held on Tuesday, November 6, 2018 (the “Election”), a majority of those eligible to vote and voting at the Election voted in favor of, among other things, the organization of the District. Following the Election and approval of the Service Plan, the District was formally organized pursuant to an “Order and Decree, Issuance of Certificates of Election for Directors, and Release of Bond” issued by the District Court, County of Douglas (the “District Court”) on December 17, 2018 and recorded in the real estate records of the Douglas County Clerk and Recorder (the “Douglas County Records”) on January 7, 2019 at Reception No. 2019000664 (the “Order”).

The Districts were formed to provide the public improvements and services as authorized in the Special District Act, as defined below, including, but not limited to, street, water, sanitation, safety protection, park and recreation, mosquito control, security and transportation improvements and facilities (collectively, the “Service Plan Contemplated Improvements”) necessary to serve the Districts’ Service Area (defined below).

Service Area. The Districts encompass, collectively, approximately 224.18 acres of property (the “Service Area”) generally located southeast of the intersection of Plum Creek Parkway and Castle View in the southeast portion of the Town. District No. 1 consists of approximately 188.50 acres and District No. 2 consists of approximately 35.68 acres. See information below under the caption “—The Prior Landowner, Richmond Homes and the Development” and also herein under the captions “THE DISTRICT” and “THE DEVELOPMENT.” See also the preceding “AERIAL PHOTO,” “DEVELOPMENT PLAN,” “DISTRICT MAP,” and “REGIONAL MAP.”

Only the taxable property of the District (and not the entire Service Area described above) is subject to the Required Mill Levy for payment of the Bonds.

Service Plan Contemplated Public Improvements. The District operates in accordance with the authority of Title 32, Article 1, et seq., Colorado Revised Statutes, as amended (“C.R.S”) (the “Special District Act”), subject to the limitations of its Service Plan and the Election. Pursuant to the Service Plan and the Special District Act, the District intends to provide the Service Plan Contemplated Improvements for the use and benefit of its property owners, inhabitants and taxpayers, all in accordance with the laws of the State. See “THE DISTRICT.”

On December 9, 2019, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with Castleview L.L.C., a Nevada limited liability company (the “Prior Landowner”), for the

purpose of funding costs of Service Plan Contemplated Improvements. The District is obligated to reimburse the Prior Landowner for certain obligations incurred thereunder, subject to the limitations set forth therein. See “THE DISTRICT—Material Agreements of the District—*Infrastructure Acquisition and Reimbursement Agreement*.” The District is to dedicate Service Plan Contemplated Improvements to the Town or other appropriate jurisdiction or owners’ association in a manner consistent with the applicable rules and regulations of the Town and provisions of the Town of Castle Rock Municipal Code (the “Town Code”). See “THE DEVELOPMENT.”

Assessed Valuation

of the District The District had a 2019 certified assessed valuation of \$500. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes.”

The Prior Landowner, Richmond Homes and the Development

The Prior Landowner. The Development, being marketed as “Seasons at the Oaks,” encompasses all of the approximately 35.68 acres within the District and is located at the northwest corner of the intersection of Appleton Way and South Ridge Road in the eastern portion of the Town. All of the real property within the Development was initially purchased by Castleview L.L.C. (as previously defined, the “Prior Landowner”) in 2006. Harvey Alpert, who currently serves as the Treasurer for the District, also serves as the manager of the Prior Landowner.

The Prior Landowner was responsible for the initial site planning, engineering and entitlement of the property within the Development. Property within the Development was subdivided into The Oaks of Castle Rock Filing No. 3 (“Filing No. 3”), the final plat for which was approved by the Town Council on May 28, 2014 and recorded in the Douglas County Records on June 18, 2014 at Reception No. 2014032149 (the “Final Plat”). The Development Plan and the Final Plat allow for the construction of 117 single family homes, trails and open space (as more particularly described hereafter, the “Development”). There was no construction activity within the Development while the property was owned by the Prior Landowner.

Richmond Homes. On May 17, 2019, for a sale price of \$1,339,000, the Prior Landowner sold the 117 residential lots and certain tracts within the Development to Richmond American Homes of Colorado, Inc., a Delaware corporation (“Richmond Homes”) pursuant to an Agreement for the Purchase and Sale of Real Estate dated April 13, 2018 (as amended and reinstated, the “Richmond Purchase Contract”). Richmond Homes also purchased water credits for 121 single family equivalents (“SFE”) for \$332,750, such amount being equal to \$2,750 for each of the 121 SFE’s conveyed by the Prior Landowner to the Town (“SFE credits”). Pursuant to the terms of the Richmond Purchase Contract, Richmond Homes is responsible for the completion of all infrastructure improvements supporting the Development and all home construction within the Development. Pursuant to the Richmond Purchase Contract, in exchange

for certain concessions of the Prior Landowner thereunder, Richmond Homes assigned to the Prior Landowner all rights to reimbursement from the District for infrastructure improvements within the Development funded and constructed by Richmond Homes. See “THE DEVELOPMENT—Land Acquisition; Encumbrances on Land—*Richmond Purchase Contract.*”

Public Infrastructure. According to information obtained from Richmond Homes, construction of the public infrastructure necessary to support the Development began on May 29, 2019 and is approximately 60-65% complete. Grading for all 117 lots is complete and installation of the remaining public infrastructure is ongoing, with completion of infrastructure phases 1 and 2 anticipated by September 2020. See “THE DEVELOPMENT—Public Infrastructure.”

Home Construction. According to information provided by Richmond Homes, construction of 3 model homes began in June 2020 and 8 homes (for which construction has not yet commenced) are currently under contract for sale to home purchasers. All 117 planned homes within the Development are expected to be complete by December 2022. See “THE DEVELOPMENT—Planned Development; Construction and Sales Activity” and “DRONE VIDEO ACCESS.” See also the preceding “AERIAL PHOTO” “DEVELOPMENT PLAN,” “DISTRICT MAP” and “REGIONAL MAP.”

The Market Study The District retained Metrostudy, Centennial, Colorado to prepare a Market Analysis and Absorption Forecast dated November 11, 2019 (the “Market Study”). The Market Study contains an assessment of the feasibility of the planned development, including product mix, product pricing and projected annual absorption. The Market Study is attached hereto as APPENDIX C and should be read in its entirety by prospective purchasers of the Bonds. See also “RISK FACTORS—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study.”

Security and Sources of Payment for the Bonds.....**Pledged Revenue.** The Bonds are limited tax general obligations of the District secured by and payable from the moneys derived by the District from the following sources (the “Pledged Revenue”): (i) the Required Mill Levy, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Reserve Fund. The Bonds are also secured by amounts on deposit in the Reserve Fund, which is to be funded from proceeds of the Bonds in the amount of \$314,433.33* (the “Reserve Requirement”).

Surplus Fund. In addition, excess Pledged Revenue, if any, accumulated in the Surplus Fund also secures the payment of the Bonds. Available Pledged Revenue, if any, is to be accumulated in the Surplus Fund in accordance with the Indenture up to the “Maximum Surplus Amount” of \$338,500*.

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

(a) Subject to paragraph (b) below, the “Required Mill Levy” means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due and, if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Reserve Requirement, but (i) not in excess of 50.000 mills, and (ii) if the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, not less than 50.000 mills, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, replenish the Reserve Fund to the Reserve Requirement, and fund (or replenish) the Surplus Fund to the Maximum Surplus Amount; *provided however*, that if, after the date of issuance of the Bonds, changes are made in the method of calculating assessed valuation or there is any constitutionally mandated tax credit, cut or abatement, such maximum and minimum mill levies 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 such mill levies, as so adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the residential rate as defined in Section 39-1-104.2, C.R.S., shall be deemed to be a change in the method of calculating assessed valuation.

As of the date of issuance of the Bonds, the residential rate as defined in Section 39-1-104.2, C.R.S. (stated as a percentage of actual value as determined by the County Assessor), is 7.15%. Accordingly, increases or decreases of the maximum and minimum mill levies as required under paragraph (a) above shall include (but not be limited to) adjustments to such mill levies if the residential rate (as defined in Section 39-1-104.2, C.R.S.) is changed from 7.15%.

(b) The Indenture provides that notwithstanding anything therein to the contrary, in no event may the Required Mill Levy be established at a mill levy which would constitute a material departure from the requirements of the Service Plan or cause the District to derive tax revenue in any year in

* Preliminary; subject to change.

excess of the maximum tax increases permitted by the District’s electoral authorization, and if the 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 or create a material departure from the Service Plan, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded and no material departure from the Service Plan occurs.

Specific Ownership Tax. The specific ownership tax (as more particularly defined hereafter, the “Specific Ownership Tax”) is collected by all counties and distributed to every taxing entity within a county, such as the District, in the proportion that the taxing entity’s ad valorem taxes represent of the cumulative amount of ad valorem taxes levied county-wide.

Bond Termination Date. Notwithstanding anything in the Indenture to the contrary, **all of the Bonds and interest thereon will be deemed paid, satisfied, and discharged on December 2, 2054 (the “Bond Termination Date”), and no further payments will be due on the Bonds,** regardless of the amount of principal and interest paid prior to the Bond Termination Date. The Indenture provides that the foregoing does not relieve the District of its obligations to impose the Required Mill Levy each year prior to the year in which the Bond Termination Date occurs and apply the Pledged Revenue in the manner required by the Indenture prior to such termination date.

See also “THE BONDS—Security for the Bonds,” “DISTRICT FINANCIAL INFORMATION,” and “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH.”

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

Additional Bonds..... **Series 2020B₍₃₎ Subordinate Bonds.** The District anticipates issuing, concurrently with the issuance of the Bonds, its Subordinate Limited Tax General Obligation Bonds, Series 2020B₍₃₎, in the original principal amount of \$365,000* (the “Series 2020B₍₃₎ Subordinate Bonds”). The Series 2020B₍₃₎ Subordinate Bonds are being issued by the District pursuant to a separate Indenture of Trust (Subordinate) (the “Subordinate Indenture”) for the purpose of financing additional Project Costs not financed with proceeds of the Bonds. The Series 2020B₍₃₎ Subordinate Bonds are being issued as “cash flow” bonds having no scheduled payments of principal in any specific amount, are payable annually on December 15 each year solely from and to the extent of the Subordinate

* Preliminary; subject to change.

Pledged Revenue (defined in APPENDIX H hereto), and are fully junior and subordinate to the Bonds. The Series 2020B₍₃₎ Subordinate Bonds are being privately placed and are *not* being offered pursuant to this Limited Offering Memorandum.

Other Additional Bonds. The District covenants for the benefit of the Owners of the Bonds not to issue Additional Bonds (defined in APPENDIX H hereto) except as specifically permitted in the Indenture, which expressly allows the issuance of the Series 2020B₍₃₎ Subordinate Bonds. See “THE BONDS—Certain Indenture Provisions—*Additional Bonds*.” See also “DISTRICT FINANCIAL INFORMATION” and “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH.”

Purpose..... Proceeds from the sale of the Bonds will be used for the purposes of: (i) paying or reimbursing Project Costs; (ii) paying the costs of issuance of the Bonds (and the Series 2020B₍₃₎ Subordinate Bonds, which are not being offered for sale pursuant to this Limited Offering Memorandum); (iii) funding the Reserve Fund; and (iv) funding a portion of interest to accrue on the Bonds. See “APPENDIX H—SELECTED DEFINITIONS” for the definition of Project Costs.

Authority for Issuance The Bonds are issued in full conformity with the constitution and laws of the State, including Part 2 of Article 57 of Title 11, C.R.S. (the “Supplemental Public Securities Act”), and Title 32, Article 1, Part 11, C.R.S.; pursuant to the Bond Resolution adopted by the District’s Board prior to the issuance of the Bonds; the Indenture to be dated as of the date of issuance of the Bonds between the District and UMB Bank, n.a., as trustee for the Bonds (the “Trustee”); and pursuant to an election of the eligible electors of the District, duly called and held on Tuesday, November 6, 2018 (as previously defined, the “Election”).

At the Election, the District’s voters approved indebtedness of the District for the purpose of financing various categories of public improvements in the total amount of \$450,000,000. The Service Plan, however, establishes a debt limit of \$45,000,000 for both the District and District No. 1 combined (the “Service Plan Debt Limit”). See “THE DISTRICT—Service Plan Limitations.” See also “DEBT STRUCTURE—Debt Restrictions—*Service Plan Limitation*” and “—General Obligation Debt—*Voter Authorized But Unissued Debt and Outstanding General Obligation Debt*.”

Assessed Value

Appreciation Report..... An analysis of the annual appreciation of residential market values in the District, dated November 11, 2019, has been prepared for the District (the “Assessed Value Appreciation Report”) by King & Associates Inc., Littleton, Colorado (“King & Associates”), and is appended in its entirety to this Limited Offering Memorandum as APPENDIX B hereto. King & Associates has projected that the actual value of homes in the District will appreciate at an annual rate of 3% (6% biennially) throughout the term of the Bonds, which assumption has been used in the Financial Forecast

(defined below) to forecast the projected payment schedule of the Bonds. The designation “₍₃₎” in the title of the Bonds indicates this 3% annual appreciation rate assumption. The Assessed Value Appreciation Report should be read in its entirety for an understanding of the methodology and the underlying assumptions contained therein. **No representation or guarantee is made that the assessed valuations set forth in the Assessed Value Appreciation Report will be realized.** For a more detailed description of such report, see “ASSESSSED VALUE APPRECIATION REPORT” herein. See also “FORWARD-LOOKING STATEMENTS” and “RISK FACTORS—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study.”

Financial Forecast..... Simmons & Wheeler, P.C., Englewood, Colorado, has prepared the cash flow projection schedules presented in APPENDIX A hereto (the “Financial Forecast”) for the Board, for the purpose of providing information regarding the District’s ability to make the annual debt service payments on the Bonds. Such Financial Forecast is based upon assumptions as provided therein. See “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH.” See also “FORWARD-LOOKING STATEMENTS” and “RISK FACTORS—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study.”

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 Bonds is payable semiannually on June 1 and December 1 each year, commencing December 1, 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 regularly scheduled interest payment date on the Bonds, means, the fifteenth (15th) day of the calendar month next preceding each regularly scheduled interest payment date.

Subject to the provisions of the Indenture with respect to the discharge of all Bonds on the Bond Termination Date, to the extent principal of any Bond is not paid when due such principal shall remain Outstanding under the Indenture until paid and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Bond is not paid when due, such interest shall compound on each regularly scheduled interest payment date (each June 1 and December 1) at the rate then borne by the Bond.

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 principal denominations of \$500,000 or integral multiples of \$1,000 in excess thereof 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 Indenture, 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.

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

Tax Status In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the Owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing State of Colorado statutes, to the extent interest on the Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. The District has designated the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.

Continuing Disclosure

Obligation..... D.A. Davidson & Co. (the “Underwriter”) has determined that the Bonds are not subject to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, §240.15c2-12) (the “Rule”). Regardless, the District is to provide certain information on a quarterly basis and, as to certain other information, on an annual basis, which is to be filed by the Trustee, as Dissemination Agent, with the MSRB on EMMA or in other electronic format as prescribed by the MSRB. A form of the Continuing Disclosure Agreement setting forth such obligations is attached as APPENDIX F to this Limited Offering Memorandum.

No Financial Statements Due to the District’s limited financial activity since formation in 2018, no financial statements of the District are available for inclusion in this Limited Offering Memorandum.

Offering and Delivery

Information..... The offering of the Bonds is being made to a limited number of knowledgeable and experienced investors who are not purchasing with a view to distributing the Bonds. Each purchaser of a Bond must be a “financial institution or institutional investor” as defined in Section 32-1-103(6.5), C.R.S. The Bonds are offered when, as, and if issued by the District and accepted by Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel. It is expected that the Bonds will be available for delivery on or about _____, 2020, against payment therefor.

Additional Information ALL OF THE SUMMARIES OF THE STATUTES, INDENTURES, RESOLUTIONS, OPINIONS, CONTRACTS, AND AGREEMENTS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM 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: Castlevue Metropolitan District No. 2, c/o White Bear Ankele Tanaka & Waldron, 2154 E. Commons Avenue, Centennial, Colorado 80122, Telephone: (303) 858-1800; or D.A. Davidson & Co., 1550 Market Street, Suite 300, Denver, Colorado 80202, Telephone: (303) 764-5724.

Debt Ratios The following are selected District debt ratios upon issuance and delivery of the Bonds.

2019 Certified Assessed Valuation ¹	\$500
2019 Statutory “Actual” Valuation ¹	\$1,717
District General Obligation Debt Outstanding Upon Issuance of the Bonds ^{1,2,*}	\$3,750,000
Debt as a Ratio of:	
2019 Assessed Valuation *	750,000.00%
2019 Statutory “Actual” Valuation *	218,404.19%
Estimated Overlapping General Obligation Debt ¹	\$46
Sum of District and Overlapping Debt ^{2,*}	\$3,750,046
District and Overlapping Debt as a Ratio of:	
2019 Assessed Valuation *	750,009.20%
2019 Statutory “Actual” Valuation *	218,406.87%

* Preliminary; subject to change.

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.”

² Includes the Bonds and the Series 2020B(3) Subordinate Bonds being issued concurrently with the Bonds.

Sources: County Assessor’s office, the District and individual overlapping entities

FORWARD-LOOKING STATEMENTS

This Limited Offering Memorandum, and particularly the information contained under the headings entitled “INTRODUCTION,” “RISK FACTORS,” “THE DEVELOPMENT,” “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH” (such report being referred to herein as the “Financial Forecast”), “APPENDIX B—ASSESSED VALUE APPRECIATION REPORT,” and “APPENDIX C—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 Limited Offering Memorandum, 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 “RISK FACTORS—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study.”

ASSESSED VALUE APPRECIATION REPORT

An analysis of the annual appreciation of residential market values in the District, dated November 11, 2019, has been prepared for the District (the “Assessed Value Appreciation Report”) by King & Associates, and is appended in its entirety to this Limited Offering Memorandum as APPENDIX B hereto.

In conducting its analysis as memorialized in the Assessed Value Appreciation Report, King & Associates examined residential market value trends in the Castle Rock market area (as more particularly identified therein, the “Castle Rock Market Area”) and in the metropolitan Denver area (the “Metropolitan Denver Area”) in which the District and the Town of Castle Rock are located. King & Associates reviewed and analyzed, among other things, residential price appreciation trends in the Castle Rock Market Area over

the 10-year period from October 2009 through September 2019, and in the Metropolitan Denver Area over the 20-year period from August 1989 through August 2019.

Using the S&P Core Logic Case-Shiller Home Price Index (the “Case-Shiller Index”), which was designed to track the value of single family housing within the U.S. and its geographic submarkets and provide an accurate measure of housing price changes, King & Associates evaluated long term home price trends from urban and suburban areas throughout the Metro Denver area (in which the District is located). King & Associates utilized the Case-Shiller Index to review residential home price appreciation trends in the Denver Metropolitan Area as a basis to forecast future appreciation rates in the District.

Based on its review and analysis of home appreciation trends in the Denver Metropolitan Area and the Castle Rock Market Area and other data as more particularly described in the Assessed Value Appreciation Report, King & Associates has projected that the ongoing appreciation rate pertaining to the actual value of homes in the District is 3% annually (6% biennially) throughout the term of the Bonds. This appreciation rate assumption has been used in the Financial Forecast (discussed below) to forecast the projected payment schedule of the Bonds and, accordingly, has been used in the sizing and pricing of the Bonds. The designation “₍₃₎” in the title of the Bonds indicates this 3% annual appreciation rate assumption, which is *not* guaranteed to occur in every year as forecasted, or in any year.

The Assessed Value Appreciation Report should be read in its entirety for an understanding of the methodology and the underlying assumptions contained therein. The Assessed Value Appreciation Report is based on key assumptions and, like any forecast, is inherently subject to variations in the assumed data. Past increases in assessed value are not a guarantee that assessed values will increase in the future. Further, assessed values are likely to decrease in certain future years even if the overall trend of assessed values is to increase in the future. Actual results will vary from those projected, and such variations may be material. **No representation or guarantee is made that the assessed valuations set forth in the Assessed Value Appreciation Report will be realized.** See “FORWARD-LOOKING STATEMENTS” and “RISK FACTORS—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study.”

FINANCIAL FORECAST

A forecasted statement of surplus cash balances and cash receipts and disbursements of the District for the calendar years ending December 31, 2020 through 2050 (as previously defined, the “Financial Forecast”) has been compiled by Simmons & Wheeler, P.C., Certified Public Accountants, Englewood, Colorado, and is appended in its entirety to this Limited Offering Memorandum as APPENDIX A. The Financial Forecast was prepared for the purpose of providing information to the District regarding the District’s ability to pay the Bonds and, among other things, includes a schedule of the estimated future assessed valuation of the District. The Financial Forecast is based on specific information and assumptions stated therein, including the conclusions of the Market Study and the Assessed Value Appreciation Report.

The Financial Forecast compilation is limited to presenting, in the form of a forecast, information that is the representation of management of the District and does not include an evaluation of the support for the assumptions underlying the forecast. The Financial Forecast should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein.

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the Financial Forecast will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guarantee is made herein that the results of the Financial Forecast will be realized. See “FORWARD-LOOKING STATEMENTS” and “RISK

FACTORS—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study.”

Hypothetical Assumptions. The Financial Forecast also includes three alternative hypothetical slower growth scenarios identified as Alternative A, Alternative B, and Alternative C in “Note 5: Hypothetical Assumptions” of the Financial Forecast, each of which are generally described below.

Under the hypothetical assumptions in Alternative A, which reflects a biennial inflation rate of 4% instead of 6% for completed residential units in the District, the alternative forecast projects that the Subordinate Bonds will not be paid in full until December 1, 2054, and the Surplus Fund will not fill to the Maximum Surplus Amount until 2028. See Note 5, “Exhibit I-A,” and “Exhibit II-A” of the Financial Forecast set forth in APPENDIX A hereto.

Under the hypothetical assumptions in Alternative B, which reflects a biennial inflation rate of 2% instead of 6% for completed residential units in the District, the alternative forecast projects that the Bonds will not be paid in full until December 1, 2053, and the Subordinate Bonds will not be paid in full when discharged on December 16, 2054. The Maximum Surplus Amount will not be reached until 2029 and the Reserve Fund will decrease below the Reserve Requirement dipping to \$271 in 2049. See Note 5, “Exhibit I-B,” and “Exhibit III-B” of the Financial Forecast set forth in APPENDIX A hereto.

Under the hypothetical assumptions in Alternative C, which reflects an absorption rate for residential units in the District that is 30% of the base case absorption rate reflected in the Financial Forecast (as set forth in Exhibit III to the Financial Forecast), the alternative forecast projects that the Bonds will not be paid in full until December 1, 2054 and the Subordinate Bonds will not be paid in full when discharged on December 16, 2054. The Maximum Surplus Amount will not be reached and the Reserve Fund will decrease below the Reserve Requirement in 2025 and below \$640 in 2049. See Note 5, “Exhibit I-C,” “Exhibit II-C” and “Exhibit III-C” of the Financial Forecast set forth in APPENDIX A hereto.

RISK FACTORS

PROSPECTIVE INVESTORS IN THE BONDS SHOULD READ THIS ENTIRE LIMITED OFFERING MEMORANDUM AND SHOULD GIVE PARTICULAR CONSIDERATION TO THE FOLLOWING RISK FACTORS 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 risk factors, which are discussed throughout this Limited Offering Memorandum, and each prospective investor should make an independent evaluation of all information presented in this Limited Offering Memorandum in order to make an informed investment decision. The Bonds should only be purchased by investors who can bear the continuing risk of an investment in the Bonds. Particular attention should be given to the risk factors described below, which, among others, could affect the payment of debt service on the Bonds when due.

Limited Offering; Restrictions on Purchase; Investor Suitability

The offering of the Bonds is being made to a limited number of knowledgeable and experienced investors who are not purchasing with a view to distributing the Bonds. Each purchaser of a Bond must be a “financial institution or institutional investor” within the meaning of Section 32-1-103(6.5), C.R.S.

In addition, the Bonds are being issued in minimum initial denominations of \$500,000.

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

No Credit Rating; Risk of Investment

The Bonds do not have a credit rating from any source and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Bonds and must be able to bear the economic risk of such investment in the Bonds.

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. See “—Certain Risks Related to COVID-19 Coronavirus.”

Restrictions on Transferability; Deemed Representations of Bond Purchasers

By acceptance of a Bond, the purchaser thereof acknowledges that the Bonds may be sold, transferred or otherwise disposed of only in minimum denominations of \$500,000 and any integral multiple of \$1,000 in excess thereof, except as otherwise provided in the Indenture. See “THE BONDS—Authorized Denominations of the Bonds.”

By purchasing a Bond, the purchaser thereof represents that it is a “financial institution or institutional investor” within the meaning of Section 32-1-103(6.5), C.R.S., with sufficient knowledge and experience in financial and business matters, including the purchase and ownership of non-rated tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Bonds.

No Assurance of Secondary Market

No assurance can be given concerning the future existence of a secondary market for the Bonds, and prospective purchasers of the Bonds should therefore be prepared, if necessary, to hold the Bonds to maturity or prior redemption. Even if a secondary market exists, as with any marketable securities, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the initial purchaser of the Bonds depending on the progress of the Development and existing real estate and financial market conditions, among other things. In addition, see “—Restrictions on Transferability; Deemed Representations of Bond Purchasers” above.

Financial markets in the United States and globally may continue to experience volatility or declines in connection with the spread of COVID-19 and such volatility and declines could be significant,

which may have a material impact on the price of the Bonds in the secondary market. See “—Certain Risks Related to COVID 19 Coronavirus” below.

Certain Risks Related to COVID-19 Coronavirus

In General. 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 of Colorado (the “State”), have announced orders, recommendations and other measures intended to slow the spread of COVID-19, including the closing of businesses, and the issuance of “stay at home” and “safer at home” executive orders. These COVID-19 measures are changing rapidly. A brief summary of the current status of certain of such measures is set forth below. However, such status is subject to change at any time. Although some states, including Colorado, have eased certain restrictions previously put into place, a recent increase in new COVID 19 cases nationally has resulted in many states reversing course and implementing stricter standards. Such governmental measures, and the reluctance of some people to engage in activities that might expose them to COVID-19, has resulted in many businesses experiencing a decline in revenue and in some facing bankruptcy. In addition, mandatory and voluntary business closures, as well as reduced demand in certain sectors, have resulted in increased unemployment, and reduced hours and/or salaries for certain workers. The full extent of the impact of COVID-19 on the economy is uncertain at this time and may be substantial and long-lasting.

“Stay at Home” and “Safer at Home” Executive Orders. On March 25, 2020, Colorado Governor Polis issued Executive Order D 2020 017 (the “Stay At Home Order”) which, with certain exceptions, ordered Coloradans to stay at home whenever possible and temporarily shut down a wide range of businesses due to the presence of COVID-19 in the State. The Stay At Home Order was effective March 26, 2020 and remained in effect through April 26, 2020. On April 26, 2020, Colorado Governor Polis issued Executive Order D 2020 044 (the “Original Safer at Home Order”) which implemented certain measures to allow certain Coloradans to return to work under certain conditions, including social distancing requirements, and permitted the limited reopening of certain business operations. The Original Safer at Home Order expired on June 1, 2020 and was replaced with Executive Order D 2020 091 (as amended from time to time, the “Current Safer at Home Order”), which was last amended and extended on July 23, 2020 pursuant to Executive Order D 2020 144, to *inter alia*, limit certain sales of alcoholic beverages after 10:00 pm, and is currently set to expire thirty days from July 23, 2020.

Public Health and Environment PHO 20-28. In response to the Current Safer at Home Order and at the direction of the Governor as set forth therein, the Colorado Department of Public Health and Environment amended its Public Health Order 20-28, the current version of which is the Ninth Amended Public Health Order 20-28 Safer at Home and in the Vast, Great Outdoors dated July 30, 2020 (as amend from time to time, “PHO 20-28”). PHO 20-28 sets forth the requirements for the implementation of the Current Safer at Home Order and sets forth a number of restrictions that must be followed in order for business to remain open. These restrictions include a number of social distancing requirements, including substantially reduced maximum capacity limits for many businesses and activities, with certain places of public accommodation required to remain closed.

Effects of COVID-19 Orders on Property Taxes. Governor Polis issued Executive Order D 2020 012, as amended by Executive Order D 2020 031, Executive Order D 2020 051 and Executive Order D 2020 088, which, among other things, (i) granted county treasurers in Colorado the authority to suspend or waive delinquent interest through April 30, 2020 on late property tax payments, (ii) granted public trustees in Colorado the authority to temporarily extend deadlines up to and including April 30, 2020 in certain Colorado statutory provisions relating to foreclosure sales with respect to real property, and (iii) imposed certain limitations on evictions and foreclosures.

These executive orders have expired, but Governor Polis has since issued Executive Order D 2020 101, as amended and extended pursuant to Executive Order D 2020 134, which provides certain limited eviction and foreclosure protections through thirty days from July 12, 2020. In addition, on June 14, 2020, House Bill 20 1421 (“HB 20-1421”) became effective. HB 20-1421 allows a board of county commissioners, with the approval of the related county treasurer, to reduce, waive or suspend interest accrued on delinquent property tax payments for any period of time beginning June 15, 2020 until October 1, 2020.

The Douglas County Treasurer has issued the following statement on its website (which has not been updated as of the date of this Limited Offering Memorandum):

“Executive Order D 2020 031 issued by Governor Polis states in part:

‘Any action by a Treasurer to waive delinquent interest shall be made with advance notice to any entity that imposes a mill levy within the county and shall be made available on the Treasurer’s website, electronic mail, or automated messages. This Executive Order does not authorize County Treasurers to waive delinquent interest pursuant to the provisions of C.R.S. § 39-10-104.5 that accrues after April 30, 2020.’

Pursuant to this Executive Order authorizing treasurers to waive certain delinquent interest the Douglas County Treasurer will waive such delinquent interest through April 30, 2020. We will reevaluate the situation on or before May 1, 2020.”

The Douglas County Treasurer’s website does not contain any statements indicating whether such situation has been reevaluated on or before May 1, 2020 and no further information has been obtained with respect to the current stance of the Treasurer with respect to the payment of taxes and/or waiver of interest.

It is unknown whether Governor Polis will issue additional executive orders, other governmental action may be taken, or further legislation will be passed, authorizing similar actions or suspending payment of ad valorem property taxes or suspending or limiting foreclosure proceedings relating to real property.

The Pledged Revenue pledged to the payment of the Bonds is derived primarily from ad valorem property taxes. See “—Certain Risks Relating to Bonds—*Dependence on Ad Valorem Property Taxes*” below. If Governor Polis issues additional executive orders; additional legislation is passed which authorizes or directs county treasurers to further extend payment deadlines, waive interest, or forgive liability for property taxes; and/or the Douglas County Treasurer takes further action in this regard, there is no guarantee that such additional action would not adversely affect the amount or timing of the District’s property tax revenue. Significant delays in the receipt of property taxes or decreases in the amount of tax revenue received by the District would adversely affect the security for the Bonds, and the effect of such delays or decreases could be material. There can be no assurance that the District’s ad valorem property tax revenues derived from imposition of the Required Mill Levy will be as reflected in the Financial Forecast appended as APPENDIX A hereto.

Further, it is possible that the economic impact of COVID-19 could cause, among other things: (a) the assessed value of property in the District to decrease, and (b) the development of 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.

General COVID-19 Risks. It is unknown how extensive the spread of the COVID-19 will be in the State and elsewhere; what the governmental, public and private response thereto will be; or how long the current COVID-19 restrictions will remain in place or whether they will be replaced with stricter restrictions. These things may change rapidly. The District cannot predict (i) the duration or extent of the COVID-19 pandemic; (ii) what effect the COVID-19 pandemic will continue to have on global, national, and local economies; or (iii) the impact the COVID-19 pandemic will have on the Pledged Revenue.

There can be no assurance that the spread of COVID-19 and the implementation of restrictions on a local, State and national level, and public and private reaction thereto, will not materially impact the local, State and national economies and, accordingly, there is no guarantee that such occurrences will not adversely affect the amount of the Pledged Revenue available for payment of the Bonds, or the timing of the receipt of the Pledged Revenue, and such adverse effects may be material.

It is impossible to predict and therefore this Limited Offering Memorandum (including the appendices hereto) cannot and does not fully address the various types or the magnitude of the effects that COVID-19 may create globally, nationally, statewide and locally, including with respect to the Pledged Revenue. Prospective purchasers of the Bonds should note that this Limited Offering Memorandum provides information as of the dates stated herein and does not reflect updates on the matters described herein including, without limitation, the potential effects of COVID-19, and such updates could be adverse.

Limited Operating History

As a result of its recent formation in late 2018, the District has a very limited operating history. See “THE DISTRICT—Organization and History” and “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Tax Data,” “—Financial Statements, District Funds and Accounting Principles” and “—Budget and Appropriation Procedure.”

Certain Risks Relating to Bonds

Dependence on Ad Valorem Property Taxes. The primary source of District revenue pledged for debt service on the Bonds is the revenue expected to be generated from ad valorem taxes imposed on all taxable property of the District in the amount of the Required Mill Levy. Accordingly, the District’s ability to retire the indebtedness created by the issuance of the Bonds is dependent upon the continued development of the property 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 Required Mill Levy. See “—Completion of 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 Bonds based on assumptions concerning the completion of the infrastructure necessary to support the Development, the pace of home construction, the expected timing of home sales and the corresponding rate of growth in the District, increases in market values as shown in the Assessed Value Appreciation Report, and the mill levies imposed for payment of debt service on the Bonds.

No assurance is provided that the market values of property in the District will increase at the rates shown in the Assessed Value Appreciation Report, that the assumptions contained in the Financial Forecast will occur, or that the Bonds will be paid as projected in the Financial Forecast. See “—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study” below.

Limited Tax Obligations; No Payment Default. The Bonds constitute limited tax obligations of the District and will remain limited tax obligations throughout their term. Pursuant to the Indenture, the

District is to impose ad valorem property taxes in an annual amount equal to the Required Mill Levy. In no event may holders of the Bonds require the District to raise the mill levy above the maximum mill levy of 50 mills (subject to adjustment for changes in law occurring after the issuance of the Bonds, including changes in the ratio of actual valuation to assessed valuation). See “THE BONDS—Security for the Bonds—*Required Mill Levy*.” See also the Financial Forecast in APPENDIX A to this Limited Offering Memorandum.

There is no event, passage of time, or other occurrence which could result in the ability of the District to levy taxes for payment of the Bonds in excess of the Required Mill Levy, and the Bonds are and will always remain limited tax obligations.

As a result of the limited nature of the Required Mill Levy and the resultant limitations of the Pledged Revenue, **the District’s failure to pay the principal and interest on the Bonds when due does not, of itself, constitute an Event of Default under the Indenture.**

No Mortgage. Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any property within the District or by any security interest in any assets of the District.

Limited Recourse. Subject to the provisions of the Indenture regarding the discharge of all of the Bonds on the Termination Date, in the event that the revenue derived from the Required Mill Levy and the other components of the Pledged Revenue is insufficient to pay the scheduled principal of and/or interest on the Bonds when due, the unpaid principal will continue to bear interest, and the unpaid interest will compound on each interest payment date (being June 1 and December 1 each year) until the total repayment obligation of the District for the Bonds equals the amount permitted by law. During this period of accrual, so long as the District is imposing the applicable Required Mill Levy, enforcing collection of the Pledged Revenue, and causing the Trustee to pay the available Pledged Revenue to the bondholders on each payment due date (but solely from and to the extent of the amount of Pledged Revenue so available, if any, for application to the payment of each Bond as provided in the Indenture), the District will not be in default under the Indenture and the Owners will have no recourse against the District to require any payment on the Bonds beyond the amount of Pledged Revenue then available and paid to each Owner of a Bond in accordance with the Indenture. 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 BONDS—Certain Indenture Provisions—*Events of Default*” and “—*Remedies on Occurrence of Event of Default*.” See also “—*Discharge of Bonds on December 2, 2054*” below.

Discharge of Bonds on December 2, 2054

Notwithstanding anything in the Indenture to the contrary, including the possibility that the unpaid principal and interest on the Bonds has not yet accrued to the amount permitted by law as described above under “—*Certain Risks Related to the Bonds—Limited Recourse*,” all of the Bonds and interest thereon will be deemed paid, satisfied, and discharged on the Bond Termination Date of December 2, 2054, regardless of the amount of principal and interest paid prior to such date.

Completion of Development Not Assured

General. The repayment of the Bonds is dependent upon the 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 Required Mill Levy is to be collected. Such increase in assessed valuation

is dependent upon development within the District, which, in turn, is subject to market demand, market conditions and a variety of other factors beyond the control of the District and the Prior Landowner.

According to information provided by Richmond Homes, construction of 3 model homes in the Development began in June 2020 and 8 homes (for which construction has not yet commenced) are currently under contract for sale to home purchasers. All 117 planned homes within the Development are expected to be complete by December 2022. See “THE DEVELOPMENT—Planned Development; Construction and Sales Activity.” See also the preceding “AERIAL PHOTO,” “DEVELOPMENT PLAN,” “DISTRICT MAP,” and “REGIONAL MAP.”

Based upon the information provided by the Prior Landowner as to the projected build-out schedule and product mix (including price levels) and certain other assumptions specified therein, the Financial Forecast included in APPENDIX A hereto provides certain forecasts of revenue of the District. In addition, the Market Study attached as APPENDIX C hereto contains information regarding ongoing residential sales with respect to residential units within the Development.

Notwithstanding any of the foregoing, neither the Prior Landowner nor Richmond Homes is obligated to construct homes within the Development in any particular timeframe, or at all.

Competition with Other Developments. The Development will compete with developments in the Town and throughout the eastern Denver metropolitan area. Such competition may adversely affect the rate of development within the District, home prices, and the rate of home sales. See the Market Study in APPENDIX C appended hereto.

Other Factors Affecting Rate of Development. Many unpredictable factors could influence the actual rate of development and the construction and sales 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, transportation costs, severe weather and acts of god, among other things. See also “—Foreclosures” below; “THE DEVELOPMENT—Marketing and Advertising; Competition” and “APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Housing Stock” and “—Foreclosure Activity.”

While the foregoing and more detailed descriptions of the planned development provided elsewhere in this Limited Offering Memorandum reflect the reasonable belief of the Prior Landowner and, based on information provided by Richmond Homes to the Prior Landowner, the reasonable expectation of Richmond Homes, as to the anticipated build-out of the Development, 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 price levels of homes to be constructed in the Development, are dependent upon market activity, governmental regulations, general economic conditions, and other factors over which the District, Richmond Homes and the Prior Landowner have no control. See “—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study” below, “THE DEVELOPMENT,” APPENDIX A and APPENDIX C.

Tax Reform. The Tax Cuts and Jobs Act, Pub. L. No. 115-97 (the “Tax Act”) was approved by the United States Congress on December 20, 2017 and signed into law by the President of the United States on December 22, 2017. The rate of growth within the Development may be affected by changes to the Internal Revenue Code of 1986, as amended (the “Tax Code”) resulting from passage of the Tax Act. Such changes impact a number of individual income tax deductions and credits in the Tax Code, including, but

not limited to, the deductions for interest on home mortgages and state and local taxes. The impact that such change to the Tax Code may in the future have on the pace of absorption of homes in the Development and resultant increases or decreases in residential home values during the term of the Bonds cannot be predicted and has not been assessed by the providers of the Market Study, the Assessed Value Appreciation Report, or the Financial Forecast.

Completion of Public Infrastructure Not Assured

According to information obtained from Richmond Homes, construction of the public infrastructure necessary to support the Development began on May 29, 2019 and is approximately 60-65% complete. Grading for all 117 lots is complete and installation of the remaining public infrastructure is ongoing, with completion of infrastructure phases 1 and 2 anticipated by September 2020. See “THE DEVELOPMENT—Public Infrastructure.”

No assurance is provided that the total cost of the public infrastructure necessary to support the Development will be as anticipated, and the actual costs could be in excess of the amount anticipated due to potential changes in design, unforeseen construction complications and other circumstances, increases in costs of labor and materials, labor shortages, and other factors.

No independent investigation has been made of Richmond Homes’ ability to fund any of the amounts described above or to complete the public infrastructure necessary to support the Development. If the financial resources of Richmond Homes are insufficient to construct the public infrastructure necessary to support the Development, the residential community planned within the Development may not be completed in the time and manner anticipated, or at all, and the Pledged Revenue may be insufficient to pay debt service on the Bonds. See “APPENDIX A—FORECASTED STATEMENT OF SOURCES AND USES OF CASH” appended hereto.

Financial Condition of and Dependence on Richmond Homes

There has been no independent investigation of and no representation is made in this Limited Offering Memorandum regarding the financial soundness of Richmond Homes or its capability to develop, construct and market the property within the Development as planned. Moreover, the financial circumstances of Richmond Homes may change from time to time. Richmond Homes is solely responsible for the completion of the public infrastructure necessary to support the Development and the construction of all of the 117 homes planned for the Development, and the District is therefore wholly dependent upon the ability of Richmond Homes to implement the development plan contemplated herein and the financial resources of Richmond Homes to fund such construction and development. See “—Completion of Development Not Assured” above.

In addition, Richmond Homes is not bound either contractually or otherwise to construct all of the 117 homes planned within the Development, nor is it obligated to develop the property within the District as planned and described in this Limited Offering Memorandum. Moreover, there is no restriction on the right of Richmond Homes to sell any or all of its property within the District or to withdraw completely from the Development. Prospective investors are urged to make such investigation as deemed necessary concerning the financial soundness of Richmond Homes and its ability and willingness to implement the plan of development as described herein.

Taxpayer Concentration

Based on the District’s 2019 certified assessed valuation of \$500, the taxable property of the District representing 100% of its assessed valuation was owned by Richmond Homes, and such ownership

has not changed as of the date of this Limited Offering Memorandum. Accordingly, the responsibility for payment of the District's property taxes is concentrated in Richmond Homes, and ad valorem property tax revenue is the primary source of District revenue for repayment of the Bonds. Until such time as Richmond Homes completes the public infrastructure, constructs numerous single family homes, and sells a significant number of those homes to residential purchasers, the District will be reliant on Richmond Homes for receipt of tax revenues for payment of the Bonds. There is no assurance that Richmond Homes has the financial resources or willingness to pay such property taxes when due, and no independent investigation has been made of the financial soundness of Richmond Homes. See “—Financial Condition of and Dependence on Richmond Homes” above. Further, there is no assurance that homes within the Development will be completed in the manner anticipated, or that completed homes will be sold at the prices or in the time frames expected. See “—Completion of Development Not Assured” above. See also the Financial Forecast in “APPENDIX A” hereto.

Taxes on real property are not personal obligations of any property owner, including Richmond Homes and the purchasers who acquire homes 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. See “—Enforcement of Tax Collection by County” below.

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

The owners of the Bonds are dependent upon the growth of 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. 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. 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 the Financial Forecast in APPENDIX A, the Assessed Value Appreciation Report in APPENDIX B, and the Market Study in APPENDIX C hereto. See also “—Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study” below.

Risk of Growth Limitations or Moratoria

While the planned Development is not currently subject to any growth limitations or development moratoria, there can be no assurance that the State, the County, the Town or, by citizen initiative, the voters of the State, the County, or the Town, will not approve limitations or moratoria on residential growth within their respective boundaries, and any such limitations or moratoria could have the effect of delaying, limiting or halting residential development within the Development.

It is unknown how such a moratoria would impact the ability of Richmond Homes to complete the Development in the manner anticipated as described in this Limited Offering Memorandum, and there is no assurance that any such impact would not be materially adverse.

Risks Inherent in Financial Forecast, Assessed Value Appreciation Report and Market Study

The Market Study (in APPENDIX C hereto) contains certain projections regarding the sale of homes 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 progresses in the manner contemplated therein, including the availability of funding, entitlements and other matters described in “—Development Not Assured” above.

Based upon the information provided by the Prior Landowner (which information is based, in part, on information obtained by the Prior Landowner from Richmond Homes) as to the projected build-out schedule of the residential units, the corresponding product mix and price levels, and based on certain other assumptions specified therein, the Financial Forecast included in APPENDIX A hereto provides certain forecasts of revenue of the District. The Financial Forecast sets forth a projection of the payment of debt service on the Bonds based on the assumptions more particularly described in the Financial Forecast. Actual rates of development will be affected by many factors. While the Prior Landowner 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.

Based upon an examination by King & Associates of residential market value trends in the Denver Metropolitan Statistical Area, the Assessed Value Appreciation Report projects that the actual value of homes will appreciate at an annual rate of 3% (6% biennially) through the term of the Bonds, which appreciation assumption was used in the Financial Forecast. The Assessed Value Appreciation Report is based on key assumptions and, like any forecast, is inherently subject to variations in the assumed data. Past increases in assessed value are not a guarantee that assessed values will increase in the future. Further, assessed values are likely to decrease in certain future years even if the overall trend of assessed values is to increase in the future. Actual results will vary from those projected, and such variations may be material. No representation or guarantee is made that the assessed valuations set forth in the Assessed Value Appreciation Report will be realized.

The information presented in APPENDICES A, B and C inherently is 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, Assessed Value Appreciation Report and Market Study attached hereto as APPENDICES A, B and C, respectively, are an integral part of this Limited Offering Memorandum.

Investors are encouraged to read the entire Limited Offering Memorandum, including the Financial Forecast, the Assessed Value Appreciation Report and Market Study, to obtain information essential to the making of an informed investment decision. In reading the Financial Forecast, each investor should review carefully the hypothetical assumptions described in “Note 5” therein and the corresponding forecasts based on such assumptions set forth in set forth in Exhibits I-A and II-A, Exhibits I-B and III-B, and Exhibits I-C, II-C and III-C therein. therein. None of the Underwriter, the District, the Prior Landowner or Richmond Homes are responsible for the information contained in the Financial Forecast, the Assessed Value Appreciation Report or the Market Study, and none of the Underwriter, the District, the Prior Landowner or Richmond Homes are responsible for the conclusions presented in the Financial Forecast, the Assessed Value Appreciation Report or the Market Study; provided, however, that the Prior Landowner has no reason to believe that such conclusions are inherently inaccurate or incomplete.

Directors’ Private Interests

Pursuant to State law, seventy-two (72) hours before each Board meeting, all 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, as a result of their direct or indirect ownership interests in the Prior Landowner, Director H. Alpert, Director R. Alpert, Director N. Alpert and Director T. Alpert have potential or existing financial, personal or private interests relating to the issuance of the Bonds or the expenditure of the proceeds thereof. See also “THE DISTRICT—Governing Board.”

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 growth of an adequate tax base from which the District can collect property tax revenue sufficient to pay the 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 applicable 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. As described above under the caption “—Certain Risks Related to COVID-19 Coronavirus,” Governor Polis issued an Executive Order Authorizing County Treasurers (Property Taxes) and Public Trustees (Foreclosure Deadlines), which, among other things, granted public trustees in Colorado the authority to temporarily extend deadlines up to and including April 30, 2020 in certain Colorado statutory provisions relating to foreclosure sales with respect to real property. As described above under the caption “—Certain Risks Related to COVID-19 Coronavirus,” executive orders, legislation and other governmental action relating to the COVID-19 pandemic may impact rights relating to late property tax payments, evictions and foreclosure. There is no assurance that any such extension of deadlines, if granted by a public trustee, will not have an impact on foreclosures in the State or the County.

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

property foreclosure may have an immediate and/or long-term effect of depressing property values in the surrounding area. Properties following foreclosure typically reenter the market at lower prices, which could result in a reduction of demand for new construction housing, including property within the Development. Increased foreclosure rates could also cause lenders to tighten lending practices, making it 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.”

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 and 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 Development; instead, 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. County treasurers in Colorado have the power to impose delinquent interest on unpaid taxes, and each year the county treasurer is to hold a tax lien sale open to the public pursuant to which tax liens on properties subject to delinquent taxes may be acquired, and the holder of the tax lien is entitled to interest thereon until paid. The revenue derived by the county treasurer from such tax lien sales, if any, is applied to the delinquent taxes on the specific properties for which tax liens were sold. To further enforce the tax liens on properties subject to delinquent taxes, the county treasurer has the power to 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, at the end of which time the property may be sold for a purchase price equal to the tax liens thereon. During such redemption period, a property owner may prevent the sale of the subject property by redeeming the tax liens upon payment of all outstanding taxes then due and owing, interest thereon, and fees or other delinquency charges, if any. The tax lien sale process and the eventual sale of properties subject to tax liens can be a time-consuming process and does not necessarily result in recovery of all amounts due and unpaid. As described above under the caption “—Certain Risks Related to COVID-19 Coronavirus,” executive orders, legislation and other governmental action relating to the COVID-19 pandemic may impact rights relating to late property tax payments, evictions and foreclosure.

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 delinquent taxes having a fair market value sufficient to support the taxes 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.”

Property Taxes Not Personal Obligations

Property taxes on land are not personal obligations of the Prior Landowner or any other property owner. No party has guaranteed the payment of the principal of or interest on the Bonds, and no financial information regarding the Prior Landowner, Richmond Homes, or any other entity which may develop property within the Development is provided in this Limited Offering Memorandum. See also “—Development Not Assured” and “—Financial Condition of and Dependence on Richmond Homes” above.

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 Prior Landowner.

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 District, the Underwriter, Bond Counsel, Underwriter’s Counsel, General Counsel, the Prior Landowner, Richmond Homes or any other person 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. See also “TAX MATTERS” herein.

Additional Bonds

Additional Senior Bonds. The District may issue additional Senior Bonds secured by the Pledged Revenue on parity with the lien thereon of the Bonds without the consent of the Owners of the Bonds, subject to the satisfaction of certain conditions as described in “THE BONDS—Certain Indenture Provisions—*Additional Bonds.*” Such conditions include, among others, the condition that, following the issuance of such additional Senior Bonds, the Debt to Assessed Ratio of the District will be 50% or less. The issuance of any additional Senior Bonds would potentially dilute the security available for the 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.

Series 2020B₍₃₎ Subordinate Bonds. The District anticipates issuing, concurrently with the issuance of the Bonds, its Subordinate Limited Tax General Obligation Bonds, Series 2020B₍₃₎, in the original principal amount of \$365,000* (the “Series 2020B₍₃₎ Subordinate Bonds”). The Series 2020B₍₃₎ Subordinate Bonds are being issued by the District pursuant to a separate Indenture of Trust (Subordinate) (the “Subordinate Indenture”) for the purpose of financing additional Project Costs not financed with proceeds of the Bonds. The Series 2020B₍₃₎ Subordinate Bonds are being issued as “cash flow” bonds having no scheduled payments of principal, are payable annually on December 15 each year solely from and to the extent of the Subordinate Pledged Revenue (defined in APPENDIX H hereto), and are fully junior and subordinate to the Bonds. The Series 2020B₍₃₎ Subordinate Bonds are being privately placed and thus are not being offered pursuant to this Limited Offering Memorandum. The Series 2020B₍₃₎ Subordinate Bonds are *not* subject to acceleration.

No Acceleration; No Payment Default

The Indenture provides that acceleration of the Bonds is not an available remedy for an Event of Default or for any other reason.

In addition, the Indenture provides that the **District’s failure to pay principal and interest on the Bonds when due does not constitute an Event of Default** so long as the District is otherwise in compliance with the Indenture covenants and other provisions relating to the Pledged Revenue.

See “THE BONDS—Certain Indenture Provisions—*Events of Default*” and “—*Remedies on Occurrence of Event of Default.*”

THE BONDS

Description

The Bonds will be issued in the principal amount, will bear interest, will be dated and will mature as indicated on the cover page of this Limited Offering Memorandum. For a complete statement of the

* Preliminary; subject to change.

details and conditions of the Bond issue, reference is made to the Indenture, a copy of which is available from the Underwriter prior to delivery of the Bonds. See “INTRODUCTION—Additional Information.”

The Bonds are authorized, issued and secured by and in accordance with the Indenture.

Sources of Payment

The Bonds are limited tax general obligations of the District secured by and payable from moneys derived by the District from the following sources (the “Pledged Revenue”): (i) the Required Mill Levy, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

The Bonds are also secured by amounts on deposit in the Reserve Fund, which is to be fully funded upon issuance of the Bonds from the proceeds thereof in an amount equal to \$314,433.33* (as previously defined, the “Reserve Requirement”).

In addition, excess Pledged Revenue, if any, accumulated in the Surplus Fund also secures the payment of the Bonds. Available Pledged Revenue, if any, is to be accumulated in the Surplus Fund in accordance with the Indenture up to the amount of \$338,500.00* (as previously defined, the “Maximum Surplus Amount”).

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

See also “APPENDIX H—SELECTED DEFINITIONS” for definitions of the capitalized terms used above and otherwise throughout this Limited Offering Memorandum and see “—Security for the Bonds” below.

Authorized Denominations of the Bonds

The Bonds are being issued in “Authorized Denominations,” defined in the Indenture to mean, initially, the amount of \$500,000 or any integral multiple of \$1,000 in excess thereof, provided that no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date. Notwithstanding the foregoing, in the event a Bond is partially redeemed under the Indenture and the unredeemed portion is less than \$500,000, such unredeemed portion of such Bond may nonetheless be issued in the largest possible denomination of less than \$500,000, in integral multiples of not less than \$1,000 each or any integral multiple thereof. Furthermore, the Authorized Denominations are to be reduced to \$1,000 or any integral multiple thereof in the event that the Trustee receives an opinion of Counsel that the District has filed a notice of a claim of exemption, along with all other required documents necessary to exempt the Bonds under any of the exemptions from registration contemplated by Section 11-59-110, C.R.S., or any successor statute, or has taken other actions which permit the Bonds to be issued in denominations of \$1,000 or integral multiples thereof under the Colorado Municipal Bond Supervision Act, Title 11, Article 59, C.R.S., or any successor statute.

* Preliminary; subject to change

Payment of Principal and Interest

The Bonds will bear interest at the rates set forth on the front cover hereof (computed on the basis of a 360-day year of twelve 30-day months) payable on each June 1 and December 1, commencing December 1, 2020.

The principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the principal office of the Trustee. The interest on any Bond is payable to the person in whose name such 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 Bond subsequent to such Record Date and prior to such regularly scheduled 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 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 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.

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

Subject to the provisions of the Indenture regarding the discharge on the Bond Termination Date of all Bonds then Outstanding, to the extent principal of any 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 Bond. To the extent interest on any Bond is not paid when due, such interest shall compound on each Interest Payment Date (being each June 1 and December 1), at the rate then borne by the Bond; provided however, that notwithstanding anything in the Indenture to the contrary, the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

Discharge on Bond Termination Date

The Indenture provides that, notwithstanding any other provision thereof, after application on December 1, 2054 of all available Pledged Revenue to the payment of the Bonds, the Bonds and the lien of the Indenture securing payment thereof will be deemed fully satisfied on the Bond Termination Date of December 2, 2054, and on such date the Bonds shall be discharged and the Indenture is to terminate, and the estate and rights thereby granted are to cease, terminate, and be void, and thereupon the Trustee is to cancel the Bonds and discharge the lien of the Indenture, and execute and deliver to the District such instruments in writing as are required to evidence the same. Upon such discharge, the Owners of the Bonds 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 Bonds remaining unpaid.

The Indenture states that the provisions thereof described in the preceding paragraph do not relieve the District of its obligation to impose the Required Mill Levy in each year prior to the year in which the Bond Termination Date occurs, and to apply the Pledged Revenue in the manner required by the Indenture on and prior to such date.

Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, at the time or times and upon the price or prices to be set forth in the final Limited Offering Memorandum.

Mandatory Sinking Fund Redemption. The Bonds also are subject to mandatory sinking fund redemption prior to the maturity date of such Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, on December 1 in the years and amounts set forth below:

Year of Redemption*	Redemption Amount*	Year of Redemption*	Redemption Amount*
2026	\$ 5,000	2039	\$110,000
2027	5,000	2040	130,000
2028	15,000	2041	140,000
2029	15,000	2042	160,000
2030	30,000	2043	170,000
2031	30,000	2044	195,000
2032	45,000	2045	205,000
2033	45,000	2046	235,000
2034	60,000	2047	245,000
2035	65,000	2048	280,000
2036	80,000	2049	290,000
2037	85,000	2050 ¹	640,000
2038	105,000		

*Preliminary; subject to change.

¹ Final maturity; not a sinking fund redemption

With respect to each maturity of the Bonds subject to mandatory sinking fund redemption, on or before forth-five (45) days prior to each sinking fund installment date for such maturity as set forth above, the Trustee is to select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds of that maturity, a principal amount of such 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 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, are to be applied in such year or years as may be determined by the District.

General Redemption Provisions. If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the 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 Bonds are to be redeemed only in integral multiples of \$1,000. In the event a Bond is of a denomination larger than \$1,000, a portion of such Bond may be redeemed, but only in the principal amount of \$1,000 or any integral multiple thereof. Such Bond is to be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$1,000. In the event a portion of any Bond is redeemed, the Trustee is to, without charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

Notice and Effect of Redemption. In the event any of the Bonds or portions thereof are called for redemption as described above, notice thereof identifying the 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), not less than 30 days prior to the date fixed for redemption, to the Owner of each 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 Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice is to be specifically subject to the deposit of funds by the District. All 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.

Notices for Bonds Held by a Depository. The Indenture provides that, notwithstanding any provisions therein which provide for notices to Owners by mail, so long as the Bonds are held by DTC or any other Depository, such notice may be given by electronic means in lieu of mailed notice.

Security for the Bonds

Pledged Revenue. The Bonds are limited tax general obligations of the District secured by and payable from the revenue derived by the District from the following sources, (the “Pledged Revenue”): (i) the Required Mill Levy, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County; (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Reserve Fund. The Bonds are also secured by amounts on deposit in the Reserve Fund, which is to be funded from proceeds of the Bonds in an amount equal to the Reserve Requirement.

Surplus Fund. In addition, excess Pledged Revenue, if any, accumulated in the Surplus Fund also secures the payment of the Bonds. Available Pledged Revenue, if any, is to be accumulated in the Surplus Fund in accordance with the Indenture up to the Maximum Surplus Amount.

Required Mill Levy. The definition of Required Mill Levy is set forth below. The 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, not to exceed the Required Mill Levy, for ad valorem property taxes to the Douglas County Board of County Commissioners in an amount sufficient to pay, along with other legally available Pledged Revenue, the principal of and interest on the Bonds. The Indenture provides that in the event any ad valorem taxes are not paid when due, the District is to diligently cooperate with the County Treasurer to enforce the lien of such unpaid taxes against the property for which the taxes are owed. See “—Covenant to Impose the Required Mill Levy” below and “RISK FACTORS—Enforcement of Tax Collection by County.”

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

(a) Subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due and if necessary, to replenish the Reserve Fund to the Reserve Requirement, but (i) not in excess of 50.000 mills, and (ii) if the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, not less than 50.000 mills, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come

due, replenish the Reserve Fund to the Reserve Requirement, and fund (or replenish) the Surplus Fund to the Maximum Surplus Amount; *provided however*, that if, after the date of issuance of the Bonds, changes are made in the method of calculating assessed valuation or there is any constitutionally mandated tax credit, cut or abatement, such maximum and minimum mill levies 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 such mill levies, as so adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the residential rate as defined in Section 39-1-104.2, C.R.S., shall be deemed to be a change in the method of calculating assessed valuation.

As of the date of issuance of the Bonds, the residential rate as defined in Section 39-1-104.2, C.R.S. (stated as a percentage of actual value as determined by the County Assessor), is 7.15%. Accordingly, increases or decreases of the maximum and minimum mill levies as required under paragraph (a) above shall include (but not be limited to) adjustments to such mill levies if the residential rate (as defined in Section 39-1-104.2, C.R.S.) is changed from 7.15%.

(b) The Indenture provides that, notwithstanding anything therein to the contrary, in no event may the Required Mill Levy be established at a mill levy which would constitute a material departure from the requirements of the Service Plan or 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 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 or create a material departure from the Service Plan, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded and no material departure from the Service Plan occurs.

Covenant to Impose the Required Mill Levy. The Indenture provides that, for the purpose of paying the principal of, premium if any, and interest on the Bonds, replenishing the Reserve Fund, and funding and replenishing the Surplus Fund, 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 2049, inclusive (for tax collection in years 2021 through 2050, inclusive), and in any year thereafter in which the Bonds remain Outstanding, in the amount of the Required Mill Levy, *subject, however*, to the provisions of the Indenture set forth in the succeeding paragraph. The Indenture provides that nothing therein is to be construed as requiring the District to levy an ad valorem property tax for the foregoing purposes (i) in an amount in excess of the Required Mill Levy or (ii) which is in conflict with the provisions of the Indenture set forth in the paragraph below.

NOTWITHSTANDING ANY OTHER PROVISION IN THE SENIOR INDENTURE, THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER TAX LEVY YEAR 2053 (FOR COLLECTION IN CALENDAR YEAR 2054).

The 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 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 set forth in the Indenture as described above.

Specific Ownership Tax. "Specific Ownership Tax" is defined in the Indenture to mean the specific ownership taxes collected by the County and remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute. Pursuant to Section 42-3-107, C.R.S., specific ownership tax is collected by all counties and distributed to every taxing entity within a county, such as the District, in the proportion that the taxing entity's ad valorem taxes represents of the cumulative amount of ad valorem taxes levied

county-wide. Changes in State law pursuant to which the specific ownership tax is collected and distributed are not within the control of the District, and could result in a decrease in the present specific ownership tax rates and a corresponding decrease in the amount of Specific Ownership Tax received by the District and payable to the Trustee in accordance with the Indenture for payment of the Bonds.

Only the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy is pledged to the payment of the Bonds.

Certain Indenture Provisions

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

The Indenture secures, and the covenants made by the District in the Indenture are for the benefit of Owners of, solely the Bonds.

Creation of Funds and Accounts. Under the Indenture, there are created the following funds and accounts, which are to be established, held and maintained by the Trustee in accordance with the provisions of the Indenture:

- (a) the Revenue Fund;
- (b) the Project Fund;
- (c) the Bond Fund and therein, the Capitalized Interest Account;
- (d) the Reserve Fund;
- (e) the Surplus Fund; and
- (f) the Costs of Issuance Fund.

Revenue Fund. The Revenue Fund is to be established, held and maintained by the Trustee in accordance with the provisions of the Indenture as described below. The Indenture provides that the District is to transfer all amounts comprising Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, but in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such Pledged Revenue is received by the District. The Indenture further provides that: IN NO EVENT IS THE DISTRICT PERMITTED TO WITHHOLD ANY PORTION OF THE SENIOR PLEDGED REVENUE OR TO APPLY ANY PORTION THEREOF TO ANY PURPOSE OTHER THAN REMITTANCE TO THE TRUSTEE FOR APPLICATION AS SET FORTH IN THE SENIOR INDENTURE. The Trustee is to credit all Pledged Revenue to the Revenue Fund promptly upon the receipt thereof.

Flow of Funds. The Trustee is to apply, in each Bond Year, the Pledged Revenue in the order of priority set forth in clauses FIRST through SIXTH below and, for purposes of such application: (i) no Pledged Revenue is to flow to a lower priority until all of the higher priorities have been fully funded; (ii) when credits or disbursements to more than one fund, account, or purpose are required at any single priority level, such credits or disbursements are to rank *pari passu* with each other; and (iii) when credits or disbursements are required to go to funds or accounts which are not held by the Trustee under the Indenture,

the Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits or disbursements are to be made.

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

SECOND: To the credit of the Bond Fund, the amounts described in “—*Bond Fund*” below, and to the credit of or disbursement to any other similar fund or account established for the current payment of the principal of and interest on any other Senior Bonds due or coming due in the then current Bond Year, the amounts required for such Bond Year (or equivalent) by the documents pursuant to which such other Senior Bonds are issued.

THIRD: To the credit of the Reserve Fund, the amount required, if any, to cause the amount therein to equal the Reserve Requirement, and to the credit of or disbursement to any reserve or similar fund or account established in connection with any other Senior Bonds to secure the payment of the principal of and interest on such Senior Bonds (which fund or account is fully funded as of the date of issuance of such other Senior Bonds), the amounts required to be credited to such reserve (or similar) fund or account for the then current Bond Year (or equivalent) by the documents pursuant to which such other Senior Bonds are issued.

FOURTH: To the credit of the Surplus Fund the amount required, if any, necessary to cause the amount therein to equal the Maximum Surplus Amount, and with respect to any other Senior Bonds then outstanding, to the credit of or disbursement to any other similar surplus fund or account established in connection with such Senior Bonds to secure payment of the principal of and interest thereon (which fund or account is *not* fully funded as of the date of issuance of such Senior Bonds), the amounts required for the then current Bond Year (or equivalent) by the documents pursuant to which such other Senior Bonds are issued, subject to any limitations therein restricting the amount of Pledged Revenue which is to be credited to such fund or account.

FIFTH: For so long as any Subordinate Bonds are outstanding, to the Subordinate Bond Trustee for such Subordinate Bonds, all amounts remaining in the then current Bond Year after the payments and accumulations set forth in clauses FIRST through FOURTH above for application in the manner set forth in the applicable Subordinate Bond Documents.

SIXTH: To or at the direction of the District, for the credit of or disbursement to any other fund or account as may be designated by the District in writing to the Trustee, to be used for any lawful purpose, all amounts remaining in the then current Bond Year after the payments and accumulations set forth in clauses FIRST through FIFTH above.

Project Fund. The Project Fund is to be maintained by the Trustee in accordance with the provisions of the Indenture described below. The Project Fund is to terminate at such time as no further moneys remain therein. Upon issuance of the Bonds, a portion of the proceeds thereof is to be credited to the Project Fund. See “USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Bond Proceeds.”

So long as no Event of Default has occurred and is continuing, amounts in the Project Fund will be disbursed by the Trustee to the District in accordance with requisitions submitted to the Trustee in substantially the form set forth in an exhibit to the Indenture, signed by the District Representative or the President of the District and the District Accountant, and certifying that all amounts drawn will be applied to the payment of the Project Costs. The Trustee may rely conclusively on each such requisition and the information and certifications contained therein and will not be required to make any independent investigation in connection therewith. The execution of any requisition by the District Representative or

the President of the District and the District Accountant will constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Upon the occurrence and continuance of an Event of Default under the Indenture, the Trustee is to cease disbursing moneys from the Project Fund, and instead is to apply such moneys in the manner provided in the Indenture as described below under the captions entitled “—Events of Default” and “—Remedies on Occurrence of Event of Default.”

In the event the amounts credited to the Bond Fund (*including* amounts transferred therein from the Surplus Fund, but *not* including any amounts to be transferred thereto from the Reserve Fund) are insufficient to pay the principal of and/or interest on the Bonds on any Scheduled Payment Date, the Trustee is to transfer from the Project Fund to the Bond Fund an amount which, when combined with moneys in the Bond Fund (*including* amounts transferred therein from the Surplus Fund, but *not* including any amounts to be transferred thereto from the Reserve Fund), will be sufficient to pay the amounts due on such Scheduled Payment Date; and in the event the amounts in the Bond Fund (*including* amounts transferred therein from the Surplus Fund, but *not* including any amounts to be transferred thereto from the Reserve Fund) and the Project Fund are insufficient to pay all principal of and/or interest then due on the applicable Scheduled Payment Date, the Trustee is to nonetheless transfer all of the moneys in the Project Fund to the Bond Fund for the purpose of making partial payments as provided in the Indenture and described below under the caption “—*Bond Fund*.” Amounts in the Project Fund are not to be transferred to the Bond Fund for the purpose of paying Bonds being called pursuant to any optional redemption provisions of the Indenture.

The Indenture states that it is the intent thereunder that amounts in the Project Fund are to be transferred to the Bond Fund pursuant to the provisions of the Indenture set forth in the preceding paragraph: (i) only *after* the transfer of moneys from the Surplus Fund and (ii) *prior to* the transfer of any amounts from the Reserve Fund.

Upon the receipt by the Trustee of a resolution of the District determining that all Project Costs have been paid, or that the funds in the Project Fund exceed the amount necessary to pay all Project Costs which the District has determined to pay, any balance remaining in the Project Fund will be credited to the Bond Fund.

The Indenture provides that it is intended that amounts in the Project Fund are to be transferred to the Bond Fund only *after* the transfer of moneys from the Surplus Fund and *prior to* the transfer of any amounts from the Reserve Fund to the Bond Fund.

Bond Fund. The Bond Fund is to be maintained by the Trustee in accordance with the provisions of the Indenture as described below.

Subject to the receipt of sufficient Pledged Revenue, the Trustee is to credit to the Bond Fund each Bond Year an amount of Pledged Revenue which, when combined with other legally available moneys in the Bond Fund (but *not* including moneys to be deposited thereto from other funds pursuant to the terms of the Indenture), will be sufficient to pay the principal of, premium if any, and interest on the Bonds which has or will become due in the Bond Year in which the credit is made. Moneys in the Capitalized Interest Account of the Bond Fund are to be taken into account by the Trustee when making such credits each Bond Year, and no Pledged Revenue is to be applied to the payment of interest on the Bonds until all moneys in the Capitalized Interest Account have been fully expended. At such time as no amounts remain therein, the Capitalized Interest Account shall terminate.

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

FIRST: To the payment of interest due in connection with the Bonds (including without limitation current interest, accrued but unpaid interest, and interest due as a result of compounding, if any); and

SECOND: To the extent any moneys are remaining in the Bond Fund after the payment of such interest: (a) to the payment of the principal of the Bonds then due on the applicable Scheduled Payment Date; or (b) if Bonds are being optionally redeemed, to the payment of the principal of and premium, if any, on the Bonds due upon such prior redemption.

In the event that available moneys in the Bond Fund (*including* any moneys transferred thereto from other funds pursuant to the terms of the Indenture) are insufficient for the payment of the principal of and interest due on the Bonds on any Scheduled Payment Date, the Trustee is to apply all available moneys on such Scheduled Payment Date as follows:

FIRST: The Trustee is to apply such available moneys to the payment of interest on each Bond, in proportion to the amount of interest then due on each Bond.

SECOND: The Trustee is to apply any remaining amounts in the Bond Fund to the payment of the principal of the Bonds then due on the applicable Scheduled Payment Date in increments of \$1,000 or any integral multiple thereof. Bonds or portions thereof to be redeemed pursuant to a partial mandatory sinking fund redemption payment shall be selected by lot from the Bonds the principal of which is due and owing on the Scheduled Payment Date.

Amounts transferred to the Bond Fund from other funds and accounts held under the Indenture as a result of an insufficiency of funds therein to pay the Bonds when due shall be transferred to the Bond Fund in the following order of priority: *first*, from the Surplus Fund; *second*, from the Project Fund; and *lastly*, from the Reserve Fund.

Reserve Fund. The Reserve Fund is to be maintained by the Trustee in accordance with the provisions of the Indenture as described below.

The Reserve Fund is to be initially funded upon issuance of the Bonds from the proceeds thereof in the amount of the Reserve Requirement. Thereafter, subject to the receipt of sufficient Pledged Revenue, the Reserve Fund is to be maintained in the amount of the Reserve Requirement. If the Reserve Fund is drawn upon and the amount therein is less than the Reserve Requirement, the Reserve Fund is to be replenished in the amount necessary to cause the amount therein to equal the Reserve Requirement, but solely from and to the extent of Pledged Revenue available for such purpose pursuant to the provisions of the Indenture as described above under clause THIRD of the caption “—Flow of Funds.”

Subject to provisions of the Indenture concerning the Reserve Fund described in the succeeding paragraphs, moneys in the Reserve Fund are to be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of and/or interest on the Bonds when due on any Scheduled Payment Date, and the Reserve Fund is pledged by the Indenture to the payment of the Bonds. In the event the amounts credited to the Bond Fund (*including* amounts transferred thereto from the Surplus Fund *and* the Project Fund) are insufficient to pay the principal of and/or interest on the Bonds on any Scheduled Payment Date, the Trustee is to transfer from the Reserve Fund to the Bond Fund an amount which, when combined with moneys in the Bond Fund (*including* amounts transferred thereto from the Surplus Fund *and* the Project

Fund), will be sufficient to make such payments on the applicable Scheduled Payment Date. In the event that moneys in the Bond Fund (*including* amounts transferred thereto from the Surplus Fund *and* the Project Fund) and the Reserve Fund are together insufficient to make such payments when due on any Scheduled Payment Date, the Trustee is to nonetheless transfer all moneys in the Reserve Fund to the Bond Fund for the purpose of making partial payments as provided in the Indenture and described above under the caption “—*Bond Fund*.”

The Indenture provides that moneys in the Surplus Fund and the Project Fund are to be transferred to the Bond Fund and used for payment of the Bonds *prior* to transfer of moneys in the Reserve Fund to the Bond Fund for such purpose pursuant to the provisions of the Indenture described in the preceding paragraph.

If at any time the Reserve Fund is drawn upon or valued so that the amount of the Reserve Fund is less than the Reserve Requirement, then the Trustee is to apply Pledged Revenue to the credit of the Reserve Fund in amounts sufficient to bring the amount credited to the Reserve Fund to the Reserve Requirement. Such credits are to be made at the earliest practicable time, but in accordance with and subject to the limitations of the Indenture as described above in clause THIRD under the caption above entitled “—*Flow of Funds*.” Nothing in the Indenture is to be construed as requiring the District to impose an ad valorem mill levy in excess of the Required Mill Levy for the purpose of replenishing the Reserve Fund.

Investments credited to the 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 provided in the Indenture and described in the preceding paragraph.

The amount credited to the Reserve Fund is never to exceed the amount of the Reserve Requirement. In the event the amount in the Reserve Fund is greater than the amount of the Reserve Requirement, the Trustee is to transfer to the Bond Fund the amount necessary such that the amount in the Reserve Fund does not exceed the Reserve Requirement.

If at any time the amounts on deposit in the Reserve Fund (when combined with amounts on deposit in the Surplus Fund which are not required to be transferred to the Bond Fund for payment of the Bonds on any Scheduled Payment Date) are sufficient to pay, whether by redemption or at maturity, all principal, premium, if any, and interest on the Bonds that will accrue to the redemption date or final maturity date, all amounts on deposit in the Reserve Funds are to be transferred to the Bond Fund and, in combination with the amounts transferred from the Surplus Fund to the Bond Fund for such purpose, shall be applied to the payment of the principal of, premium, if any, and interest on the Bonds at the times and in the amounts required for the full payment of the principal of, premium, if any, and interest on the Bonds.

Surplus Fund. The Surplus Fund is to be maintained by the Trustee in accordance with the provisions of the Indenture. Subject to the receipt of sufficient Pledged Revenue, the Surplus Fund is to be funded, replenished, held and maintained as provided in the Indenture and described below.

The Surplus Fund shall not be funded with proceeds of the Bonds; rather, the Surplus Fund shall be funded solely from and to the extent of Pledged Revenue available under clause FOURTH of the section of the Indenture described above under the caption “—*Flow of Funds*” until such time as the amount therein is equal to the Maximum Surplus Amount. Thereafter, subject to the receipt of sufficient Pledged Revenue, for so long as any Bond is Outstanding under the Indenture, the Surplus Fund is to be maintained in an amount equal to the Maximum Surplus Amount.

In the event the Surplus Fund is drawn upon and the amount therein is less than the Maximum Surplus Amount, the Surplus Fund shall be replenished in the amount necessary to cause the amount therein to equal the Maximum Surplus Amount, but solely from and to the extent of Pledged Revenue available under clause FOURTH of the section of the Indenture described above under the caption “—*Flow of Funds*.”

Except to the extent Pledged Revenue is available under clause FOURTH of the section of the Indenture described above under the caption “—*Flow of Funds*,” the District has no obligation to fund or replenish the Surplus Fund in any amount.

In the event the amounts credited to the Bond Fund are insufficient to pay the principal of and/or interest on the Bonds when due on any Scheduled Payment Date, the Trustee is to transfer from the Surplus Fund to the Bond Fund an amount which, when combined with moneys in the Bond Fund, will be sufficient to make such payments when due on the applicable Scheduled Payment Date; and in the event the amounts in the Bond Fund and the Surplus Fund are insufficient to pay all principal and/or interest then due on the applicable Scheduled Payment Date, the Trustee will nonetheless transfer all of the moneys in the Surplus Fund to the Bond Fund for the purpose of making partial payments as provided in the Indenture and described under the caption “—*Bond Fund*” above.

For purposes of the Indenture, investments credited to the Surplus 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.

It is intended that amounts in the Surplus Fund are to be transferred to the Bond Fund prior to any transfer from the Project Fund or the Reserve Fund.

If at any time the amount on deposit in the Surplus Fund (when combined with the amount on deposit in the Reserve Fund, if any, not required to be transferred to the Bond Fund for payment of the Bonds on any Scheduled Payment Date) is sufficient to pay, whether by redemption or at maturity, all principal of, premium, if any, and interest on the Bonds that will accrue to the redemption date or final maturity date, all amounts on deposit in the Surplus Fund shall be transferred to the Bond Fund and, in combination with the amounts transferred from the Reserve Fund to the Bond Fund pursuant to the provisions of the Indenture described above under the caption “—*Reserve Fund*,” shall be applied to the payment of the principal of, premium, if any, and interest on the Bonds at the times and in the amounts required for the full payment of the principal of, premium, if any, and interest on the Bonds.

Costs of Issuance Fund. On the date of issuance of the Bonds, a portion of the proceeds thereof is to be deposited in the Costs of Issuance Fund. The Trustee is to disburse amounts from the Costs of Issuance Fund for payment of the fees, costs and expenses incurred in connection with the issuance of the Bonds pursuant to invoices provided to the Trustee which are consistent with the closing memorandum prepared by the Underwriter. The Trustee may rely conclusively on the instructions provided in the closing memorandum and will not be required to make any independent investigation in connection with such payments. Amounts to be disbursed from the Costs of Issuance Fund other than as provided in the closing memorandum must be approved in writing by the District prior to disbursement.

On the date which is ninety (90) days after the date of issuance of the Bonds, the Trustee shall transfer all amounts then remaining in the Costs of Issuance Fund, if any, to the Project Fund. At such time as no moneys remain therein, the Costs of Issuance Fund shall terminate.

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

The District will not dissolve, merge, or otherwise alter its corporate structure in any manner or to any extent as might materially adversely affect the security provided for the payment of the Bonds, and will continue to operate and manage the District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules, and regulations; provided, however, that the foregoing will not prevent the District from dissolving pursuant to the provisions of the Special District Act.

At least once a year the District will cause an audit to be performed of the records relating to its revenues and expenditures, and the District is to use its reasonable efforts to have such audit report completed no later than September 30 of the calendar year immediately succeeding the calendar year which is the subject of such audit. The foregoing covenant is to apply notwithstanding any State law audit exemptions that may exist. In addition, at least once a year in the time and manner provided by law, the District will cause a budget to be prepared and adopted. Copies of the budget and audit will be filed and recorded in the places, at the time, and in the manner provided by law.

The District will carry general liability, public officials' liability, and such other forms of insurance on insurable District property upon the terms and conditions, in such amounts and issued by recognized insurance companies, as in the judgment of the District will protect the District and its operations.

Each District official or other person having custody of any District funds or responsible for the handling of such funds, is to be bonded or insured against theft or defalcation at all times.

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

In the event the Pledged Revenue and other moneys available under the Indenture for payment of the Bonds are insufficient or are anticipated to be insufficient to pay the principal of or interest on the Bonds when due, the District is to use its reasonable efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such insufficiency.

In the event that any Pledged Revenue is released to the District as provided in the Indenture and described in clause SIXTH under the caption above entitled "*—Flow of Funds,*" the District will, in making its determination as to which obligations will be paid with such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue.

In the event that an exemption from registration for the Bonds under the Colorado Municipal Bond Supervision Act (including any rules or orders promulgated thereunder) becomes available that permits the issuance or reissuance of the Bonds in denominations of \$1,000 or integral multiples thereof, and if requested in writing by the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds, the District will, at the expense of the Consent Parties so requesting, use its good faith efforts to obtain such an exemption, amend the Indenture as may be required in connection therewith, and issue or reissue the Bonds in denominations of \$1,000 or integral multiples thereof.

Additional Bonds. After issuance of the Bonds, no Additional Bonds (defined in APPENDIX H hereto) may be issued except in accordance with the provisions of the Indenture described below. The Indenture does not limit the issuance or incurrence of obligations not included within the definition of Additional Bonds. The Indenture provides that the District is not to create, incur, assume, or suffer to exist

any liens or encumbrances upon the ad valorem tax revenues of the District or the Pledged Revenue or any part thereof superior to the lien thereon of the Bonds.

The provisions of the Indenture regarding the issuance of the District's Series 2020B₍₃₎ Subordinate Bonds and Additional Bonds which constitute Permitted Refunding Bonds; additional Senior Bonds; and additional Subordinate Bonds are set forth below.

Series 2020B₍₃₎ Subordinate Bonds. The Indenture provides that the District may issue the Series 2020B₍₃₎ Subordinate Bonds in accordance with the Subordinate Indenture without compliance with the provisions of the Indenture set forth under this caption.

Permitted Refunding Bonds. The District may issue Additional Bonds which constitute 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 H hereto for the definition of "Permitted Refunding Bonds.")

Senior Bonds. The District may issue Additional Bonds which constitute Senior Bonds (and thus would be on parity with the Bonds) if such issuance is consented to by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding, provided that, with or without such consent, the District may issue additional Senior Bonds if each of the following conditions are met as of the date of issuance of such additional Senior Bonds:

No Event of Default has occurred and is continuing under the Indenture, and no amounts of principal or interest on the Bonds or any other Senior Bonds then outstanding are due but unpaid.

Upon issuance of the additional Senior Bonds, the Debt to Assessed Ratio of the District will be 50% or less.

A separate reserve fund is created for the security of the additional Senior Bonds in an amount equal to 10% of the issue price of such Senior Bonds (or such lesser amount as may be permitted to be used for deposits of the proceeds of tax-exempt obligations to reasonably required reserve or replacement funds under then-existing federal income tax rules and regulations), and separate reserve fund is to function in substantially the same manner as the Reserve Fund for the Bonds. Such separate reserve fund shall be fully funded as of the date of issuance of the additional Senior Bonds from the proceeds thereof or from any source other than Pledged Revenue.

A separate surplus fund is created for the security of the additional Senior Bonds in a maximum amount not to exceed 10% of the issue price of such Senior Bonds, which surplus fund shall not be funded in whole or in part upon issuance of such Senior Bonds nor from any proceeds thereof; instead, such surplus fund shall be funded (and replenished) solely from and to the extent of excess amounts of the revenue pledged to such additional Senior Bonds.

Subordinate Bonds. The District may issue Additional Bonds which constitute Subordinate Bonds if each of the following conditions are met as of the date of issuance of such Subordinate Bonds:

No Event of Default has occurred and is continuing under the Indenture and no amounts of principal or interest on the Bonds or any other Senior Bonds then outstanding are due but unpaid.

The maximum mill levy which the District promises to impose for payment of the additional Subordinate Bonds is not higher than the maximum Required Mill Levy as determined under paragraph (a) of the definition of such term set forth in APPENDIX H hereto, less the mill levy required to be imposed in connection with the Bonds and any other Senior Bonds then outstanding, and is subject to the same

deductions and adjustments as those set forth under paragraph (a) of such definition of the Required Mill Levy.

The additional Subordinate Bonds are payable as to both principal and interest not more than once annually, on a date in any calendar year which is after the final principal and interest payment due dates in that calendar year on the Bonds and any other Senior Bonds.

The additional Subordinate Bonds comply in all respects with the provisions of the Subordinate Bond Documents for all Subordinate Bonds then outstanding (including, without limitation, the Subordinate Indenture).

District Certification. A written certificate by the President or Treasurer of the District that the conditions for issuance of Additional Bonds set forth in the Indenture and described above are met is to conclusively determine the right of the District to authorize, issue, sell, and deliver such Additional Bonds in accordance with the Indenture.

Events of Default. The Indenture provides that the occurrence of any one or more of the following events or the existence of any one or more of the following conditions is to constitute an Event of Default under the Indenture (whatever the reason for such event or condition and whether it is to 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 thereunder except as provided in the Indenture:

(a) The District fails or refuses to impose the Required Mill Levy or to remit (or cause to be remitted) the Pledged Revenue to the Trustee as required by the Indenture;

(b) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution, other than as described in paragraph (a) above, and fails to remedy the same after notice thereof in the manner required under the Indenture; or

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

The Indenture states that it is acknowledged that, due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due does not, of itself, constitute an Event of Default thereunder. The Indenture also contains the following statement:

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SENIOR INDENTURE, ***THE DISTRICT ACKNOWLEDGES AND AGREES*** THAT APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY PURPOSE OTHER THAN REMITTANCE TO THE TRUSTEE FOR APPLICATION AS REQUIRED BY THE SENIOR INDENTURE CONSTITUTES AN EVENT OF DEFAULT THEREUNDER, AND IN NO EVENT SHALL THE DISTRICT BE PERMITTED TO WITHHOLD ANY PORTION OF THE SENIOR PLEDGED REVENUE OR APPLY ANY PORTION THEREOF TO ANY PURPOSE OTHER THAN REMITTANCE TO THE TRUSTEE AS REQUIRED BY THE SENIOR INDENTURE.

Notice of Default; Opportunity to Cure Defaults. The Trustee is to give to the Owners of all Bonds notice, by mailing to the address shown on the registration books maintained by the Trustee, of all Events of Default known to the Trustee (as determined pursuant to the Indenture), within ninety (90) days after the occurrence of such Event of Default unless such Event of Default is to have been cured before the giving of such notice; provided that, the Trustee is to be protected in withholding such notice if and so long

as a committee of its corporate trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners.

No default as described under paragraph (b) under the caption “—*Events of Default*” above is to constitute an Event of Default until: (1) actual notice of such default by registered or certified mail is given by the Trustee or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds Outstanding to the District; (2) the District has had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected; and (3) the District has not corrected said default or caused said default to be corrected within the applicable period; *provided, however*, the Indenture provides that if said default is such that it cannot be corrected within the applicable period, it is not to constitute an Event of Default thereunder if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

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

Receivership. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the 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 under the Indenture, 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 Indenture to, the Trustee.

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

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 Indenture or any rights, powers, or remedies of the Trustee under the Indenture, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners are to continue unimpaired as before.

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

Acceleration of the Bonds is not an available remedy for an Event of Default.

Control of Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding will have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the 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 Indenture, or for the appointment of a receiver, and any other proceedings under the Indenture; provided

that such direction is not to be otherwise than in accordance with the provisions of the Indenture; and provided further that at its option the Trustee is to be indemnified as provided in the Indenture.

Rights and Remedies of Owners. No Owner of any Bond is to have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the 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 as provided in the Indenture, or of which under the Indenture it is deemed to have notice, and unless such default is to have become an Event of Default and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding are to have made written request to the Trustee and are to have offered reasonable opportunity either to proceed to exercise the powers granted in the 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 Indenture, nor unless the Trustee is to thereafter fail or refuse to exercise the powers granted in the 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 Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds are to have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the 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 are to be instituted, had, and maintained in the manner therein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

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

Indenture Amendments Not Requiring Consent. Subject to the provisions of the Indenture, the District and the Trustee may, without the consent of or notice to the Owners or Consent Parties, enter into such amendments to the Indenture and/or indentures supplemental thereto, which amendments and supplemental indentures are to thereafter form a part thereof, for any one or more of the following purposes.

To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in the 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 Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not in the opinion of Bond Counsel materially adversely affect the interests of the Owners of the Bonds.

To subject to the Indenture additional revenues, properties, or collateral.

To grant or confer upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee.

To qualify the Indenture under the Trust Indenture Act of 1939.

Indenture Amendments Requiring Consent. Except for amendments and supplemental indentures delivered pursuant to the terms of the Indenture as described in the preceding paragraph, and subject to the provisions of the Indenture, the Consent Parties with respect to not less than a majority (or for modifications of provisions of the Indenture which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the 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 amendments to the Indenture and/or indentures supplemental thereto as are deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing contained in the Indenture is to permit, or be construed as permitting:

- (a) a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding 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 or interest on the Bonds when due;
- (c) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or
- (d) a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such amendment or supplemental indenture.

Discharge of Bonds. The Indenture provides that, notwithstanding any other provision thereof, after application on December 1, 2054 of all available Pledged Revenue to the payment of the Bonds, the Bonds and the lien of the Indenture securing payment thereof shall be deemed fully satisfied on the Bond Termination Date of December 2, 2054, and on such date the Bonds shall be discharged and the Indenture shall terminate, and the estate and rights thereby granted shall cease, terminate, and be void, and thereupon the Trustee shall cancel the Bonds and discharge the lien of the 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 Bonds remaining unpaid.

USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS

Application of Bond Proceeds

Proceeds from the sale of the Bonds will be used for the purposes of (i) paying or reimbursing Project Costs; (ii) paying the costs of issuance of the Bonds (and the Series 2020B₍₃₎ Subordinate Bonds, which are not being offered for sale pursuant to this Limited Offering Memorandum); (iii) funding the Reserve Fund; and (iv) funding a portion of the interest to accrue on the Bonds.

Estimated Sources and Uses of Funds. The estimated uses of the proceeds of the Bonds are as follows:

Sources:	
Bonds Par Amount	
(Net) Original Issue Premium	
Total	
Uses:	

Deposit to Project Fund
Deposit to Bond Fund (capitalized interest)
Deposit to Reserve Fund
Costs of issuance, including underwriting discount ¹ and contingency
Total

¹ See “MISCELLANEOUS—Underwriting.”
Source: The Underwriter

Debt Service Requirements

Set forth in the following table are the debt service requirements for the Bonds.

TABLE I
Debt Service Requirements ¹

Year*	Principal*	Interest	Total
2020	--		
2021	--		
2022	--		
2023	--		
2024	--		
2025	--		
2026	\$ 5,000		
2027	5,000		
2028	15,000		
2029	15,000		
2030	30,000		
2031	30,000		
2032	45,000		
2033	45,000		
2034	60,000		
2035	65,000		
2036	80,000		
2037	85,000		
2038	105,000		
2039	110,000		
2040	130,000		
2041	140,000		
2042	160,000		
2043	170,000		
2044	195,000		
2045	205,000		
2046	235,000		
2047	245,000		
2048	280,000		
2049	290,000		
2050	<u>640,000</u>		
Total	<u>\$3,385,000</u>		

* Preliminary; subject to change.

¹ Assumes no redemptions, other than mandatory sinking fund redemptions, prior to maturity. Figures have been rounded.

Source: The Underwriter

THE DISTRICT

Organization and History

The District is a quasi-municipal corporation and political subdivision of the State organized pursuant to the Special District Act. At the Election, a majority of those eligible to vote and voting at the Election voted in favor of, among other things, the organization of the District. Following the Election and approval of the Service Plan, the District was formally organized pursuant to an “Order and Decree, Issuance of Certificates of Election for Directors, and Release of Bond” issued by the District Court, County of Douglas (the “District Court”) on December 17, 2018 and recorded in the Douglas County Records on January 7, 2019 at Reception No. 2019000664 (the “Order”). The District’s current acreage is approximately 35.68 acres. Property within the District is planned to include approximately 117 single family homes and open space. See “AERIAL PHOTO,” “DEVELOPMENT PLAN,” “DISTRICT MAP” and “REGIONAL MAP.”

The District operates in accordance with the Special District Act, subject to the limitations of its Service Plan and the Election. Specifically, the District is authorized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Service Plan Contemplated Improvements. Following completion of the applicable improvements and expiration of the applicable warranty periods, the District is to dedicate certain Service Plan Contemplated Improvements to the Town or other appropriate governmental entity or owners’ association, in a manner consistent with the Service Plan, Town Land Use Approvals and other rules and regulations of the Town and applicable provisions of the Town Code. See “—Service Plan Limitations” below.

District Powers

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly Title 32, Article 1, C.R.S. (as previously defined, the “Special District Act”). The powers of the District are, however, limited both by the provisions of its Service Plan and its electoral authorization. See “—Service Plan Limitations” below.

Generally, the 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 the District. The District also has the power, subject to constitutional and statutory limitations and other limitations contained in its Service Plan, to certify a levy for the collection of ad valorem taxes against all taxable property of the District. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes.”

Inclusions and Exclusions. Subject to compliance with statutory procedures and the Service Plan, the Board may order the inclusion or exclusion of real property to or from the District, as the case may be, thereby modifying the boundaries of the District. Pursuant to the Service Plan, any inclusion for property outside of the Service Area of the District requires the prior written consent of the Town. Such included or excluded property remains obligated to the same extent as all other property within the District for the payment of then-outstanding District indebtedness and subsequent refundings thereof. Boundary changes resulting from property included to or excluded from the District prior to the first day of May of each year are reflected in the District's assessed valuation and are subject to the ad valorem property tax levy of the District for that assessment year. With certain exceptions (including property exempt from ad valorem property taxation), inclusions or exclusions that occur after May 1 are considered in the following assessment year.

Service Plan Limitations

Pursuant to the District's Service Plan and the Special District Act, the District is authorized to provide for the financing and refinancing of the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance and financing of the Service Plan Contemplated Public Improvements within and without the boundaries of the District. The District is to dedicate the completed Service Plan Contemplated Public Improvements to the Town, other appropriate jurisdictions, or owners' associations in a manner consistent with the Development Plan, rules and regulations of the Town, and the applicable provisions of the Town Code.

Service Plan Debt Limit. The Service Plan defines "Debt" as bonds or other obligations for the payment of which either the District or District No. 1 has promised to impose an ad valorem property tax mill levy. The definition of Debt does not include intergovernmental agreements that do not contain a pledge of an ad valorem property tax mill levy between the Districts, all as more particularly defined in the Service Plan.

The Service Plan establishes a limitation on the amount of Debt that may be issued by the Districts. Specifically, the Districts are limited to issuing \$45,000,000 in combined Debt of the District and District No. 1 (as previously defined, the "Service Plan Debt Limit"). The Service Plan Debt Limit is not applicable to bonds, loans, notes or other instruments issued for the purpose of refunding, refinancing, reissuing or restructuring outstanding Debt; provided, however, that if the aggregate principal amount of the refunding Debt exceeds the outstanding aggregate principal amount of the refunded Debt, the increase in principal amount is to be counted against the Service Plan Debt Limit.

In addition to the limitations of the Service Plan, the issuance of indebtedness of the District is restricted by State statutes that restrict the amount of debt issuable by special districts and the availability of electoral authorization. See "DEBT STRUCTURE—Debt Restrictions" and "—General Obligation Debt" herein.

Limitations on Mill Levy for Debt Service. The Service Plan imposes a limitation on the mill levy that can be imposed by the District on taxable property within the District for the payment of Debt issued by the District.

Maximum Debt Mill Levy. Specifically, the Service Plan provides that the District is limited to imposing a debt service mill levy of 63.600 mills. The Service Plan further provides, however, that the mill levy of 63.600 mills is subject to Mill Levy Adjustments, as defined and described below (as so adjusted from time to time, the "Maximum Debt Mill Levy").

Mill Levy Adjustment. The Service Plan provides as follows: if, on or after January 1, 2018, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the Maximum Debt Mill Levy may be increased or decreased to reflect such changes, such increases and 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 for changes occurring after January 1, 2018, are neither diminished nor enhanced as a result of such changes (“Mill Levy Adjustment”). For purposes of the foregoing, a change in the residential rate shall be deemed to be a change in the method of calculating assessed valuation.

As a result of changes in the method of calculating assessed valuation occurring after January 1, 2018, the levy of 63.600 mills has increased upwards and, as of the date of this Limited Offering Memorandum, the Maximum Debt Mill Levy that may be imposed by the District under the Service Plan is currently 64.044 mills. The District is *not*, however, imposing the Maximum Debt Mill Levy in connection with the Bonds; rather, the District is obligated under the Indenture to impose the Required Mill Levy of only 50 mills (subject to adjustment for changes in law as described therein), and the ad valorem property tax revenue derived therefrom is pledged by the District to the payment of the Bonds. See “THE BONDS—Security for the Bonds—*Required Mill Levy.*”

Maximum Debt Mill Levy Imposition Term. The Service Plan also limits the period of time that the District may impose a mill levy for the payment of Debt. Specifically, the District cannot impose a mill levy for the payment of Debt on any single property developed for residential uses which exceeds 35 years after the year of the initial imposition of such Debt mill levy, unless a majority of the Board imposing the mill levy are residents of the District and have voted in favor of a refunding of a part or all of the applicable Debt and such refunding will result in a net present value savings as set forth in Sections 11-56-101, et seq., C.R.S., as may be amended from time to time.

The first year of imposition of a debt service mill levy by the District was levy year 2019 (tax collection year 2020) and thus, the thirty-fifth (35th) levy year will be 2053. As a result of the limitations of the Service Plan described in the preceding paragraph, the Bonds are subject to termination and discharge. Accordingly, on the Bond Termination Date of December 2, 2054, any Bonds then Outstanding will be discharged. Following such termination and discharge of the Bonds, no Owner of any Bond will have any recourse against the District or any property of the District for any principal of, premium, if any, or interest on the Bonds remaining unpaid. See “THE BONDS—Discharge on Bond Termination Date.”

Operations Mill Levy; Maximum Aggregate Mill Levy. The Service Plan also imposes a limitation on the mill levy that can be imposed by the District for the purpose of paying operations and maintenance costs. The District cannot impose a mill levy for operations which, when combined with its debt service mill levy (which debt service mill levy cannot exceed the Maximum Debt Mill Levy), exceeds 74.600 mills (the “Maximum Aggregate Mill Levy”). The Maximum Aggregate Mill Levy is, however, subject to Mill Levy Adjustment, as described above.

Modification of Service Plan. The limitations of the Service Plan may be modified or amended only with the approval of the Town 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 generally elected to alternating four-year terms of office at successive biennial elections. For the recent May 2020 election and the May 2022 election, the full-term seats that are on the respective ballots will be for a three-year term for one term only, after which those seats will revert back to the normal four-year terms. Vacancies on the Board may be filled by appointment

of 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 nonjudicial 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.

The Board holds regular meetings and special meetings as needed. Current directors may receive a maximum compensation of \$2,400 per year, not to exceed \$100 per meeting attended. With the exception of this compensation, Board members may not receive compensation from the District as employees of the District. Currently, the District’s Board receives no compensation for meeting attendance. Each Board member is entitled to one vote on all questions before the Board when a quorum is present.

In December 2019, general counsel to the District (“General Counsel”) was made aware that the property in which each of District’s directors possessed an option to purchase was inadvertently sold in the bulk real estate transaction to Richmond Homes. To remedy the oversight, Richmond Homes entered into new options to purchase with the directors and General Counsel petitioned the Town Council to appoint to the District Board the individuals previously serving as District directors prior to such inadvertent transfer, in accordance with the provisions of Section 32-1-905(2.5), C.R.S. On December 3, 2019, the Town Council adopted Resolution No. 2019-120 and appointed Harvey Alpert, Tanya Alpert, Michael Alpert, Neill Alpert, and Rodney Alpert to serve until the regular special district election on May 5, 2020.

At the May 5, 2020 election, the current Board members were elected. Their positions on the Board, principal occupations and terms of service are set forth below.

Name	Office	Principal Occupation	Term Expires (May)
Rodney Alpert	President	Home Builder	2023
Harvey B. Alpert	Treasurer	Developer	2022
Tanya Alpert	Secretary	Real Estate Investor	2023
Neill Alpert	Assistant Secretary	Real Estate Investor	2022
Michael Alpert	Assistant Secretary	Real Estate Developer	2022

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, as a result of their direct or indirect ownership interests in the Prior Landowner, Director H. Alpert, Director R. Alpert, Director N. Alpert and Director T. Alpert have potential or existing financial, personal or private interests relating to the issuance of the Bonds or the expenditure of the proceeds thereof. See “RISK FACTORS—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 all operations and maintenance are contracted. The District retains Simmons Wheeler, P.C., Englewood, Colorado, as its accountant and White Bear Ankele Tanaka & Waldron Professional Corporation, Centennial, Colorado as its General Counsel.

Material Agreements

The District is authorized to cooperate or contract with other entities, including other governmental entities, to provide any function, service or facility lawfully authorized to each, including among others, the sharing of costs, so long as such cooperation or contract is authorized by the body having the power to so approve. At this time, *with the exception of the following agreements*, the District is not a party to any agreements currently in effect that have a material financial impact on the District.

Town IGA. As contemplated in the Service Plan, the Town and the District entered into an Intergovernmental Agreement, dated August 21, 2018 (the “Town IGA”). The Town IGA recites certain limitations on the District’s provision of services and exercise of powers as set forth in the Service Plan and the Town Code. The Town IGA further provides that all Service Plan Contemplated Improvements constructed and/or financed by the District will be dedicated to the Town or other appropriate jurisdiction in a manner consistent with the Service Plan and the Town Code. In addition, the Town IGA prohibits the District from operating or maintaining any improvements unless specifically authorized by separate agreement with the Town.

Infrastructure Acquisition and Reimbursement Agreement. On December 9, 2019, the District entered into an Infrastructure Acquisition and Reimbursement Agreement (the “Infrastructure Acquisition and Reimbursement Agreement”) with Castlevue, L.L.C., a Nevada limited liability company (as previously defined, the “Prior Landowner”) to establish the terms and conditions under which the District may coordinate the: (i) reimbursement of the Prior Landowner for Certified District Eligible Costs (defined below) incurred by the Prior Landowner for public infrastructure, improvements and services (collectively, the “Public Infrastructure”) to be dedicated to other governmental entities; (ii) acquisition of certain Public Infrastructure to be owned by the District, and payment of the Certified District Eligible Costs thereof; and (iii) reimbursement of the Prior Landowner for Eligible Professional Service Costs (defined below) constituting Certified District Eligible Costs. The term “District Eligible Costs” means any and all costs of any kind related to the provision of the Public Infrastructure that may be lawfully funded by the District under the Special District Act and the Service Plan, inclusive of Eligible Professional Service Costs. The term “Certified District Eligible Costs” means District Eligible Costs with respect to which the District has issued an Acceptance Resolution (defined below).

The Developer has previously expended funds on behalf of the District and intends to make future payments for costs for certain services directly related to the provision of Public Infrastructure in furtherance of the District’s permitted purposes, including, but not limited to: District organizational costs, engineering, architectural, surveying, construction planning, and related legal, accounting, and other professional services (the “Eligible Professional Service Costs”).

In order for the Prior Landowner to be reimbursed for District Eligible Costs *for Public Infrastructure being dedicated to other governmental entities*, the Prior Landowner must submit certain information to the District including, among other things, a completed Application for Acceptance of District Eligible Costs in the form attached as an exhibit to the Infrastructure Acquisition and Reimbursement Agreement; a description of the Public Infrastructure to be dedicated and the proposed District Eligible Costs thereof; copies of all invoices, statements, and evidence of payment thereof equal to the proposed District Eligible Costs, including lien waivers from suppliers and subcontractors; a letter from the governmental entity to which the Public Infrastructure is to be dedicated evidencing such entity’s preliminary or conditional acceptance thereof, subject to any applicable warranty period; and a letter agreement addressing maintenance of the Public Infrastructure during the applicable warranty period, the Prior Landowner’s commitment to fund the costs of any corrective work prior to final acceptance of such infrastructure, and the Prior Landowner’s agreement to obtain final acceptance from the applicable governmental entity.

In order for the Prior Landowner to be reimbursed for District Eligible Costs *for Public Infrastructure to be acquired by the District from the Prior Landowner*, the Prior Landowner must submit certain information to the District including, among other things, a completed Application for Acceptance of Public Infrastructure in the form attached to the Infrastructure Acquisition and Reimbursement Agreement; a description of the Public Infrastructure to be dedicated and the proposed District Eligible Costs thereof; copies of all invoices, statements, and evidence of payment thereof equal to the proposed District Eligible Costs, including lien waivers from suppliers and subcontractors; evidence that any and all real property interests necessary to permit the District's use and occupancy of the applicable Public Infrastructure have been granted, or, in the discretion of the District, assurances acceptable to the District that the Prior Landowner will execute or cause to be executed such instruments as will satisfy such requirement; digital record drawings of the Public Infrastructure certified by a professional engineer registered in the State of Colorado or a licensed land surveyor showing accurate dimensions and location of all such Public Infrastructure; certification from an engineer or other appropriate design professional regarding inspections of such Public Infrastructure for compliance with approved designs, plans and construction standards, to the effect that such infrastructure has been constructed in accordance therewith, and as to the fitness of such infrastructure for its intended purpose (the "Engineer's Design Certification"); assignment of warranties or guaranties; bill of sale and warranty agreement for the Public Infrastructure; and, if real property is to be conveyed, title work and special warranty deed conveying the same.

In order for the Prior Landowner to be reimbursed *for Eligible Professional Service Costs*, the Prior Landowner must submit certain information to the District including, among other things, a completed Application for Acceptance of Eligible Professional Service Costs in the form attached as an exhibit to the Infrastructure Acquisition and Reimbursement Agreement; a description of the nature of the Eligible Professional Service Costs, including the relationship to the applicable Public Infrastructure; and information satisfactory to the District establishing the amount of the applicable Eligible Professional Service Costs.

Following receipt by the District of an Application for Acceptance of District Eligible Costs, Application for Acceptance of Public Infrastructure and/or Application for Acceptance of Eligible Professional Service Costs, and within a reasonable period of time thereafter, the District's accountant is to review the invoices and other materials presented for the purpose of substantiating the applicable costs (the "Submission Materials") and issue a cost certification declaring the total amount of District Eligible Costs associated with the applicable Public Infrastructure (each, an "Accountant's Cost Certification"). In addition, the District's engineer is also to review the Submission Materials and issue a costs certificate in form and substance reasonably acceptable to the District declaring the total amount of District Eligible Costs associated with the applicable Public Infrastructure (each, an "Engineer's Cost Certification"). If the District's engineer (or other appropriate design professional) reasonably determines that corrective work must be completed before the Engineer's Cost Certificate can be issued, the Prior Landowner is to promptly be given written notice thereof and an opportunity to dispute and/or complete such corrective work.

Within a reasonable period of time following the receipt by the District of a satisfactory Accountant's Cost Certification, Engineer's Cost Certification, and Engineer's Design Certificate, the District is to consider the adoption of a resolution accepting the District Eligible Costs and any related Public Infrastructure and, if so accepted, such resolution shall declare the satisfaction of the conditions to acceptance as set forth in the Infrastructure Acquisition and Reimbursement Agreement (and described herein), with any reasonable conditions the District may specify (each, an "Acceptance Resolution" and, following the adoption thereof, the accepted District Eligible Costs shall be "Certified District Eligible Costs").

With respect to any Certified District Eligible Costs accepted in accordance with the Infrastructure Acquisition and Reimbursement Agreement, such Certified District Eligible Costs are to bear simple

interest at the rate of 8.0% per annum, accruing from the effective date of the related Acceptance Resolution to the earlier of (a) the full payment of such amount or (b) the date on which the District issues a writing evidencing its financial obligation with respect to the applicable Certified District Eligible Costs, which shall set forth the repayment terms thereof including, without limitation, a maturity date or dates and the market interest rate to be borne by such obligation, which is to be determined at the of issuance of such obligation (each, a “Capital Reimbursement Obligation”).

Subject to the conditions of the Infrastructure Acquisition and Reimbursement Agreement, the District is to issue one or more Capital Reimbursement Obligations upon the written demand of the Prior Landowner. A Capital Reimbursement Obligation shall be issued to or at the direction of the Prior Landowner, in a principal amount not exceeding the Certified District Eligible Costs. Unless otherwise mutually agreed, Capital Reimbursement Obligations are to be secured by the District’s pledge of an ad valorem property tax in the maximum amount permitted by the District’s Service Plan and its electoral authorization; the proceeds of any bonds or other indebtedness issued by the District (with such proceeds being applied first to redeem the balance of the Capital Reimbursement Obligations before any other use); and any other legally available revenues of the District that are pledged to the payment thereof. The District is permitted to prepay any Capital Reimbursement Obligation, in whole or in part, at any time, without redemption premium or other penalty, but including interest accrued to the date of prepayment on the principal amount so prepaid. The District and the Prior Landowner are to negotiate in good faith the final terms and conditions of each Capital Reimbursement Obligation.

The issuance of any Capital Reimbursement Obligation is subject to the availability of an exemption (if required) from the registration requirements of Section 11-59-106, C.R.S., and is subject to such prior filings with the Colorado State Securities Commissioner as may be necessary to claim such exemption, in accordance with Section 11-59-110, C.R.S., and any regulations promulgated thereunder.

Amounts due under the Infrastructure Acquisition and Reimbursement Agreement (*except* to the extent converted into a Capital Reimbursement Obligation) are subject to annual appropriation and do not constitute a debt of the District within the meaning of any constitutional or statutory provision, nor will it constitute a multiple fiscal year financial obligation.

As of August 12, 2020, the District has not received any requests from the Prior Landowner for reimbursements under the Infrastructure Acquisition and Reimbursement Agreement.

Funding and Reimbursement Agreement (Operations and Maintenance). The District has incurred and will incur costs in furtherance of the District’s permitted purposes, including but not limited to, costs in the nature of general operating, administrative and maintenance costs, such as attorney, engineering, architectural, surveying, district management, accounting, auditing, insurance, and other costs necessary to continued good standing under applicable law (the “Costs”). The District does not presently have financial resources to fund the Costs; therefore, to ensure the continued provision of services and facilities by the District, the Prior Landowner has agreed to loan funds to the District from time to time, on the condition that the District agrees to repay such loans.

Accordingly, on February 4, 2019, the District and the Prior Landowner entered into a Funding and Reimbursement Agreement (Operations and Maintenance) (the “Operations Funding Agreement”) to address the reimbursement of Costs advanced by the Prior Landowner. Under the Operations Funding Agreement, the Prior Landowner has agreed to loan to the District an amount not to exceed \$500,000 (as the same may be subsequently increased by agreement of the District and the Prior Landowner, the “Maximum Loan Amount”). These funds will be loaned to the District in one or a series of installments (each, a “Loan Advance”) and will be available to the District through December 31, 2023 (as the same may be amended in accordance with the Operations Funding Agreement, the “Loan Obligation Termination

Date”). Thereafter, the Prior Landowner may agree to renew its obligations by providing written notice to the District, in which case the Loan Obligation Termination Date will be amended to the date provided in such notice, which date will not be earlier than December 31 of the succeeding year.

The District is from time to time to determine the amount of revenue required to fund budgeted expenditures by the District, provided that such determination is made not more than once per month. If the District determines that a Loan Advance from the Prior Landowner will be necessary to fund such budgeted expenditures, the District shall, not less than 15 days before the beginning of each month, notify the Developer of the requested Loan Advance for the next month, and the Developer is to deposit such Loan Advance on or before the beginning of that month.

With respect to each Loan Advance made under the Operations Funding Agreement prior to the issuance of any Operations Reimbursement Obligation (defined and described below) reflecting such Loan Advance, the interest rate will be 8% per annum, from the day any such advance is made, simple interest, to the earlier of the date the Operations Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. Upon issuance of any such Operations Reimbursement Obligation, unless otherwise consented to by the Prior Landowner, any interest then accrued on any previous Loan Advance will be added to the amount of the Loan Advance and reflected as principal of the Operations Reimbursement Obligation and will then accrue interest as provided in the Operations Reimbursement Obligation.

The District anticipates repaying Loan Advances, including those converted to one or more Operations Reimbursement Obligations, with the proceeds of future bonds, ad valorem taxes, or other legally available revenues of the District, net of any debt service or current operations and maintenance costs of the District. Any mill levy certified by the District for the purpose of repaying amounts under the Operations Funding Agreement will be subject to any restrictions provided in the District’s Service Plan, electoral authorization, or any applicable laws.

Subject to the terms and conditions of the Operations Funding Agreement, the District agrees to issue, to or at the direction of the Developer, one or more reimbursement notes, bonds, or other instruments (each, an “Operations Reimbursement Obligation”), to evidence the District’s repayment obligation with respect to one or more Loan Advances. The Operations Reimbursement Obligations are to be payable solely from the sources identified in each Operations Reimbursement Obligation, including, but not limited to, ad valorem property tax revenues of the District, and shall be secured by the District’s pledge to apply such revenues as required under the Operations Funding Agreement, unless otherwise consented to by the Prior Landowner.

The Operations Reimbursement Obligations are to mature on a date or dates, subject to the limitations of the Maximum Reimbursement Obligation Repayment Term (defined below), and bear interest at a market rate, to be determined at the time of issuance of each Operations Reimbursement Obligation. The District is permitted to prepay any Operations Reimbursement Obligation, in whole or in part, at any time, without redemption premium or other penalty, but including interest accrued to the date of prepayment on the principal amount so prepaid. The District and the Prior Landowner are to negotiate in good faith the final terms and conditions of each Operations Reimbursement Obligation.

The term for repayment of any Operations Reimbursement Obligation will not extend beyond thirty (30) years from the date of Operations Funding Agreement (the “Maximum Operations Reimbursement Obligation Repayment Term”). The issuance of any Operations Reimbursement Obligation is subject to the availability of an exemption from the registration requirements of Section 11-59-106, C.R.S., and is subject to such prior filings with the Colorado State Securities Commissioner as may be necessary to claim

such exemption, in accordance with Section 11-59-110, C.R.S., and any regulations promulgated thereunder.

The Prior Landowner's obligations to make Loan Advances to the District under the Operations Funding Agreement terminates on December 31, 2023 (subject to the extension terms as described above), except to the extent advance requests have been made to the Prior Landowner that are pending, in which case said pending request(s) will be honored notwithstanding the passage of the termination date.

The District's obligations under the Operations Funding Agreement terminate at the earlier of the repayment in full of the Maximum Loan Amount (or such lesser amount advanced if it is determined by the District that no further advances are required) or thirty (30) years from the date of the Operations Funding Agreement. After such thirty (30) year period, the District and Prior Landowner agree and acknowledge that any obligation created by the Operations Funding Agreement which remains due and outstanding, including accrued interest, is forgiven in its entirety, generally and unconditionally released, waived, acquitted and forever discharged, and will be deemed a contribution to the District by the Prior Landowner, and there will be no further obligation of the District to pay or reimburse the Prior Landowner with respect to such amounts.

The Operations Funding Agreement does not constitute a debt or indebtedness of the District within the meaning of any constitutional or statutory provision, nor does it constitute a multiple fiscal year financial obligation. Further, the provision for repayment of Loan Advances made thereunder and the agreement of the District to issue an Operations Reimbursement Obligation are at all times subject to annual appropriation by the District, in its absolute discretion.

As of August 12, 2020, the District has not received any requests from the Prior Landowner for reimbursements pursuant to the Operations Funding Agreement.

Services Available to Residents and Property Owners Within the District

Residents of the District are anticipated to be provided a wide range of services by various entities other than the District. The Town provides fire and police protection services. Natural gas service is provided by Black Hills Energy, and electrical service is provided by Intermountain Rural Electric Association. The District is served by Douglas County School District RE-1J.

THE DEVELOPMENT

The following information has been supplied by the Prior Landowner and Richmond Homes. *None of the District, the District's advisors or the Underwriter make any representation regarding projected development plans within the District, the financial soundness of Richmond Homes, or its managerial ability to complete development as planned.* Without limiting the generality of the foregoing, no assurance of success is provided for the Development. 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. See "RISK FACTORS—Completion of Development Not Assured."

Development Overview

The Development, to be known and marketed as "Seasons at The Oaks," encompasses approximately 62.69 acres in the southeastern portion of the Town. Property within the Development is being developed by Richmond Homes as an entirely residential community planned to include

approximately 117 single family homes and open space. Richmond Homes purchased the 117 platted lots and certain open space tracts from the Prior Landowner on May 17, 2019. The Prior Landowner began the site planning, engineering and entitlement of the Development. Property planned for the Development is fully entitled for its intended uses, subject to the issuance of building permits and certificates of occupancy in accordance with applicable provisions of the Town of Castle Rock Municipal Code (as previously defined, the “Town Code”).

Public Infrastructure. Under the terms of its purchase contract with the Prior Landowner, Richmond Homes is responsible for the funding and construction of all infrastructure supporting the Development. According to information obtained from Richmond Homes, construction of the public infrastructure necessary to support the Development began on May 29, 2019 and is approximately 60-65% complete. Grading for all 117 lots is complete and installation of the remaining public infrastructure is ongoing, with completion of infrastructure phases 1 and 2 anticipated by September 2020. See “—Public Infrastructure.”

Home Construction. Richmond Homes is expected to be the sole homebuilder in the Development. According to information provided by Richmond Homes, construction of 3 model homes began in June 2020 and 8 homes (for which construction has not yet commenced) are currently under contract for sale to home purchasers. All 117 planned homes within the Development are expected to be complete by December 2022. See “—Planned Development; Construction and Sales Activity,” “TABLE IV” and “DRONE VIDEO ACCESS.” See also “AERIAL PHOTO,” “DEVELOPMENT PLAN,” “DISTRICT MAP” and “REGIONAL MAP.”

As of the date hereof, all of the developable property in the Development is owned by Richmond Homes. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Tax Data—*District Taxpayer*” and “AERIAL PHOTO.” See also the Market Study appended hereto as APPENDIX C.

Notwithstanding any of the foregoing, the actual use of property within the Development is subject to change within the parameters set forth in the Development Plan and Final Plat. Furthermore, neither Richmond Homes nor any other party is contractually obligated to pursue development as described herein, or at all.

Zoning/Land Use, Platting and Public Approvals

Development of the property comprising the Development will be subject to, and is being undertaken in accordance with: (i) the Development Agreements, (ii) the limitations on land uses provided in the applicable zoning documentation, comprised of preliminary and final site development plans; (iii) the subdivision of property in accordance with plats; and (iv) subdivision improvement agreements anticipated to be entered into at the time of platting of property, all in accordance with the Town’s Municipal Code and as more particularly described in “—*Development Agreements and Subdivision Improvement Agreements*” below.

Zoning/Land Use. The property comprising the Development is presently zoned in accordance with the Town’s zoning process for a “Planned Development” zoning district (which is the zoning classification applicable to the Development), which process is generally comprised of: (i) an optional “sketch plan,” which may be submitted by the applicant, intended to address in a preliminary fashion the proposed use and density of the property, including, among other matters, open space and major planned roadways; (ii) a “PD Plan and Zoning Regulations,” subject to approval by Town Council (after recommendations are provided by the Town’s Planning Commission), which, together with the Development Agreements (described below) are intended to provide Town Council approval of more detailed land use plans for particular phases of the project; and (iii) one or more site-specific “Site

Development Plans,” also subject to approval by Town Council (after recommendations are provided by the Town’s Planning Commission). Site Development Plan approval for the Development (in addition to applicable subdivision approvals as described in “—*Platting*” above) is required prior to the issuance of any building permit for property within the Development.

In accordance with the foregoing, with respect to the property planned for the Development, the Town has approved the following zoning documentation resulting in a maximum of 117 residential units approved for the Development (see also TABLE II below): (i) The Oaks of Castle Rock, 3rd Preliminary PD Site Plan and The Oaks of Castle Rock 3rd Amendment PD and Zoning Regulations recorded in the Douglas County Records on February 27, 2006 at Reception No. 2006015970; and (ii) The Oaks of Castle Rock Filing No. 3 Preliminary Plat/Final PD Site Plan recorded in the Douglas County Records on November 16, 2010 at Reception No. 2010079733 as amended by The Oaks at Castle Rock Filing No. 3 Site Development Plan Amendment 1 recorded in the Douglas County Records at Reception No. 2019035675 on June 20, 2019 (as amended, the “PD Site Plan”). The PD Site Plan governs residential product types, lot sizes and similar development standards, and enables a degree of flexibility in density allocation. Additional parcels, comprised of open space, detention ponds, public land dedication, and rights-of-way comprise the remaining acreage of property within the Development that is the subject of the PD Site Plan.

Platting. The Town’s subdivision process, as set forth in its Municipal Code, provides for consideration and approval by Town Council of one or more site-specific “Plats,” but only after consideration and approval of the applicable Site Development Plans and provided that simultaneous with a Plat there is to be executed a subdivision improvement agreement (as more particularly described under “—Annexation and Development Agreements” below). Plat approval for the Development was required prior to the issuance of any building permit for property within Development.

The Oaks of Castle Rock Filing No. 3 Final Plat was approved by the Town on May 28, 2014 and recorded with the Clerk and Recorder on June 18, 2014 at Reception No. 2014032149 (the “Final Plat”) allowing for the construction of 117 single family homes. The following table sets forth detailed information concerning the intended uses for platted lots and tracts within the Development.

TABLE II
Land Use and Tract Summary Table

Total Lots	117	
Total SFEs	121	117 Single Family SFEs 4 Irrigation SFEs
Lotted Area	27.81 acres ¹	
Public Streets	10.72 acres	
Tract Area	24.16 acres	
Gross Area	62.69 acres	

Tract	Purpose	Acres	Owned and Maintained By
Tract A	Public Land Dedication	11.04	Town
Tract B	Open Space	0.44 ¹	HOA
Tract C	Open Space/Detention Pond	7.44 ¹	HOA
Tract D	Open Space/Access	5.24	HOA

¹ Property located within the District.
Source: Final Plat

Notwithstanding the foregoing, development plans are subject to change and no assurance is given that Richmond Homes will not pursue a platting or re-platting of property within the Development into fewer lots than anticipated herein. See “RISK FACTORS—Completion of Development Not Assured.”

Annexation and Development Agreements

Annexation Agreements. The original Annexation and Development Contracts relating to The Oaks at Castle Rock, together with the amendments thereto, included: (i) Annexation and Development Contract between the Town of Castle Rock and First Capital Corporation, recorded in the Douglas County Records on June 14, 1985 at Reception No. 355333; (ii) First Amendment to Annexation Contract First Capital Corporation (The Oaks at Castle Rock) recorded in the Douglas County Records on June 16, 1986 at Reception No. 8610130; (iii) Second Amendment to Annexation and Development Contract Between Town of Castle Rock and First Capital Corporation recorded in the Douglas County Records on July 21, 1987 at Reception No. 8721318; and (iv) Third Amendment to Annexation Contract recorded in the Douglas County Records on October 24, 1995 at Reception No. 9549870 (the “Original Annexation Agreement”).

Castle Rock Development Agreement. On September 3, 2003, the Town and the Prior Landowner executed The Oaks of Castle Rock Development Agreement which was recorded in the Douglas County Records on July 9, 2004 under Reception No. 2004071579, as amended by the First Amendment to The Oaks of Castle Rock Development Agreement dated May 17, 2019 and recorded in the Douglas County Records on May 17, 2019 under Reception No. 2019027199 (as so amended, the “The Oaks of Castle Rock Development Agreement”) which superseded the Original Annexation Agreement. The Oaks of Castle Rock Development Agreement was partially assigned and assumed pursuant to the Partial Assignment and Assumption of Development Agreement dated May 17, 2019 between the Prior Landowner, as assignor, and Richmond Homes, as assignee (the “Partial Assignment”).

The Partial Assignment specifies the obligations under The Oaks of Castle Rock Development Agreement assumed by Richmond Homes (the “Assumed Obligations”) which consist of: (a) the obligation to construct any and all facilities and/or public utilities pertaining to the Development; and (b) the obligation to deliver certain payments to the Town pertaining to the Development as required by The Oaks at Castle Rock Development Agreement.

Under the Partial Assignment, the Prior Landowner retained certain rights (the “Retained Rights”) consisting of the rights and interests of the Prior Landowner under The Oaks at Castle Rock Development Agreement in connection with any default by Richmond Homes under The Oaks at Castle Rock Development Agreement, including, without limitation, the right to receive notice from the Town in connection therewith, to cure any such default by Richmond Homes.

Archer Annexation and Development Agreement. On June 22, 2005, the Town and Dave E. Archer and Lareen F. Archer entered into the Archer Annexation and Development Agreement recorded in the Douglas County Records on February 27, 2006 at Reception Nos. 2006015972 and 2006019901 (the “Archer Annexation and Development Agreement” and, together with the Castle Rock Development Agreement, the “Development Agreements”).

Subdivision Improvements Agreement

The Town and the Prior Landowner entered into The Oaks of Castle Rock Filing No. 3 Subdivision Improvements Agreement dated May 22, 2014 and recorded in the Douglas County Records on June 18, 2014 at Reception No. 2014032150 (the “Original SIA”). The Original SIA was partially assigned and assumed pursuant to the Partial Assignment and Assumption of Subdivision Improvements Agreements dated May 17, 2019 between the Prior Landowner, as assignor, and Richmond American Homes of Colorado, Inc., a Delaware corporation (as previously defined, “Richmond” or “Richmond Homes”), as assignee, and such partial assignment was subsequently amended (as so amended, the “Partial Assignment”) for the purpose of correcting the legal description pursuant to the Corrective Partial Assignment and Assumption of Subdivision Improvements Agreement dated June 28, 2019 and recorded in the Douglas County Records on July 3, 2019 at Reception No. 2019039543 (as so assigned, the “SIA” or the “Subdivision Improvements Agreement”).

The subdivision regulations of the Castle Rock Municipal Code (as previously defined, the “Town Code”) require that any subdivider of property within the Town (“Subdivider”) construct such public improvements as are necessary such that the property so proposed to be subdivided will have access to municipal utilities and services. The SIA sets forth the specific public improvements so required, the construction standards applicable to such improvements, the security required to be provided by the Subdivider to assure adequate completion in accordance with such standards (the “Security”), and the process of acceptance by the Town of that portion of the public improvements that will be owned, operated and maintained by the Town.

Specifically, the SIA obligates the Subdivider to provide certain water, wastewater, storm water drainage, transportation, landscaping or other systems or infrastructure required to serve the Oaks of Castle Rock Filing No. 3 subdivision (the “Subdivision”); to complete such improvements by the date specified in the Town Code (or if no such date is specified, one year after the date of issuance of the first public works permit for a particular phase of improvements), and to provide the Town with a letter of credit, cash escrow deposit or performance bond in the amount and for the terms required by the Town. The SIA provides that no phase of improvements will qualify for building permits under the improvements required for that phase (the “Phase Improvements”) are completed in accordance with the applicable plans (the “Phasing Plan”) for such phase and are accepted by the Town.

The Partial Assignment specifies the obligations under the Original SIA assumed by Richmond Homes (the “Assumed Obligations”) which consist of: (a) the obligation to construct any and all Phase Improvements pertaining to the Development; (b) the obligation to deliver the Security to the Town pertaining to Phase Improvements if required by the SIA; (c) if required pursuant to the SIA, the obligation to deliver a cash deposit to the Town in the amount of 115% of the estimated completion cost of any landscaping not completed, if any, pertaining to the Phase Improvements; and (d) the obligation to perform all warranty obligations pertaining to the Phase Improvements in order for the Town to accept such improvements.

Under the Partial Assignment, the Prior Landowner retained certain rights (the “Retained Rights”) consisting of the rights and interests of the Prior Landowner under the SIA in connection with any default by Richmond Homes under the SIA, including, without limitation, the right to receive notice from the Town in connection therewith, to cure any such default by Richmond Homes, and to mitigate any public health and safety hazards and/or regrade and revegetate the property within the Development and/or complete construction or installation of any of the Phase Improvements.

Public Infrastructure

Nature of Infrastructure; Costs. Extensive planning, design and engineering work has been completed in connection with the Development and the construction of the public infrastructure necessary to support the Development is ongoing. According to the Prior Landowner (based on information obtained from Richmond Homes), construction of the public infrastructure necessary to support the Development began in May 2019 and is approximately 60-65% complete. Grading for all 117 lots is complete and installation of the remaining public infrastructure is ongoing, with completion of phases 1 and 2 anticipated by September 30, 2020.

Completed public improvements will be dedicated to the Town or other appropriate governmental entity for ownership and maintenance, subject to the applicable warranty periods. Public infrastructure within the Development which is anticipated to be dedicated to the Town generally consists of streets, sidewalks, curb and gutter, water, sewer, drainage, grading and parks. As provided in the Annexation Agreement (described above), all landscaping, public pedestrian trails, parks and park improvements and detention ponds will be owned and maintained by the District or by an owners’ association. As provided by Richmond Homes, the total costs of Public Improvements are estimated at \$6,699,304 as set forth in the following table.

TABLE III
Status of Infrastructure

Public Infrastructure Improvements	Budgeted Amount (Phase 1-3)	Actual Cost ¹	Percent Complete	Expected Completion Date
Streets (concrete and asphalt)	\$2,455,889	\$ 933,238	38.00%	May 30, 2021
Water	1,438,278	761,707	52.95	May 30, 2021
Sewer	1,377,398	710,455	51.58	May 30, 2021
Landscaping	586,467	175,853	29.98	May 30, 2021
Storm Sewer/Drainage	<u>841,272</u>	<u>694,887</u>	82.60	May 30, 2021
Total	<u>\$6,699,304</u>	<u>\$3,276,140</u>		

¹ Only phase 1 and phase 2 are currently under construction.
Source: Richmond Homes

Planned Development; Construction and Sales Activity

The Development is planned to include 117 single family homes to be constructed by Richmond Homes. As set forth in the Market Study, homes are expected to range in size from approximately 1,422 square feet to 2,665 square feet with base prices ranging from approximately \$390,000 to \$446,000. According to information provided by Richmond Homes, construction of 3 model homes in the Development began in June 2020 and 8 homes (for which construction has not yet commenced) are currently under contract for sale to home purchasers. All 117 planned homes within the Development are expected to be complete by December 2022. The following table sets forth certain information on construction activity and sales within the Development.

TABLE IV
Construction Activity and Sales ¹

Platted Lots	Homes Closed ²	Homes Under Contract ³	Homes Under Construction ⁴	Finished Vacant Lots ⁵	Undeveloped Lots
117	0	8	3	31	83

¹ Building activity through August 15, 2020.

² Sold and closed with title transferred.

³ None of these presold homes are currently under construction; accordingly, these 8 presales are also included the 31 Finished Vacant Lots category.

⁴ Consists of 3 model homes.

⁵ Includes the 8 presales; thus, the numbers in the various categories in this TABLE IV do not total 117 lots.

Land Acquisition; Encumbrances on Land

Land Acquisition. On May 17, 2019, the property in the District was sold by the Prior Landowner to Richmond Homes for a purchase price of \$1,339,000 pursuant to a Special Warranty Deed recorded in the Douglas County Records on May 17, 2019 at Reception No. 2019027336, as amended by a Corrective Special Warranty Deed recorded July 3, 2019 at Reception No. 2019039542.

Pursuant to the Richmond Homes Purchase Contract, Richmond Homes also purchased 121 single family equivalents (“SFE”) for \$332,750, such amount is equal to \$2,750 for each of the 121 SFE’s

conveyed by the Prior Landowner to the Town. An SFE is defined as the measure of the amount of water/wastewater flow required to meet potential demand of a single-family detached residence. 117 SFEs are for the Lots and 4 SFEs are for irrigation purposes of open space. See “—Water and Sewer” hereafter.

Richmond Homes Purchase Contract. The Prior Landowner and Richmond Homes executed an Agreement for the Purchase and Sale of Real Estate dated April 13, 2018, as amended numerous times and reinstated and ratified pursuant to a Fifth Amendment to Agreement for the Purchase and Sale of Real Estate (Oaks at Castle Rock) dated August 30, 2018 (as amended and restated, the “Richmond Homes Purchase Contract”), for the sale of the 117 platted lots (the “Lots”) and Tracts B, C and D, as set forth on the Final Plat, together with all improvements thereon (collectively, the “Property”). The Property does not include any bonds, bond proceeds, or any right to reimbursement from the District and the Prior Landowner reserves and retains all water rights (except for the SFEs (defined herein)), minerals, oil, gas, and other hydrocarbon substances and mineral rights on, over, in, under, or that may be produced from the Property. The Prior Landowner is not permitted to use all or any portion of the surface area of the Property conveyed to Richmond Homes pursuant to the Richmond Homes Purchase Contract for: (i) access for the extraction or use of said (a) water or water rights, (b) mineral or mineral rights, (c) oil and gas, or oil and gas rights, or (d) other hydrocarbon substances or minerals, or rights related thereto; or (ii) any other purpose related to the use or enjoyment of the reserved and retained rights described in this sentence.

Declaration of Covenants, Conditions and Restrictions. Richmond Homes expects to prepare a declaration of covenants, conditions and restrictions (or similar instrument) governing the property within the Development and record such declaration in the Douglas County Records.

Water and Sewer

Pursuant to the Development Agreements, water and sewer services are anticipated to be provided to the Development by the Town. As provided in the Development Agreements, 70 SFE were debited from the Town’s water bank pursuant to the Archer Development Agreement and 51 SFE were debited from the Town’s water bank to Richmond Homes. Pursuant to the Richmond Homes Purchase Contract, the purchase price for the Property was \$1,339,000 and for the purchase of 121 single family equivalents (“SFE”) \$332,750. Such amount is equal to \$2,750 for each of the 121 SFE’s conveyed by the Prior Landowner to the Town. An SFE is defined as the measure of the amount of water/wastewater flow required to meet potential demand of a single-family detached residence. See “—Annexation and Development Agreements” herein.

Environmental Matters

Environmental Site Assessment. CTL/Thompson Inc., of Denver, Colorado (“CTL”), performed a Phase I Environmental Site Assessment dated May 8, 2018 (the “ESA”) for Richmond Homes on approximately 44 acres of the 62.69-acre Development. The scope of the ESA included a records review, a site reconnaissance, historical research, interviews and documentation of findings in a report. The ESA revealed no evidence of a recognized environmental condition in connection with the Development.

Soils Report. A Preliminary Subsurface Exploration Program was completed for the Developer by GROUND Engineering Consultants, Inc., Englewood, Colorado, and memorialized in their report dated August 25, 2014 (the “Soils Report”). Field and office studies provided information obtained at the test hole locations regarding surface and subsurface conditions, including existing site vicinity improvements and depths to bedrock and groundwater. Laboratory tests were conducted on the samples to assess the engineering characteristics of the site earth materials and assist in the development of geotechnical conclusions. Preliminary design parameters and a discussion of geotechnical engineering considerations related to the planning of the proposed development are also included in the Soils Report. The Soils Report

states that when final site grading and utility/roadway alignments are known, improvement-specific, final geotechnical subsurface exploration programs must be performed in order to provide final pavement design for the roads upon completion of rough final surface grades. The Soils Report includes a statement therein that it is not to be used for design purposes.

Geotechnical Site Development Study. A Geotechnical Site Development Study of the property comprising the Development (the “Geotechnical Study”) was performed for Richmond Homes by A.G. Wassenaar, Inc., Denver Colorado (“AGW”). The purpose of the Geotechnical Study, dated May 14, 2018, is to provide design recommendations for planning and site development and preliminary design concepts for foundation systems, interior floor support and streets for the proposed Development. Based on the results of AGW’s field exploration and laboratory work, it was the opinion of AGW that the geotechnical concerns to consider during development of the site are the presence of existing fill, moderately swelling clays and shallow claystone bedrock and very hard, well cemented bedrock. The Geotechnical Study provides recommendations for addressing certain of the identified geotechnical constraints and states that additional geotechnical studies will be required to provide final design criteria and construction recommendations.

Wetlands Delineation. Richmond Homes retained ERO Resources Corporation (“ERO”) to conduct a wetland delineation for a pond area on the property within the Development. ERO assessed the project area for natural resources and conducted the wetland delineation, and concluded in their report dated September 20, 2018 that there were no wetlands or waters of the United States in the pond area in the Development, and that consequently no further action is necessary.

Marketing and Advertising; Competition

Richmond Homes is expected to institute a marketing program for the Development including a website, newspaper, signage and social media. As set forth in the Market Study, development in the District is expected to compete with active competitive residential communities as well as future developments in the Denver metropolitan area. See “APPENDIX C—MARKET STUDY.”

Schools

The Development is served by Douglas County School District RE-1J. Set forth below are the schools that will serve the anticipated residents in the Development. All of the schools listed below are located within 1.5 miles of the Development.

Name of School	Grades Served
Sage Canyon Elementary	PK-6
Mesa Middle	7-8
Douglas County High	9-12

Richmond Homes

Richmond Homes is the entity responsible for the development of property and vertical construction of homes within the District. Richmond Homes is a wholly owned subsidiary of M.D.C. Holdings, Inc., a Delaware corporation.

M.D.C. Holdings is a publicly traded company listed on the New York Stock Exchange under the symbol “MDC,” and is subject to the reporting requirements of the Securities Exchange Act of 1934. In

accordance therewith, such company files reports and other information with the Securities and Exchange Commission (the “Commission”). Certain information, including financial information, as of particular dates, is disclosed in certain reports and statements filed with the Commission. All such reports and statements may be inspected and copied at the public reading room maintained by the Commission at 100 F Street N.E., Washington, DC 20549, and electronically through the Commission’s website (www.sec.gov). None of the Prior Landowner, the District nor the Underwriter have reviewed such reports or statements or verified the information set forth therein, and none of such reports or statements are incorporated herein.

DISTRICT FINANCIAL INFORMATION

The Bonds are payable from, among other Pledged Revenue, ad valorem property taxes resulting from imposition by the District of the Required Mill Levy. See “THE BONDS—Security for the Bonds—*Required Mill Levy*.” Certain information pertaining to such ad valorem property taxes as well as other financial information of the District, is set forth below. Not all ad valorem property taxes and fees that are or may be imposed by the District as described herein are pledged to the payment of the Bonds. For a complete description of revenues pledged to the payment of the Bonds, see “THE BONDS—Security for the Bonds.”

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. For information regarding the limitations imposed by the District’s Service Plan on the District’s ability to certify a levy for collection of ad valorem taxes, see “THE DISTRICT—Service Plan Limitations—*Limitations on Mill Levy for Debt Service*” and “—*Operations Mill Levy; Maximum Aggregate Mill Levy*.”

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 assessment ratio (which is a percentage of the “actual” value of property as determined by the appropriate county assessor) 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 the Colorado General Assembly further reduced the residential assessment rate to 7.15% for 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. Provided, however, that as a result of COVID 19, certain emergency rules promulgated and issued by the state board of equalization have extended the statutory deadline temporarily from August 25 to October 13 for the 2020 levy 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. Provided, however, that as a result of the effects of COVID 19, certain emergency rules promulgated and issued by the state board of equalization have extended the statutory deadline temporarily from August 25 to October 13 for the 2020 levy 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.

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

Due to the District’s recent organization, limited ad valorem property tax information is available for the District. The following table sets forth information on the District’s first certified assessed valuation and “actual” valuation, mill levies and property tax collections for the 2019 levy year (2020 collection year). All of the property within the District is currently owned by Richmond Homes and is assessed as agricultural property. The District certified its first mill levies in 2019 for the collection of property taxes in 2020. The total tax bill for the property within the District is dependent upon the mill levies of the other taxing entities which overlap property within the District. See “—*Overlapping Mill Levies*” below. See also “RISK FACTORS—Taxpayer Concentration.”

TABLE V
District Assessed Valuation, Mill Levy and Tax Collection Information

Levy/Collection Year	Property Owner	Assessed Valuation	“Actual” Valuation	General Fund Mill Levy	Debt Service Mill Levy	Property Taxes Levied
2019/2020	Richmond Homes	\$500	\$1,717	10.000	50.000	\$30

Source: County Assessor’s Office

Overlapping Mill Levies. Numerous 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 seven taxing entities overlapping all or a portion of the District. According to the County Assessor, there is currently only one total mill levy being assessed against all property owners within the District, as set forth in the following table. Additional taxing entities may overlap the District in the future. See also “DEBT STRUCTURE—General Obligation Debt—*Estimated Overlapping General Obligation Debt.*”

TABLE VI
Total 2019 Mill Levies ¹

Taxing Entity	Mill Levy
Castle Rock (Town of)	1.196
Cedar Hill Cemetery Association	0.148
Cherry Creek Basin Water Quality Authority	0.128
Douglas County	19.274
Douglas County School District RE-1J	43.839
Douglas County Library District	4.023
Douglas County Soil Conservation District	<u>0.000</u>
Total Overlapping Mill Levy	68.608
The District	<u>60.000</u>
Total Mill Levy	<u>128.608</u>

¹ One mill equals 1/10 of one cent. Mill levies certified in 2019 are for the collection of ad valorem property taxes in 2020.
Sources: County Assessor’s office

Specific Ownership Taxes

Another source of District revenue is the specific ownership tax which is collected by the County and remitted to the District pursuant to Section 42-3-107, C.R.S., and is comprised of amounts received by the District from the State from taxes imposed pursuant to such statute primarily on motor vehicle licensing. Such tax is collected by all counties Statewide 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 Specific Ownership Tax revenue allocable to the Required Mill Levy is pledged to the payment of the Bonds. See “THE BONDS—Security for the Bonds—*Specific Ownership Tax.*” The portion of Specific Ownership Tax revenue allocable to the debt service mill levy imposed for payment of the District’s Series 2020B₍₃₎ Subordinate Bonds is pledged to such bonds, and the portion of the Specific Ownership Tax revenue allocable to the District’s operations and maintenance mill levy (i.e., the General Fund mill levy) is anticipated to be applied to the administrative, operations and maintenance costs and expenses of the District.

Maximum Aggregate Mill Levy; Funding of Operations and Maintenance

The Service Plan imposes a limitation on the mill levy that can be imposed by the District for the purpose of paying administrative, operations and maintenance costs and expenses. The District cannot impose a mill levy for operations which, when combined with its debt service mill levy (which is subject to the limitations of the Maximum Debt Mill Levy), exceeds 74.600 mills (the “Maximum Aggregate Mill Levy”). The Maximum Aggregate Mill Levy is, however, subject to increase or decrease if, on or after January 1, 2018, changes are made in the method of calculating assessed valuation or any constitutionally

mandated tax credit, cut or abatement. For purposes of the foregoing, a change in the residential rate as defined in Section 39-1-104.2, C.R.S., shall be deemed to be a change in the method of calculating assessed valuation. As a result of a change in the residential rate (within the meaning of Section 39-1-104.2, C.R.S.) occurring after January 1, 2018, the Maximum Aggregate Mill Levy has increased from 74.600 mills as stated above to 75.121 mills, as of the date of this Limited Offering Memorandum.

Financial Statements, District Funds and Accounting Policies

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 filed an "Application for Exemption from Audit" for the years ended December 31, 2018 and December 31, 2019 with the Office of the State Auditor. Due to the District's recent formation, no historical financial information is available for the District.

The accounts of the District will be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds will be segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The District has established three governmental funds: the General Fund; the Debt Service Fund; and the Capital Projects Fund. The General Fund is the primary operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund, and also to provide for transfers to the District. The Debt Service Fund is to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt. The Capital Projects Fund is to account for financial resources to be transferred to the District to pay for capital improvements, including Project Costs (within the meaning of the Indenture). The financial activities of the District to date consist solely of those accounted for in the General Fund.

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. In the event that revenues are lower than anticipated in the adopted budget, the District may adopt a revised 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 adopted the District’s 2020 budget and appropriation resolution pursuant to the procedures described above and has filed such budget with the State Division of Local Government.

Due to the District’s minimal financial activity to date, no financial information is available for inclusion herein. Set forth hereafter is a budget summary for the District’s General Fund, Debt Service Fund and Capital Projects Fund, as available.

**TABLE VII
General Fund Budget Summary and Comparison ¹**

	2019 Budget (as amended)	2020 Budget (as adopted)
Revenues		
Property taxes	--	\$ 5
Specific ownership taxes	--	1
Developer advances	<u>\$50,000</u>	<u>49,994</u>
Total revenues	<u>50,000</u>	<u>50,000</u>
Expenditures		
Accounting/audit	6,000	5,000
Insurance	5,000	2,500
Legal	25,000	25,000
Miscellaneous	1,000	500
Contingency	11,890	16,010
Emergency reserves	<u>1,110</u>	<u>990</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>
Beginning Fund Balance	<u> --</u>	<u> --</u>
Ending Fund Balance	<u>\$ --</u>	<u>\$ --</u>

¹ There has been no financial activity within the General Fund in 2019 or 2020; therefore, actual figures for 2019 or 2020 are not presented herein.

Sources: District 2020 Budget, as amended and 2019 Budget

TABLE VIII
Debt Service Fund Budget ¹

	2020 Budget (as adopted)
Revenues	
Property taxes	\$ 25
Specific ownership taxes	3
Interest income	5,000
Transfer from Capital Projects Fund	<u>545,440</u>
Total revenues	<u>550,468</u>
Expenditures	
Bond interest	120,000
Trustee/paying agent fees	<u>5,000</u>
Total expenditures	<u>125,000</u>
Beginning Fund Balance	<u> --</u>
Ending Fund Balance	<u>\$425,468</u>

¹ There has been no financial activity within the Debt Service Fund in 2020; therefore, actual figures for 2020 are not presented herein.

Sources: District 2020 Budget, as adopted

TABLE IX
Capital Projects Fund Budget ¹

	2020 Budget (as adopted)
Revenues	
Bond proceeds	<u>\$3,193,000</u>
Total revenues	<u>3,193,000</u>
Expenditures	
Issuance costs	321,090
Capital outlay	2,326,470
Transfer to Debt Service Fund	<u>545,440</u>
Total expenditures	<u>3,193,000</u>
Beginning Fund Balance	<u> --</u>
Ending Fund Balance	<u>\$ --</u>

¹ There has been no financial activity within the Capital Projects Fund in 2020; therefore, actual figures for 2020 are not presented herein.

Sources: District 2020 Budget, as amended

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 Article X, Section 20 of the State 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.

Deposit and Investment of District Funds

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. The District also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of 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 in 1988 as an alternative to the traditional insurance market to provide special districts with various types of insurance coverages. The District’s current insurance policy through CSDPLP, which includes coverage for commercial general liability, public officials’ liability and employment practices, expires on December 31, 2020. There is no assurance that the District will continue to maintain its current levels of coverage.

Constitutional Amendment Limiting Taxes and Spending

In 1992, Colorado voters approved Article X, Section 20 of the State Constitution, commonly referred to as the “Taxpayer’s Bill of Rights” or “TABOR.” TABOR imposes various limits and 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.

Revenue Retention and Spending Authorization. At the Election, voters of the District authorized the District to collect, retain, and spend the full amount of all taxes, tax increment revenues, tap fees, park fees, facility fees, service charges, inspection charges, administrative charges, gifts, grants, investment earnings or any other fee, rate toll, penalty, charge or other income authorized by law or contract to be imposed, collected or received by the District in fiscal year 2018 and in each fiscal year thereafter, without regard to the revenue and spending limits of TABOR or any other law, as they currently exist or as they may be amended in the future.

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

Electoral Authorization. Various State constitutional and statutory provisions require voter approval prior to the incurrence of indebtedness by the District. Among such provisions, Article X, Section 20 of the State Constitution (also referred to as “TABOR”) 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” above.

State Statutes. The District is subject to a statutory general obligation debt limitation established pursuant to Section 32-1-1101(6), C.R.S. Said 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 has determined to restrict the sale of the Bonds to “financial institutions or institutional investors” as such terms are defined in Section 32-1-103(6.5), C.R.S., and thus the Bonds are permitted under Section 32-1-1101(6)(IV), C.R.S.

The “Colorado Municipal Bond Supervision Act,” Article 59 of Title 11, C.R.S., generally provides for the Colorado Securities Commissioner (the “Commissioner”) to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the act requires that all bonds, debentures, or other obligations (defined in the act as “bonds”) issued by a special district must first be registered with the Commissioner unless exempt under the act. The Bonds qualify for an exemption from registration because the Bonds are being sold in minimum denominations of \$500,000 and integral multiples of \$1,000 in excess thereof.

Service Plan Limitations. Regardless of the amount of electoral authorization available to the District or compliance with applicable State statutes, the District is limited by its Service Plan as to the amount of debt it may issue. See “—General Obligation Debt—*Service Plan Debt Limit*” below.

General Obligation Debt

Election. At the Election, the District's eligible electors voting at such election approved indebtedness of the District in the amounts of \$450,000,000 for financing various categories of public improvements; \$450,000,000 for refunding purposes; \$45,000,000 for operations debt; \$45,000,000 for intergovernmental agreements constituting debt; \$45,000,000 for private agreements constituting debt; and \$45,000,000 for special assessment debt.

Allocation of Voted Debt Authorization to Bonds. The District has determined to allocate voted debt authorization from the Election approved for the purpose of financing public improvements to the indebtedness of the Bonds. Specifically, the District expects to allocate approximately \$3,385,000* from the Election for public improvements to the Bonds.

Voter Authorized but Unissued Debt. Following the issuance of the Bonds and the Series 2020B₍₃₎ Subordinate Bonds and the allocation of voted authorization from the Election for public improvements to the indebtedness thereof, the District will have voted authorized but unissued indebtedness available from the Election in the following amounts and for the following purposes: \$446,250,000* for financing various categories of public improvements; \$450,000,000 for refunding purposes; \$45,000,000 for operations debt; \$45,000,000 for intergovernmental agreements constituting debt; \$45,000,000 for private agreements constituting debt; and \$45,000,000 for special assessment debt.

Outstanding General Obligation Debt. Following the issuance of the Bonds and the Series 2020B₍₃₎ Subordinate Bonds, the Bonds and the Series 2020B₍₃₎ Subordinate Bonds will constitute the District's only outstanding general obligation debt.

Service Plan Debt Limit. Regardless of the amount of voted authorization available to the District pursuant to the Election, the Service Plan places limitations on the amount of debt that may be issued by the District. The Service Plan defines "Debt" as: bonds or other obligations for the payment of which either District has promised to impose an ad valorem property tax mill levy. The definition of Debt does not include intergovernmental agreements that do not contain a pledge of an ad valorem property tax mill levy between the Districts, all as more particularly defined in the Service Plan.

The Service Plan establishes a limitation on the amount of Debt that may be issued by the Districts. Specifically, the Districts are limited to issuing \$45,000,000 in Debt, for the District and District No. 1 combined (as previously defined, the "Service Plan Debt Limit"). The Service Plan Debt Limit is not applicable to bonds, loans, notes or other instruments issued for the purpose of refunding, refinancing, reissuing or restructuring outstanding Debt; provided, however, that if the aggregate principal amount of the refunding Debt exceeds the outstanding aggregate principal amount of the refunded Debt, the increase in principal amount is to be counted against the Service Plan Debt Limit.

After the issuance of the Bonds and the Series 2020B₍₃₎ Subordinate Bonds, the District will have \$41,250,000* remaining under its Service Plan Debt Limit. The limitations of the Service Plan may be modified or amended only with the prior approval of the Town and as otherwise provided in the Special District Act.

* Preliminary; subject to change.

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 Limited Offering Memorandum, 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 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 X
Estimated Overlapping General Obligation Debt

Overlapping Entity ¹	Outstanding General Obligation Debt	Net Outstanding General Obligation Debt Chargeable to Properties Within the District	
		Percent	Amount
Douglas County School District Re-1J	\$465,835,000	0.00001%	\$46

¹ Other entities overlap the District; however such other entities do not currently have any outstanding general obligation debt, and therefore are not listed in this table. See “DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Tax Data—Overlapping Mill Levies.”

Sources: County Assessor’s office and information obtained from individual entities

General Obligation Debt Ratios. The District has not previously issued general obligation indebtedness and, therefore, historical debt ratios are not available. See “INTRODUCTION—Debt Ratios” for general obligation debt ratios for the District upon issuance and delivery of the Bonds.

Revenue and Other Financial Obligations

The District has the authority under applicable law to issue revenue obligations payable from the net revenue of District facilities; however, the District has no such obligations outstanding and no current plans to issue any such obligations. The District also has the authority to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations.

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 Kutak Rock LLP, Denver, Colorado, as Bond Counsel to the District. Kutak Rock LLP, Denver, Colorado, is also serving as Disclosure Counsel to the District and, in such capacity, has assisted in the preparation of this Limited Offering Memorandum. Gilmore & Bell PC, Salt Lake City, Utah, has been retained as Underwriter's Counsel. Certain legal matters will be passed upon for the District by White Bear Ankele Tanaka & Waldron Professional Corporation, Centennial, Colorado, as General Counsel to the District.

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 knowledge, there is no action, suit, proceeding, inquiry or investigation pending in which the District is a party wherein an unfavorable decision, ruling, or finding would affect the validity of the Bonds, the Bond Resolution, the Indenture, or the transactions contemplated therein.

Future Changes in Laws

Various State 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 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 Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the Owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence 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.

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 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 existing State of Colorado statutes, to the extent interest on the Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. 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 cover of this Limited Offering Memorandum (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 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 bonds for a price that is higher or lower than the “adjusted issue price” of the 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 cover of this Limited Offering Memorandum (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.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

Bank Qualified. The District has represented that it does not reasonably anticipate issuing greater than \$10,000,000 of tax-exempt obligations in calendar year 2020 (excluding certain private activity and refunding bonds) and that it has designed the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80 percent of that portion of such institutions' interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on 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 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 heading "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

No Rating

No rating has been or will be applied for with respect to this financing.

No 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 (constituting Article 59 of Title 11, C.R.S., 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.

Continuing Disclosure Agreement

The Underwriter has determined that the Bonds are exempt from the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (“Rule 15c2-12”). The District has, however, agreed to enter into an agreement upon issuance of the Bonds (the “Continuing Disclosure Agreement”) pursuant to which the District is to provide certain information to the Trustee on a quarterly basis and certain information on an annual basis, which the Trustee is to file in the manner prescribed by the Municipal Securities Rulemaking Board (MSRB). The form of the Continuing Disclosure Agreement is appended as APPENDIX F to this Limited Offering Memorandum. A failure by the District to comply with the requirements of the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture. The Continuing Disclosure Agreement provides that if the District fails to comply with its obligations thereunder, any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations thereunder.

The District has not previously entered into an undertaking under Rule 15c2-12 or otherwise.

Interest of Certain Persons Named in this Limited Offering Memorandum

The legal fees to be paid to Bond Counsel, Disclosure Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

No Audited Financial Statements

Due to the limited financial activity of the District no audited financial statements have been prepared for the District.

Underwriting

The Bonds are being sold by the District to the Underwriter at an underwriting discount of \$_____ pursuant to a purchase contract. See “USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Bond Proceeds.” Expenses associated with the issuance of the Bonds are being paid by the District from proceeds of the Bonds. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds at the price or prices set forth on the cover page of this Limited Offering Memorandum. Such price 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 Bonds.

Additional Information

Copies of statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports and documents described in this Limited Offering Memorandum 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—Additional Information” herein.

Limited Offering Memorandum Certification

The preparation of this Limited Offering Memorandum and its distribution have been authorized by the Board. This Limited Offering Memorandum is hereby duly approved by the Board as of the date on the cover page hereof. This Limited Offering Memorandum is not to be construed as an agreement or contract between the District and the purchasers or owners of any Bond.

**CASTLEVIEW METROPOLITAN DISTRICT
NO. 2**

By /s/_____
President

APPENDIX A

FORECASTED STATEMENT OF SOURCES AND USES OF CASH

APPENDIX B

ASSESSED VALUE APPRECIATION REPORT

APPENDIX C
MARKET STUDY

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 table sets forth population statistics for the Town of Castle Rock (the “Town”), Douglas County (the “County”), the Denver metropolitan area (“DMA”), which includes the counties of Adams, Arapahoe, Boulder, Broomfield (city and county), Denver (city and county), Douglas and Jefferson, and the State of Colorado (the “State”).

Year	Population							
	Town	Percent Change	County	Percent Change	DMA	Percent Change	Colorado	Percent Change
1970	3,543	--	8,407	--	1,238,273	--	2,207,259	--
1980	3,921	10.67%	25,153	199.19%	1,618,461	30.70%	2,889,964	30.93%
1990	4,405	12.34	60,391	140.09	1,848,319	14.20	3,294,394	13.99
2000	20,224	359.11	175,766	191.05	2,400,570	29.88	4,301,261	30.56
2010	48,231	138.48	285,465	62.41	2,784,228	15.98	5,029,196	16.92
2018 ¹	64,818	34.39	342,847	20.10	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 for the County, the State and the United States, and the per capita personal income levels for the Town, County, the State and the United States.

Median Household Effective Buying Income ¹

	2016	2017	2018	2019	2020
Douglas County	\$86,417	\$86,164	\$90,772	\$88,284	\$92,451
Colorado	52,345	54,718	57,732	59,227	62,340
United States	46,738	48,043	50,620	52,468	54,686

¹ Calculated as of January 1 of the years indicated.

Source: The Nielsen Company, *Site Reports, 2016-2017*, Environics Analytics, *Spotlight Claritas Reports 2018-2020*

Percent of Households by Household Income Groups—2020 ¹

	Less Than \$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000- \$149,999	\$150,000 or more
Douglas County	6.09%	13.06%	36.47%	23.10%	21.28%
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
Douglas County	\$66,059	\$67,531	\$68,525	\$70,029	\$73,662
Colorado	50,700	52,133	52,262	55,335	58,456
United States	47,058	48,978	49,870	51,885	54,446

Source: Bureau of Economic Analysis, U.S. Department of Commerce

School Enrollment

The following table presents a five-year history of school enrollment for Douglas County School District RE-1, the primary school district serving the District.

Historical District Enrollment

Year	Enrollment	Percent Change
2015-2016	66,896	--
2016-2017	67,470	0.86%
2017-2018	67,597	0.19
2018-2019	67,591	(0.01)
2019-2020	67,305	(0.42)

Source: Colorado Department of Education and the school district

Housing Stock

The following table sets forth a comparison of housing units within the Town and the County.

Housing Units					
	2000	2010	2000-2010 Percent Change	2018 ¹	2010-2018 Percent Change
Town of Castle Rock	7,447	17,626	78.16%	23,803	35.04%
Douglas County	63,333	106,859	68.73	128,829	20.56

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 Town and the County.

History of Building Permit Activity—Castle Rock

Year	Single Family		Multi-Family		Commercial	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	794	\$182,149,931	83	\$ 9,565,533	51	\$25,430,159
2016	753	169,668,570	380	38,810,205	79	59,440,554
2017	862	253,423,531	402	58,746,347	129	62,694,257
2018	1,028	384,165,959	372	41,317,324	58	51,919,998
2019	901	272,981,745	23	3,801,979	44	45,658,744
2020 ¹	559	170,393,015	240	42,267,200	33	32,963,962

¹ Permits issued through July 31, 2020.

Source: Town of Castle Rock Building Division

History of Estimated Building Activity in Douglas County

Year	Single-family		Multi-Family		Commercial/Industrial	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	955	\$305,990,236	7	\$ 9,704,822	69	\$116,661,784
2016	857	275,619,304	24	48,523,416	58	73,259,579
2017	969	307,832,358	89	83,237,391	83	78,152,637
2018	1,058	334,795,828	104	18,344,557	76	123,410,718
2019	998	302,639,231	270	36,508,200	90	113,357,490
2020 ¹	135	48,250,305	42	30,628,953	45	23,380,581

¹ Permits issued through July 31, 2020.

Source: Douglas County Building Department

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.

History of Foreclosures

Year	Number of Foreclosures Filed	Percent Change
2015	335	--
2016	334	(0.30)%
2017	286	(14.37)
2018	297	3.85
2019	253	(14.81)
2020 ¹	134	--

¹ Foreclosures filed as of August 12, 2020.
Source: Douglas County Public Trustee's Office

Retail Sales

The retail trade sector employs a large portion of the Town and County's work force and is important to the area's economy. The following table sets forth information on retail sales within the Town of Castle Rock, Douglas County, and the State for the years indicated

Retail Sales (in thousands)¹

Year	Douglas County	Percent Change	Castle Rock	Percent Change	Colorado	Percent Change
2016	\$11,108,593	--	\$1,504,889	--	\$184,703,410	--
2017	11,331,725	2.01%	1,631,528	8.42%	194,641,958	5.38%
2018	11,580,675	2.20	1,745,281	6.97	206,121,045	5.90
2019	12,398,378	7.06	1,908,818	9.37	224,618,938	8.97
2020 ²	4,685,752	--	750,932	--	84,492,489	--

¹ Due to a change in reporting format, 2015 figures have been excluded as they are not directly comparable to subsequent years.

² Retail sales through May 31, 2020.

Source: State of Colorado, Department of Revenue, Retail Sales Reports 2016-2020

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—County

Industry ¹	Annual 2018		Annual 2019		Annual Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, Forestry, Fishing and Hunting	44	207	45	224	1	17
Mining	48	250	46	291	(2)	41
Utilities ²	--	--	--	--	--	--
Construction	1,042	8,843	1,081	9,264	39	421
Manufacturing	159	2,058	164	2,012	5	(46)
Wholesale Trade	1,233	4,416	1,238	4,635	5	219
Retail Trade	888	18,706	884	18,633	(4)	(73)
Transportation and Warehousing	115	1,508	127	1,578	12	70
Information	304	6,466	312	5,215	8	(1,251)
Finance and Insurance	829	9,759	857	12,780	28	3,021
Real Estate, Rental and Leasing	738	1,911	783	2,022	45	111
Professional and Technical Services	2,949	13,071	3,051	13,420	102	349
Management of Companies and Enterprises	316	3,373	373	3,568	57	195
Administrative and Waste Services	745	5,702	761	5,977	16	275
Educational Services	219	1,972	227	2,110	8	138
Health Care and Social Assistance	929	13,295	967	13,887	38	592
Arts, Entertainment and Recreation	184	3,581	201	3,777	17	196
Accommodation and Food Services	575	12,654	604	13,144	29	490
Other Services	919	4,085	933	4,150	14	65
Non-classifiable	10	11	8	12	(2)	1
Government	76	13,594	77	13,858	1	264
Total	<u>12,326</u>	<u>125,683</u>	<u>12,744</u>	<u>130,787</u>	<u>418</u>	<u>5,104</u>

¹ Information provided herein reflects only those employers who are subject to State unemployment insurance law.

² Information suppressed due to confidentiality as set forth in State Law.

Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW)

Labor Force Estimates

Year	Douglas County		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2015	172,105	3.1%	2,825,111	3.9%
2016	177,371	2.7	2,891,677	3.3
2017	184,585	2.4	2,986,522	2.8
2018	191,729	2.7	3,080,661	3.2
2019	196,248	2.4	3,148,766	2.8
2020 ^{1, 2}	182,853	5.5	2,909,331	6.7

¹ Labor force estimate through May 31, 2020.

² As a result of the COVID-19 pandemic and the federal government induced quarantine, unemployment numbers increased exponentially as reported in May. See “RISK FACTORS—COVID-19.”

Source: State of Colorado, Division of Employment and Training, Labor Market Information, *Colorado Labor Force Review*

Set forth in the following table are the major area employers in Douglas County and the DMA. 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 Douglas County

Firm	Product or Service	Estimated Number of Employees
Douglas County School District RE-1	Public Education	6,283
Charles Schwab	Financial Services	4,400
Echostar Communications	Satellite Operations and Video Delivery Solutions	2,750
Centura Health	Healthcare	1,510
Healthone: Sky Ridge Medical Center	Healthcare	1,340
Douglas County Government	County Government	1,285
Jacobs Engineering (fka CH2M Hill)	Global Project Delivery Company	1,120
VISA Debit Processing Service	Credit Card Processing	9990
Specialized Loan Servicing LLC	Loan Servicing	960
Cognizant	Information Technology Services	850

Source: Douglas County 2019 CAFR - www.metrodenver.org and Douglas County School District

Selected Major Employers in the Denver Metropolitan Area¹

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 Bonds. 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 Ratings 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.

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 affect 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 AGREEMENT

CASTLEVIEW METROPOLITAN DISTRICT NO. 2
IN THE TOWN OF CASTLE ROCK, COLORADO

\$ _____
LIMITED TAX
GENERAL OBLIGATION BONDS
SERIES 2020A₍₃₎

\$ _____
SUBORDINATE LIMITED TAX
GENERAL OBLIGATION BONDS
SERIES 2020B₍₃₎

This Continuing Disclosure Agreement (this “Agreement”) is entered into on _____, 2020, by and among Castleview Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado (the “District”) and UMB Bank, n.a., Denver, Colorado, as trustee (the “Trustee”), under the Indentures (defined below) relating to the above-captioned bonds (the “Bonds”).

Section 1. Purpose. This Agreement is being executed and delivered by the parties hereto for the benefit of the holders of the Bonds and in consideration for the purchase by D.A. Davidson & Co. (the “Underwriter”) of the Bonds pursuant to the terms of a Bond Purchase Agreement between the Underwriter and the District, dated _____, 2020.

Section 2. Definitions. Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings set forth in the Indentures (defined below) and the Limited Offering Memorandum (defined below). The capitalized terms set forth below shall have the following respective meanings for purposes of this Agreement:

“*Annual Report*” has the meaning assigned to such term in Section 3 of this Agreement.

“*Audited Financial Statements*” means the most recent annual financial statements for the District prepared in accordance with generally accepted accounting principles (“GAAP”) for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”), which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Colorado.

“*Bond Resolution*” means the resolution or resolutions authorizing the issuance of the Bonds adopted by the Board of Directors of the District on _____, 2020.

“*Development Completion Date*” has the meaning assigned to such term in Section 5 of this Agreement.

“*Indentures*” means the Indenture of Trust (Senior) relating to the Series 2020A₍₃₎ Senior Bonds dated as of _____, 2020, by and between the District and the Trustee and the Indenture of Trust (Subordinate) related to the Series 2020B₍₃₎ Subordinate Bonds dated as of _____, 2020, by and between the District and the Trustee, as each such Indenture may be amended or supplemented from time to time.

“*Limited Offering Memorandum*” means the Limited Offering Memorandum prepared in connection with the offer and sale of the Bonds, dated _____, 2020.

“*MSRB*” means the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Person” means an individual, partnership, joint venture, limited liability company, association, corporation, trust or any other legal entity.

“Quarterly Report” has the meaning assigned to such term in Section 3 of this Agreement.

“Report” has the meaning assigned to such term in Section 3 of this Agreement.

“Report Deadline” has the meaning assigned to such term in Section 3 of this Agreement.

“Trustee Filing Deadline” has the meaning assigned to such term in Section 3 of this Agreement.

Section 3. Procedures for Providing Quarterly and Annual Reports.

(a) Provisions of Quarterly Information to Trustee. The District shall provide to the Trustee the information set forth in the form of the quarterly report appended as Appendix A hereto (each, a “Quarterly Report”) as follows:

Last Day of Quarterly Reporting Period	Date Trustee Sends Notice to District and Fund Balance Information for Section 3	Date Quarterly Report is Due to Trustee (“Report Deadline”)	Date Quarterly Report is Due to Be Filed with the MSRB (“Trustee Filing Deadline”)
March 31	March 31	May 15	May 25
June 30	June 30	August 15	August 25
September 30	September 30	November 15	November 25
December 31	December 31	February 15	February 25

The first Quarterly Report will be due for the quarter ending December 31, 2020.

The District shall further provide its Audited Financial Statements by November 15 of each year as part of the September 30 Quarterly Report in such year. The information required to be provided by the District under Section 5 of the Quarterly Report may be provided as part of the Audited Financial Statements of the District. Any or all of the items required to be updated in a Quarterly Report may be incorporated by reference from other documents, including official statement of debt issues which are available to the public on the MSRB’s Internet website or filed with the SEC. The District shall clearly identify each such document incorporated by reference.

(b) Provision of Annual Information to Trustee. On and after the Development Completion Date, the District shall provide to the Trustee the information set forth in Sections 3 through 6 of the of the quarterly report appended as Appendix A hereto and the District’s Audited Financial Statements (each, an “Annual Report”) as follows:

Last Day of Annual Reporting Period	Date Trustee Sends Notice to District and Fund Balance Information for Section 3	Date Annual Report is Due to Trustee (“Report Deadline”)	Date Annual Report is Due to Be Filed with the MSRB (“Trustee Filing Deadline”)
September 30	September 30	November 15	November 25

Any or all of the items required to be updated in an Annual Report may be incorporated by reference from other documents, including official statement of debt issues which are available to the public

on the MSRB’s Internet website or filed with the SEC. The District shall clearly identify each such document incorporated by reference.

(c) **Provision of Annual Budget to Trustee.** The District shall provide to the Trustee the annual budget required in Section 5 of the Quarterly Report appended as Appendix A hereto (each, an “Annual Budget”) as follows:

Last Day of Annual Reporting Period	Date Trustee Sends Notice to District and Fund Balance Information for Section 3	Date Annual Budget is Due to Trustee (“Report Deadline”)	Date Annual Budget is Due to Be Filed with the MSRB (“Trustee Filing Deadline”)
December 31	December 31	February 15	February 25

(d) **Provision of Reports to the MSRB.** The Trustee shall provide to the MSRB (in an electronic format as prescribed by the MSRB) the Quarterly Report, Annual Report, or Annual Budget (each, a “Report”), as applicable, by the dates provided in Section 3(a), (b), and (c) above. Each Report may be submitted as a single document or as separate document comprising a package, and may cross-reference other information as provided in Section 3(a) above; provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Quarterly Report due on each November 25.

If the District fails to provide to the Trustee the information in the Report required to be provided by at least ten (10) days prior to the applicable Report Deadline, then the Trustee shall provide notice to the District that the Report remains due, and shall indicate in such notice the applicable Report Deadline. If the District fails to provide to the Trustee the information in the Report required to be provided by it by the applicable Report Deadline, which results in the Trustee’s inability to provide a complete Report to the MSRB by the applicable Trustee Filing Deadline, then, as soon as practicable after the Trustee Filing Deadline, the Trustee shall promptly file such portion of the Report as has been provided to it as of such date, and shall file or cause to be filed a notice in substantially the form attached as Appendix B with the MSRB.

In addition to the foregoing, the Trustee shall, prior to the date of each filing of a Report, determine the appropriate electronic format prescribed by the MSRB. After the Trustee files a Report and/or the notice described in the preceding paragraph with the MSRB, the Trustee shall, upon request, send a report to the District stating the date that such report or notice was filed and listing all the entities to which it was provided.

(e) **Means of Transmitting Information.** Subject to technical and economic feasibility, the District shall employ such methods of information transmission as the Trustee shall reasonably request. All documents provided to the MSRB pursuant to this Agreement shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Agreement, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

Section 4. Notice of Material Events. Not later than ten (10) business days after the occurrence of any of the following events, the District shall cause the Trustee to provide a notice of such event to the MSRB:

(a) The failure or refusal by the District to impose the Senior Required Mill Levy and the Subordinate Required Mill Levy or to collect and apply the other components of the Senior Pledged Revenue and the Subordinate Pledged Revenue as required by the applicable Indenture;

(b) Any other Event of Default occurs under any Indenture, including a description of such default;

(c) Any non-payment related default under any Indenture (if the District deems such default to be material to the Owners), including a description of such default;

(d) A draw on the Senior Reserve Fund

(e) A draw on the Senior Surplus Fund;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice 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;

(g) Modifications to rights of Bond owners, if material;

(h) Bond calls and tender offers; and

(i) Defeasances.

Whenever the Trustee obtains actual knowledge of the occurrence of any of the aforementioned events, the Trustee shall promptly notify the District of such event. For purposes of this paragraph, “actual knowledge” of the Trustee means actual knowledge by an officer of the Trustee having responsibility for matters regarding the Indentures or the Bonds.

Section 5. Termination. The obligations of the District and the Trustee under this Agreement shall terminate at such time as none of the Bonds are Outstanding under the Indentures. In addition, the obligations of the District to provide the information set forth in Section 1 of the Quarterly Report shall terminate on the date when the District certifies to the Trustee in writing that the Town of Castle Rock has issued certificates of occupancy with respect to 105 single-family residences within the Development (the “Development Completion Date”).

Section 6. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may only be amended with the consent of the Owners holding in the aggregate the majority of the Bonds outstanding under the Indentures.

Section 7. Liability for Content of Information Provided. So long as the parties to this Agreement act in good faith, such entities shall not be liable for any errors, omissions or misstatements in the information provided pursuant to this Agreement.

Section 8. Failure to Perform. Any failure by the District to perform in accordance with this Agreement shall not constitute an Event of Default under the Indentures, and the rights and remedies provided by the Indentures upon the occurrence of an Event of Default shall not apply to any such failure.

If the District fails to comply with this Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations hereunder.

Section 9. Severability. If any section, paragraph, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Agreement, the intent being that the same are severable.

Section 10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

Section 11. Compensation. As compensation for its services under this Agreement, the Trustee shall be compensated or reimbursed by the District for its reasonable fees and expenses in performing the services specified under this Agreement.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the District, the Trustee and the Owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Trustee. The Trustee shall have only such duties as are specifically set forth in this Agreement, and the District agrees, to the extent permitted by law, to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim or liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The Trustee may resign as dissemination agent hereunder at any time upon thirty (30) days prior written notice to the District. The Trustee shall not be responsible in any manner for the content of any notice or report (including without limitation any Quarterly Report) prepared by the District pursuant to this Agreement. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 14. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 15. Counterparts. This Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their respective names, all as of the date first above written.

CASTLEVIEW METROPOLITAN DISTRICT
NO. 2, in the Town of Castle Rock, Douglas
County, Colorado

By: _____
President

UMB BANK, n.a., as Trustee

By: _____
Authorized Officer

[Signature Page to Continuing Disclosure Agreement]

**APPENDIX A
(To Continuing Disclosure Agreement)**

FORM OF QUARTERLY REPORT

**CASTLEVIEW METROPOLITAN DISTRICT NO. 2
IN THE TOWN OF CASTLE ROCK, COLORADO**

\$ _____
**LIMITED TAX
GENERAL OBLIGATION BONDS
SERIES 2020A⁽³⁾**

\$ _____
**SUBORDINATE LIMITED TAX
GENERAL OBLIGATION BONDS
SERIES 2020B⁽³⁾**

Date of Report: _____

All capitalized terms used and not otherwise defined in this report shall have the respective meanings assigned in the Continuing Disclosure Agreement (the "Agreement") entered into on _____, 2020, by and among Castleview Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado (the "District") and UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee"), under the Indentures (defined below) relating to the above-captioned bonds (the "Bonds"). Unless otherwise stated herein, capitalized terms shall have the meanings assigned them in the Limited Offering Memorandum dated _____, 2020, pertaining to the Bonds, and all information contained herein is the most current information available as of the Date of Report specified above, and is provided with respect to development within the Development.

Section 1. Development. [District to complete; to be updated each quarter until the Development Completion Date.] District to use reasonable efforts to complete this Section 1 to the extent of information available from public resources. If specific data is not available, the District is to use reasonable efforts to provide data similar in nature, to the extent publicly available. For example, if building permit data is not available, construction starts would be similar information; if certificates of occupancy are not available, closings would be similar information.

(a) Building Permits-Residential: State the number of single-family residential building permits issued by the Town of Castle Rock within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds (if any such building permit is issued for any residential unit type other than a single-family residence, then please provide the following by residential unit type):

Last Quarter: _____ Cumulatively: _____

(b) Certificates of Occupancy-Residential: State the number of single-family residential certificates of occupancy issued by the Town of Castle Rock within the Development since both the last Quarterly Report and cumulatively, since the date of issuance of the Bonds (if any such certificates of occupancy is issued for any residential unit type other than a single-family residence, then please provide the following by residential unit type):

Last Quarter: _____ Cumulatively: _____

Section 2. Inclusions and Exclusions. [District to complete; to be updated each quarter until the Development Completion Date.] Describe any property, by parcel designation and acreage, which has been included within or excluded from the boundaries of the District since the last Quarterly Report, if applicable.

Section 3. Fund Balances and Transfers. [District to complete, based upon information received from the Trustee; to be updated each quarter on and prior to the Development Completion Date, and to be updated annually after the Development Completion Date.]

The amount on deposit in each of the following funds is set forth below, as of _____, 20__.

- (a) the amount on deposit in the Senior Project Fund is \$ _____;
- (b) the amount on deposit in the Senior Bond Fund is \$ _____;
- (c) the amount on deposit in the Senior Reserve Fund is \$ _____;
- (d) the amount on deposit in the Senior Surplus Fund is \$ _____;
- (e) the amount on deposit in the Subordinate Project Fund is \$ _____; and
- (f) the amount on deposit in the Subordinate Bond Fund is \$ _____.

Section 4. Assessed Value, Actual Value and Mill Levies. [District to complete to be provided annually with the Quarterly Report due November 15, may be provided as part of the Audited Financial Statements filed under Section 5 below.]

The District shall complete and update the following tables:

History of Assessed Valuations and Mill Levies for the District

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Valuation</u>	<u>Percent Increase</u>	<u>Mill Levy</u>
2020	2021			
2021	2022			
2022	2023			
2023	2024			
2024	2025			

Future years as applicable

Source: Douglas County Assessor’s Office.

Property Tax Collections in the District

<u>Levy Year</u>	<u>Collection Year</u>	<u>Taxes Levied</u>	<u>Current Tax Collections⁽¹⁾</u>	<u>Current Collections as a % of Tax Levied</u>
2020	2021			
2021	2022			
2022	2023			
2023	2024			
2024	2025			

Future years as applicable

⁽¹⁾ Figures are through _____, 20__.

Source: Douglas County Treasurer’s Office.

Section 5. Annual District Financial Information. [District to complete; to be provided with the Quarterly Report indicated below.] Each of the annual information items set forth below must be provided only once each year as indicated below. Audited Financial Statements shall be provided with, and no later than, the appropriate Quarterly Report. The following information for which the appropriate box is checked is attached to this Quarterly Report:

_____ Audited Financial Statements of the District for the year ending _____. (Must be provided with the Quarterly Report due November 15.)

_____ Annual budget of the District for fiscal year _____. Such annual budget ___ has ___ has not been adopted by the Board of Directors of the District. (Must be provided with the Quarterly Report due February 15.)

Section 6. Authorized Denominations. [District to complete; to be updated each quarter on and prior to the Development Completion Date, and to be updated annually after the Development Completion Date]

The Bonds are presently outstanding in Authorized Denominations of:

_____ \$500,000 or any integral multiple of \$1,000 in excess thereof; or

_____ Pursuant to paragraph (c) of the definition of Authorized Denomination in the Indentures, the Authorized Denominations were reduced to \$1,000 or any integral multiple thereof on _____ [insert date].

[Signature/Certification on Following Page]

The information contained in this Quarterly Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness.

The party executing this report on behalf of the District hereby certifies that he/she is authorized to execute this report on behalf of the District. The District hereby further certifies as to the information provided in the foregoing report and that such information is, to the best of its knowledge, true, accurate and complete. This report may be executed below on counterpart signature pages.

CASTLEVIEW METROPOLITAN DISTRICT
NO. 2, in the Town of Castle Rock, Douglas
County, Colorado

By: _____
Officer of the District

[Signature/Certification Page to Quarterly Report]

**APPENDIX B
(To Continuing Disclosure Agreement)**

NOTICE OF FAILURE TO FILE REPORT

Name of District: Castleview Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado

Name of Bond Issue: Castleview Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado, Limited Tax General Obligation Bonds, Series 2020A₍₃₎, in the original aggregate principal amount of \$ _____; and
Castleview Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado, Subordinate Limited Tax General Obligation Bonds, Series 2020B₍₃₎, in the original aggregate principal amount of \$ _____.

CUSIPS:

Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that the District has not provided a portion of the information required for a (check as appropriate) ___ Quarterly ___ Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated _____, 2020, among the District and the Trustee. The District ___ anticipates that such information required by such Report will be filed by _____.

Dated: _____, ____

UMB BANK, n.a., as Trustee

By: _____
Its: _____

APPENDIX G

FORM OF BOND COUNSEL OPINION FOR BONDS

_____, 2020

Castleview Metropolitan District No. 2
Castle Rock, Colorado

D.A. Davidson & Co.
Denver, Colorado

§ _____
Castleview Metropolitan District No. 2
In the Town of Castle Rock
Douglas County, Colorado
Limited Tax General Obligation Bonds
Series 2020A₍₃₎

Ladies and Gentlemen:

We have acted as bond counsel (“Bond Counsel”) to the Castleview Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado (the “District”), in connection with the issuance of the District’s \$_____ Limited Tax General Obligation Bonds, Series 2020A₍₃₎ (the “Bonds”). The Bonds are authorized pursuant to an authorizing resolution of the Board of Directors of the District adopted on _____, 2020 (the “Bond Resolution”), and are issued and secured pursuant to that certain Indenture of Trust (Senior) dated as of the date hereof (the “Indenture”), between the District and UMB Bank, n.a., as trustee (the “Trustee”). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms by the Indenture.

We have examined the Constitution and laws of the State of Colorado, the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraphs 5 and 6 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Indenture, the Bond Resolution and the tax compliance certificate executed and delivered in connection with the issuance of the Bonds (the “Tax Compliance Certificate”), and other certifications of public officials of the District and others furnished to us, including a certificate of D.A. Davidson & Co., as Underwriter for the Bonds, without undertaking to verify the same by independent investigation. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as certified, conformed, or photocopies. We have also reviewed the opinion of White Bear Ankele Tanaka & Waldron, Professional Corporation, Centennial, Colorado, general counsel to the District, delivered in connection with the issuance of the Bonds.

Based upon the foregoing, we are of the opinion, under existing law and as of the date hereof, that:

1. The Bonds have been duly authorized, executed and delivered by the District and constitute valid and binding limited tax general obligations of the District, payable solely from the Senior Pledged Revenue and from the funds and accounts pledged therefor under the Indenture.

2. All of the taxable property of the District is subject to the levy of an ad valorem tax in the amount of the Senior Required Mill Levy for the purpose of paying the Bonds.

3. The Bond Resolution and, assuming the due execution of the Indenture by the Trustee, the Indenture constitute valid and binding obligations of the District, legally enforceable against the District in accordance with their respective terms; provided, however, that no opinion is expressed herein as to the enforceability of Section 9.01(m) of the Indenture or any other provision pursuant to which the District purports to indemnify the Trustee or any other party.

4. The Indenture creates a valid lien on the Senior Pledged Revenue and on the funds and accounts pledged therein for the security of the Bonds, subject to the provisions, conditions, and limitations contained in the Indenture. We express no opinion regarding the priority of the lien on the Senior Pledged Revenue or on the funds and accounts created by the Indenture.

5. Under the laws, regulations, rulings and judicial decisions existing on the date hereof, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume the accuracy of certain representations of the District 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 such interest to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinions retroactive to the date of issuance of the Bonds. The District has covenanted in the Indenture and the Tax Compliance Certificate to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. The District has properly designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.

6. Under State of Colorado statutes existing on the date hereof, to the extent interest on the Bonds is excludable from gross income for federal income tax purposes, such interest is excludable from gross income for Colorado income tax purposes and from the calculation of Colorado alternative minimum taxable income. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

As Bond Counsel, we are passing only upon matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any offer or sale of the Bonds or upon any federal or Colorado tax consequences arising from the receipt or accrual of interest on or the ownership of the Bonds except those specifically addressed above. We express no opinion herein as to any matter not specifically set forth above.

The District is our sole client in this transaction and we have not been engaged by, nor have we undertaken to advise any other party or to opine as to matters not specifically covered herein. This opinion letter is solely for the benefit of the addressees hereof and may not be circulated, quoted or relied upon by any party other than the addressees without our prior written consent, except that a copy may be included in the closing transcripts for the Bonds. The inclusion of D.A. Davidson & Co. as an addressee of this opinion letter does not create or imply an attorney-client relationship between Kutak Rock LLP and such party.

APPENDIX H

SELECTED DEFINITIONS

“*Act*” means the “Special District Act,” Title 32, Article 1, C.R.S.

“*Additional Bonds*” means: (a) all obligations of the District for borrowed money and reimbursement obligations; (b) all obligations of the District constituting a lien or encumbrance upon any ad valorem tax revenues of the District or any part of the Pledged Revenue; (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments; (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:

(i) obligations the repayment of which is contingent upon the District’s annual determination to appropriate moneys therefor, other than capital leases as set forth in clause (e) above, which obligations do not constitute a multiple-fiscal year financial obligation and do not obligate the District to impose any tax, fee, or other governmental charge;

(ii) obligations which are payable solely from the proceeds of additional District obligations, when and if issued;

(iii) obligations payable solely from periodic, recurring service charges (but not fees for funding capital improvements) imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under Colorado law;

(iv) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements (collectively, “Credit Enhancement(s)”) so long as (A) such Credit Enhancement is issued as security for any bonds, notes, or other obligations of the District permitted to be issued under the Indenture; (B) no reimbursement obligation under such Credit Enhancement exceeds the principal and/or interest actually paid on the bonds, notes, or other obligations secured thereby, and no reimbursement obligation arises unless and until such principal and/or interest is paid from a draw or other demand on such Credit Enhancement; and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations secured by the Credit Enhancement(s); and

(v) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District.

“*Authorized Denominations*” means, initially, the amount of \$500,000 or any integral multiple of \$1,000 in excess thereof, provided that:

(a) no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date;

(b) in the event a Bond is partially redeemed and the unredeemed portion is less than \$500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than \$500,000, in integral multiples of not less than \$1,000 each or any integral multiple thereof; and

(c) the Authorized Denominations shall be reduced to \$1,000 or any integral multiple thereof in the event that the Trustee receives an opinion of Counsel that the District has filed a notice of a claim of exemption, along with all other required documents necessary to exempt the Bonds under any of the exemptions from registration contemplated by Section 11-59-110, C.R.S., or any successor statute, or has taken other actions which permit the Bonds to be issued in denominations of \$1,000 or integral multiples thereof under the Colorado Municipal Bond Supervision Act, Title 11, Article 59, C.R.S., or any successor statute.

“*Beneficial Owner*” means any person for which a Participant acquires an interest in the Bonds.

“*Board*” means the Board of Directors of the District, being its governing body.

“*Bond Counsel*” means, as of the date of issuance of the Bonds, Kutak Rock LLP, Denver, Colorado and thereafter, means any firm of nationally recognized municipal bond attorneys selected by the District and experienced in the issuance of municipal bonds and the exclusion of the interest thereon from gross income for federal income tax purposes.

“*Bond Fund*” means the “Castleview Metropolitan District No. 2 Limited Tax General Obligation Bonds, Series 2020A₍₃₎, Senior Bond Fund,” established by the provisions of the Indenture for the purposes set forth therein.

“*Bond Resolution*” means the resolution authorizing the issuance of the Bonds and the execution of the Indenture, 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 made thereto.

“*Bond Termination Date*” means December 2, 2054, being the date on which no further payments will be due on the Bonds, regardless of the amount of principal and interest paid prior to that date.

“*Bond Year*” means the period commencing December 2 of any calendar year through and including December 1 of the immediately succeeding calendar year.

“*Bonds*” means, the Castlewood Metropolitan District No. 2 Limited Tax General Obligation Bonds, Series 2020A₍₃₎, issued in the aggregate principal amount of \$_____ issued pursuant to the Indenture and the Bond Resolution..

“*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.

“*Capitalized Interest Account*” means the “Castleview Metropolitan District No. 2 Limited Tax General Obligation Bonds, Series 2020A₍₃₎, Capitalized Interest Account,” established under the Indenture as an account of the Bond Fund.

“*Cede & Co.*” or “*Cede*” means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

“*Certified Public Accountant*” means a certified public accountant within the meaning of Section 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State.

“Code” means the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Bonds.

“Colorado Governmental Immunity Act” means Title 24, Article 10, Part 1, C.R.S.

“Consent Party” means the Owner of a Bond or, if such Bond is held in the name of Cede & Co., the Participant (as determined by a list provided by DTC) with respect to such Bond. The District may at its option determine whether the Owner or the Participant is the Consent Party with respect to any particular amendment or other matter under the applicable Indenture.

“Counsel” means a person, or firm of which such a person is a member, authorized in any state to practice law.

“County” means Douglas County, Colorado.

“County Treasurer” means the Treasurer of Douglas County, Colorado.

“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the date of the Indenture.

“Debt to Assessed Ratio” means, as of any particular date of calculation, the ratio derived by dividing (a) the sum of the then outstanding principal amount (or, if issued as capital appreciation bonds, the then accreted value) of all general obligation debt of the District by (b) the assessed valuation of the taxable property of the District, as such assessed valuation is certified from time to time by the appropriate 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 the Castleview Metropolitan District No. 2, in the Town of Castle Rock, Douglas County, Colorado, and its successors and assigns.

“District Accountant” means (a) as of the date of issuance of the Bonds, Simmons & Wheeler, P.C., Englewood, Colorado; and (b) as of any other date, the firm or individual then serving as the accountant for the District.

“District Representative” means the person or persons at the time designated to act on behalf of the District by the Bond Resolution or as designated by 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.

“Douglas County Records” means the real property records of the Douglas County (Colorado) Clerk and Recorder.

“Election” means the election held within the District on November 6, 2018.

“*Event of Default*” means, any one or more of the events identified as such in the Indenture. (For a description of such Events of Default, see information in the Limited Offering Memorandum under the captions “THE BONDS—Certain Indenture Provisions—*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 and interest on which are unconditionally guaranteed by, the United States of America.

“*Final Maturity Date*” means December 1, 2050, being the final maturity date of the Bonds.

“*GAAP*” means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”).

“*Indenture*” means, the Indenture of Trust (Senior) dated as of the date of issuance of the Bonds between the District and the Trustee, pursuant to which the Bonds are issued, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

“*Infrastructure Acquisition and Reimbursement Agreement*” means the Infrastructure Acquisition and Reimbursement Agreement (Castlevew, L.L.C.) dated December 9, 2019 between the District and the Prior Landowner.

“*Interest Payment Date*” means, June 1 and December 1 of each year, commencing December 1, 2020 and continuing for so long as the Bonds are Outstanding, and the Final Maturity Date of the Bonds.

“*Limited Offering Memorandum*” means this Limited Offering Memorandum to which this APPENDIX H is appended.

“*Maximum Surplus Amount*” means the amount of \$ _____.

“*Outstanding*” or “*Outstanding Bonds*” means as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under the applicable Indenture, 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 Indenture) has been 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 Indenture) has 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 Indenture applicable to lost, destroyed, stolen or mutilated Bonds.

“*Owner(s)*” or “*Owner(s) of Bonds*” means the registered owner(s) of any Bond(s) as shown on the registration books maintained by the Trustee under the Indenture.

“*Participants*” means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

“*Permitted Refunding Bonds*” means Senior Bonds issued for refunding or refinancing purposes, so long as each of the following conditions are met:

(a) Such refunding obligations are issued solely for the purpose of refunding all or any part of the Bonds or any other Senior Bonds and paying costs in connection therewith, which costs may include amounts sufficient to pay all expenses in connection with such refunding or refinancing, to fund reserve 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 in any year from the scheduled debt service in effect prior to the issuance of such refunding obligations. For purposes of the foregoing, obligations issued for refunding all or any part of the Bonds or any other Senior Bonds which have any scheduled payment dates in any year which is after the maturity of the bonds being refunded shall be deemed to increase the District's debt service in any year.

(c) Any reserve fund or similar fund securing such refunding obligations shall not be required or permitted to be funded in excess of an amount equal to 10% of the original par amount of such refunding obligations.

(d) Any surplus fund or similar fund securing such refunding obligations shall not be required or permitted to be funded in excess of an amount equal to 10% of the original par amount of such refunding obligations.

(e) Such refunding obligations are payable on the same day or days of the calendar year as the Bonds and any other Senior Bonds being refunded, and are not subject to acceleration.

(f) The ad valorem mill levy pledged to the payment of the refunding obligations is not higher than and is subject to the same deductions and adjustments as the ad valorem mill levy pledged to the payment of the Bonds and any other Senior Bonds being refunded.

(g) The remedies for defaults under such refunding obligations are substantially the same as the remedies applicable to the Bonds and any other Senior Bonds being refunded.

"Pledged Revenue" means the moneys derived by the District from the following sources:

(a) the Required Mill Levy, net of fees of the County Treasurer and any tax refunds or abatements authorized by or on behalf of the County;

(b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and

(c) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

"Prior Landowner" means Castleview, L.L.C., a Nevada limited liability company.

"Project" means the acquisition, construction, and installation of public facilities within and without the boundaries of the District as further set forth in the Service Plan, the debt for which was approved at the Election, including without limitation necessary or appropriate equipment.

"Project Costs" means the District's costs properly attributable to the Project or any part thereof, including reimbursement or payment of such costs in accordance with any reimbursement agreements,

facilities acquisition agreements or similar agreements, including without limitation 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 surveys, appraisals, plans, designs, specifications, and estimates;
- (e) the costs, fees, and expenses of printers, engineers, architects, construction management, financial consultants, accountants, legal advisors, or other agents or employees;
- (f) the costs of publishing, reproducing, posting, mailing, or recording documents;
- (g) the costs of contingencies or reserves;
- (h) the costs of issuing the Bonds;
- (i) the costs of amending the Indenture, the Bond Resolution, or any other instrument relating to the Bonds or the Project;
- (j) 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;
- (k) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, and franchises;
- (l) the costs of demolition, removal, and relocation;
- (m) the costs of organizing the District, to the extent deemed capital expenditures under GAAP; and
- (n) all other lawful costs as determined by the Board.

“*Project Fund*” means a special fund of the District designated as the “Castlevue Metropolitan District Limited Tax General Obligation Bonds, Series 2020A₍₃₎, Project Fund,” established by the provisions of the Indenture for the purpose of paying or reimbursing Project Costs.

“*Record Date*” means the fifteenth (15th) day of the calendar month immediately preceding each Interest Payment Date.

“*Required Mill Levy*” has the following meaning:

- (a) Subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due and, if necessary, to replenish the Reserve Fund to the Reserve Requirement, but (i) not in excess of 50.000 mills, and (ii) if the amount on deposit in the Surplus Fund is less than the Maximum Surplus Amount, not less

than 50.000 mills, or such lesser mill levy which will fund the Bond Fund for the relevant Bond Year and pay the Bonds as they come due, replenish the Reserve Fund to the Reserve Requirement, and fund (or replenish) the Surplus Fund to the Maximum Surplus Amount; *provided however*, that if, after the date of issuance of the Bonds, changes are made in the method of calculating assessed valuation or there is any constitutionally mandated tax credit, cut or abatement, such maximum and minimum mill levies 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 such mill levies, as so adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the residential rate as defined in Section 39-1-104.2, C.R.S., shall be deemed to be a change in the method of calculating assessed valuation.

As of the date of issuance of the Bonds, the residential rate as defined in Section 39-1-104.2, C.R.S. (stated as a percentage of actual value as determined by the County Assessor), is 7.15%. Accordingly, increases or decreases of the maximum and minimum mill levies as required under paragraph (a) above shall include (but not be limited to) adjustments to such mill levies if the residential rate (as defined in Section 39-1-104.2, C.R.S.) is changed from 7.15%.

(b) The Indenture provides that, notwithstanding anything therein to the contrary, in no event may the Required Mill Levy be established at a mill levy which would constitute a material departure from the requirements of the Service Plan or 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 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 or create a material departure from the Service Plan, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded and no material departure from the Service Plan occurs.

"*Reserve Fund*" means a special fund of the District designated in the Indenture as the "Castlewood Metropolitan District Limited Tax General Obligation Bonds, Series 2020A₍₃₎, Reserve Fund," created by the provisions of the Indenture for the purposes set forth therein.

"*Reserve Requirement*" means the amount of \$ _____, being the amount required to be funded and maintained in the Reserve Fund securing the Bonds.

"*Revenue Fund*" means a special fund of the District designated in the Indenture as the "Castlewood Metropolitan District Limited Tax General Obligation Bonds, Series 2020A₍₃₎, Revenue Fund," created by the provisions of the Indenture for the purposes set forth therein.

"*Richmond Homes*" means Richmond American Homes of Colorado, Inc., a Delaware corporation.

"*Scheduled Payment Date*" means (a) with respect to *interest* on the Bonds, each Interest Payment Date, and (b) with respect to *principal* on the Bonds, each date on which a mandatory sinking fund installment is due under the Indenture and each Bond maturity, including, without limitation, the Final Maturity Date.

"*Senior Bond Mill Levy*" means (a) the Required Mill Levy, being the debt service mill levy required to be imposed for payment of the Bonds under the Indenture, and (b) and any other debt service mill levy required to be imposed for payment of other Senior Bonds outstanding, if any, under the applicable instrument pursuant to which such Senior Bonds are issued and secured.

“*Senior Bond Reserve Fund*” means any fund or account created for the purpose of securing the payment of Senior Bonds, excluding any Senior Obligations Bond Fund and any Senior Bond Surplus Fund, and provided that such fund is fully funded as of the date of issuance of the applicable Senior Bonds from the proceeds thereof or from any other source other than the revenue pledged to such Senior Bonds.

“*Senior Bonds*” means, the Bonds and any Additional Bonds having a lien upon the Pledged Revenue or any part thereof on a parity with the lien thereon of the Bonds and superior to the lien of the Subordinate Bonds, payable in whole or in part from moneys described in SECOND through FOURTH of the Section of the Indenture described in this Limited Offering Memorandum under the caption “THE BONDS—Certain Indenture Provisions—*Flow of Funds*.” For purposes of this definition, Additional Bonds having a lien upon the District’s ad valorem tax revenues shall be considered obligations having a lien upon the Pledged Revenue or any part thereof. (See also the information in this Limited Offering Memorandum under the caption “THE BONDS—Certain Indenture Provisions—*Additional Bonds*.”)

“*Series 2020B₍₃₎ Subordinate Bonds*” means the District’s Subordinate Limited Tax General Obligation Bonds, Series 2020B₍₃₎, in the original principal amount of \$ _____ to be issued concurrently with the issuance of the Bonds pursuant to a separate Indenture of Trust (Subordinate).

“*Service*” means the Internal Revenue Service.

“*Service Plan*” means the Consolidated Amended and Restated Service Plan for Castleview Metropolitan District No. 1 and Service Plan for Castleview Metropolitan District No. 2 was approved by the Town pursuant to Resolution No. 2018-076 adopted by the Town Council on August 21, 2018, as the same may be modified or amended from time to time in accordance with the provisions thereof and applicable law.

“*Service Plan Contemplated Public Infrastructure*” means the public improvements contemplated under the Service Plan to be provided and financed by the District for the purpose of serving the future taxpayers and inhabitants of the District in accordance with the District’s Service Plan and the Special District Act.

“*Special District Act*” means Title 32, Article 1, C.R.S.

“*Special Record Date*” means the record date for determining Bond ownership for purposes of paying interest not paid when due, as such date may be determined by the Trustee in accordance with the provisions of the Indenture.

“*Specific Ownership Tax*” means 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.

“*State*” means the State of Colorado.

“*Subordinate Bonds*” means the Series 2020B₍₃₎ Subordinate Bonds and any Additional Bonds having a lien upon the Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the Bonds, payable in whole or in part from moneys described in clause FIFTH of the Section of the Indenture described in this Limited Offering Memorandum under the caption “THE BONDS—Certain Provisions of the Indenture—*Flow of Funds*”, and not from moneys described in clauses FIRST through FOURTH of such Section. For purposes of this definition, Additional Bonds having a lien upon the District’s ad valorem tax revenues shall be considered obligations having a lien upon the Pledged Revenue or any part thereof. (See also the information in this Limited Offering Memorandum under the caption “THE BONDS—Certain Indenture Provisions—*Additional Bonds*.”)

“*Subordinate Indenture*” means the Indenture of Trust (Subordinate) dated as of the date of issuance of the Series 2020B₍₃₎ Subordinate Bonds between the Trustee and the District pursuant to which the Series 2020B₍₃₎ Subordinate Bonds are being issued, as the same may be amended and supplemented from time to time in accordance with the provisions thereof.

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S.

“*Surplus Fund*” means a special fund of the District designated in the Indenture as the “Castlewood Metropolitan District No. 2 Limited Tax Bonds, Series 2020A₍₃₎, Surplus Fund”, created by the provisions of the Indenture for the purposes set forth therein.

“*Tax Code*” means the Internal Revenue Code of 1986 and the rules and regulations promulgated thereunder, as amended and in effect as of the date of issuance of the Bonds.

“*Town*” means the Town of Castle Rock, Colorado.

“*Town Council*” means the Town Council of the Town, being the governing body thereof.

“*Trustee*” means UMB Bank, n.a., in Denver, Colorado, in its capacity as trustee for the Bonds under the Indenture, or any successor Trustee, qualified, and acting as trustee, paying agent, and bond registrar under the provisions of the Indenture.

“*Trustee Fees*” means the amount of the fees and expenses of the Trustee charged or incurred in connection with the performance of its ordinary services and duties rendered under the Indenture (and under any other indenture entered into by the District in connection with the issuance of additional indebtedness), as the same become due and payable, but not in excess of: \$4,000 annually for each series of Senior Bonds, \$3,000 annually for each series of Subordinate Bonds, and \$2,500 annually for each series of Junior Lien Bonds; provided, however, that this definition does not include expenses incurred by the Trustee in connection with the performance of extraordinary services and duties, which expenses shall be payable by the District in accordance with the applicable provisions of the Indenture or any other indenture.

“*Underwriter*” means D.A. Davidson & Co., of Denver, Colorado.