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March 4, 2026

VIA E-MAIL

Michael J. Hyman, Esq.
Town of Castle Rock
100 North Wilcox Street
Castle Rock, Colorado 80104

**Re: Valley View Metropolitan District Nos. 1-3 - Petition for Service Plan
Amendment and Proposed Valley View Metropolitan District No. 1 2026 Bond
Issuance**

Dear Mr. Hyman:

We serve as general counsel to Valley View Metropolitan District No. 1 (the “**District**”), Valley View Metropolitan District No. 2 (“**District 2**”) and Valley View Metropolitan District No. 3 (“**District 3**” referred to collectively with the District and District 2 as the “**Districts**”). On behalf of the Districts, we hereby submit for the Town of Castle Rock’s (“**Town**”) review: (i) a petition requesting approval of an Amended and Restated Consolidated Service Plan (the “**Amendment**”) for the Districts pursuant to the Colorado Special District Act and the Town of Castle Rock Municipal Code (the “**Town Code**”) and (ii) notice of the District’s anticipated issuance of general obligation bonds in 2026 (the “**2026 Bonds**”), which issuance is intended to occur following approval of, and in compliance with, the proposed Amendment.

Enclosed with this letter are the proposed Amendment and supporting materials, which we believe fulfill the Town’s requirements for consideration of the Amendment and the proposed issuance of the 2026 Bonds. These submissions are intended to be considered together, as the successful issuance of the 2026 Bonds is dependent on the Town’s approval of the Amendment. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Amendment.

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Background

The Districts were organized pursuant to the Consolidated Service Plan approved by the Town on May 2, 2023 (the “**Original Service Plan**”) to finance, construct and provide public infrastructure necessary to serve the Canyons Far South development (the “**Community**”).

Since approval of the Original Service Plan, several factors, including updated engineering, new stormwater regulations enacted in 2025 and increased construction costs, necessitate amendments to the Original Service Plan to ensure efficient financing and delivery of the required public infrastructure.

Proposed Amendment

In addition to minor revisions intended to better align the document with the Town’s current Model Service Plan, the Amendment modifies the Original Service Plan as follows:

1. Alignment of Debt Repayment and Mill Levy Imposition Terms. The Original Service Plan establishes separate timeframes for the imposition of the Maximum Debt Mill Levy, the repayment of Debt, and the duration of Developer Debt. These timelines were not structured to operate uniformly and therefore function independently of one another. Specifically, the Original Service Plan provides:

- Debt Service Mill Levy Imposition Term: The District may impose a debt service mill levy for a period not to exceed 35 years from the date of first imposition.
- Maximum Debt Discharge Date: All Debt must be repaid or discharged within 40 years, establishing the outside limit on the life of the obligations.
- Developer Debt Expiration/Forgiveness: Any Developer Debt must expire or be forgiven no later than 20 years after the first imposition of the debt service mill levy.

Accordingly, the Original Service Plan currently contemplates three distinct financing horizons, a 35-year debt service mill levy period, a 40-year maximum Debt term and a 20-year limitation on Developer Debt, that do not fully align. Synchronizing these timelines will create a predictable financing structure and enhance the marketability of the Districts’ Debt.

2. Adjustment to Maximum Aggregate Mill Levy and Maximum Debt Mill Levy. The Amendment includes an upward adjustment to the Maximum Aggregate Mill Levy, including a corresponding increase to the Maximum Debt Mill Levy, in order to provide additional flexibility

to finance required public infrastructure, including significant regional infrastructure. This revision responds to increased construction and regulatory costs while maintaining a total tax burden that remains consistent with comparable nearby developments. A comparative chart of mill levies for other nearby metropolitan districts is enclosed, demonstrating that the Districts' Maximum Debt Mill Levy and Maximum Aggregate Mill Levy remains comparable to, and in many cases lower than, those of surrounding metropolitan districts.

3. Authorization for Special Improvement Districts. The Amendment authorizes the creation of special improvement districts and the levy of related assessments, if needed, to allocate costs of specific public infrastructure to benefited properties, enhancing flexibility during phased buildout without imposing costs on End Users.

Information Submitted in Support of the Amendment

In accordance with the Town Code, we have included the following information:

1. Statutory Information. All required information under the Special District Act for service plan amendment consideration is provided.

2. Changes Since Original Approval. Since approval of the Original Service Plan, several of the assumptions underlying the initial financing model have materially evolved. Subsequent engineering analysis has more precisely defined the scope, sequencing and cost of the public infrastructure required to serve the Community.

In addition, regulatory changes, most notably the Town's updated stormwater requirements adopted in 2025, have expanded both the scale and cost of facilities necessary to comply with current standards. These requirements have significantly increased overall public infrastructure costs.

Market conditions have also shifted since approval of the Original Service Plan, including fluctuations in interest rates and sustained increases in construction costs, warranting a reassessment of the most efficient and responsible financing approach.

While the nature and purpose of the public infrastructure remain consistent with those contemplated in the Original Service Plan, these changed circumstances necessitate targeted adjustments to the financial framework supporting their delivery. The Amendment is therefore intended to refine the financing provisions to better align with current regulatory requirements, updated cost realities, and the public infrastructure needs of the Community.

3. Explanation of Events Leading to the Modification. As described above, the changes that have occurred since approval of the Original Service Plan, including refined public infrastructure scope and costs, updated regulatory requirements and evolving market

conditions, have revealed that certain provisions of the Original Service Plan no longer function cohesively to support the timely financing and construction of the required public infrastructure. In particular, the existing mill levy limitations and imposition period and the misalignment among the timelines governing Debt repayment, create structural inefficiencies that could constrain the Districts' financing capacity before all necessary public infrastructure is constructed and financed.

4. Impact on Capital Development. Without the Amendment, the Original Service Plan framework would materially constrain the Districts' ability to construct and finance the public infrastructure necessary to serve the Community. Under the existing structure, financing capacity is effectively limited to approximately \$14 million of public infrastructure, an amount significantly below the actual cost of required public infrastructure. This limitation could delay construction of necessary public infrastructure and potentially necessitate the creation of inter-district pledges.

5. Effect on Outstanding and Future Debt and Existing Residents. The Districts don't have any outstanding Debt or residents. The Amendment therefore positions the financing structure correctly at the outset of development rather than attempting to modify obligations after Debt has been issued or residents are bearing the tax burden. By aligning financing timelines, the Amendment supports the orderly issuance and retirement of future obligations, enhances marketability of the District's Debt, and provides a clearer and more predictable repayment structure for investors. This consistency ultimately improves financing efficiency and reduces the risk of future restructuring. Approval of the Amendment would allow the District to include all residential property within the Community, eliminating the need for District 2 and a complicated pledge structure. This streamlined approach will result in more efficient debt issuance and long-term governance for the Community.

6. Financial Plan. The updated financial plan, included as Exhibit F to the Amendment, reflects projected residential absorption within the Districts' Service Area, anticipated revenues derived from property taxes and permitted fees and a phased Debt issuance structure designed to match public infrastructure delivery with the Community's development activity.

7. Updated Five-Year Capital Improvements Plan. As discussed, since the Original Service Plan was approved in 2023, there is no need to provide a revised capital improvements plan with submittal of the Amendment.

8. Alternatives if the Amendment Is Not Approved. If the Amendment is not approved, the Districts would face several less efficient alternatives, including:



- (a) Delayed delivery of critical public infrastructure due to insufficient financing capacity;
- (b) Reduction or deferral of regional infrastructure that benefit the Community and Town;
- (c) The potential need to involve multiple districts in complex pledge or financing structures to compensate for constrained authority; and
- (d) Fragmented implementation that could ultimately increase administrative costs and reduce local control.

By contrast, approval of the Amendment allows for a streamlined structure in which a single district can issue Debt to finance public infrastructure, resulting in greater efficiency and clearer accountability. This approach also promotes earlier transition to resident control as development occurs, providing future homeowners with a more direct and singular voice in governance and financial decisions.

As discussed and agreed, it is our intent to move forward with the Town holding a public hearing to consider approval of the Amendment at its regular Council meeting scheduled for April 7, 2026. Unless we hear differently, we will prepare, mail and publish all required notifications for such public hearing.

Anticipated 2026 Bond Issuance

In conjunction with the approval of the Amendment, the District proposes to issue: (i) General Obligation Bonds, Series 2026A-1, in the approximate principal amount of \$12,660,000; (ii) General Obligation Bonds, Series 2026A-2, in the approximate principal amount of \$7,239,567; (iii) Subordinate Cash Flow Bonds, Series 2026B, in the approximate principal amount of \$2,399,000; and (iv) Junior Subordinate Cash Flow Bonds, Series 2026C, in the approximate principal amount of \$6,004,000 (collectively, the “**2026 Bonds**”), for the purpose of funding public infrastructure costs authorized by the Amendment and Original Service Plan. The figures, amounts and terms of the proposed 2026 Bonds are preliminary estimates and may change prior to issuance; however, any such changes are not expected to be material.

The Amendment governs the parameters within which each of the Districts can issue Debt.

Section V.A.9 of the Amendment provides:

The Districts shall not issue, in the aggregate, Debt in excess of \$68,000,000, which is based on not more than 95% of the

estimated Public improvements plus estimated costs of issuance, any estimated reserve fund requirements and capitalized interest, as deemed reasonable by the Town. The Total Debt Issuance Limitation shall not apply to bonds, loans, notes or other instruments issued for the purpose of refunding, refinancing, reissuing or restructuring outstanding Debt so long as the principal amount of the Debt after such refunding or restructuring does not exceed the principal amount of the Debt that was refunded, and shall not apply to any capital pledge or other intergovernmental agreement entered into among the Districts.

Section VI.B of the Amendment further provides:

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

Finally, section VI.C of the Amendment provides:

The “Maximum Debt Mill Levy” shall be the maximum mill levy the Districts are permitted to impose upon the taxable property within such Districts for payment of Debt, and shall be determined as follows: The Maximum Debt Mill Levy shall not exceed 60 mills, subject to Assessed Valuation Adjustments. Each Assessed Valuation Adjustment shall be determined by the Boards in good faith with such determination to be binding and final. The Maximum Debt Levy shall not apply to the assessment of mill levies to recoup or pay County imposed refunds or abatements.

The District is authorized under the Amendment to impose a Maximum Debt Mill Levy of up to 60 mills, as adjusted, and has determined to impose a debt service mill levy of 60 mills, as adjusted, in connection with the 2026 Bonds. Neither District 2 nor District 3 are involved in the repayment or security structure for the 2026 Bonds.

The 2026 Bonds will be issued for the purpose of funding public infrastructure necessary to serve the Community, together with costs of issuance related thereto. Following issuance of



the 2026 Bonds, the Districts collectively will retain approximately \$39,697,433 of remaining Debt authorization under the Amendment.

Key financial terms of the proposed 2026 Bonds are as follows:

	Amendment	2026 Bonds
Debt Cap	\$68,000,000	\$28,302,567
Interest Rate	18% (maximum)	Ranges from 6.00-8.50% (estimated)
Term/Maturity	Mill levy imposition term is 35 years	December 1, 2056
Mill Levy Cap	60 mills, as adjusted	60 mills, as adjusted

Section 11.02.110 of the Town Code provides:

A District shall not issue any indebtedness or refinance any outstanding indebtedness without first submitting the proposed financing to the Town for review and comment. The submission shall include the dollar amount of the issue, the interest rate and other financing costs, the type of revenues pledged to repayment, including the amount of the mill levy pledged, and a description of the credit enhancements, together with any preliminary official statement or other prospectus for the debt issue. The submission shall be accompanied by a certification of the Board that the proposed issuance or refinance of indebtedness is authorized by and in compliance with the service plan for the District. The Town Council shall review such proposed financing at a regular meeting within thirty (30) days of receipt of the required submittal and forward any comments to the Board within ten (10) days of such meeting. The approval or authorization of the Town Council for the proposed financing is not required under this Section, unless required under the express terms of the service plan or intergovernmental agreement. The Town Council at the request



of the Board or of its own initiative may waive the review, in its discretion. Upon request, an officer of the Town shall certify to the Board or its underwriter when compliance with this Section has been met. The failure of a District to substantially comply with this Section shall empower the Town Council to impose the sanctions authorized in Section 11.02.230 of this Chapter.

The proposed 2026 Bonds are authorized by, and fully comply with, the Amendment. The District will hold a properly noticed public meeting at which the proposed 2026 Bonds will be discussed and considered for authorization. The closing of the 2026 Bonds is anticipated to occur on shortly after approval of the Amendment.

Attached hereto is the Financing Submission required by Section 11.02.110 of the Town Code, including the District's certification that the issuance of the 2026 Bonds is authorized by and in compliance with the Amendment. Consistent with the Town Code, the District is not seeking Town Council approval of the 2026 Bonds, but rather Town review and comment within the prescribed timeframe. The Districts are not parties to any service plan provision or intergovernmental agreement requiring Town approval of the proposed financing.

Accordingly, the District respectfully requests that the Town review the Financing Submission at the same April 7, 2026, Council meeting where the public hearing on the Amendment will be conducted, and execute the attached Acknowledgment evidencing compliance with Section 11.02.110 of the Town Code. In the alternative, the District would be agreeable to the Town Council exercising its discretion to waive review of the proposed financing, as authorized by the Town Code.

We appreciate the Town's continued coordination as the Districts work to deliver the public infrastructure necessary to serve the Community and Town. Please do not hesitate to contact us if you have any questions or if additional information would be helpful.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Matt Ruhland', written in a cursive style.

Matthew P. Ruhland

Enclosures



March 4, 2026
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cc: Board of Directors, Valley View Metropolitan District No. 1
Board of Directors, Valley View Metropolitan District No. 2
Board of Directors, Valley View Metropolitan District No. 3
Shelby Noble and Katie Cooksey, Piper Sandler
Tiffany Leichman, Taft Stettinius & Hollister LLP