Town Council
Agenda - Final-Amended

Mayor Jason Gray
Mayor Pro Tem Desiree LaFleur
Councilmember Ryan Hollingshead
Councilmember Laura Cavey
Councilmember Kevin Bracken
Councilmember Max Brooks
Councilmember Tim Dietz

Tuesday, October 1, 2024 **6:00 PM** **Town Hall Council Chambers**
100 North Wilcox Street
Castle Rock, CO 80104
www.CRgov.com/CouncilMeeting

This meeting is open to the public. All times indicated on the agenda are approximate. Town Council Meetings are also streamed online in real time at www.CRgov.com/WatchCouncil, and are broadcast for Comcast Cable subscribers on Channel 22 (please note there is a delay to the broadcast). Public Comments may also be submitted in writing online at www.CRgov.com/CouncilComments by 1:00 p.m. October 1, 2024, to be included in the public record. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at accessibility@CRgov.com or submit an accommodation request form at www.CRgov.com/A11yRequest

5:00 pm COUNCIL DINNER & INFORMAL DISCUSSION

6:00 pm INVOCATION

6:05 pm CALL TO ORDER / ROLL CALL

- PLEDGE OF ALLEGIANCE

- COUNCIL COMMENTS

1. INTRO 2024-001 — **Introduction: Brazilian Polícia Civil de Santa Catarina (PCSC), introduced by Castle Rock Police Department**

2. EXEC 2024-008 — **Executive Session Report: September 17, 2024 - A conference with the Town Attorney, to be conducted in accordance with Section 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice on the Douglas County Pine Canyon Development Rezoning and Water Appeal**

3. PROC 2024-010 — **Proclamation: Fire Prevention Week October 6-12, 2024** (For Presentation - Approved on September 17, 2024 by a vote 7-0)

- UNSCHEDULED PUBLIC APPEARANCES

Reserved for members of the public to make a presentation to Council on items or issues that are not scheduled on the agenda. As a general practice, the Council will not discuss/debate these items, nor will Council make any decisions on items presented during this time, rather will refer the items to staff for follow up.
Comments are limited to three (3) minutes per speaker. Time will be limited to 30 minutes. Residents will be given priority (in the order they signed up) to address Council, followed by non-residents representing Castle Rock businesses, then non-residents and businesses outside the Town of Castle Rock, as time permits.

- TOWN MANAGER'S REPORT

4. ID 2024-105 **Update: Calendar Reminders**

5. ID 2024-106 **Development Services Project Updates**

6. ID 2024-107 **Update: Quasi-Judicial Projects**

- TOWN ATTORNEY'S REPORT

7. ID 2024-108 **Update: Bella Mesa Metropolitan District Bond Refunding**

- ACCEPTANCE OF AGENDA

If there are no changes, additions or deletions to the agenda, a motion to accept the agenda as presented will be accepted.

- CONSENT CALENDAR

These items are generally routine in nature or have been previously reviewed by Town Council and will be voted on in a single motion without discussion. Any member of Town Council may remove an item from the Consent Calendar.

8. RES 2024-100 **Resolution Approving the Amended Bylaws of the Board of Trustees of the Castle Rock Volunteer Firefighters Pension Fund**

9. RES 2024-101 **Resolution Approving a Variance Pursuant to Chapter 9.16.070E of the Castle Rock Municipal Code for Night Time Construction Work Related to the Cobblestone Ranch Water Storage Tank 18 Project** *[Pleasant View Drive and Antelope Place]*

10. PROC 2024-011 **Proclamation: Domestic Violence Awareness Month & Purple Thursday** (For Council Action - Presentation on October 15, 2024)

11. MIN 2024-018 **Minutes: September 17, 2024 Draft Minutes**

- ADVERTISED PUBLIC HEARINGS & DISCUSSION ACTION ITEMS

Public comment will be taken on items and limited to four (4) minutes per speaker.

12. ORD 2024-020 **Ordinance Levying General Property Taxes on Behalf of the Castle Rock Downtown Development Authority for the Year 2024, to be Collected in 2025 (First Reading)**

13. RES 2024-102 **Resolution Approving the Proposed 2025 Fiscal Year Budget for the Castle Rock Downtown Development Authority**

14. ORD 2024-021 **Ordinance Approving the Grant of a Cable Franchise to Comcast Colorado IX, LLC, and Authorizing the Execution of a Cable Franchise Agreement Between Comcast Colorado IX, LLC, and the Town of Castle Rock (First Reading)**

15. DIR 2024-019 **Discussion/Direction: Home Occupation Regulations**

16. RES 2024-103 **Resolution Approving the Infrastructure Development and Purchase Ageement and Water Lease Agreement between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Tallgrass Colorado Municipal Water, LLC**
[Lost Creek area of Weld County, Colorado]

- ADDITIONAL UNSCHEDULED PUBLIC APPEARANCES

The Council has reserved this time only if the original 30 minutes allocated for Unscheduled Public Appearances as an earlier part of this agenda has been fully exhausted and speakers who signed up to speak were unable to be heard during the original 30 minutes allocated this topic. Residents will be given priority (in the order they signed up) to address Council, followed by non-residents representing Castle Rock businesses, then non-residents and businesses outside the Town of Castle Rock, as time permits.

- ADJOURN

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 1. **File #:** INTRO 2024-001

To: Honorable Mayor and Members of Town Council

Through: **David L. Corliss, Town Manager**

From: Jack Cauley, Police Chief

Introduction: Brazilian Polícia Civil de Santa Catarina (PCSC), introduced by Castle Rock Police Department

Executive Summary

Castle Rock Police Department will be hosting guests from the Brazilian Polícia Civil de Santa Catarina (PCSC) the first week of October. CRPD's emphasis on One-By-One Policing has gained national (and now international_ recognition, and the impact it's had on internal culture and community relations has compelled Polícia Civil de Santa Catarina to propose a visit with our organization. Its members hope to gain insight into the innovative policing strategies implemented by CRPD and to learn from our experiences.

The visiting delegation consists of a select group of officers from the PCSC who are directly involved in their modernization and training programs and tasked with exploring how CRPD practices can be adapted to enhance their policing efforts in Brazil. Beyond this exchange, CRPD and PCSC hope to establish a lasting partnership that includes regular communication, shared training resources and possible reciprocal visits in the future.

As part of their visit, we would like to invite the delegation to meet and eat with our Town Council, as well as be formerly introduced to our community, at the October 1 Council Meeting.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 2. **File #:** EXEC 2024-008

To: Honorable Mayor and Members of Town Council

Executive Session Report: September 17, 2024 - A conference with the Town Attorney, to be conducted in accordance with Section 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice on the Douglas County Pine Canyon Development Rezoning and Water Appeal

An Executive Session was held at the end of the September 17, 2024, regular Town Council meeting. The purpose of the Executive Session was a conference with the Town Attorney, to be conducted in accordance with Section 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice on the Douglas County Pine Canyon Development Rezoning and Water Appeal.

If anyone believes that any substantial discussion of any matters not included in the motion to go into the Executive Session occurred during the Executive Session, or that any improper action occurred during the Executive Session in violation of the Open Meetings Law, I would ask that you state your concerns for the record.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 3. **File #:** PROC 2024-010

To: Honorable Mayor and Members of Town Council

From: Norris Croom

Proclamation: Fire Prevention Week October 6-12, 2024 (For Presentation - Approved on September 17, 2024 by a vote 7-0)

Executive Summary

Council will be presenting a Proclamation recognizing October 6-12, 2024 as Fire Prevention Week.

Proclamation

Fire Prevention Week
October 6-12, 2024

WHEREAS, the Town of Castle Rock is committed to ensuring the safety and security of all those living in and visiting the Town; and

WHEREAS, fire is a serious public safety concern both locally and nationally, and homes are the locations where people are at greatest risk from fire; and

WHEREAS, home fires caused 2,700 civilian deaths in the United States in 2022, according to the National Fire Protection Association® (NFPA®), and fire departments in the United States responded to 360,000 home fires; and

WHEREAS, roughly three out of five fire deaths happen in homes with either no smoke alarms or with no working smoke alarms; and

WHEREAS, working smoke alarms cut the risk of dying in reported home fires almost in half; and

WHEREAS, smoke alarms sense smoke well before you can, alerting you to danger in the event of fire in which you may have as little as 2 minutes to escape safely; and

WHEREAS, Castle Rock's residents should install smoke alarms in every sleeping room, outside each separate sleeping area, and on every level of the home; residents should test smoke alarms at least once a month; and residents should make sure their smoke alarms meet the needs of all their family members, including those with sensory or physical disabilities; , and

WHEREAS, Castle Rock's first responders are dedicated to reducing the occurrence of home fires and home fire injuries through prevention and protection education; and

WHEREAS, the 2024 Fire Prevention Week™ theme, "Smoke alarms: Make them work for you.™," serves to remind us the importance of having working smoke alarms in the home.**THEREFORE,** we, the Town Council of the Town of Castle Rock, do hereby proclaim

October 6-12, 2024 as Fire Prevention Week

throughout the town, and urge all residents to make sure their homes have working smoke alarms and to support the many public safety activities and efforts of the Castle Rock Fire and Rescue Department.

ATTEST:

_____
Lisa Anderson, Town Clerk

TOWN OF CASTLE ROCK:

_____
Jason Gray, Town Mayor

TOWN OF CASTLE ROCK COLORADO
EXCELLENCE • DEDICATION • SERVICE

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 4. **File #:** ID 2024-105

To: **Honorable Mayor and Members of Town Council**

From: **David L. Corliss, Town Manager**

Update: Calendar Reminders

Executive Summary

Attached is an outline of upcoming items of general interest.

TOWN COUNCIL MEETING

TOWN MANAGER'S REPORT

DAVID CORLISS, TOWN MANAGER
OCTOBER 1, 2024

UPCOMING CALENDAR ITEMS

11 OCT	**Emerald Park Grand Opening Celebration, 5-7 p.m.** 2225 Emerald Drive
15 OCT	**Town Council Meeting, 6 p.m. (dinner at 5 p.m.)** Town Hall Council Chambers
5 NOV	**Town Council Meeting, 6 p.m. (dinner at 5 p.m.)** Town Hall Council Chambers
11 NOV	**Veterans' Day Holiday – Town Offices Closed** Recreation Center and MAC normal hours
19 NOV	**Town Council Meeting, 6 p.m. (dinner at 5 p.m.)** Town Hall Council Chambers
28-29 NOV	**Thanksgiving Holiday Observed – Town Offices Closed** Recreation Center and MAC closed on Thursday, Normal hours on Friday

NEIGHBORHOOD MEETINGS

*These meetings are tentative:

14 OCT	***295 Gordon Ct Accessory Dwelling Unit, 6 p.m., Virtual, 2nd Meeting** Proposing an accessory dwelling unit (ADU) on a residential property located at 295 Gordon Ct. The proposed ADU is a single story, 750 square foot structure on a .262 acre lot.
16 OCT	***2266 Fifth St Senior Multifamily Housing Rezoning, 7 p.m., Hybrid @ Castle Rock Recreation Center, 1st Meeting** Proposing to rezone the property located at 2266 Fifth St to allow for a 54,081sqft multifamily structure to house adults 55 years and older. The proposed project would also include a separate 10,800sqft of carport space. Additional amenities and uses would include a theater, library, salon, a fitness center, chapel, and other community spaces. The proposed project is located southwest of the intersection of Woodlands Boulevard and Fifth Street.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 5. **File #:** ID 2024-106

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Tara Vargish, Director of Development Services

Development Services Project Updates

The high-growth nature of Castle Rock results in numerous and diverse questions from individuals seeking information about existing conditions and future plans. Information on community development activity and formal land use applications are located on the Town website under the Development Activity Map link.

Development activity continues to be strong, with continued interest for a variety of project types in Castle Rock. Permit activity remains steady, and homebuilders and commercial builders remain active.

Please see the attached Staff Memorandum for project details.

Meeting Date: October 1, 2024

AGENDA MEMORANDUM

To: David L. Corliss, Town Manager

From: Tara Vargish, PE, Director of Development Services

Title: Town Manager Report – Development Project Updates

This report contains development updates and new submittals or requests submitted to staff since the last update to Town Council. The high-growth nature of Castle Rock results in numerous and diverse questions from individuals seeking information about existing conditions and future plans and formal applications for development. More information on community development activity and formal land use applications are located on the Town website under the Development Activity Map link, which can be accessed at CRGov.com/DevelopmentActivityMap

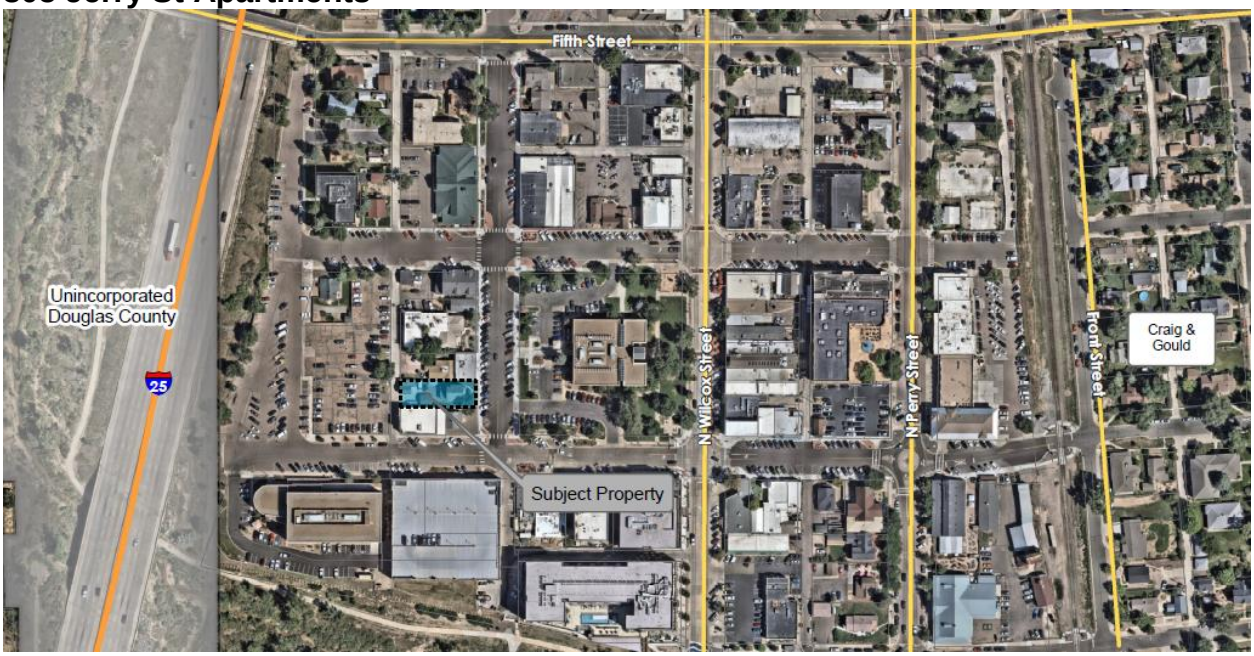
New Quasi-Judicial Applications Requiring Public Hearings

Territorial Road Annexation

A new Quasi-Judicial application was received for the annexation of several parcels of land, totaling 2.9 acres, to be known as the Territorial Road Annexation. ACM Dawson Trails VIII JV LLC and the Town of Castle Rock are co-petitioners on the proposed annexation and zoning of the parcels that are within, or adjacent to, the current Territorial Road right-of-way. Most of the parcels will be zoned for mixed use development within the Dawson Trails Planned Development and will be assimilated into the adjacent planning area. Parcels remaining in future right-of-way will be zoned as public land. The property is adjacent to Councilmember Dietz' district.

New Pre-Application Meeting Requests

305 Jerry St Apartments

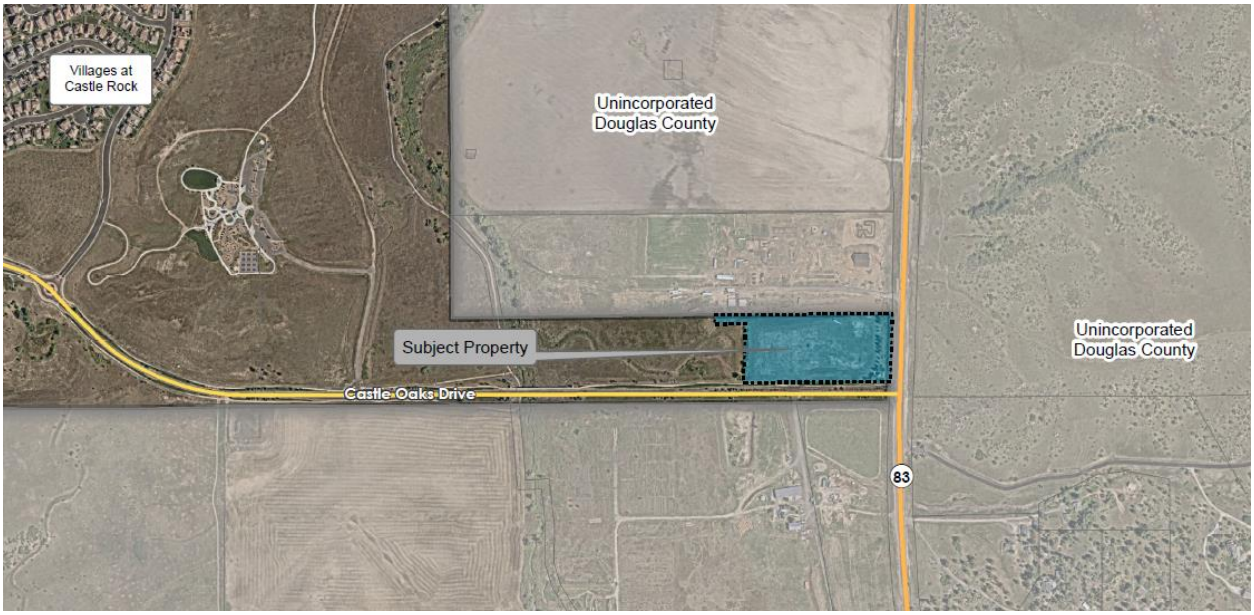


A pre-application request was received seeking information on application and submittal requirements to build a multi-family apartment building at 305 Jerry St. The lot currently has three separate buildings used as rental apartments, and the proposed building would include four stories with 2-4 apartments per floor. The proposed project is located northwest of the intersection of Third Street and Jerry Street, in Mayor Pro Tem LaFleur's district.

Advent Health Cancer Center

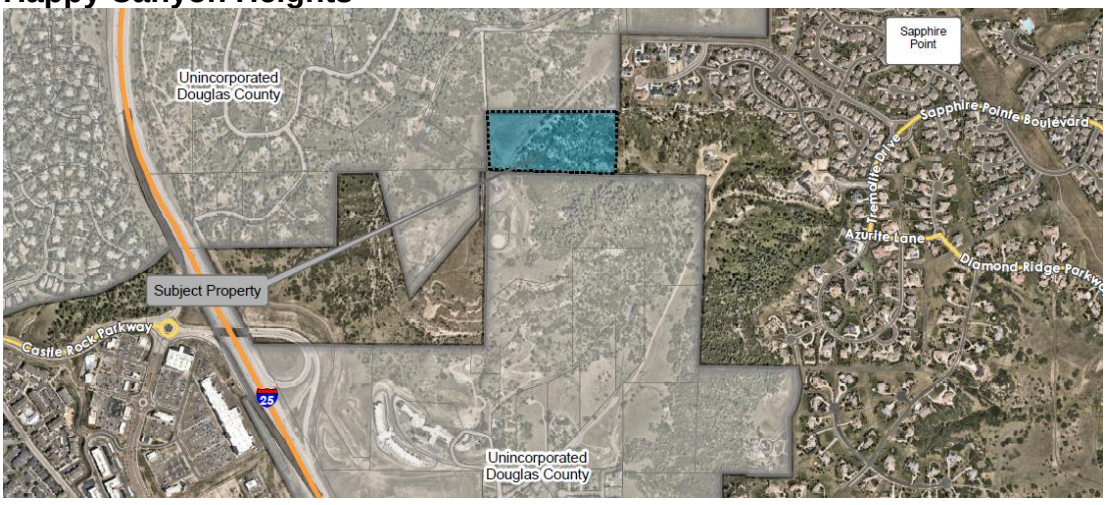
A pre-application request was received seeking information on application and submittal requirements to make exterior façade changes to a section of the Schrader building (previously named Palmer) at Castle Rock Adventist Hospital, located at 2360 Meadows Blvd. The adjustments would create an exterior terrace for the Cancer Center space on the third floor of the building. The proposed project is located northeast of the intersection of Meadows Parkway and Meadows Boulevard, in Councilmember Hollingshead's district.

Castle Oaks Drive Commercial



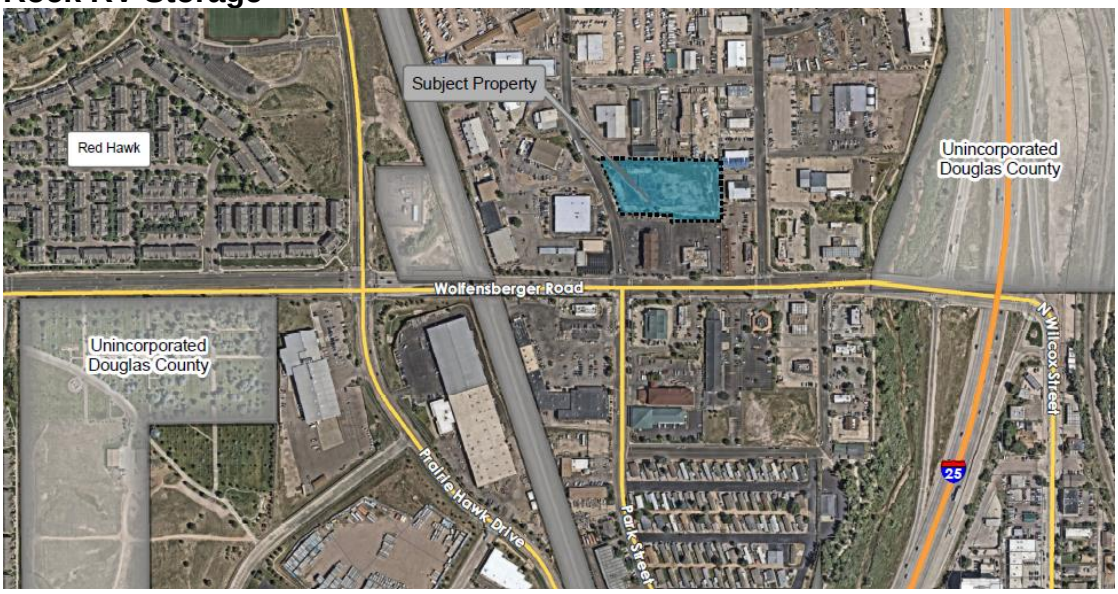
A pre-application request was received seeking information on application and submittal requirements to develop retail space, with the potential for a convenience store, gas station, car wash, coffee/quick serve restaurant and self-storage. The proposed project is on approximately 8 acres of land, located northwest of the intersection of Parker Road and Castle Oaks Drive, in Councilmember Cavey's district.

Happy Canyon Heights



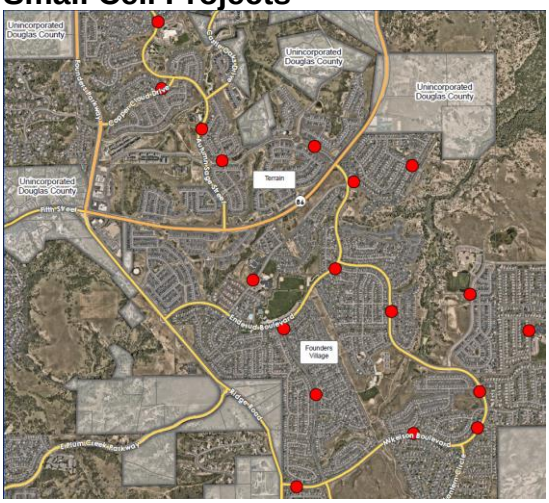
A pre-application request was received seeking information on application and submittal requirements to subdivide and develop a parcel of land into 12 residential lots. The lots would range between .5-2.5 acres, with homes being a minimum of 4000sqft. The proposed project is located southwest of the intersection of Sapphire Point Boulevard and Neon Way, in Councilmember Cavey's district.

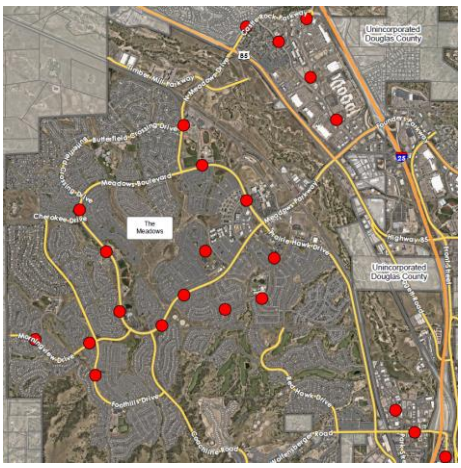
Rock RV Storage



A pre-application request was received seeking information on application and submittal requirements to use the lot located at 1134 Park St for RV and boat storage. The proposed storage lot would be fully fenced and accessible 24/7, with approximately 100 spaces. The lot is located northeast of the intersection of Park Street and Wolfensberger Road, in Mayor Pro Tem LaFleur's district.

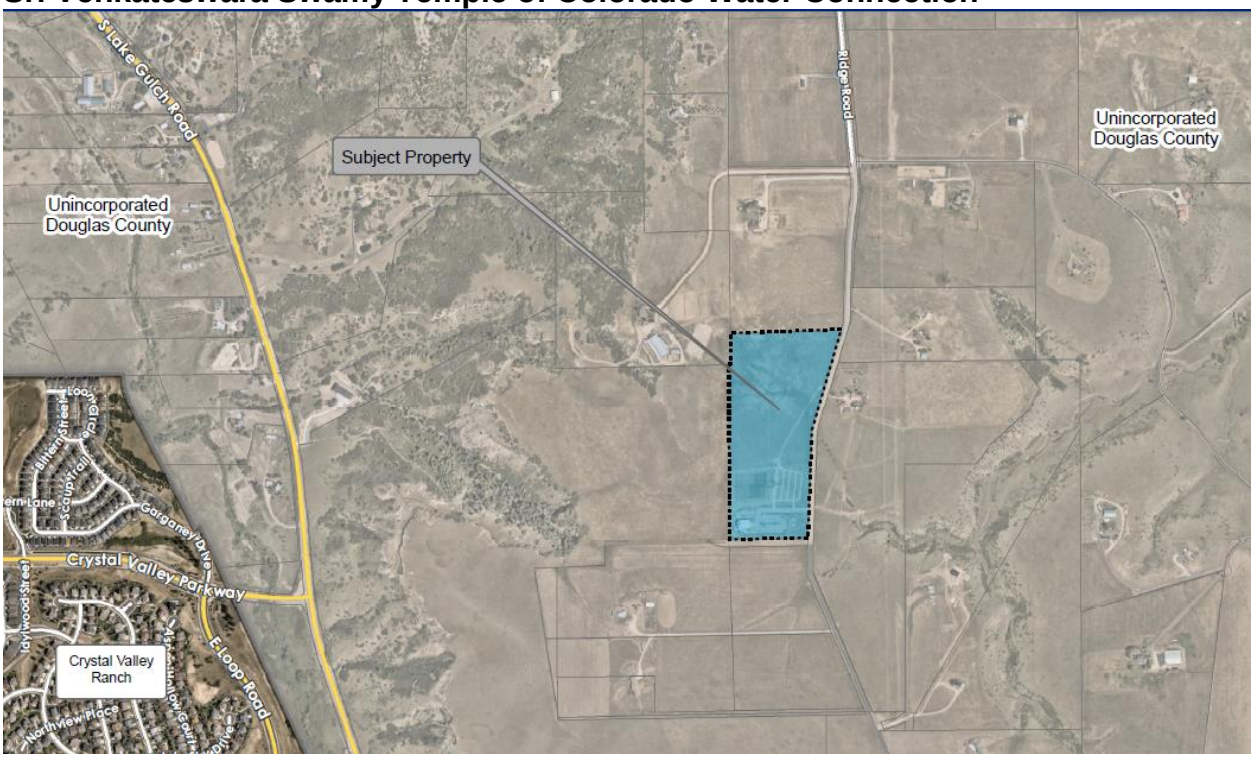
Small Cell Projects





A pre-application request was received seeking information on application and submittal requirements to install 55 small cell wireless nodes throughout the Town of Castle Rock right of way. The small cells would provide wireless network coverage and capacity in areas where macro coverage would not be feasible. The proposed project sites are located throughout all 6 districts.

Sri Venkateswara Swamy Temple of Colorado Water Connection



A pre-application request was received from the Sri Venkateswara Swamy Temple seeking information on application and submittal requirements to connect to Castle Rock's water system. The temple, located at 1495 S Ridge Rd in unincorporated Douglas County, has been experiencing several issues with their well and septic systems over the past few years, specifically during the summer months, causing them

to need to shut off restrooms and stop services. The proposed project is located southwest of the intersection of Rapport Drive and S Ridge Road, between Councilmember Brooks' and Dietz' districts.

World Compass Academy Classrooms

A pre-application request was received seeking information on application and submittal requirements to add additional classrooms and workspace to the existing World Compass Academy, located at 2490 S Perry St. Four potential options/layouts have been proposed, allowing for 6 additional classrooms. The proposed project is located southeast of the intersection of Frontage Road and S Perry Street, in Councilmember Dietz' district.

<u>Ongoing Development Activity:</u>

Commercial Development Activity

- **Promenade:**
  - Alana at Promenade Apartments, building and site construction for 300-unit multi-family residential development, located on Alpine Vista Circle, west of Promenade Parkway.
  - Brinkerhoff & Bar Hummingbird, site and building construction for two restaurants with outdoor plaza, located between La Loma Restaurant and Starbucks, southwest of Castle Rock Parkway and Promenade Parkway.
  - Lazy Dog Restaurant site construction for a new stand-alone restaurant, located on the northeast corner of Castlegate Drive West and Promenade Parkway.
  - Promenade Commons Park, site construction completed for a new half-acre park connecting the Alana multi-family and the proposed commercial area, located on the west side of Promenade Parkway and Alpine Vista Circle.

- **Meadows:**

- Front Range Christian Church, site and building construction completed for 30,000-square-foot church, located on the east side of Timber Mill Parkway and the ATSF Railroad.
- Kiddie Academy, site construction for a 10,000-square-foot child daycare building, located on the northwest corner of Carnaby Lane and Lombard Lane.
- Little Sunshine's Playhouse, site plan review for 11,000 square-foot childcare center, located on the northeast corner of Limelight Avenue and Prairie Hawk Drive.
- Lot grading, retaining wall, and waterline construction plan and plat approved, located on vacant commercial lots north of the AMC theatre.
- Meadows Parkway Intersection improvements, site construction for improvements to the intersections of Meadows Parkway at Regent Street and Lombard Street.
- Meadows Town Center Townhomes/Mixed-use, site and building construction for 85 residential units with approximately 6,248 square feet of retail, located on three lots off Future Street.
- Meadowmark Senior Multi-Family, site and building construction for a new 4-story senior housing apartment development with 200 units, located near N. Meadows Drive and Timber Mill Parkway.
- Prairie Hawk Dental, site and building construction for a new 5,100-square-foot dental office building, located at the northeast corner of Prairie Hawk Drive and Limelight Avenue.
- StorHaus Garage Condos, site and building construction for 3 buildings and a clubhouse, consisting of 38 garage condo units, located on the northeast corner of Regent Street and Carnaby Lane.
- VA Community Behavior Outpatient Clinic, site and building construction document review for a 25,096-square-foot outpatient clinic, located between Dacoro Lane and Virtuoso Loop, north of Prairie Hawk Drive.

- **Downtown:**
  - Circle K, site plan and construction documents approved for a new 3,700-square-foot convenience store to replace the existing building on the site, located at 310 S. Wilcox Street.
  - City Hotel, historic preservation and site plan review for 33 room hotel, located at 415 N. Perry Street.
  - Eternal Rock Church, site plan review for new landscaping, signage, and storage, located at 2 Phelps Street.
  - Little School on Perry Street, site plan approved and exterior renovations started for a 1,300-square-foot addition to the landmarked Saunders House, for a daycare center located at 203 Perry Street.
  - Perry Street Social, site development plan amendment and construction document review to create a mini entertainment district, located at 404 N. Perry Street.
  - Scileppi properties, site and building construction for a 6,000-square-foot addition and the addition of seven parking spaces, located at 210 Third

Street.
    - The View, site and building construction for a 6-story building with mixed-uses including 218 residential units, located at Sixth Street and Jerry Street.

- **Dawson Trails Residential/Commercial**:
    - Costco, Dawson Trails, site plan review for 161,000-square-foot retail warehouse with fueling station on 18.4 acres, located east of Dawson Trails Boulevard, north of the future Crystal Valley Interchange.
    - Dawson Trails Demo, site construction to demo infrastructure within the Dawson Trails development, located south of Territorial Road.
    - Dawson Trails Filing No. 1 Infrastructure and Right-of-Way, construction plan review for the northern segment of Dawson Trails Boulevard.
    - Dawson Trails Filing No. 2 Infrastructure, plat and construction plan review for 97-acre area.
    - Dawson Trails Planning Area D, site plan review for 254 single-family residential lots, and 13 acres of open space.
    - Dawson Trails North, Phases 1-4 under construction for grading only for approximately 134 acres, located north of Territorial Road.
    - Dawson Trails Residential Neighborhood, Planning area B-1, site plan review for 230 detached residential lots, a 1-acre neighborhood park, located in the north-central area of the Dawson Trails PD, adjacent to the Twin Oaks subdivision in Douglas County
    - Dawson Trails South, construction for grading only for approximately 338 acres, located south of Territorial Road.
    - Off-site Sanitary Sewer, Dawson Trails, construction document review for 17,000+ feet of sanitary sewer main from south of Territorial Road to Plum Creek Parkway.
    - Off-site Water Line, Dawson Trails, construction document review for approximately 3,100 linear feet of water main, extending north and west from the fire station on Crystal Valley Parkway across railroad properties and I-25.

- **Canyons Far South Residential/Commercial:**
    - Canyons Far South, site development plan review for a residential and commercial development with 474 single family homes, 12.5 acres of commercial, on a 410-acre site, located southeast of Crowfoot Valley Road and Founders Parkway.

- **Other Commercial Projects throughout Town:**
    - 218 Front Street Office Building, site plan review for a two-story, 2,800-square-foot office building, located on the east side of Front Street between Second and Third Streets.
    - 282 Malibu commercial buildings, building and site construction for two 4,000-square-foot commercial buildings, uses are unknown at this time, located at 282 Malibu Street.
    - Calvary Chapel, site and building construction of new church building, located on the northwest corner of Fifth Street and Woodlands Boulevard.

- Castle Rock Auto Dealerships, site and building construction of 1st and 2nd phase for service center expansion, located at 1100 S. Wilcox Street.
- Castle Rock Automotive Repair Shop, site construction for new 26,000-square-foot auto body shop, located at 1184 and 1288 Brookside Circle.
- Discount Tire, site plan and construction document approved for 530-square-foot storage addition, located at 102 E. Allen Street.
- Founders Marketplace, Centura Health Medical Office Building, site and building construction for a 10,500-square-foot, one-story primary care facility.
- Founders Marketplace, Dunkin Donuts, site plan approved for a new restaurant with drive-through, located at the northeast corner of Founders Parkway and Aloha Court.
- Garage Condos, site and building construction, located on Liggett Road.
- Hyundai auto dealership, site plan and plat review for use by special review for a new 33,000 sf building and sales lot, located at 550 S Interstate 25.
- Lost Canyon, annexation and zoning of 681 acres, located at 6581 Lost Canyon Ranch Rd.
- Milestone, Bellco Credit Union, site and building construction for remodel of the previous Wendy's restaurant building, and exterior façade changes with an addition of a drive-up ATM.
- Outlets at Castle Rock, site plan approved and construction document review, two new pad sites on the mall's west side on Factory Shops Boulevard.
- Outlets at Castle Rock, Site plan review for new bank with drive-thru, located north of the existing Starbucks/Qdoba.
- Ridgeview Town Center, PD Zoning review for a 10-acre parcel located at 895 Ridge Road.
- Sanders Business Park, site construction for a 2.4-acre site, located south of The Plum Creek Community Church.
- Sonic exterior remodel, site plan review for façade changes, located at 210 Founders Parkway
- The Brickyard Planned Development Plan, Zoning Regulations, site plan and construction document review for a mixed-use development with a maximum of 600 multi-family dwelling units, located on the south end of Prairie Hawk Drive.
- Unity on Wolfensberger Planned Development Plan, proposed zoning and parking changes, located at 200 Wolfensberger and 826 Park Street.
- Verizon small cell sites, construction documents for multiple locations in public right-of-way: 1) Factory Shops Boulevard and New Beale Street, 2) Promenade Parkway and Castle Rock Parkway (under construction), 3) Promenade Parkway (under construction), 4) Castlegate Drive West (under construction), 5) Castlegate Drive West and Castle Rock Parkway (approved plans), 6) Factory Shops Boulevard and Meadows Boulevard, 7) Mitchell Street near Mesa Middle School, 8) S. Valley Drive north of Plum Creek Parkway, 9) Low Meadow Boulevard and Night Song Way, 10) S. Gilbert Street between Gilbert and Sellers Drive at Birch Avenue, (under construction) 11) Foothills Drive and Soaring Eagle Lane, (under

construction) 12) Foothills Drive and Morning View Drive.
- Wellspring and Castle Oaks Covenant Church, annexation petition is to annex approximately 2.07 acres, and proposed zoning for church and Wellspring facility uses, located at 498 East Wolfensberger Road, for future Wellspring and Castle Oaks Covenant Church facilities
- Woodlands Medical Office Building site plan approved for a new 14,336-square-foot medical office building, located near Woodlands Boulevard and Barranca Drive.

Residential Development Activity:
- 104 N Lewis Street, Historic Preservation Board approved with conditions for a new single-family home on 0.24 acres.
- 626 Sixth Street, Historic Preservation Board review for a new single-family home on 0.14 acres.
- Auburn Heights Apartments, rezoning application to amend the zoning and the currently approved site development plan for Lot 2 of Auburn Ridge.
- Chateau Valley, site plan review for 415 residential units, located north of East Plum Creek Parkway and east of Gilbert Street
- Crystal Valley Ranch Mixed-Use site plan review for 24 townhomes and a mixed-use building, located at the southeast corner of Crystal Valley Parkway and W. Loop Road.
- Crystal Valley Ranch, site construction, single-family subdivisions, located southeast and southwest of Crystal Valley Parkway and W. Loop Road. Also, in the southern interior portion of Loop Road, south of Loop Road, and between W. Loop Road and the Lanterns property.
- Founders Village Pool, site plan review for new pool pavilion, located at 4501 Enderud Blvd.
- Front Street Triplexes, site plan review for two triplex buildings, located on Front Street between Fifth and Sixth Streets.
- Hillside, site and building construction, single-family attached and detached age 55 and older, located at the northeast corner of Coachline Road and Wolfensberger Road.
- Lanterns/Montaine, Subdivision construction for various phases for a total of 1,200 single-family residential lots, located off Montaine Circle.
- Liberty Village, site construction for amended lot layout due to floodplain for 42 single-family lots, located on the south side of Castle Oaks Drive and Pleasant View Drive.
- Meadows, site construction for 77 single-family detached homes on the west sides of Coachline Road north of Wolfensberger Road.
- Mikelson and Mitchell Roundabout, site construction completed for new roundabout at the intersection of Mikelson Boulevard and N. Mitchell Street.
- The Oaks Filing 2A, site plan approved and construction document review for 114 single-family lots on 165+/- acres, located south of Plum Creek Parkway and east of Eaton Circle.
- Ridge at Crystal Valley, site construction for 142 single-family home project, located southwest of Loop Road in Crystal Valley Ranch. SIA amendment

submitted to address modification to phasing plan for lots to be Temporary Green Zone.

- Soleana, site plan review for 55 custom home sites and 22 live/work units on 77.96 acres, located east of the Silver Heights neighborhood and west of the Diamond Ridge Estates neighborhood.
- Sunset Point, site plan review for 525 single-family homes on 293 acres, located northeast of Mesa Middle School.
- Terrain North Basin, Phase 1, site construction for approximately 96 single-family home project, located along Castle Oaks Drive.
- Terrain North Basin, Phase 2, site development plan, plat and construction document review for approximately 29 single-family home project, located along Castle Oaks Drive.
- Wellspring/LaQuinta, site and building construction for the conversion of 63 hotel rooms to 42 apartment units, located at 884 Park Street.
- YardHomes, Annexation and Zoning request for 165 single family units on 32.29 acres, located at Plum Creek Parkway and South Ridge Road.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 6. **File #:** ID 2024-107

To: Honorable Mayor and Members of Town Council

Through: Tara Vargish, Director of Development Services

From: Kevin Wrede, Planning Manager

Update: Quasi-Judicial Projects

Executive Summary

The purpose and intent of this report is to provide Town Council with a summary of quasi-judicial projects. In order to provide all parties with due process under law, decision makers must be fair and impartial when considering quasi-judicial applications such as those included in this memorandum. Many of these projects do not have public hearing dates yet, but Town Council could be asked to consider them in the future.

New Applications

No new formal applications.

On-going Quasi-Judicial Applications (currently under review)

The full list of on-going quasi-judicial projects along with vicinity maps can be found on the attached Staff Memorandum.

Meeting Date: October 1, 2024

AGENDA MEMORANDUM

To: David L. Corliss, Town Manager

Through: Tara Vargish, Director Development Services

From: Kevin Wrede, Planning Manager

Title: **Update: Quasi-Judicial Projects**

Executive Summary

The purpose and intent of this report is to provide Town Council with a summary of quasi-judicial projects. In order to provide all parties with due process under law, decision makers must be fair and impartial when considering quasi-judicial applications such as those included in this memorandum. Many of these projects do not have public hearing dates yet, but Town Council could be asked to consider them in the future.

New Quasi-Judicial Applications:

Territorial Road Annexation

ACM Dawson Trails VIII JV LLC and the Town of Castle Rock have submitted an application for the annexation and zoning of several parcels of land, totaling 2.9 acres, that are within, or adjacent to, the current Territorial Road right-of-way. Most of the parcels will be zoned for mixed use development within the Dawson Trails Planned Development and will be assimilated into the adjacent planning area. Parcels remaining in future right-of-way will be zoned as public land. The property is adjacent to Councilmember Dietz' district.

On-going Quasi-Judicial Applications (currently under review):

24 S. Cantril Street Site Development Plan (Residential Tri-Plex)

Zaga Design Group, on behalf of property owner Cottonwood Row, LLC, has submitted a Site Development Plan application and a Historic Preservation Design Review application for a three-story, 36 foot tall triplex building at 24 South Cantril Street. Located within the Craig & Gould neighborhood, 24 South Cantril Street is a 0.288 acre property located at the end of South Cantril Street on the east side of the street. Each unit has a two car garage accessed from the alleyway. The proposal will require hearings in front of the Historic Preservation Board, Planning Commission and Town Council. The property is located in Mayor Pro Tem LaFleur's district.

104 N. Lewis Street – Design Review

Steve and Susan Thayer have submitted an application for design review of a new single family residence. The applicant is proposing a one story single family residence with a basement. The main floor includes 2,586 square feet of finished space. The property is located at 104 North Lewis Street within the Craig and Gould neighborhood. The design review application will require a public hearing before the Historic Preservation Board for review and final decision. This project is located in Mayor Pro Tem LaFleur's district.

629 Sixth Street Historic Preservation Design Review

Property owner, Leah Terzulli, has submitted an application for a Design Review by the Historic Preservation for a new single family home at 629 Sixth Street. The property is located on the north side of Sixth Street between Cantril and Lewis Streets and is 0.14 acres (6098 sq. ft.) in size. The applicant is proposing a two-story single family home and a detached garage with an accessory dwelling above the garage. All applications for new construction in the Craig and Gould neighborhood require a public hearing before the Historic Preservation Board. The property is located within Mayor Pro Tem LaFleur's district.

Auburn Heights Apartments Planned Development Plan Major Amendment and Site Development Plan Major Amendment

The property owner has submitted an application to amend the zoning and the currently approved site development plan for lot 2 of Auburn Ridge, which is approximately 6 acres in size and generally located in the southwest quadrant of E. Wolfensberger Road and Auburn Drive, southwest of the Auburn Ridge Senior Apartments. Currently, the zoning permits 100 multi-family units for seniors. The zoning amendment seeks to permit 104 multi-family units for people of all ages. The proposed parking is a combination of attached garages, detached garages, and surface parking. Both the PDP Amendment and the SDP Amendment will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. The project is located within Councilmember Bracken's district.

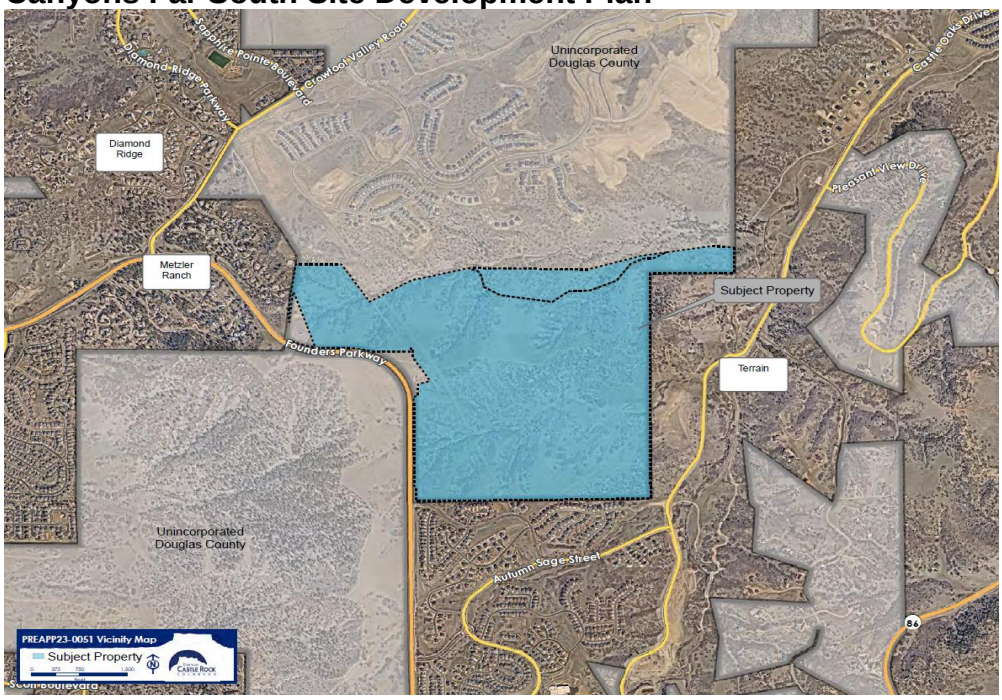
Brickyard Mixed Use Site Development Plan

Confluence Companies has submitted a quasi-judicial Site Development Plan (SDP) application for the 18.8 acre Brickyard mixed-use development located at 401 Prairie Hawk Drive. The site plan proposed both vertical and horizontal mix of uses, to include 506 multifamily residential units. The units will be a for-lease product, primarily apartments/condo style, with 24 townhomes. Approximately 178,000 square feet of non-residential uses will include a destination hotel with pool, shops and bar, as well as, restaurants, retail, office, and conference venue space throughout the development. Parking will be provided through a combination of on-street and structured garages, and will comply with the Municipal Code requirements for joint use of parking spaces. Two points of access to the development will be provided from the east, via existing Prairie Hawk Drive, and one connection will be made on the west through Miller's Landing to Plum Creek Parkway

Brickyard Planned Development Plan

Confluence Companies has submitted an application for The Brickyard Planned Development Plan and Zoning Regulations, a mixed-use development with a maximum of 600 multi-family dwelling units, and office, retail, hotel, performance venue and recreational space. The site is approximately 31 acres and is located on Prairie Hawk Drive, north of Plum Creek Parkway and south of Topeka Way. The proposed rezoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. The project is located in Councilmember Bracken's district.

Canyons Far South Site Development Plan



PCS Group has submitted a Site Development Plan application for Canyons Far South. The applicant is proposing a residential and commercial development on 410 acre site that aligns with the recent annexation and zoning approval for 474 single family homes, 12.5 acres of commercial and over 217 acres of open space. The general location is southeast of the intersection of Crowfoot Valley Road and Founders Parkway. The Site Development Plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Cavey's district.

Chateau Valley Site Development Plan

Highline Engineering & Surveying has submitted an application for the Chateau Valley Site Development Plan (SDP) proposing a 415-unit residential subdivision on 113 acres. The 415 units are composed of 257 single family detached homes and 63 paired homes (158 units). The property, which is within the Young American Planned Development (PD), is generally located east of Memmen Park, north of the Baldwin Park subdivision, and south of the Southridge Townhome subdivision. The Site Development Plan includes a total of 42.2 acres of open space. The SDP will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. The property is located within Councilmember Brooks' district.

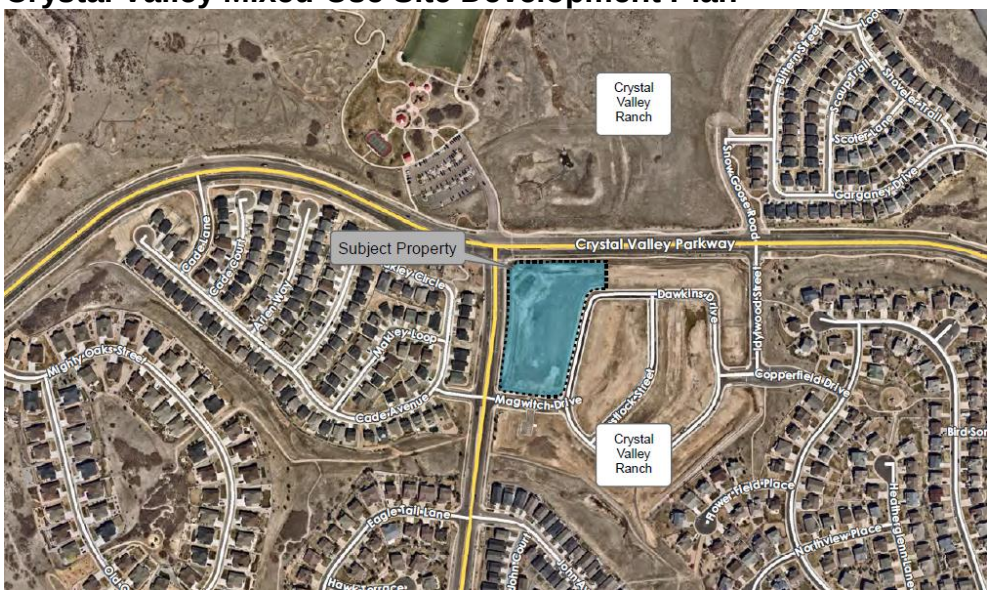
The City Hotel Site Development Plan

White Development has submitted an application for a Downtown Site Development Plan and a Historic Preservation Landmark Alteration Certificate for the City Hotel project located at 415 N. Perry St. The City Hotel project consists of a new four story 33 room hotel project that includes 2,578 square feet of commercial space and the restoration of the historically landmarked City Hotel building. The restored City Hotel building will serve as the main food and beverage venue. The project proposes 6 on-site parking spaces and valet parking that will utilize offsite parking. The Landmark Alteration Certificate application will require a public hearing before the Historic Preservation Board. The Downtown Site Development Plan application will require a public hearing before the Design Review Board. The property is located in Mayor Pro Tem LaFleur's district.

Costco Site Development Plan (Dawson Trails)

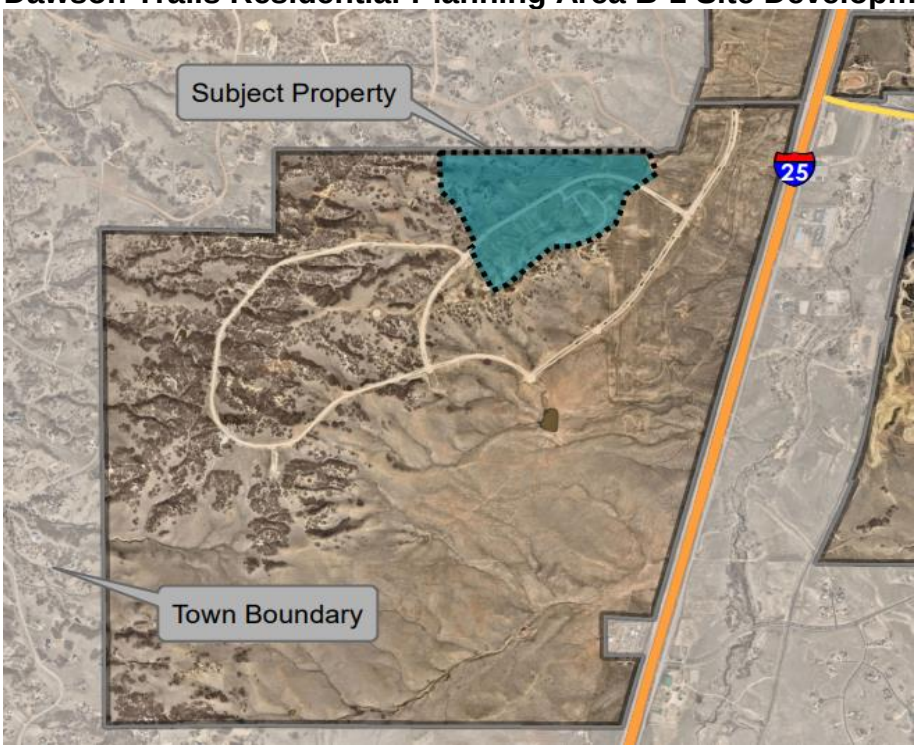
Westside Investment Partners, LLC has submitted an application for a Site Development Plan (SDP) for Costco within the Dawson Trails PD. The 18.4-acre property is located north of the future Crystal Valley Interchange, currently in design. The applicant is proposing a 161,000 square foot retail warehouse, 899 parking spaces and a fueling station with 16 fuel pumps. Loading docks are located on the east side of the building. The site will be accessed from Dawson Trails Blvd on the west, Collector B on the east, and via two access drives intersecting Collector A to the north. The SDP will require public hearings before the Planning Commission for review and recommendation, and Town Council for review and final decision. The project is located in Councilmember Dietz's district.

Crystal Valley Mixed-Use Site Development Plan



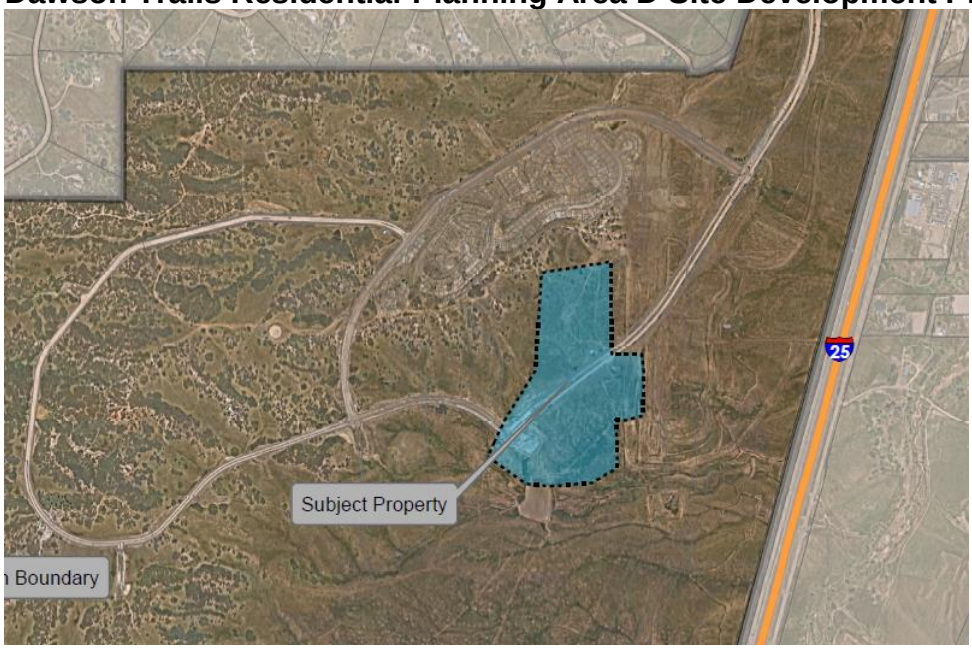
Henry Design Group on behalf of Dan Kauffman, Pinnacle View Development, LLC, has submitted an application for a Site Development Plan. The applicant is proposing a mixed-use development on the 4-acre property located at the southeast corner of Crystal Valley Parkway and West Loop Road. The proposal includes 24 townhomes, with attached two car garages, and a single two story building with 7,376 square feet of commercial space on the 1st floor and seven condominium units on the 2nd floor. The Site Development Plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. The project is located in Councilmember Dietz's district.

Dawson Trails Residential-Planning Area B-1 Site Development Plan



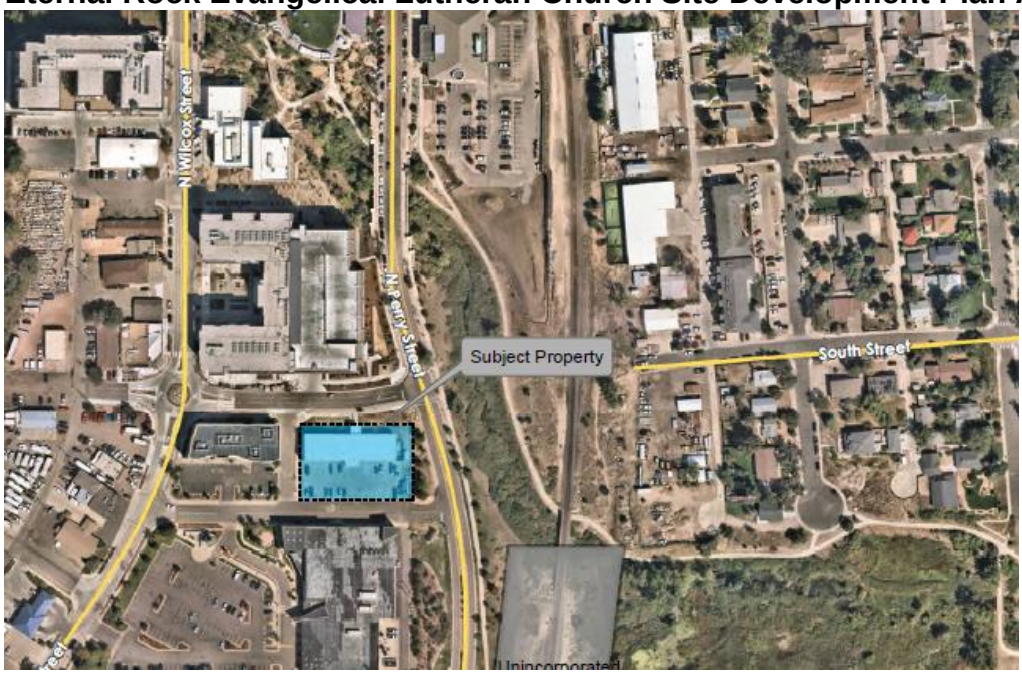
Westside Investment Partners, LLC has submitted an application for a Site Development Plan (SDP) located in the Dawson Trails PD. This is the first proposed residential development in Dawson Trails, and is located in the north-central area of the PD, adjacent to the Twin Oaks subdivision in Douglas County. The applicant is proposing 230 single family lots for detached units, and a 1-acre neighborhood park, on approximately 78 acres with a gross density of 2.9 dwelling units per acre. The SDP will require public hearings before the Planning Commission for review and recommendation, and Town Council for review and final decision. The project is located in Councilmember Dietz's district

Dawson Trails Residential-Planning Area D Site Development Plan



AMC Dawson Trails VIII JV LLC submitted an application for a Site Development Plan. The applicant is proposing 254 single-family residential lots on approximately 56 acres within Planning Area D of the Dawson Trails PD. Approximately 13 acres is designated as open space. Planned amenities include a neighborhood park, and hard surface and crusher fine trail extensions. The site is located in the east central area of the PD and is the second proposed residential neighborhood in the Dawson Trails. Please see the attached vicinity map. The Site Development Plan will require public hearings before the Planning Commission and Town Council. This project is located in Councilmember Dietz' district.

Eternal Rock Evangelical Lutheran Church Site Development Plan Amendment



The property owner has submitted an application for a Site Development Plan known as Eternal Rock Evangelical Lutheran Church for approval of new landscaping, new signage, new storage facility, and to reconfigure the parking lot with the addition of a second entrance together with new curb/gutter/sidewalk along Phelps Street on the 0.63-acre property. The Downtown Site Development Plan will require a public hearing before the Design Review Board for review and final decision. The property is located in Mayor Pro Tem LaFleur's district.

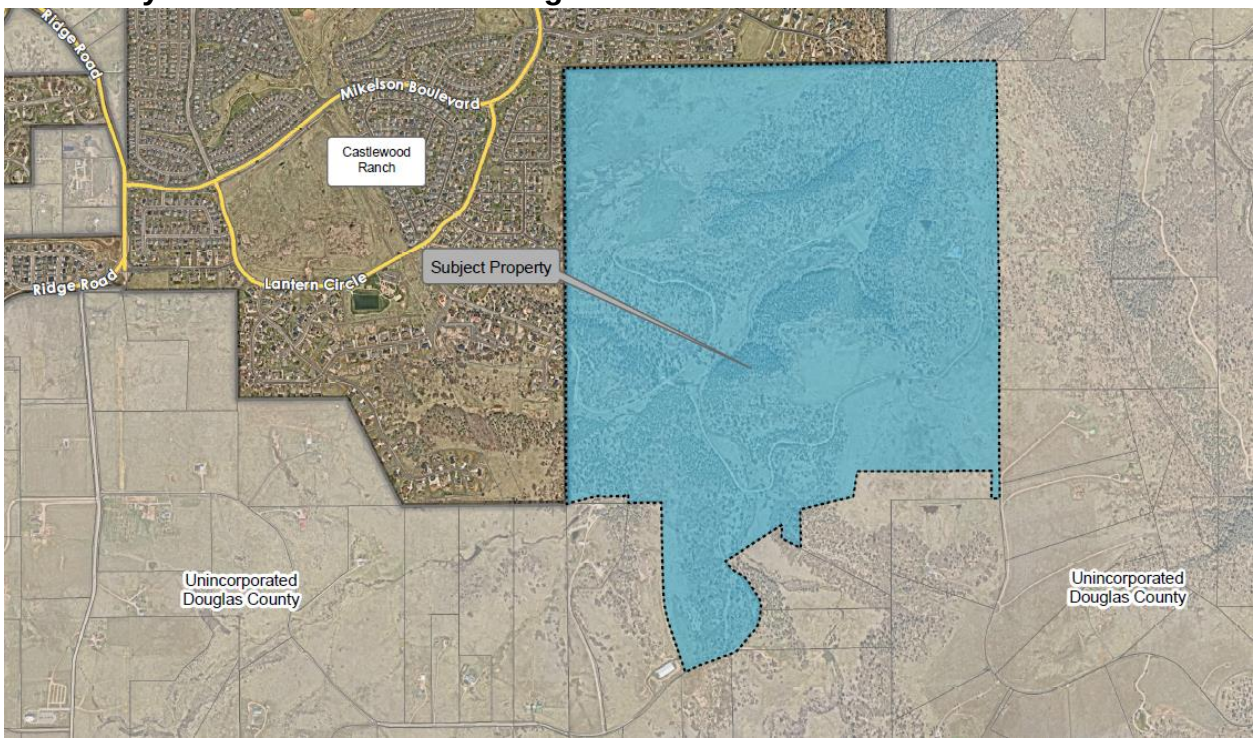
Front Street Triplexes Site Development Plan

Total Development Corporation, on behalf of Front & Center, LLC, has submitted an application for a Site Development Plan for approval of two triplex residential buildings on a 0.273-acre lot on Front Street between Fifth and Sixth Streets. Each unit will be two bedrooms and 2.5 bathrooms and a total of 14 parking spaces will be provided on the property.. The applicant has also submitted an application for architectural review by the Historic Preservation Board as the property is within the Craig & Gould neighborhood. A public hearing will be held before the Historic Preservation Board for review and approval of the project's architecture. The property is located in Mayor Pro Tem LaFleur's district.

Hyundai Car Dealership

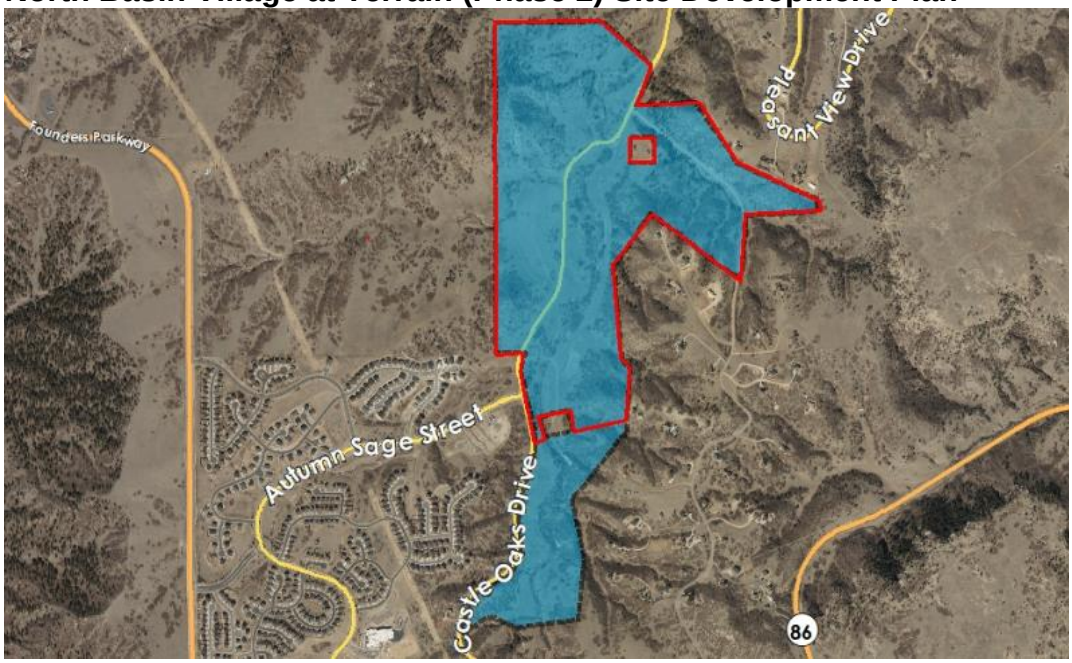
Adragna Architecture and Development on behalf of Foundation Auto Group has submitted an application for a Use by Special Review Site Development Plan application for a new Hyundai Car Dealership. The proposal is for an approximately 33,000 square foot automotive dealership and service center on a 6.4 acre vacant lot. The property is located at the corner of S Wilcox St and Brookside Circle. The proposal is a Use by Special Review and requires public hearings before Planning Commission and Town Council. The property is located in Councilmember Dietz's district.

Lost Canyon Annexation and Zoning



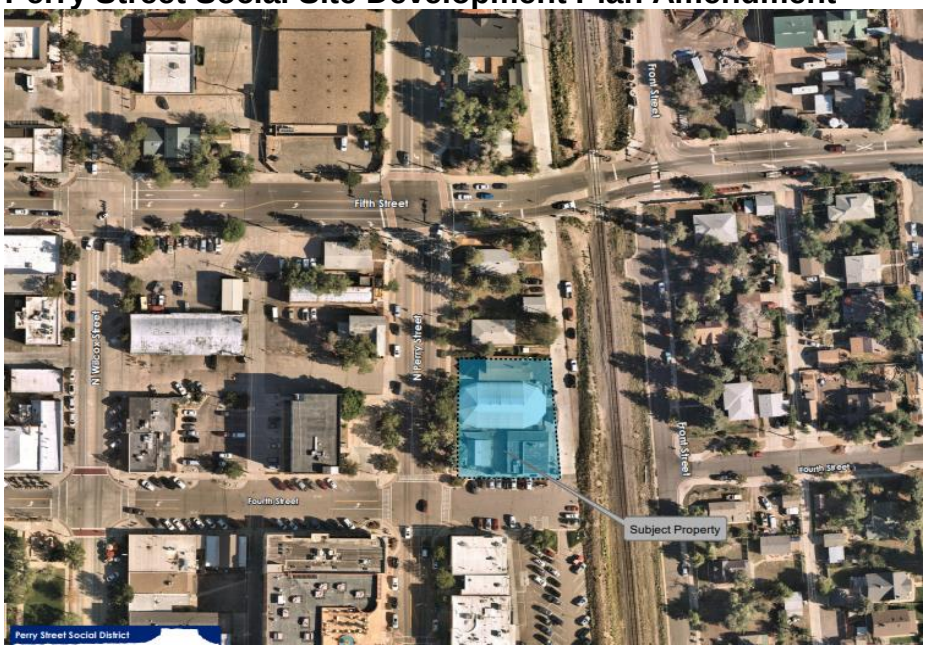
The Town of Castle Rock has submitted an Annexation and Zoning for Lost Canyon Ranch. The Town recently purchased this property, located at 6581 Lost Canyon Ranch Rd, and would like to bring this property into the Town's jurisdiction. The proposed project is generally located east of the intersection of Lost Canyon Ranch Road and Lost Canyon Ranch Court. The annexation and zoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located next to Councilmember Brooks' district.

North Basin Village at Terrain (Phase 2) Site Development Plan



The property owner has submitted an application for a Site Development Plan (SDP) for 29 single family homes on approximately 42 acres within the Terrain North Basin Phase 2 development. The proposed development also includes approximately 35.6 acres of Open Space dedication. The project is located along Castle Oaks Drive. The SDP will require public hearings before the Planning Commission for review and recommendation, and Town Council for review and final decision. The project is located within Councilmember Cavey's district.

Perry Street Social Site Development Plan Amendment

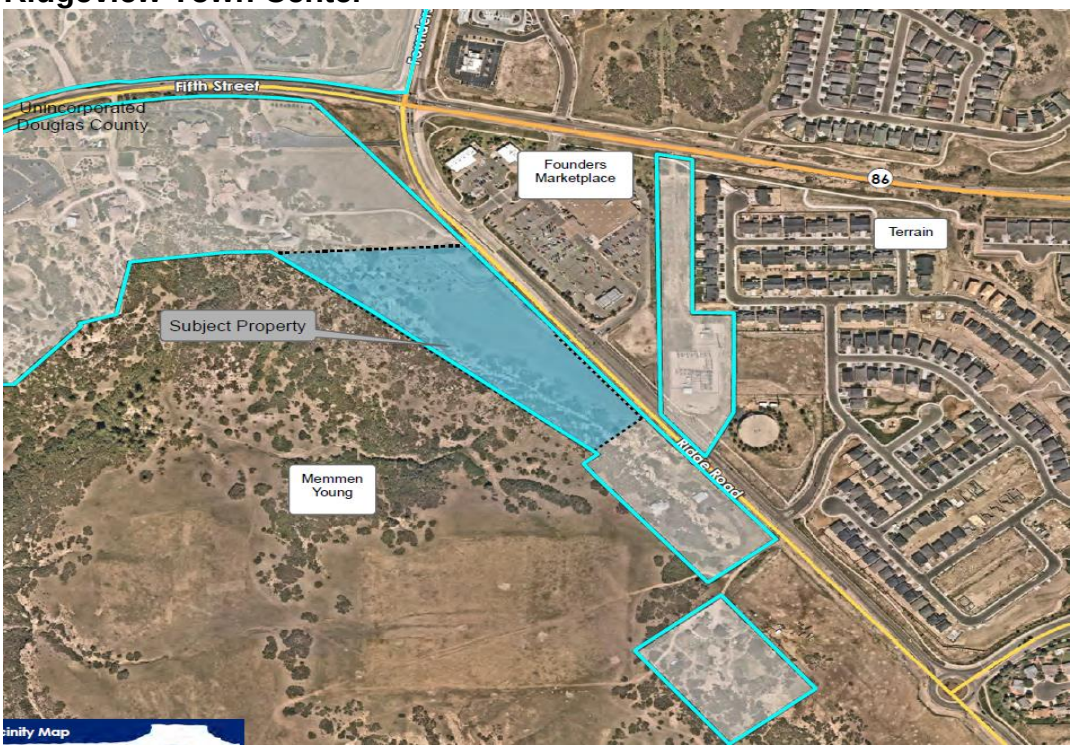


Perry Street Collective has submitted an application for an amendment to the approved Downtown Site Development Plan for Perry Street Social. The proposed amendment would remove the ice rink and associated shade structure and replace it with a traditional dining patio. The amendment also calls for the proposed Tap House building to be shifted further away from the north property line of the property. The Downtown Site Development Plan Amendment will require a public hearing before the Design Review Board. This project is located in Mayor Pro Tem LaFleur's district

Pioneer Ranch Annexation and Planned Development Plan

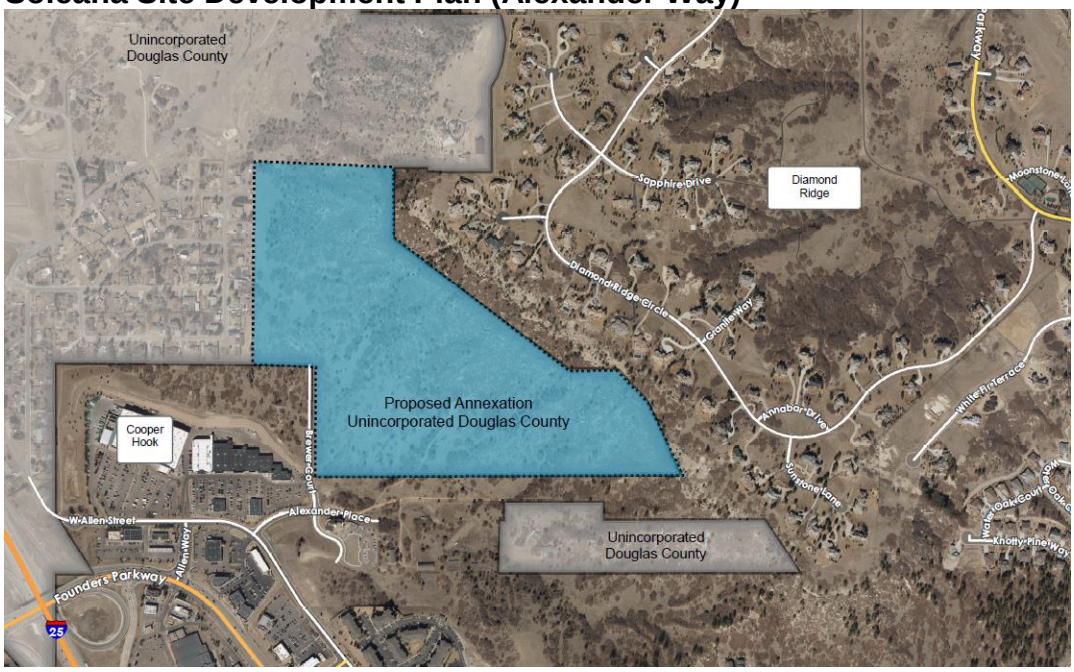
The property owner has submitted an annexation petition to annex a 388-acre site located west of Founders Parkway and east of Front Street into the Town of Castle Rock. The applicant is proposing the Pioneer Ranch Planned Development Plan zoning to allow 1,123 dwelling units (a mix of single-family and multi-family), 78 acres of open space, and 39 acres dedicated for public uses, such as schools and parks. The annexation and planned development plan require public hearings before Planning Commission for review and recommendation and Town Council for review and final decision. The project is adjacent to Councilmember Cavey's district and Mayor Pro Tem LaFleur's district.

Ridgeview Town Center



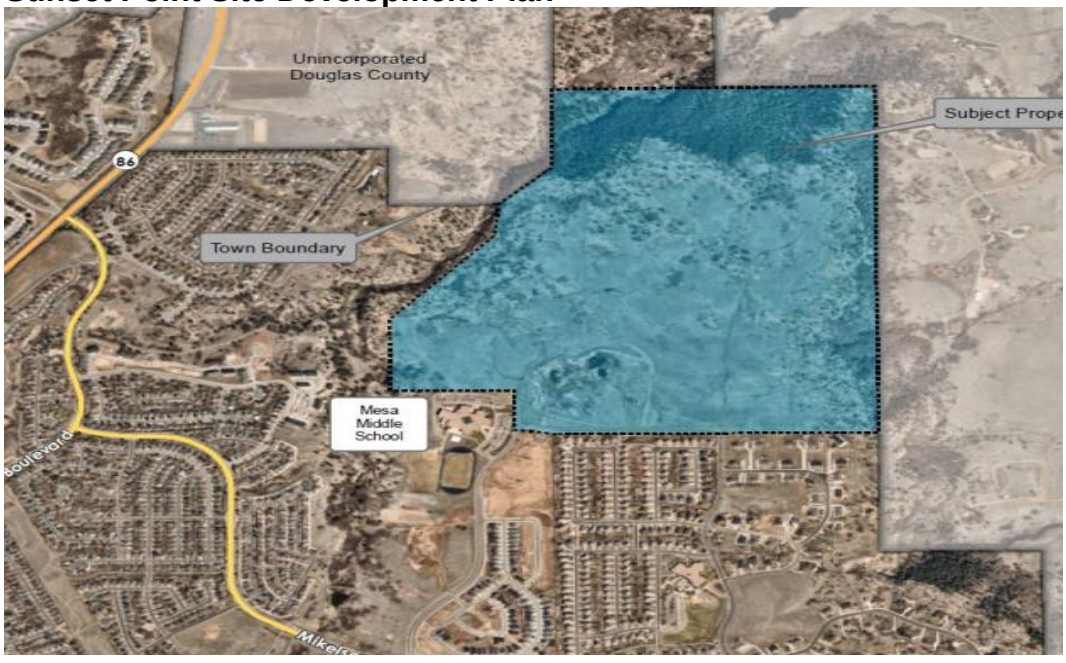
Staff has received a Planned Development zoning application for a 10-acre parcel located at 895 N. Ridge Road, southwest of the intersection of State Highway 86 and N. Ridge Road. A petition and map requesting annexation has already been submitted to the Town and is under review. The owner proposes to zone the property to allow commercial uses, such as retail, office, restaurant, clinic and personal services. Uses by special review include day care, fast food with drive-thru, and doggy day care. Prohibited uses include fueling station, vehicle storage, and auto repair. Approximately 29% of the site is designated open space. The property is adjacent to Councilmembers Cavey's and Brooks' districts.

Soleana Site Development Plan (Alexander Way)



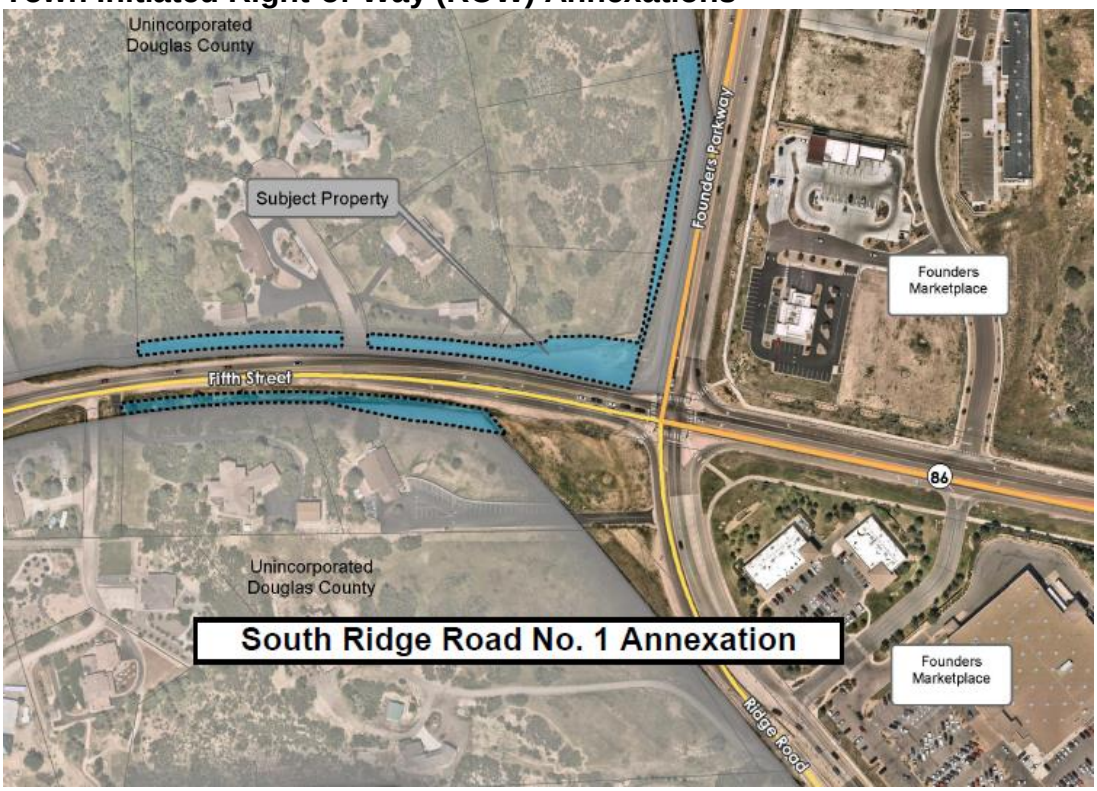
The Henry Design Group Inc. on behalf of the property owners Tierra Investors, LLC and Alexander 455, LLC has submitted a Site Development Plan application for Soleana, which includes 55 custom home sites on half acre or larger lots, as well as 22 live/work homes and a pocket park in the Alexander Way PD. The property was recently annexed in to the Town and is approximately 77.96 acres located east of the Silver Heights neighborhood and west of the Diamond Ridge estates neighborhood. The proposal is a residential neighborhood and requires public hearings before Planning Commission and Town Council. The property is located adjacent to Mayor Pro Tem LaFleur and Councilmember Cavey's districts.

Sunset Point Site Development Plan



Fourth Investment USA, LLC, has submitted an application for a Site Development Plan (SDP) for a residential neighborhood known as Sunset Point, formally known as Bella Mesa North. Sunset Point is approximately 293 acres in size and generally located northeast of Mesa Middle School. The SDP proposes 525 single-family homes, dedicated open space and a trail system. The SDP will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. The property is located within Councilmember Brooks' district.

Town Initiated Right-of-Way (ROW) Annexations



Staff has accepted four applications for Town initiated annexations to incorporate several Town-owned parcels of land that are within, or directly abutting, public right-of-way (ROW). This is part of a broader initiative to incorporate Town parcels that qualify for annexation. All of the parcels are proposed to be zoned Public Land-1, which allows the continued use as ROW. Four Corners Annexation consists of 8 parcels located north and west of the Founders Parkway/Ridge Road and State Highway 86 intersection. S. Ridge Road No. 1 Annexation consists of 1 parcel located on the east side of S. Ridge Road, just south of the Enderud/Ridge Road roundabout. S. Ridge Road No. 2 Annexation is a single parcel, also located on the east side of S. Ridge Road, just north of the Ridge Road/Plum Creek Parkway roundabout. Gilbert Street/Plum Creek Parkway Annexation is a single parcel located at the intersection of Gilbert Street/S. Lake Gulch Road and Plum Creek Parkway. The various parcels are adjacent to Mayor Pro Tem La Fleur's, Councilmember Cavey's, and Councilmember Brooks' districts.

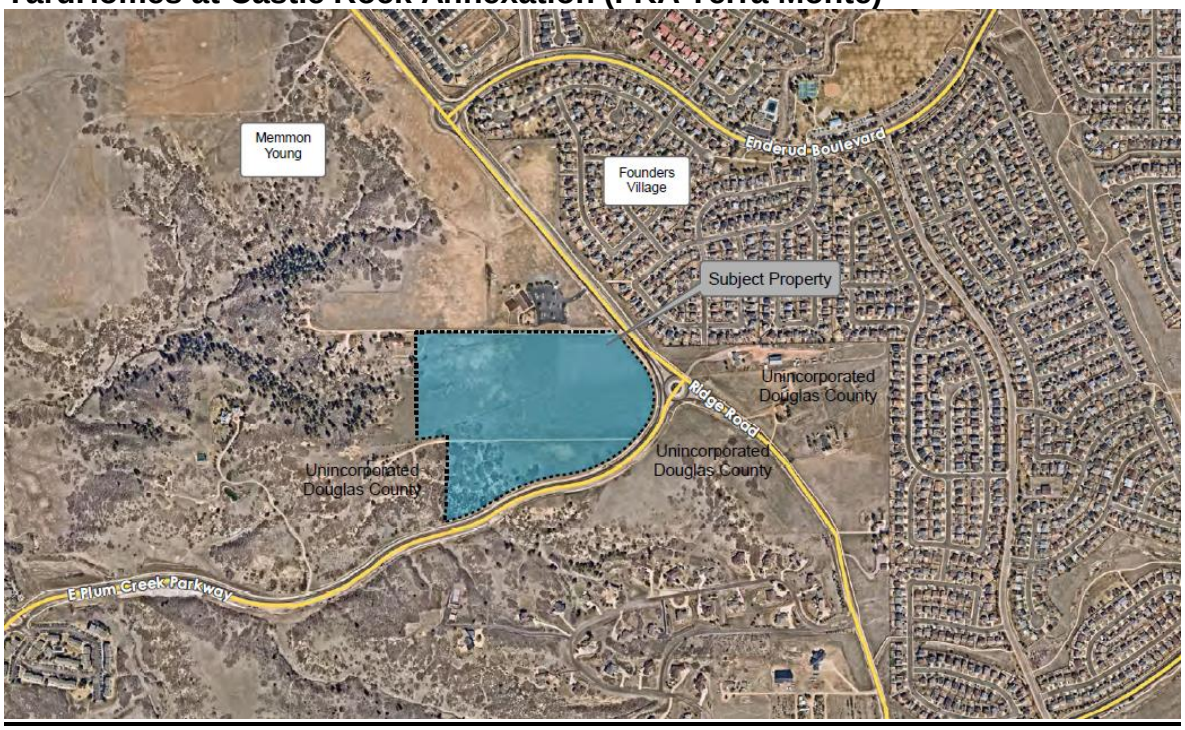
Unity on Wolfensberger Planned Development

Castle Oaks Evangelical Covenant Church and Wellspring Unity on Wolfensberger has submitted a rezoning for a new Planned Development Plan. The applicant is proposing a new Planned Development Plan Zoning to allow for a 9,300SF expansion of the Castle Oaks Evangelical Covenant Church property on Park St, provide for sufficient parking for the building expansion, and to support the conversion of the existing Quality Inn to market rate housing for neurotypical adults and adults with Intellectual and Developmental Disabilities (ID/D). These two properties are located at 200 Wolfensberger and 826 Park Street. The rezoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Mayor Pro Tem LaFleur's district.

Wellspring and Castle Oaks Covenant Church Annexation and Planned Development Plan

The property owner has submitted an application for annexation and zoning of a parcel of land for Wellspring Community Center and Castle Oaks Covenant Church. The annexation petition is to annex approximately 2.07 acres located at 498 E. Wolfensberger Road, for future Wellspring and Castle Oaks Covenant Church facilities. The Planned Development (PD) zoning application is proposing to allow for operation of the Wellspring Community Center Monday through Friday and the Castle Oaks Covenant Church on Sundays. The annexation and planned development zoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This property is located adjacent to Councilmember Bracken's district.

YardHomes at Castle Rock Annexation (FKA Terra Monte)



Staff has received an annexation application from Norris Design, on behalf of the property owner, Mike Morley, Castle Rock Ventures. The applicant is proposing to annex 32.29 acres located at the northwest corner of Plum Creek Parkway and South Ridge Road. Following the Substantial Compliance hearing, the applicant intends to submit a Planned Development zoning application to allow 165 single family units, consisting of one-, two- and three-bedroom one-story homes. The product will be for lease. The units will have private yards, and the community will have a clubhouse, indoor fitness facility, community pool, a dog park and picnic area. Approximately 50% of the site is planned for active and passive recreational space and .5 acres will provide future community oriented retail use. Annexation and zoning requires public hearings before the Planning Commission for recommendation and then public hearings at Town Council for final action. The property is adjacent to Councilmember Brooks' district.

The Town's Development Activity map provides additional information on these quasi-judicial applications, as well as projects that are under administrative (non quasi-judicial) review. This map is available at: CRgov.com/developmentactivity.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 7. **File #:** ID 2024-108

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Michael J. Hyman, Town Attorney

Update: Bella Mesa Metropolitan District Bond Refunding

Executive Summary

Bella Mesa Metropolitan District (the "District") intends to issue bonds as authorized by its Service Plan (the "Service Plan"). Specifically, the District is proposing the issuance of its Subordinate Limited Tax General Obligation Bonds, Series 2024B, in the estimated amount of $9,780,000 (the "2024 Bonds"). The proceeds of the 2024 Bonds will be used to pay for public improvement associated with the development of the remaining undeveloped property within the District. As a reminder, the development of such property will be subject to the future approval of site development plans by the Town Council.

The District has submitted documentation to the Town Manager, Town Attorney and Director of Finance showing that the District will be able to repay the 2024 Bonds within the debt and mill levy parameters authorized by the Service Plan. Under the Castle Rock Municipal Code (the "Town Code"), the proposed transaction is presented for review and comment by the Town Council, but no formal approval is required or authorized.

Background

Organization and Service Plan. The District was organized pursuant to a service plan approved by the Town Council on August 24, 2004, which plan was amended in 2006, 2018, and 2020.

Under the Service Plan, the District has a debt mill levy cap of 55.664 mills, subject to future adjustments in assessed valuation in order to prevent the diminution of actual tax revenues. District bonds shall discharge no later than 40 years from the date of issuance.

Section 11.02.110 of the Town Code. Section 11.02.110 of the Town Code provides that metropolitan districts must submit a proposed financing for the issuance or refinancing of debt, including certain information and documents related to the proposed debt, such as the interest rate, financing costs, the type of revenues pledged, the amount of the mill levy pledged, and the offering statement (the "Proposed Debt Documents"), to the Town for review and comment before issuing or refinancing the

proposed debt. Such submission must include a certification by the District that the proposed issuance is authorized by and in compliance with the Service Plan.

Proposed Bonds. The District's current Financing Plan proposes the issuance of its 2024 Bonds in the estimated amount of $9,780,000. The interest rate currently assumed is 8.25% and is based upon a 30-year maturity.

District Submission of Proposed Debt Documents. The District has submitted various Proposed Debt Documents to the Town, including a draft term sheet and a Preliminary Limited Offering Statement, which show that the District can repay the 2024 Bonds.

Staff Recommendation

Based on the Proposed Debt Documents that the District has submitted, Town Staff finds that the proposed bond issuance complies with the Service Plan and Section 11.02.110 of the Town Code. Town Staff further recommends that the District be allowed to move forward with the issuance of the 2024 Bonds as proposed.

Attachments

Attachment A: Certification Concerning District Financing
Attachment B: Term Sheet
Attachment C: Preliminary Limited Offering Statement

CERTIFICATION

In accordance with the Town of Castle Rock, Mun. Code Section 11.02.110, Review of District Financing, we the undersigned members of the Board of Directors of the Bella Mesa Metropolitan District (the "District"), do hereby certify, to the best of our knowledge and belief, that the proposed issuance of indebtedness generally described in the term sheet attached hereto is authorized by and in compliance with the service plan for the District by Resolution No. 2004-120, which service plan was amended by resolution of the District's Board of Directors adopted on May 4, 2006 after publication of a Notice of Amendment to Service Plan in *The Douglas County News-Press* on March 9, 2006, which service plan was amended a second time by Resolution 2018-058 adopted by the Town on June 19, 2018, and which service plan was amended a third time by Resolution 2020-017 adopted by the Town on February 18, 2020.

Date: September 16, 2024

DocuSigned by:
John V. Hill
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John V. Hill, President

Signed by:
Maxine Hepfer
171349D63FB6463...
Maxine Hepfer, Treasurer/Secretary

DocuSigned by:
Anna Maria Ray
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Ana Maria Ray, Assistant Secretary

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

BELLA MESA METROPOLITAN DISTRICT
SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2024B

TERM SHEET – AS SEPTEMBER 12, 2024

FOR DISTRICT USE ONLY
PROSPECTIVE INVESTORS SHOULD REVIEW THE BOND DOCUMENTS

Delivery Date:	October 10, 2024
Sources:	
Par Amount:	**$ 9,780,000 (estimated)**
Uses:	
Project Fund:	$ 8,776,600 (estimated)
Cost of Issuance:	$ 1,003,400 (estimated)
Total Uses:	**$ 9,780,000 (estimated)**
Structure:	
Final Maturity:	December 15, 2054
Interest Rate:	8.25% (estimated rate; 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 12/15/2029 at $103 premium declining (actual redemption provisions determined at pricing)
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 16, 2059.
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. 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.:	Issued to financial institutions or institutional investors
Title 11 exemption:	$500,000 denominations

BELLA MESA METROPOLITAN DISTRICT
SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2024B

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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. 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.:	Issued to financial institutions or institutional investors
Title 11 exemption:	$500,000 denominations

PRELIMINARY LIMITED OFFERING STATEMENT DATED _____, 2024

NEW ISSUE **NOT RATED**

BOOK-ENTRY-ONLY

In the opinion of Ballard Spahr LLP, Denver, Colorado, Bond Counsel, interest on the Series 2024B Subordinate Bonds is excludable from gross income for purposes of federal income tax, under existing laws as of the date of delivery of the Series 2024B Subordinate Bonds and assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2024B Subordinate Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that, to the extent that interest on the Series 2024B Subordinate Bonds is excludable from gross income for federal income tax purposes, such interest is also excludable from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See "TAX MATTERS."

BELLA MESA METROPOLITAN DISTRICT
In the Town of Castle Rock
Douglas County, Colorado
**$[PAR-B]*
Subordinate Limited Tax General Obligation Bonds
Series 2024B**

Dated: Date of Delivery **Due: December 15 (Series 2024B Subordinate Bonds), as shown below**

Bella Mesa Metropolitan District, in the Town of Castle Rock, Douglas County, Colorado (the "District") is issuing its Subordinate Limited Tax General Obligation Bonds, Series 2024B (the "Series 2024B Subordinate Bonds"), pursuant to an Indenture of Trust (Subordinate) to be dated as of [INDENTURE MONTH] 1, 2024 (the "Subordinate Indenture") between the District and the Trustee, as trustee for the Series 2024B Subordinate Bonds. The Trustee will also act as Registrar and Paying Agent for the Series 2024B Subordinate Bonds, and The Depository Trust Company, New York, New York, will act as securities depository for the Series 2024B Subordinate Bonds. The Series 2024B Subordinate Bonds will be issued in book-entry-only form, and purchasers of the Series 2024B Subordinate Bonds will not receive certificates evidencing their ownership interests in the Series 2024B Subordinate Bonds. *Capitalized terms used on the cover page of this Limited Offering Memorandum are defined in the Introduction herein or in "APPENDIX C—SELECTED DEFINITIONS" hereto*.

The Series 2024B Subordinate Bonds are "cash flow" limited tax general obligations of the District secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources: (a) all Subordinate Property Tax Revenues (generally defined as all moneys derived from imposition by the District of the Subordinate Required Mill Levy); (b) all Subordinate Specific Ownership Tax Revenues; (c) all Subordinate Capital Fee Revenue, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. The District has covenanted to levy a Subordinate Required Mill Levy upon all taxable property of the District each year, consisting of ad valorem property taxes subject to certain limitations as described herein. **The Series 2024B Subordinate Bonds are subordinate to the Series 2020 Senior Bonds (and any other Senior Obligations) on an annual basis, as described further in the "THE SERIES 2024B SUBORDINATE BONDS."** No regularly scheduled payments of principal are due on the Series 2024B Subordinate Bonds prior to their maturity date, and any interest payments on the Series 2024B Subordinate Bonds that are not paid when due will accrue and compound on each Subordinate Interest Payment Date until sufficient Subordinate Pledged Revenue is available for payment. As demonstrated in the Financial Forecast, under the base case scenario, it is not anticipated that there will be any Subordinate Pledged Revenue available to pay accrued interest on the Series 2024B Subordinate Bonds until 20[FI]*, and it is not anticipated that there will be any Subordinate Pledged Revenue available to pay principal on the Series 2024B Subordinate Bonds until 20[FP]*. These dates represent a forecast and there is no guarantee that any payments will be made on or after such dates or, further, that the Series 2024B Subordinate Bonds will be paid prior to their discharge date of December 15, 2059. **Notwithstanding anything in the Subordinate Indenture to the contrary, in the event that, on December 15, 2059, any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the Series 2024B Subordinate Bonds are to be deemed discharged.**

The Series 2024B Subordinate 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 Series 2024B Subordinate Bonds is payable annually on December 15 each year, commencing December 15, 2024, at the rate set forth below, from and to the extent of Subordinate Pledged Revenue, subject to the limitations of the Subordinate Indenture described herein.

$_____ _._*__% Series 2024B Subordinate Term Bond due December 15, 20__* Price _.___% CUSIP© 07819P ___ [1]

The Series 2024B Subordinate Bonds are subject to optional and mandatory redemption prior to maturity at the prices and upon the terms set forth in this Limited Offering Memorandum.

Proceeds from the sale of the Series 2024B Subordinate Bonds will be used for the purposes of financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain Public Improvements to serve the Development.

REPAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2024B SUBORDINATE BONDS IS SPECULATIVE IN NATURE AND INVOLVES A HIGH DEGREE OF INVESTMENT RISK. AS SUBORDINATE "CASH FLOW" OBLIGATIONS, REPAYMENT OF THE SERIES 2024B SUBORDINATE BONDS IS SUBJECT TO A HIGH DEGREE OF RISK. EACH PROSPECTIVE INVESTOR IS ADVISED TO READ "RISK FACTORS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2024B SUBORDINATE BONDS. THE SERIES 2024B SUBORDINATE 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), COLORADO REVISED STATUTES, AS AMENDED. Each purchaser of the Series 2024B Subordinate Bonds will be required to execute an investor letter in substantially the form attached hereto as APPENDIX I.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Limited Offering Memorandum, including the appendices hereto, to obtain information essential to the making of an informed investment decision.

The Series 2024B Subordinate 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 Ballard Spahr LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Certain matters will be passed upon by Icenogle Seaver Pogue, P.C., Denver, Colorado, as General Counsel to the District. Kutak Rock LLP, Denver, Colorado, has acted as counsel to the Underwriter and has assisted in the preparation of the Limited Offering Memorandum in such capacity. The Series 2024B Subordinate Bonds are expected to be available for delivery through the facilities of DTC on or about [CLOSING DATE], 2024*.

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

This Limited Offering Memorandum is dated _____, 2024.

[1] Represents the issue price expressed as a percentage of the Accreted Value at the Current Interest Conversion Date.

[1] The District takes no responsibility for the accuracy of CUSIP numbers, which are included solely for the convenience of owners of the Series 2024B Subordinate Bonds.

* Preliminary; subject to change.

4880-5989-4984.5

BELLA MESA METROPOLITAN DISTRICT
In the Town of Castle Rock
Douglas County, Colorado

Board of Directors

John V. Hill, President
Maxine Hepfer, Treasurer/Secretary
Anna Maria Ray, Assistant Secretary
Vacant
Vacant

General Counsel to the District

Icenogle Seaver Pogue, P.C.
Denver, Colorado

District Accountant

CliftonLarsonAllen LLP
Greenwood Village, Colorado

Bond Counsel

Ballard Spahr LLP
Denver, Colorado

Trustee, Registrar and Paying Agent

UMB Bank, n.a., as trustee
Denver, Colorado

Underwriter

D.A. Davidson & Co.
Denver, Colorado

Counsel to Underwriter

Kutak Rock LLP
Denver, Colorado

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Limited Offering Memorandum, in connection with the offering of the Series 2024B Subordinate 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 Series 2024B Subordinate 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 Series 2024B Subordinate Bonds and should make an independent evaluation of the investment.

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[TO BE UPDATED]

Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Series 2024B Subordinate Bonds or this Limited Offering Memorandum. Any representation to the contrary is unlawful.

INDEX OF TABLES

TABLE **Page**

AERIAL MAPS AND VIDEO

An aerial video of the Development and the immediate vicinity was created on August 12, 2024, and may be viewed at https://vimeo.com/1009051025/3e0d885571?share=copy. The video was created for the District by ZOOM Aerial Photography, LLC, Centennial, Colorado, but is hosted on a third-party website over which the District has no control. Therefore, while the link to such video is included herein to offer prospective investors a visual depiction of the location of the Development and the status of development in the Development and the immediate vicinity as of the date of the video, the link and the video are neither incorporated into nor constitute part of this Limited Offering Memorandum.

DEVELOPMENT SITE PLANS

Below are site plans for the remaining undeveloped property in the Development. NOTE: All development plans remain subject to change. There can be no assurance that the Development will be completed as shown on the map below or at all.

Development plan for single-family detached homes

Development plan for single-family attached homes

[IS THERE A CARDEL HOMES TOWNHOME MAP AVAILABLE?]

REGIONAL MAP

District Vicinity

INTRODUCTION

This Limited Offering Memorandum is furnished by Bella Mesa Metropolitan District (the "District"), in the Town of Castle Rock (the "Town"), Douglas County (the "County"), Colorado (the "State") to provide certain information concerning the original offering of its $[PAR-B]* Subordinate Limited Tax General Obligation Bonds, Series 2024B (the "Series 2024B Subordinate Bonds"). The offering of the Series 2024B Subordinate 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 Series 2024B Subordinate 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 Developer (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." Any capitalized terms not defined herein have the respective meanings set forth in APPENDIX C 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 ..... The District was organized as a metropolitan district pursuant to an Order and Decree and Issuance of Certificates of Election, issued by the District Court in and for the County (the "District Court") on November 16, 2004, and recorded in the real property records of the County on November 18, 2004. The organization of the District was approved by the eligible electors of the District voting at the election held on November 2, 2004 (the "Election"). On August 29, 2016. the District Court issued an Order Confirming District Name Change, changing the name of the District from Vistas at Rock Canyon Metropolitan District to Bella Mesa Metropolitan District.

The District, which currently encompasses approximately 406 acres, was organized as part of a plan to serve the needs of the "Bella Mesa" subdivision (referred to herein as the "Development"), a residential development located in the southeast portion of the Town, generally northeast of Mikelson Boulevard, south of East State Highway 86, and west of Castlewood Canyon Road. See "—The Development" below, "THE DISTRICT" and "THE DEVELOPMENT." See also the preceding "AERIAL MAPS AND VIDEO," "DEVELOPMENT SITE PLAN" and "REGIONAL MAP."

The District operates in accordance with the authority, and subject to the limitations of, a Service Plan for Vistas at Rock Canyon Metropolitan District approved by the Town Council of the Town (the "Town Council") on August 24, 2004, as most recently amended by a Resolution Approving an Amendment to the Service Plan for Bella Mesa Metropolitan District, approved by the Town Council on

February 18, 2020 (the "Service Plan"). Pursuant to the Service Plan and Section 32-1-101, *et seq.*, C.R.S. (the "Special District Act"), the District is authorized to provide for the design, acquisition, construction, installation, relocation, redevelopment, financing, and operation and maintenance of water, sanitation, streets, parks and recreation, traffic and safety controls, transportation, mosquito control, and telecommunication systems and services (collectively, the "Public Improvements"), within and without the boundaries of the District, for the use and benefit of the future taxpayers and inhabitants of the District, except as specifically limited therein. See "THE DISTRICT—Service Plan Authorizations and Limitations."

As of the date of this Limited Offering Memorandum, District has an estimated population of 509, which is based on approximately 180 certificates of occupancy issued and 2.83 residents per home (based on household estimates for the Town prepared by the State Demography Office). The District's 2023 certified assessed valuation is $7,252,430. The District's preliminary assessed value as certified by the County Assessors on August 20, 2024 is $7,298,100, which is subject to change prior to the final December10, 2024 certification date. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes" and "—Ad Valorem Property Tax Data" and "THE DISTRICT."

The Development..... The Development is being developed as residential community on approximately 406 acres and is planned to include a total of 810 residential units (comprised of 105 single-family attached homes (townhomes) and 705 single-family detached homes). All of the Development, as described herein, is located within the boundaries of the District. See "AERIAL MAP[S AND VIDEO]" and "DEVELOPMENT SITE PLAN." The Development is comprised of two components—the Richmond Development and the Remaining Development.

Of the anticipated 810 single-family homes, Richmond American Homes of Colorado, Inc., a Delaware corporation ("Richmond") has fully constructed and sold all 180 homes to homeowners (the "Richmond Development"). The remaining 630 single-family homes within the Development are anticipated to be comprised of 525 single-family detached home and 105 single-family attached townhomes (the "Remaining Development"). It is anticipated that all of the single-family attached townhomes will be constructed by Cardel Denver Homes, LLC, a Colorado limited liability company ("Cardel Homes"). It is anticipated that the single-family detached homes will be constructed by Cardel Homes and one to two other still to be identified homebuilders (Cardel Homes and any other homebuilders within the Development are referred to herein as the "Homebuilders").

The Richmond Development and the Remaining Development comprise the property encompassing the Development. The

Developer does not anticipate undertaking any vertical construction within the Development.

The Developer currently owns the remaining undeveloped property in the Development. Cardel Homes is under contract to purchase all of such property from the Developer pursuant to two separate purchase and sale agreements. See "THE DEVELOPMENT—Construction and Sales Activity; Purchase and Sale Agreements—*Purchase and Sale Agreements*." Cardel Homes anticipates selling a portion of the remaining single-family detached lots to one or two additional builders. However, as of the date of this Limited Offering Memorandum, Cardel Homes has not entered into any letters of intent or purchase and sale agreements with other Homebuilders.

As of the date of this Limited Offering Memorandum, all of the homes in the Richmond Development have been sold and closed to homeowners and no homes have been constructed within the Remaining Development. According to the Market Study, it is anticipated that the first homes within the Remaining Development will be sold and closed to homeowners in the first quarter of 2026 and that all homes within the Development will be sold and closed to homeowners by the third quarter of 2031. See "RISK FACTORS—Continued Development Not Assured," "APPENDIX A—FINANCIAL FORECAST" and "APPENDIX B—MARKET STUDY." Neither Cardel Homes nor any other future Homebuilder, if any, is obligated to construct homes within the Development in any particular timeframe or at all. No assurance is provided that the single-family attached homes (townhomes) or single-family detached homes will be sold and closed to homeowners in the timeframe anticipated herein or at all.

Development of property is being undertaken by Fourth Investment USA, LLC, a Colorado limited liability company (the "Developer"). The Developer is also responsible for constructing remaining trunk Public Improvements. It is anticipated that Cardel Homes will be responsible for obtaining final plats and constructing in-tract Public Improvements and private improvements specifically benefitting the Remaining Development. See "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Improvements" and "—The Developer and Cardel Homes."

The Developer is responsible for obtaining the necessary approvals from the City to advance the Development in the manner described herein and is undertaking site development therefor, including site planning and engineering. As described above, Cardel Homes is anticipated to be responsible for obtaining certain entitlements for the Remaining Development. See "THE DEVELOPMENT—Platting, Zoning/Land Use and Public Approvals."

All of the property comprising the Development is presently zoned for its intended uses. Development of property in the Development

will require approval of final site development plans and final plats subdividing the property in the Remaining Development into residential lots and tracts. As of August 1, 2024, no site development plans and no final plats have been approved by the Town for property within the Remaining Development. It is anticipated that preliminary site development plans will be submitted to the Town for approval in the third quarter of 2024 (for the 525 single-family detached lots) and in the third or fourth quarter of 2024 (for the 105 single-family attached lots). See "THE DEVELOPMENT—Platting, Zoning/Land Use and Public Approvals."

According to the Developer, construction of Public Improvements and private improvements began in August 2018 and is anticipated to be completed by 2031. As of August 1, 2024, approximately 25% of the Public Improvements required for the Development are complete, which includes all of the Public Improvements and private improvements for the Richmond Development. See "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Improvements."

According to the Developer, the total cost of remaining Public Improvements required to be constructed for the Development is estimated at approximately $76,200,000. The total cost of remaining private improvements required to be constructed for the Development is estimated at approximately $10,000,000. The foregoing does not include costs of Public Improvements and private improvements constructed in connection with the Richmond Development. According to the Developer, as of July 31, 2024 approximately $10,500,000 has been expended for remaining Public Improvements, which includes drainage improvements, sanitary sewer improvements, water improvements and certain street improvements, and approximately $3,000,000 has been expended for the remaining private improvements. According to the Developer, the Public Improvements to serve the Richmond Development, including the School Parcel, were completed at an approximate cost of $11,000,000.

All remaining Public Improvements are anticipated to be funded and constructed by a combination of the District and the Developer and Cardel Homes, subject to reimbursement of a portion of the costs thereof by the District from proceeds of the Series 2024B Subordinate Bonds (estimated at $_____[*]). They will be applied either directly by the District to fund Public Improvements or to reimburse the Developer or Cardel Homes for a portion of the costs of the District-eligible Public Improvements funded directly by the Developer and Cardel Homes. The costs of any Public Improvements in excess of the proceeds of the Series 2024B Subordinate Bonds and the costs of private improvements required

[*] Preliminary; subject to change.

for the Development are anticipated to be funded by the Developer and Cardel Homes from funds on hand.

As described above and more particularly described herein, completion of the planned development described herein is subject to the satisfaction of a variety of conditions including, but not limited to:

- Approval by the Town Planning Commission and the Town Council of site development plans for the Remaining Development;

- Administrative approval by the Town Manager of final plats for the Remaining Development;

- Execution of agreements with the Town related to Public Improvements, as necessary, including any additional Subdivision Improvement Agreements (see "THE DEVELOPMENT—Agreements Concerning Public Improvements");

- Construction of remaining Public Improvements and private improvements required for the Development;

- Confirmation of sufficient water credits available to fully serve the Remaining Development and if, as platting progresses, there is any insufficiency in water credits, the purchase of additional water in the amounts necessary for the Remaining Development; and

- Sale of all single-family detached and attached (townhome) lots in the Development to Cardel Homes and the sale by Cardel Homes to other Homebuilders, if any, of certain single-family detached lots for construction and sale of residential units thereon.

No assurance is given that any of the foregoing conditions will be satisfied in a timeframe necessary to achieve the projected development schedules set forth herein, or at all.

Notwithstanding any of the foregoing, neither the Developer, Cardel Homes, other Homebuilders, if any, nor any other future property owner is contractually obligated to pursue the development of the property comprising the Development, and no assurance is given that development will occur in accordance with the present permitted land uses, modifications thereof, or at all.

Purpose..... Proceeds from the sale of the Series 2024B Subordinate Bonds will be used for the purposes of financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain Public Improvements to serve the Development. See "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Series 2024B Subordinate Bond Proceeds."

Authority for Issuance ..... The Series 2024B Subordinate Bonds are issued in full conformity with the constitution and laws of the State, including Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Public Securities Act") and Part 11 of the Special District Act; pursuant to the Election; pursuant to an authorizing resolution adopted by the District's Board of Directors (the "Board") prior to the issuance of the Series 2024B Subordinate Bonds (the "Bond Resolution"); and pursuant an Indenture of Trust dated as of [INDENTURE MONTH] 1, 2024 (the "Subordinate Indenture") between the District and UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee").

At the Election, the District's eligible electors voting at such election approved indebtedness in the amount of $40,474,600, in the aggregate, to finance certain categories of Public Improvements. The District's eligible electors also approved, among other things, an additional $40,474,600 of indebtedness to refund certain existing debt of the District. The Service Plan does not provide for a maximum principal amount of debt that District may have outstanding at any one time. See "THE DISTRICT—Service Plan Authorizations and Limitations." See also "DEBT STRUCTURE—General Obligation Debt—*Voter Authorized but Unissued Debt and Outstanding General Obligation Debt*" and "—*Service Plan Debt Limits*."

The District intends to apply the original principal amount of the Series 2024B Subordinate Bonds against the debt authorization obtained pursuant to the Election. See "DEBT STRUCTURE—General Obligation Debt—*Voter Authorized but Unissued Debt and Outstanding General Obligation Debt*."

Security and Sources of Payment for the Series 2024B Subordinate Bonds ..... The Series 2024B Subordinate Bonds are "cash flow" limited tax general obligations of the District secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources: (a) all Subordinate Property Tax Revenues (generally defined as all moneys derived from imposition by the District of the Subordinate Required Mill Levy); (b) all Subordinate Specific Ownership Tax Revenues; (c) all Subordinate Capital Fee Revenue, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. See "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds," "DISTRICT FINANCIAL

INFORMATION," and "APPENDIX A—FINANCIAL FORECAST."

Pursuant to the Subordinate Indenture, the District has covenanted to levy the "Subordinate Required Mill Levy," generally meaning an ad valorem mill levy imposed upon all taxable property of the District each year in an amount equal to (a) 50 mills (subject to adjustment as described herein), less the Senior Obligation Mill Levy, or (b) such lesser amount which would generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Series 2024B Subordinate Bonds in full in the year such levy is collected.

See "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds—*Subordinate Property Tax Revenues—Board Determination of Adjusted Mill Levy*" for an explanation of the adjustment, as reflected in the Financial Forecast, to the mill levy of 50 mills contained in the definition of Subordinate Required Mill Levy in the Subordinate Indenture (as set forth herein and in the definition of Subordinate Required Mill Levy contained in "APPENDIX C—SELECTED DEFINITIONS") as a result of changes in the method of calculating assessed valuation since August 24, 2004.

While the Subordinate Capital Fee Revenue is pledged to the payment of the Series 2024B Subordinate Bonds, the District currently does not impose any fees that constitute Capital Fees as such term is defined in the Subordinate Indenture. The District is not obligated to impose any Capital Fees for the payment of the Series 2024B Subordinate Bonds.

See "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds—*Subordinate Specific Ownership Tax*" for a description of Specific Ownership Tax.

Notwithstanding anything in the Subordinate Indenture to the contrary, in the event that, on December 15, 2059, any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the Series 2024B Subordinate Bonds are to be deemed discharged.

THE SERIES 2024B SUBORDINATE BONDS ARE SOLELY THE OBLIGATIONS OF THE DISTRICT. UNDER NO CIRCUMSTANCES SHALL ANY OF THE SERIES 2024B SUBORDINATE 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. IN ADDITION, UNDER NO CIRCUMSTANCES ARE THE SERIES

2024B SUBORDINATE BONDS TO BE CONSIDERED OR HELD TO BE AN INDEBTEDNESS, OBLIGATION OR LIABILITY OF THE DEVELOPER, CARDEL HOMES, OR ANY THIRD-PARTY PROPERTY OWNERS.

Priority of Lien; Subordinate Nature of Series 2024B Subordinate Bonds .....

The Series 2020 Senior Bonds constitute Senior Obligations under the Subordinate Indenture and the Series 2024B Subordinate Bonds constitute Subordinate Obligations under the 2020 Indenture (defined below). Accordingly, to the extent any non-property tax revenues are pledged under the Subordinate Indenture and 2020 Indenture to the Series 2020 Senior Bonds and the Series 2024B Subordinate Bonds (presently, only the Capital Fees), the lien thereon of the Series 2024B Subordinate Bonds is junior and subordinate in all respects to the lien of the Series 2020 Senior Bonds and any other Senior Obligations issued in the future.

The District has covenanted in the 2020 Indenture that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, is to first, be designated as Senior Property Tax Revenues in any Senior Bond Year to pay annual debt service on the Series 2020 Senior Bonds and any Senior Parity Bonds and to fund such funds and accounts as are required in accordance with the terms of the 2020 Indenture and the resolution, indenture, or other enactment authorizing such Senior Parity Bonds (including to fill the 2020 Surplus Fund (held under the 2020 Indenture) to the 2020 Maximum Surplus Amount, and to fill the surplus fund for any Senior Parity Bonds to the Senior Parity Bonds Maximum Amount, and to replenish the 2020 Reserve Fund (held under the 2020 Indenture) to the 2020 Reserve Requirement and any similar fund or account security Senior Parity Bonds to the Senior Parity Bonds Reserve Requirement, if needed), and only after the funding of such payments and accumulations required in such Senior Bond Year can property tax revenue be applied to pay Subordinate Obligations (including the Series 2024B Subordinate Bonds).

With respect to the Series 2024B Subordinate Bonds, the District has pledged to impose a Subordinate Required Mill Levy for payment of such Series 2024B Subordinate Bonds in an amount equal to 50 mills (subject to adjustment as described herein less the Senior Obligation Mill Levy (which includes the 2020 Required Mill Levy described herein and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations), meaning that there will only be ad valorem property taxes generated and applied to payment of the Series 2024B Subordinate Bonds in the event that the Senior Obligation Mill Levy is less than 50 mills (subject to adjustment as described herein). See also "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds."

"Cash Flow" Nature of the Series 2024B Subordinate Bonds .....

The Series 2024B Subordinate Bonds are structured as "cash flow" bonds, meaning that there are no scheduled payments of principal thereof prior to the final maturity date. Rather, principal on the Series 2024B Subordinate Bonds is payable annually on each December 15 from, and to the extent of, Subordinate Pledged Revenue on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to such December 15, in accordance with the terms of the Subordinate Indenture, pursuant a mandatory redemption more particularly described in "THE SERIES 2024B SUBORDINATE BONDS—Redemption—*Mandatory Redemption*" and "—Certain Subordinate Indenture Provisions—*Subordinate Bond Fund; Mandatory Redemption*." Interest on the Series 2024B Subordinate Bonds is payable on each December 15 to the extent of the Subordinate Pledged Revenue available therefor, and accrued unpaid interest on the Series 2024B Subordinate Bonds will compound annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment. See also the Financial Forecast, attached as APPENDIX A hereto, and "RISK FACTORS—Risks Inherent in the Financial Forecast and the Market Study."

As demonstrated in the Financial Forecast, under the base case scenario, it is not anticipated that there will be any Subordinate Pledged Revenue available to pay accrued interest on the Series 2024B Subordinate Bonds until 20[FI][*] and it is not anticipated that there will be any Subordinate Pledged Revenue available to pay principal on the Series 2024B Subordinate Bonds until 20[FP][*]. These dates represent a forecast and there is no guarantee that any payments will be made on or after such dates or, further, that the Series 2024B Subordinate Bonds will be paid prior to December 15, 2059, as more particularly described below. The Financial Forecast is based on certain assumptions more particularly set forth therein. There is no assurance that Subordinate Pledged Revenue will be sufficient to make payment on the Series 2024B Subordinate Bonds as projected in the Financial Forecast, or ever. See also the Financial Forecast, attached as APPENDIX A hereto, and "RISK FACTORS—Risks Inherent in the Financial Forecast and the Market Study."

Notwithstanding anything in the Subordinate Indenture to the contrary, in the event that, on December 15, 2059, any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the Series 2024B Subordinate Bonds are to be deemed discharged.

[*] Preliminary; subject to change.

Series 2020 Senior Bonds; Additional Obligations .....

The District has previously issued its Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2020A(3), in the original principal amount of $15,747,960.95 ($22,705,000 value at the current interest conversion date), and currently outstanding in the principal amount of $_____, pursuant to an Indenture of Trust, dated as of May 1, 2020 (the "2020 Senior Indenture"), by and between the District and UMB Bank, n.a., as trustee (the "2020 Trustee"). The Series 2020 Bonds are payable from the "Pledged Revenue" (referred to herein as the "2020 Pledged Revenue") consisting of the following: (a) all Property Tax Revenues (generally defined as all moneys derived from the imposition by the District of the 2020 Required Mill Levy (described below); (b) all Specific Ownership Tax Revenues; (c) all Capital Fees, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion to the credit to the Senior Bond Fund. The Series 2020 Bonds are additionally secured by the 2020 Reserve Fund to be funded in the amount of $1,574,796 (the "2020 Reserve Requirement") and the 2020 Surplus Fund funded from excess 2020 Pledged Revenue up to $1,574,796 (the "2020 Maximum Surplus Amount"). Notwithstanding anything in the 2020 Senior Indenture to the contrary, in the event that, on December 1, 2059, any amount of principal of or interest on the Series 2020 Senior Bonds remains unpaid after the application of all 2020 Pledged Revenue available therefor in accordance with the 2020 Indenture, the Series 2020 Senior Bonds are to be deemed discharged.

The 2020 Required Mill Levy generally consists of an ad valorem mill levy imposed upon all taxable property of the District each year in an amount which, if imposed by the District for collection in the succeeding calendar year, would generate Property Tax Revenues sufficient to pay the Series 2020 Senior Bonds, fund the 2020 Surplus Fund up to the 2020 Maximum Surplus Amount, and replenish the 2020 Reserve Fund to the 2020 Reserve Requirement, but not in excess of 50 mills (subject to adjustment in the event that the method of calculating assessed valuation is changed after August 24, 2004), provided that so long as the 2020 Surplus Fund is less than the 2020 Maximum Surplus Amount, the 2020 Required Mill Levy shall be equal to 50 mills (subject to adjustment in the event that the method of calculating assessed valuation is changed after August 24, 2004).

The Series 2020 Senior Bonds will remain outstanding upon issuance of the Series 2024B Subordinate Bonds, and the Series 2024B Subordinate Bonds are being issued on a subordinate basis to the Series 2020 Subordinate Bonds. See "DEBT STRUCTURE—General Obligation Debt."

The District covenants for the benefit of the Owners of the Series 2024B Subordinate Bonds to not issue Additional Bonds (as defined in the Subordinate Indenture) except as specifically permitted in the Subordinate Indenture. Owners of the Series 2024B Subordinate Bonds will only be able to enforce such limitations set forth in the

Subordinate Indenture. See "THE SERIES 2024B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Additional Obligations*."

Interest Rates; Payment Provisions ..... The Series 2024B Subordinate 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 Series 2024B Subordinate Bonds is payable annually to the extent of Subordinate Pledged Revenue available therefor on December 15 of each year, commencing December 15, 2024.

Payments for the principal of and interest on the Series 2024B Subordinate Bonds will be made as described in "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Prior Redemption ..... The Series 2024B Subordinate Bonds are subject to optional and mandatory redemption as described in "THE SERIES 2024B SUBORDINATE BONDS—Redemption" and "—Certain Subordinate Indenture Provisions—*Subordinate Bond Fund; Mandatory Redemption*."

Book-Entry-Only Registration..... The Series 2024B Subordinate 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 Series 2024B Subordinate Bonds may be acquired through brokers and dealers who are, or who act through, participants in the DTC System (the "Participants") in, principal denominations of $500,000 or any integral multiple of $1,000 in excess thereof. Such beneficial interests will be recorded on the records of the Participants. Persons for whom Participants acquire interests in the Series 2024B Subordinate Bonds (the "Beneficial Owners") will not receive certificates evidencing their interests in the Series 2024B Subordinate Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2024B Subordinate Bonds. So long as DTC or its nominee is the registered owner of the Series 2024B Subordinate Bonds, payments of principal, premium, if any, and interest on the Series 2024B Subordinate Bonds, as well as notices and other communications made by or on behalf of the District pursuant to the Subordinate 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 G—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.

Except as otherwise provided herein, the term "Owner" refers to the registered owner of any Series 2024B Subordinate Bond as shown by the registration books maintained by the Trustee. As used herein, "Consent Party" means the Owner of a Series 2024B Subordinate Bond or, if such Series 2024B Subordinate Bond is held in the name of Cede & Co., either: (i) the Participant (as determined by a list provided by DTC) with respect to such Series 2024B Subordinate Bond, or (ii) the Beneficial Owner of such Series 2024B Subordinate Bond.

Exchange and Transfer..... While the Series 2024B Subordinate Bonds remain in book-entry-only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC) may be made as described under the caption "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Tax Status..... In the opinion of Ballard Spahr LLP, Denver, Colorado, Bond Counsel, interest on the Series 2024B Subordinate Bonds is excludable from gross income for purposes of federal income tax, under existing laws as of the date of delivery of the Series 2024B Subordinate Bonds and assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2024B Subordinate Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that, to the extent that interest on the Series 2024B Subordinate Bonds is excludable from gross income for federal income tax purposes, such interest is also excludable from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. See "TAX MATTERS."

Financial Forecast ..... CliftonLarsonAllen LLP, Greenwood Village, 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 Series 2024B Subordinate Bonds. Such Financial Forecast is based upon the Market Study (described below in "—Market Study") and the assumptions more particularly provided therein. In particular, the Financial Forecast sets forth: _____.

As demonstrated in the Financial Forecast, _____. See "FORWARD-LOOKING STATEMENTS," "RISK FACTORS—Risks Inherent in the Financial Forecast and the Market Study," "—Risk of Reductions in Assessed Value; Assessed Valuation

Procedures and Factors; Market Value of Land" and "APPENDIX A—FINANCIAL FORECAST" hereto.

The Market Study ..... The District retained Zonda Advisory, Centennial, Colorado (the "Market Consultant") to prepare a report, dated July 22, 2024, as most recently revised on August 12, 2024, and an addendum thereto entitled "Monthly Snapshot: Economic & Housing Indicators Impacting the Colorado Front Range" dated [____], 2024 (together, the "Market Study"), to assesses the pricing and annual absorption for the Development. The Market Study contains certain projections regarding the absorption and home prices for the homes in the Development, which are based on certain assumptions more particularly set forth therein. The Market Study provides an assessment of absorption and home prices based on current market conditions, which conditions are comprised solely of those specifically identified in the Market Study. See "FORWARD-LOOKING STATEMENTS," "RISK FACTORS—Risks Inherent in Financial Forecast and Market Study," "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" and APPENDIX B hereto.

Professionals Involved in the Offering..... Ballard Spahr LLP, Denver, Colorado, has acted as Bond Counsel. Kutak Rock LLP, Denver, Colorado, has acted as Underwriter's Counsel and has assisted in the preparation of this Limited Offering Memorandum in such capacity. Icenogle Seaver Pogue, P.C., Denver, Colorado, represents the District as general counsel. UMB Bank, n.a., Denver, Colorado, will act as the trustee, paying agent, and registrar for the Series 2024B Subordinate Bonds. D.A. Davidson & Co., Denver, Colorado, will act as the underwriter for the Series 2024B Subordinate Bonds (the "Underwriter"). See "MISCELLANEOUS—Underwriting." CliftonLarsonAllen LLP, Greenwood Village, Colorado, serves as the District's accountant.

Continuing Disclosure Obligation..... The Underwriter has determined that the Series 2024B Subordinate Bonds are exempt from the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12). Notwithstanding such exemption, the District and the Developer have, however, agreed to obtain and provide certain information to the Trustee, on a quarterly and annual basis for dissemination to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system. A form of the Continuing Disclosure Agreement setting forth such obligations is attached hereto as APPENDIX E to this Limited Offering Memorandum. See "MISCELLANEOUS—Continuing Disclosure Agreement."

Financial Statements ..... In accordance with Title 29, Article 1, Part 6, C.R.S., an annual audit is required to be made of the District's financial statements at the end of the fiscal year unless an exemption from audit has been granted by the State Auditor's Office. Appended hereto as Appendix H are the

audited general-purpose financial statements of the District as of and for the year ended December 31, 2023.

Pursuant to the Subordinate Indenture, the District has covenanted to cause an audit to be performed at least once a year of the records relating to its revenues and expenditures, and the District is to use its best commercially reasonable efforts to have such audit report completed no later than September 30 of each calendar year.

Offering and Delivery Information..... The offering of the Series 2024B Subordinate Bonds is being made to a limited number of knowledgeable and experienced investors who are not purchasing with a view to distributing the Series 2024B Subordinate Bonds. Each purchaser of a Series 2024B Subordinate Bond must be a "financial institution or institutional investor," as such terms are defined in Section 32-1-103(6.5), C.R.S. **Each purchaser of the Series 2024B Subordinate Bonds will be required to execute an investor letter substantially in the form attached hereto as APPENDIX I.**

The Series 2024B Subordinate Bonds are offered when, as, and if issued by the District and accepted by Underwriter, subject to prior sale and the approving legal opinions of Bond Counsel, the forms of which are set forth in APPENDIX F. It is expected that the Series 2024B Subordinate Bonds will be available for delivery through the facilities of DTC on or about [CLOSING DATE], 2024*, against payment therefor.

Debt Ratios..... The following are selected District debt ratios upon issuance and delivery of the Series 2024B Subordinate Bonds.

* Preliminary; subject to change.

Preliminary 2024 Certified Assessed Valuation [1, 2, *]	$7,298,100
Preliminary 2024 Certified Statutory "Actual" Valuation [1, 2, *]	$97,326,582
General Obligation Debt Outstanding Upon Issuance of the 2024B Subordinate Bonds [1, 3 *]	$[_____]
Estimated Population [4]	509
District Debt as a Ratio of:	
Preliminary 2024 Certified Assessed Valuation [1, 2, *]	[____]
Preliminary 2024 Certified Statutory "Actual" Valuation [1, 2, *]	[____]
District Debt Per Capita [*]	
Estimated Overlapping General Obligation Debt [1]	$217,284
Sum of District and Overlapping Debt [*]	[____]
District and Overlapping Debt as a Ratio of:	
Preliminary 2024 Certified Assessed Valuation [1, 2, *]	[____]
Preliminary 2024 Certified Statutory "Actual" Valuation [1, 2, *]	[____]
District and Estimated Overlapping Debt Per Capita [*]	[____]

[1] For definitions of and descriptions of the methodology used in computing assessed valuation, statutory "actual" value, general obligation debt outstanding, and estimated overlapping general obligation debt, see "DISTRICT FINANCIAL INFORMATION" and "DEBT STRUCTURE."
[2] Preliminary value as certified by the County Assessor on August 20, 2024. Such value is subject to change prior to the final December10, 2024 certification date.
[3] Includes the Series 2020 Senior Bonds ($_____). See "DEBT STRUCTURE."
[4] Estimate calculated using 2.83 residents per home (being the U.S. Census persons per household average for 2018-2022 in the Town), and 180 certificates of occupancy issued.
[*] Preliminary; subject to change.
Sources: County Assessor's Office, the District and individual overlapping entities

Additional Information..... ALL OF THE SUMMARIES OF THE STATUTES, SUBORDINATE INDENTURE, RESOLUTIONS, OPINIONS, CONTRACTS, AND OTHER AGREEMENTS DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM ARE SUBJECT TO THE ACTUAL PROVISIONS OF SUCH DOCUMENTS. The summaries of any such documents contained herein do not purport to be complete statements thereof, 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: Bella Mesa Metropolitan District, c/o Icenogle Seaver Pogue, P.C., 4725 South Monaco Street, Suite 360, Denver, Colorado 80237, Telephone: (303) 292-9100; or D.A. Davidson & Co., 1550 Market Street, Suite 300, Denver, Colorado 80202, Telephone: (303) 764-6000.

FORWARD-LOOKING STATEMENTS

This Limited Offering Memorandum, and particularly the information contained under the headings entitled "INTRODUCTION," "RISK FACTORS," "THE DISTRICT," "THE DEVELOPMENT," "APPENDIX A—FINANCIAL FORECAST," and "APPENDIX B—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," "anticipate," "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."

RISK FACTORS

INVESTMENT IN THE SERIES 2024B SUBORDINATE BONDS INVOLVES RISK. AN INVESTMENT IN THE SERIES 2024B SUBORDINATE BONDS IS SPECULATIVE IN NATURE AND INVOLVES A HIGH DEGREE OF RISK. AS SUBORDINATE BONDS, REPAYMENT OF THE SERIES 2024B SUBORDINATE BONDS IS SUBJECT TO A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS IN THE SERIES 2024B SUBORDINATE BONDS SHOULD READ THIS ENTIRE LIMITED OFFERING MEMORANDUM AND CAREFULLY CONSIDER ALL POSSIBLE FACTORS WHICH MAY AFFECT THEIR INVESTMENT DECISION. THE RISK FACTORS DESCRIBED IN THIS SECTION SET FORTH MANY OF THE POTENTIAL RISKS OF AN INVESTMENT IN THE SERIES 2024B SUBORDINATE BONDS THAT SHOULD BE CONSIDERED PRIOR TO PURCHASING THE SERIES 2024B SUBORDINATE BONDS BUT DOES NOT PROVIDE AN EXHAUSTIVE LIST OF SUCH FACTORS.

Each prospective investor is urged to consult with its own legal, tax, and financial advisors to determine whether an investment in the Series 2024B Subordinate Bonds is appropriate in light of its individual legal, tax and financial situation. ***Each purchaser of the Series 2024B Subordinate Bonds will be required to execute an investor letter substantially in the form attached hereto as APPENDIX I.***

General

The purchase of the Series 2024B Subordinate 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 Series 2024B Subordinate Bonds should only be purchased by investors who can bear the continuing risk of an investment in the Series 2024B Subordinate Bonds. Particular attention should be given to the risk factors described below, which, among others, could affect the payment of debt service on the Series 2024B Subordinate Bonds when due.

Limited Offering; Restrictions on Purchase; Investor Suitability

The offering of the Series 2024B Subordinate Bonds is being made to a limited number of knowledgeable and experienced investors who are not purchasing with a view to distributing the Series 2024B Subordinate Bonds. Each purchaser of a Series 2024B Subordinate Bond must be a "financial institution or institutional investor," as such terms are defined in Section 32-1-103(6.5), C.R.S. The Series 2024B Subordinate Bonds are being issued in minimum denominations of $500,000.

The foregoing standards are minimum requirements for prospective purchasers of the Series 2024B Subordinate Bonds. The satisfaction of such standards does not necessarily mean that the Series 2024B Subordinate Bonds are a suitable investment for a prospective investor. Accordingly, each prospective investor is urged to consult with its own legal, tax and financial advisors to determine whether an investment in the Series 2024B Subordinate Bonds is appropriate in light of its individual legal, tax and financial situation.

No Assurance of Secondary Market

No assurance can be given concerning the future existence of a secondary market for the Series 2024B Subordinate Bonds, and prospective purchasers of the Series 2024B Subordinate Bonds should therefore be prepared, if necessary, to hold the Series 2024B Subordinate Bonds to maturity or prior redemption, if any. Because the Series 2024B Subordinate Bonds are not rated and are being issued in large denominations, the secondary market for the Series 2024B Subordinate Bonds, if any, is expected to be limited. Even if a secondary market exists, as with any marketable securities, there can be no assurance as to the price for which the Series 2024B Subordinate Bonds may be sold. Such price may be lower than that paid by the initial purchaser of the Series 2024B Subordinate Bonds depending on the progress of the Development and existing real estate and financial market conditions. See also"—Restrictions on Transferability" below.

Restrictions on Transferability

By their acceptance of the Series 2024B Subordinate Bonds, each Owner acknowledges that the Series 2024B Subordinate Bonds may be sold, transferred or otherwise disposed of only in principal denominations of $500,000 or any integral multiple of $1,000 in excess thereof. No assurance can be given concerning the future existence of a secondary market for the Series 2024B Subordinate Bonds, and prospective purchasers of the Series 2024B Subordinate Bonds should therefore be prepared, if necessary, to hold their Series 2024B Subordinate Bonds to maturity or prior redemption, if any. See "THE SERIES 2024B SUBORDINATE BONDS—Authorized Denominations of the Series 2024B Subordinate Bonds."

The Series 2024B Subordinate Bonds are issued in authorized denominations of $500,000 or any integral multiple of $1,000 in excess thereof. The par amount of the Series 2024B Subordinate Bonds is $[PAR-B]*, which is not evenly divisible by $500,000. In the event that the initial purchasers of the Series 2024B Subordinate Bonds sell a portion of their Series 2024B Subordinate Bonds in the secondary market in an amount which leaves such purchasers holding Series 2024B Subordinate Bonds in an amount less than the applicable authorized denomination, there is a risk that such purchasers may experience difficulty in liquidating their remaining holdings because it is less than the minimum authorized denomination. In addition, it is possible that DTC or the Trustee would not permit a secondary market sale which results in the seller retaining an ownership interest in a residual amount less than $500,000.

No Credit Rating; Risk of Investment

The Series 2024B Subordinate Bonds do not have a credit rating from any source and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Series 2024B Subordinate Bonds and must be able to bear the economic risk of such investment in the Series 2024B Subordinate Bonds. By purchasing the Series 2024B Subordinate Bonds, each purchaser of the Series 2024B Subordinate Bonds represents that it is a "financial institution or institutional investor," as such terms are defined in Section 32-1-103(6.5), C.R.S. Each purchase of the Series 2024B Subordinate Bonds represents that it has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of non-rated tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Series 2024B Subordinate Bonds.

Limited Pledged Revenue Sources; No Mortgage or Guaranty Securing Any Series 2024B Subordinate Bonds

The Series 2024B Subordinate Bonds are secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, all as more particularly described herein. The primary source of revenue

pledged for debt service on the Series 2024B Subordinate Bonds is expected to be revenue generated from ad valorem taxes assessed against all taxable property of the District.

The District's ability to retire the indebtedness created by the issuance of the Series 2024B Subordinate Bonds is dependent, in part, upon development of an adequate tax base from which the District can collect sufficient property tax revenue from the imposition of the Subordinate Required Mill Levy. See "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" and "—Continued Development Not Assured" below. The Financial Forecast (included in APPENDIX A hereto) sets forth the anticipated payment of debt service on the Series 2024B Subordinate Bonds, based on assumptions concerning growth and residential home price appreciation in the District and the mill levy imposed for payment of debt service on the Series 2024B Subordinate Bonds. See "—Risks Inherent in the Financial Forecast and the Market Study" below and "APPENDIX A—FINANCIAL FORECAST" and "APPENDIX B—MARKET STUDY."

In the event that the revenue derived from the Subordinate Required Mill Levy and the Subordinate Pledged Revenue is insufficient to pay the scheduled principal of and/or interest on the Series 2024B Subordinate Bonds when due (meaning the principal amount thereof due at maturity and interest accrued thereon as of each December 15), the unpaid principal will continue to bear interest, and the unpaid interest will compound as described herein until the total repayment obligation of the District for the Series 2024B Subordinate Bonds equals the amount permitted by law, **subject to the prior discharge of the Series 2024B Subordinate Bonds as more particularly described in "—Discharge of the Series 2024B Subordinate Bonds in 2059" below**. During this period of accrual, so long as the District is enforcing collection of the Subordinate Pledged Revenue, the District will not be in default on the payment of such principal and interest under the Subordinate Indenture, and the Owners will have no recourse against the District to require such payments (other than to require the District to continue to assess the Subordinate Required Mill Levy and collect the revenue derived from such levy and the other components of the Subordinate Pledged Revenue to the extent permitted under the Service Plan and other applicable law). 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 Series 2024B Subordinate Bonds may be deemed defeased. The District's electoral authorization limits the total repayment cost of indebtedness authorized at the Election for the payment of infrastructure costs to $331,891,720 in total; provided that such repayment cost is allocated among indebtedness issued to fund specific subcategories of infrastructure. See "THE SERIES 2024B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Events of Default*" and "—*Remedies on Occurrence of Event of Default*."

The payment of the principal of and interest on the Series 2024B Subordinate Bonds is not secured by any deed of trust, mortgage or other lien on or security interest in any real estate or other property within the District or assets of the District (other than the Subordinate Pledged Revenue, and the funds and accounts pledged to the Series 2024B Subordinate Bonds in the Subordinate Indenture). The Series 2024B Subordinate Bonds are also not obligations of the Developer or any third-party property owners within the Development and are not secured by any property or assets owned by such entities.

Limited Nature of Subordinate Required Mill Levy; No Conversion of Series 2024B Subordinate Bonds to Unlimited Tax Obligations

The primary source of revenue pledged for the payment of debt service on the Series 2024B Subordinate Bonds is expected to be revenue generated from ad valorem property taxes assessed by the District against all taxable property of the District in the amount of the Subordinate Required Mill Levy. In no event, will the maximum mill levy cap set forth therein be subject to release upon the District

achieving any particular level of assessed valuation, and in no event will the Series 2024B Subordinate Bonds become unlimited tax obligations of the District.

Furthermore, by operation of the definition of 2020 Required Mill Levy imposed for the payment of the Series 2020 Senior Bonds, it is anticipated that the Subordinate Required Mill Levy will equal zero for a period of time, and in all events will be reduced by the amount of the Senior Obligation Mill Levy, as more particularly described below.

In accordance with the 2020 Indenture, the District has covenanted to impose the 2020 Required Mill Levy in an amount necessary to provide for payment of the Series 2020 Senior Bonds; provided, however, that such 2020 Required Mill Levy is not to exceed 50 mills (subject to adjustment for changes occurring after August 24, 2004 as described herein). Furthermore, so long as the amount on deposit in the Surplus Fund (held under the 2020 Indenture) is less than the Maximum Surplus Amount, the District has covenanted to impose the 2020 Required Mill Levy in an amount equal to 50 mills (subject to after August 24, 2004, as described herein). **As a result, the Subordinate Required Mill Levy will equal zero** at any time that: (a) the payment of the Series 2020 Senior Bonds (and any other Senior Obligations) requires the imposition of at least 50 mills (subject to adjustment for changes occurring after August 24, 2004 as described herein); and (ii) at any time that the amount on deposit in the 2020 Surplus Fund is less than the Maximum Surplus Amount. See "APPENDIX A—FINANCIAL FORECAST."

Priority of Lien; "Cash Flow" Nature of Series 2024B Subordinate Bonds

The Series 2020 Senior Bonds constitute Senior Obligations under the Subordinate Indenture and the Series 2024B Subordinate Bonds constitute Subordinate Obligations under the 2020 Indenture (defined below). Accordingly, to the extent any non-property tax revenues are pledged under the Subordinate Indenture and 2020 Indenture to the Series 2020 Senior Bonds and the Series 2024B Subordinate Bonds (presently, only the Capital Fees), the lien thereon of the Series 2024B Subordinate Bonds is junior and subordinate in all respects to the lien of the Series 2020 Senior Bonds and any other Senior Obligations issued in the future.

The District has covenanted in the 2020 Indenture that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, is to first, be designated as Senior Property Tax Revenues in any Senior Bond Year to pay annual debt service on the Series 2020 Senior Bonds and any Senior Parity Bonds and to fund such funds and accounts as are required in accordance with the terms of the 2020 Indenture and the resolution, indenture, or other enactment authorizing such Senior Parity Bonds (including to fill the 2020 Surplus Fund (held under the 2020 Indenture) to the 2020 Maximum Surplus Amount, and to fill the surplus fund for any Senior Parity Bonds to the Senior Parity Bonds Maximum Amount, and to replenish the 2020 Reserve Fund (held under the 2020 Indenture) to the 2020 Reserve Requirement and any similar fund or account security Senior Parity Bonds to the Senior Parity Bonds Reserve Requirement, if needed), and only after the funding of such payments and accumulations required in such Senior Bond Year can property tax revenue be applied to pay Subordinate Obligations (including the Series 2024B Subordinate Bonds).

With respect to the Series 2024B Subordinate Bonds, the District has pledged to impose a Subordinate Required Mill Levy for payment of such Series 2024B Subordinate Bonds in an amount equal to 50 mills (subject to adjustment as described herein less the Senior Obligation Mill Levy (which includes the 2020 Required Mill Levy described herein and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations), meaning that there will only be ad valorem property taxes generated and applied to payment of the Series 2024B Subordinate Bonds in the event that the Senior Obligation Mill Levy is less than 50 mills (subject to adjustment as described herein). See also "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds."

The Series 2024B Subordinate Bonds are structured as "cash flow" bonds, meaning that there are no scheduled payments of principal thereof prior to the final maturity date. Rather, principal on the Series 2024B Subordinate Bonds is payable annually on each December 15 from, and to the extent of, Subordinate Pledged Revenue on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to such December 15, in accordance with the terms of the Subordinate Indenture, pursuant a mandatory redemption more particularly described in "THE SERIES 2024B SUBORDINATE BONDS—Redemption—Mandatory Redemption" and "—Certain Subordinate Indenture Provisions—Subordinate Bond Fund; Mandatory Redemption." Interest on the Series 2024B Subordinate Bonds is payable on each December 15 to the extent of the Subordinate Pledged Revenue available therefor, and accrued unpaid interest on the Series 2024B Subordinate Bonds will compound annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment. See also the Financial Forecast, attached as APPENDIX A hereto, and "RISK FACTORS—Risks Inherent in the Financial Forecast and the Market Study."

As demonstrated in the Financial Forecast, under the base case scenario, it is not anticipated that there will be any Subordinate Pledged Revenue available to pay accrued interest on the Series 2024B Subordinate Bonds until 20[FI][*] and it is not anticipated that there will be any Subordinate Pledged Revenue available to pay principal on the Series 2024B Subordinate Bonds until 20[FP][*]. These dates represent a forecast and there is no guarantee that any payments will be made on or after such dates or, further, that the Series 2024B Subordinate Bonds will be paid prior to December 15, 2059, as more particularly described below. The Financial Forecast is based on certain assumptions more particularly set forth therein. There is no assurance that Subordinate Pledged Revenue will be sufficient to make payment on the Series 2024B Subordinate Bonds as projected in the Financial Forecast, or ever. See also the Financial Forecast, attached as APPENDIX A hereto, and "RISK FACTORS—Risks Inherent in the Financial Forecast and the Market Study."

Notwithstanding anything in the Subordinate Indenture to the contrary, in the event that, on December 15, 2059, any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the Series 2024B Subordinate Bonds are to be deemed discharged.

No Reserve Fund or Surplus Fund

There will be no reserve fund or surplus fund securing the Series 2024B Subordinate Bonds. The 2020 Reserve Fund and the 2020 Surplus Fund secure only the Series 2020 Senior Bonds and do not secure the Series 2024B Subordinate Bonds.

No Acceleration; No Payment Default

The Subordinate Indenture provide that acceleration of the Series 2024B Subordinate Bonds is not an available remedy for any Event of Default under the Subordinate Indenture. In addition, the District's failure to pay principal and interest on the Series 2024B Subordinate Bonds when due does not constitute an Event of Default under the Indenture so long as the District is otherwise in compliance with the Indenture covenants and other provisions relating to the Subordinate Pledged Revenue. See "THE SERIES 2024B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Events of Default*" and "—*Remedies on Occurrence of Event of Default*."

[*] Preliminary; subject to change.

Enforceability of Bondholders' Remedies Upon Default

The remedies available to the owners of the Series 2024B Subordinate Bonds upon a default are in many respects dependent upon judicial action, which could subject the owners of the Series 2024B Subordinate Bonds to judicial discretion and interpretation of their rights under existing constitutional law, statutory law, and judicial decisions, including specifically the federal bankruptcy code (the "Bankruptcy Code"). Consequently, any enforcement proceedings may entail risks of delay, and/or limitation or modification of their rights as otherwise provided under the Subordinate Indenture and the Series 2024B Subordinate Bonds. However, in addition to other legal requirements in the Federal and State laws pertaining to municipal bankruptcy, under State law, the District can seek protection from its creditors under the Bankruptcy Code only if the District can demonstrate that, in order to meet its financial obligations as they come due, the District would be required to certify a property tax mill levy of 100 mills or more. The legal opinions to be delivered concurrently with delivery of the Series 2024B Subordinate 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.

Discharge of Series 2024B Subordinate Bonds in 2059

Notwithstanding anything in the Subordinate Indenture to the contrary, in the event that any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on December 15, 2059, the Series 2024B Subordinate Bonds are to be deemed discharged. 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 Series 2024B Subordinate Bonds remaining unpaid.

Additional Obligations

The District may issue Additional Obligations (as such term is defined in the Subordinate Indenture, see APPENDIX C), without the consent of the Consent Parties of the Series 2024B Subordinate Bonds, subject to the satisfaction of certain conditions described in "THE SERIES 2024B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Additional Obligations*." The District's issuance of Additional Obligations (as defined in the Subordinate Indenture, see also "APPENDIX C—SELECTED DEFINITIONS") is also subject to the limitations of the District's electoral authorization.

The issuance of Additional Obligations would potentially dilute the security available for the Series 2024B Subordinate Bonds.

Continued Development Not Assured

General. The repayment of the Series 2024B Subordinate Bonds is highly dependent upon an increase in the assessed valuation of property in the District to provide a tax base from which ad valorem property tax revenues resulting from imposition by the District of the Subordinate Required Mill Levy are 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 Developer.

Planned Development and Status. Development of property in the Development will require, among other things, approval by the Town Planning Commission and the Town Council of site development plans for the Remaining Development; administrative approval by the Town Manager of final plats for the Remaining Development; execution of agreements with the Town related to Public Improvements, as necessary, including any additional Subdivision Improvement Agreements (see "THE DEVELOPMENT—Agreements Concerning Public Improvements"); construction of remaining Public Improvements and private improvements required for the Development (see "—*Public and Private Improvements*"); confirmation of sufficient water credits available to fully serve the Remaining Development and if, as platting progresses, there is any insufficiency in water credits, the purchase of additional water in the amounts necessary for the Remaining Development (see "—*Water and Sewer*"); and sale of all single-family detached and attached (townhome) lots in the Development to Cardel Homes and the sale by Cardel Homes to other Homebuilders, if any, of certain single-family detached lots for construction and sale of residential units thereon.

As of August 1, 2024, no site development plans have been approved for the Remaining Development. It is anticipated that site development plan for the 525 single-family detached lots will be submitted in the third quarter of 2024, with approval in the fourth quarter of 204 , and the site development plan for the 105 single-family attached (townhome) lots will be submitted in the third or fourth quarter of 2024, with approval in the fourth quarter of 2024 or the first quarter of 2025. No assurance is provided that site development plans will be submitted to or approved by the Town in the manner or timeframe anticipated or at all.

As of August 1, 2024, no final plats have been approved for the Remaining Development. After approval of the required site development plans (see "—Site Development Plans), development of the Remaining Development will approval of multiple final plats which will subdivide approximately 293 acres into 525 single-family detached lots (the "SF Plat") and one or more final plats which will subdivide approximately 9 acres into 105 single-family attached lots (the "MF Plat"). According to the Developer, it is anticipated that the SF Plat will be approved by the Town in the fourth quarter of 2024 and that the MF Plat will be approved by the Town in the fourth quarter of 2024, or the first quarter of 2025. No assurance is provided that final plats will be approved by the Town in the manner or timeframe anticipated or at all.

As of August 1, 2024, the Developer has executed two purchase and sale agreements with Cardel Homes to purchase the property in the Remaining Development. According to the Developer, Cardel Homes is expected to close on the purchases in the third or fourth quarter of 2024. No assurance is provided that such closings will occur in the manner or timeframe anticipated or at all.

Cardel Homes anticipates selling a portion of the remaining single-family detached lots to one or two additional builders. However, as of the date of this Limited Offering Memorandum, Cardel Homes has not entered into any letters of intent or purchase and sale agreements with other Homebuilders. No assurance is provided that any other Homebuilders will ultimately construct homes within the Development.

Notwithstanding any of the foregoing, none of the Developer, Cardel Homes, other Homebuilders, if any, nor any future owner of property within the Development is obligated to construct homes thereon in any particular timeframe or at all. The Market Study attached hereto as APPENDIX B provides an analysis of the assumed build-out schedule and product mix (including price levels) of the Development. The Financial Forecast included in APPENDIX A hereto provides certain forecasts of revenue of the District. **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 or projected appreciation in values. All development projections, including, without limitation, the ultimate number and price levels of residential units remaining to be constructed in the Development, are**

dependent on market activity, governmental regulations, general economic conditions, and other factors over which the District, the Developer, Cardel Homes, and other Homebuilders, if any, have no control. See "—Risks Inherent in the Financial Forecast and the Market Study" below, "THE DEVELOPMENT," "APPENDIX A—FINANCIAL FORECAST" and "APPENDIX B—MARKET STUDY."

Public and Private Improvements. Completion of the Development will require completion of the remaining trunk Public Improvements (currently comprised of the Roundabout, see "THE DEVELOPMENT—Agreements Concerning Public Improvements—*Roundabout PIA*") by the District and the Developer and the remaining in-tract Public Improvements and private improvements for the Remaining Development by Cardel Homes. According to the Developer, construction of Public Improvements and private improvements is anticipated to be completed by 2031. As of August 1, 2024, approximately 25% of the Public Improvements required for the Development are complete, which includes all of the Public Improvements and private improvements for the Richmond Development.

According to the Developer, the total cost of remaining Public Improvements required to be constructed for the Development is estimated at approximately $76,200,000. The total cost of remaining private improvements required to be constructed for the Development is estimated at approximately $10,000,000. According to the Developer, as of July 31, 2024 approximately $10,500,000 has been expended for remaining Public Improvements, which includes drainage improvements, sanitary sewer improvements, water improvements and certain street improvements, and approximately $3,000,000 has been expended for the remaining private improvements. All remaining Public Improvements are anticipated to be funded and constructed by a combination of the District and the Developer and Cardel Homes, subject to reimbursement of a portion of the costs thereof by the District from proceeds of the Series 2024B Subordinate Bonds (estimated at $_____[*]). The costs of any Public Improvements in excess of the proceeds of the Series 2024B Subordinate Bonds and the costs of private improvements required for the Development are anticipated to be funded by the Developer and Cardel Homes from funds on hand.

Certain of the estimated costs of the Public Improvements and private improvements described herein required for the Development are based upon preliminary engineering estimates and are subject to change as development progresses. No assurance is given that the costs of Public Improvements and private improvements necessary to serve the Development will not exceed the estimates provided herein.

The costs of Public Improvements and private improvements are subject to many factors not within the control of the District, the Developer and Cardel Homes, including but not limited to, labor conditions, access to and cost of building supplies, supply chain issues, energy costs, availability and costs of fuel, transportation costs, and economic conditions generally. There can be no assurance that the District, the Developer and Cardel Homes, as applicable, will fund such infrastructure costs or the financial resources thereof will be adequate to do so, and there can be no assurance that, if needed, the District, the Developer and Cardel Homes, as applicable, would be able to obtain additional funding from outside sources. No independent investigation has been made of the financial resources of the Developer or Cardel Homes. See "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Improvements." If the Public Improvements and private improvements necessary to fully support all residential units within the Development are not completed as anticipated herein and, as a result, build-out of the Development is not completed in the time and manner reflected in the Financial Forecast, the assessed valuation forecasted for the District will not be realized in the manner forecasted which could have a material, adverse effect on the District's ability to repay the Series 2024B Subordinate Bonds. See the Financial Forecast set forth in APPENDIX A hereto for the build-out projections for residential construction within the Development and the corresponding estimated assessed valuation relating to such planned development. See also the Market

[*] Preliminary; subject to change.

Study set forth in APPENDIX B.

Water Rights. According to the Developer, the Development currently has 276.2 SFE units available for application to the water requirements for the Remaining Development. The Developer anticipates that such amount will be sufficient to complete the Remaining Development given reduction in water use due to stricter landscaping requirements. **However, the ultimate SFEs required to serve the Remaining Development will not be known until the Remaining Development is subject to approved final plats.** As a result, it is possible that there will be insufficient water credits available to fully serve the Remaining Development. In such case, the Developer and Cardel Homes are anticipated to purchase additional water rights. No assurance is provided that the current amount of water will be sufficient to fully serve the Remaining Development, and if not, that the Developer and Cardel Homes will be able to purchase sufficient water rights in the amount and timeframe needed for the Remaining Development to be completed as anticipated herein.

Potential Nuisances and Environmental Matters.

Environmental Matters. Certain environmental reports have been completed for the property as described in "THE DEVELOPMENT—Environmental Matters and Potential Nuisances." The most recent report did not identify any recognized environmental conditions on the property in the Development. No assurance is provided that during or subsequent to the development of the Development hazardous materials or other adverse environmental conditions will not be discovered on the property which could hinder or prohibit development. Should such a discovery occur, it is possible that the Development and marketing of the Development could be materially adversely affected and, as a result, that the Subordinate Pledged Revenue may be insufficient to pay debt service on the Series 2024B Subordinate Bonds. See "THE DEVELOPMENT—Environmental Matters and Potential Nuisances."

Climate Change. Climate change, including change caused by human activities, may have material adverse effects on the Development. As greenhouse gas emissions continue to accumulate in the atmosphere, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as drought, wildfires, floods and heat waves, which may impact the assessed value of property within the District and/or development of the undeveloped property in the Development. The future fiscal impact of climate change on the Development is difficult to predict, but it could be significant and it could have a material adverse effect on the receipt of the Subordinate Pledged Revenue.

Drought. From time to time, the State experiences droughts. According to the National Integrated Drought Information System's U.S. Drought Monitor, as of August 1, 2024, the County is currently experiencing abnormally dry conditions. There can be no assurance that drought conditions will not occur in the future, however, and the level of such potential drought conditions could be severe. The existence of drought conditions, if any, may materially adversely the receipt of Pledged Revenue.

Wildfire; Disaster Risk. The Development is located in the Town's urban/wildland interface area and is required to implement certain measures to minimize the destructive effects from a wildfire.

In recent years, the State has experienced numerous significant wildfires. For example, according to the Rocky Mountain Area Coordination Center, in 2020, more than 625,000 acres were burned by wildfires throughout the State and in 2022 (most recent data available), more than 45,000 acres were burned by wildfires throughout the State. According to the Colorado Department of Public Safety, the three largest fires (measured by acreage) in State history occurred in 2020. Recent destructive fires include the Black Forest Fire in El Paso County in 2013, in which approximately 14,000 acres were burned and nearly 500 homes were destroyed. On December 30, 2021, the Marshall Fire burned approximately 6,000 acres and destroyed over 1,000 homes and businesses, making it the most destructive fire in State history. The

Marshall Fire was located in a suburban area centered in Superior, Colorado, between Boulder, Colorado and Denver, Colorado.

According to the Colorado State Forest Service's Wildfire Risk Public Viewer web site accessed on August 2, 2024, the Development's current fire danger is high. No assurance can be given as to whether any future wildfire will impact any portion of the Development or whether the risk of wildfire will affect the marketability of the Development.

The occurrence of wildfires in or adjacent to the Development could have an adverse effect, among other matters, on the assessed valuation of the property in the District and the availability of property insurance. In the event a fire or other natural or man-made disaster destroys all or any portion of the Development, the Subordinate Pledged Revenue could be materially negatively impacted. There can be no assurance that a casualty loss will be covered by any insurance of property owners, that any insurance company will fulfill its obligation to provide insurance proceeds, or that any insurance proceeds will be sufficient to rebuild any damaged property. There is no assurance that property owners will rebuild damaged or destroyed properties or, if they do, the timeframe in which they will rebuild. See "THE DEVELOPMENT—Environmental Matters and Potential Nuisances."

Competition With Other Developments. The Development competes with developments in surrounding areas and can be expected to compete with existing and future developments, some of which are not yet known. Such competition may adversely affect the rate of development within the District. See the Market Study set forth in APPENDIX B hereto.

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

Tax Reform. The rate of development may also be affected by changes to the Code made in 2017 affecting individual income tax deductions and credits, including but not limited to, the deductions for interest on home mortgages and state and local taxes, and future changes to the Code that could affect the foregoing and other income tax deductions and credits. The product type ultimately constructed in the Development and resulting initial home values and the increase (or decrease) in residential home values during the term of the Series 2024B Subordinate Bonds as a result of such changes or potential future changes cannot be predicted and has not been assessed by the providers of the Market Study or the Financial Forecast.

Potential Negative Consequences of Public Health Emergencies

Regional, national or global public health emergencies, such as the outbreak of COVID-19, could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues, extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, declines in business and consumer confidence and/or changes in business and consumer behaviors that negatively impact economic conditions

or cause an economic recession. If such an event should occur, the District cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the District associated with its administrative and operations functions, nor can the District predict the extent to which future development in the District may be adversely impacted. A public health emergency may impact future payment of property taxes, including the economic impacts on property owners and their willingness and ability to timely pay property taxes. The occurrence of any one or more of the foregoing events could have a materially adverse impact on the ability of the District to timely pay debt service on the Series 2024B Subordinate Bonds.

In addition, as the scope and impact of any potential future public health emergency, is currently unknown, assumptions, information and conclusions set forth in the Financial Forecast (APPENDIX A) and the Market Study (APPENDIX B) must be read and considered in the context of the matters described herein, which may materially and adversely affect the assumptions, information and conclusions set forth in such report. See also "FORWARD-LOOKING STATEMENTS."

Financial Condition of the Developer and Cardel Homes

There has been no independent investigation of and no representation is made in this Limited Offering Memorandum regarding the financial soundness of the Developer or Cardel Homes or of the managerial capability of the foregoing to develop and market the property within the Development as planned. Moreover, the financial circumstances of the Developer and Cardel Homes may change from time to time. Development within the District is dependent upon the ability of the Developer and Cardel Homes to implement the development plan contemplated herein, as described above in "—Continued Development Not Assured." Furthermore, neither the Developer, Cardel Homes, nor any other future property owner, is under a binding obligation to develop property within the District as planned, nor is there any restriction on the right of the Developer, Cardel Homes, or any other future property owner, 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 the Developer or Cardel Homes and its ability to implement the plan of Development as described herein.

Risks Inherent in the Financial Forecast and the Market Study

The District has retained (a) Zonda Advisory, Centennial, Colorado, to prepare a report, dated July 22, 2024, as most recently revised on August 12, 2024, and an addendum thereto entitled "Monthly Snapshot: Economic & Housing Indicators Impacting the Colorado Front Range" dated _____, 2024 (together, as previously defined, the "Market Study"), to assess the home pricing and annual absorption for the Development; and (b) CliftonLarsonAllen LLP, Certified Public Accountants, Greenwood Village, Colorado (as previously defined, "Forecast Provider") to prepare the District's ["Forecasted Statement of Sources and Uses of Cash"] dated as of [_____], 2024 (the "Financial Forecast").

Financial Forecast. The Financial Forecast (in APPENDIX A hereto) projects the payment of debt service on the Series 2024B Subordinate Bonds, based on the absorption schedule and home prices presented in the Market Study, and the other assumptions more particularly described in the Financial Forecast. In particular, the Financial Forecast sets forth: (a) _____

As demonstrated in the Financial Forecast, under the base case scenario, _____

See "FORWARD-LOOKING STATEMENTS," "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" below and "APPENDIX A—FINANCIAL FORECAST."

These dates represent a forecast and there is no guarantee that any payments will be made on or after such dates or, further, that the Series 2024B Subordinate Bonds will be paid prior to December 15, 2059. ***Prospective purchasers are cautioned that the payment of debt service on the Series 2024B Subordinate Bonds presented in the Financial Forecast is only a projection, based upon the assumptions set forth therein, and failure to pay such amounts on the Series 2024B Subordinate Bonds in accordance with such projection will not constitute an event of default under the Subordinate Indenture***.

If the absorption schedule and home prices presented in the Market Study are not realized, then the Series 2024B Subordinate Bonds may not be repaid.

Actual rates of development will be affected by many factors. The Financial Forecast is also based, in part, on certain other important assumptions more particularly described in the Financial Forecast. The Developer has stated that it believes, based solely on the information available to the Developer without independent investigation, the assumptions contained within the Financial Forecast relating to the rate of development, valuation of properties, and constructed improvements within the Development set forth in the Financial Forecast are reasonable. No assurance can be given that the actual rate of development and values will be as presented in the Financial Forecast. [CONFORM TO DLOR]

Market Study. The Market Study set forth in APPENDIX B hereto contains certain projections regarding the home prices and annual absorption in the Development, which are based on certain assumptions more particularly set forth therein. The Market Study provides an assessment of home prices and annual absorption based on current market conditions, which conditions are comprised solely of those specifically identified in the Market Study. The Market Study does not address or evaluate other factors which could impact whether the Development proceeds as contemplated therein, including the availability of funding, the receipt of entitlements, the completion of required infrastructure, and other matters described in "—Continued Development Not Assured" above and any changes in the method of calculating assessed value, described in "—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land" below.

The information presented in "APPENDIX A—FINANCIAL FORECAST," and "APPENDIX B—MARKET STUDY" 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" below and "FORWARD-LOOKING STATEMENTS."

The Financial Forecast and Market Study attached as APPENDIX A and APPENDIX B, respectively, hereto are an integral part of this Limited Offering Memorandum. Potential investors are encouraged to read the entire Limited Offering Memorandum, including the Financial Forecast and Market Study, to obtain information essential to the making of an informed investment decision.

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

The owners of the Series 2024B Subordinate Bonds are dependent upon the assessed value of property within the District providing an adequate tax base from which ad valorem tax revenues are collected for the payment of debt service on the Series 2024B Subordinate Bonds. The assessed value of property within the District is determined by multiplying the "actual value" of the property by an assessment rate, and the "actual value" of the property is determined by the County Assessor, all as more particularly described under "DISTRICT FINANCIAL INFORMATION —Ad Valorem Property Taxes." Assessed valuations may be affected by a number of factors beyond the control of the District. For example, property owners are allowed each year by State law to challenge the valuations of their property, and no assurance

can be given that owners of property in the Development will not do so. Under certain circumstances, State statutes permit the owners of vacant residential property to apply to the County Assessor for discounted valuation of such property for ad valorem property tax purposes, and in certain circumstances, multi-family projects can qualify for an exemption from property taxation (although no multi-family units are planned within the Development). Should the actions of property owners result in lower assessed valuations of property in the Development, the security for the Series 2024B Subordinate Bonds would be diminished, increasing the risk of nonpayment. Regardless of the actions of property owners, the values of finished lots and homes may be reduced if market prices decline due to economic factors. See also "—Foreclosures" below. Furthermore, property used for tax-exempt purposes, which could include multi-family projects owned by charitable or not-for-profit organizations (none are currently anticipated within the Development), 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.

Changes have occurred and may occur in the future in the method of calculating assessed valuation in the State, including changes in the residential assessment ratio and the actual valuation of property, or in the amount of property tax revenue that may be retained by local governments. For a discussion of changes to the method of calculating the assessed valuation of property in the State, the imposition of property tax limit on revenues of local governments, and potential impacts on the revenues of the District, see "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes—*Assessment of Property*." No assurance can be given that recent or future legislation and/or ballot initiatives approved by the State's voters will not further affect the assessment ratios, calculation of assessed valuation of property in the District, or the amount of property tax revenues that can be retained by the District.

While, as described herein, the 2020 Required Mill Levy and the Subordinate Required Mill Levy include certain adjustment language that is intended to require the District to increase the 2020 Required Mill Levy and Subordinate Required Mill Levy if necessary to offset the loss of tax revenue which occur due to certain changes in law, it is possible that this language will not account for every conceivable change of law which could occur. The District has concluded that the Service Plan permits the District to adjust the 2020 Required Mill Levy and the Subordinate Required Mill Levy for the changes to assessment rates and actual values described herein. However, the foregoing could change if recent legislative changes are subject to judicial interpretation and there is no assurance that future legislation and/or initiatives will not result in changes that cannot be offset by the District's adjustment of the 2020 Required Mill Levy and Subordinate Required Mill Levy. See "DEBT STRUCTURE" and "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds." See also "APPENDIX A—FINANCIAL FORECAST" and "APPENDIX B—MARKET STUDY."

The Financial Forecast assumes that the residential assessment rate will adjust to 6.8% in property tax year 2026 and remain at 6.8% for the life of the Bonds. In additional, the Financial Forecast assumes that the actual value adjustments beginning in property tax year 2026 will be increased for inflation at the rate of 2% each reassessment cycle. It does not reflect any other changes to the assessment ratios that have been or may be enacted into law in the future. Any changes to the assessment ratios are not anticipated to affect the amount of revenue derived from the 2020 Required Mill Levy and Subordinate Required Mill Levy due to language in the definitions thereof requiring adjustment thereof in the event of changes in the

method of calculating assessed valuation. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes— Assessment of Property—Current Assessment Ratios."

Potential Transfers to Tax-Exempt Users

Property used for tax-exempt purposes is not subject to taxation by the District. It is possible that property within the District that is currently anticipated to generate property taxes pledged to the payment of the Series 2024B Subordinate Bonds will be transferred to tax-exempt users. For example, in certain circumstances, certain types of multi-family projects can qualify for an exemption from property taxation. Although no projects of that type are currently planned within the District, no assurance can be provided that a property owner will not transfer such property to a tax-exempt user in the future. There is no prohibition on the sale of property to tax-exempt users, and there are no covenants imposing payments in lieu of taxes currently or planned to be recorded against property in the District. In addition, it is possible that some or all of the property in the District could be condemned for public use, in which case it may no longer be subject to taxation by the District. If any of the foregoing events occur, property taxes available to pay the Series 2024B Subordinate Bonds could be significantly reduced.

No covenants imposing payments in lieu of taxes ("PILOT") are currently recorded on the property in the District, and neither Cardel Homes nor the Developer has any present plan to record any PILOTs. Unless a PILOT is recorded against property in the District, no revenues for the payment of the Series 2024B Subordinate Bonds will be generated from any tax-exempt property within the District. Moreover, development plans are subject to change and no assurance is provided that any of the property within the Development will not be sold, or that vacant property in the Development will not later be re-sold, to entities that ultimately develop or use the property for tax-exempt purposes.

Foreclosures

The District's ability to collect property tax revenue for timely payment of the Series 2024B Subordinate Bonds depends, among other things, upon development within the District and the maintenance of an adequate tax base from which the District can collect sufficient property tax revenue from the imposition of the Subordinate Required Mill Levy. In the State, the foreclosure process begins when the lender informs the borrower of a default in payment. At least 30 days after the borrower is notified of such default and at least 30 days before filing a Notice of Election and Demand ("NED"), the lender must send the borrower a notice containing, among other things, information related to the Colorado Foreclosure Hotline, which provides mortgage modification filing assistance and counseling at no charge. Following a review of the documents by the public trustee of the county, the NED must be recorded with the county clerk and recorder no later than 10 days following the receipt of such notice. Once the NED is recorded, the property is officially in foreclosure. Such filing can be "cured" or "withdrawn" before the home is sold at auction, meaning that not all foreclosure filings result in a final foreclosure sale. Currently, the period between the recording date of the NED and the foreclosure sale at auction in the State is not less than 110 days and not more than 125 days by law, but in some cases, this period may actually last much longer.

Property owned by a lending institution as a result of foreclosure is typically resold in the market at a depressed price, resulting in a decrease in assessed valuation of the foreclosed property. In addition, a home foreclosure may have an immediate and/or long–term effect of depressing home prices in the surrounding area. The number of foreclosed homes reentering the market at lower prices may result in a reduction of demand for new construction housing, including property within the Development. Increased foreclosure rates could also cause lenders to tighten their lending practices and decrease their approvals of home loans, making it more difficult for potential homebuyers to finance home acquisitions. Such changes in lending practices could have an impact on the rate of home sales within the Development. See also "APPENDIX D—ECONOMIC AND DEMOGRAPHIC INFORMATION—Foreclosure Activity."

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. Rather, the obligation to pay property taxes is tied to the specific properties taxed, and if timely payment is not made, the obligation constitutes a lien against the specific properties for which taxes are unpaid. To enforce property tax liens, the County Treasurer is obligated to cause the sale of tax liens upon the property that is subject to the delinquent taxes, as provided by law, and the revenue derived from such sales, if any, is applied to the delinquent taxes. The County Treasurer has the power to foreclose on and cause the sale of the property that is subject to the delinquent tax, after the period allowed for the property owner to redeem such taxes, as provided by law. Such redemption period is currently three years, during which a property owner may pay all taxes due and prevent such foreclosure. Foreclosure can be a time-consuming and expensive process and does not necessarily result in recovery of all amounts due and unpaid.

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

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

Taxpayer Concentration

As of August 1, 2024, the Developer and homeowners (see "THE DEVELOPMENT—Land Ownership") own all of the taxable property within the District. Other property in the District is owned by tax-exempt entities. The remaining vacant property in the District is anticipated to be sold by the Developer to Cardel Homes, which would result in Cardel Homes becoming a major taxpayer in the District. See "DISTRICT FINANCIAL INFORMATION —Ad Valorem Property Tax Data—*Assessed Valuation, Mill Levies, Property Owners and Class of Property*."

Property taxes on land are not personal obligations of the Developer or any other property owner. No party has guaranteed the payment of the principal of or interest on the Series 2024B Subordinate Bonds, and no financial information regarding the Developer, Cardel Homes, the Homebuilders, if any, or any other entity which may develop property or build homes within the Development is provided in this Limited Offering Memorandum. See also "—Continued Development Not Assured" and "—Financial Condition of the Developer and Cardel Homes" above.

Directors' Private Interests

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board's potential conflicts of interest or personal or private interests which are proposed or pending before the Board. According to disclosure statements filed with the Secretary of State by members of the Board prior to taking any official action relating to the Series 2024B Subordinate Bonds, all Board members have existing personal or private interests relating to the issuance or delivery of the Series 2024B Subordinate Bonds and/or the expenditure of the proceeds thereof resulting from their business relationships with the

Developer. See "THE DISTRICT—Governing Board." See also "THE DEVELOPMENT—The Development Team."

Future Changes in Law

Various State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Series 2024B Subordinate Bonds and various agreements described herein and to the District's operations. 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, the Developer, or the Homebuilders.

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the "Service") has 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 Series 2024B Subordinate Bonds is tax-exempt for federal income tax purposes, or (b) that the District is in or remain in compliance with Service regulations and rulings applicable to governmental bonds such as the Series 2024B Subordinate Bonds. The commencement of an audit of the Series 2024B Subordinate Bonds could adversely affect the market value and liquidity of the Series 2024B Subordinate Bonds, regardless of the final outcome. An adverse determination by the Service with respect to the tax-exempt status of interest on the Series 2024B Subordinate Bonds could be expected to adversely impact the secondary market, if any, for the Series 2024B Subordinate Bonds, and, if a secondary market exists, would also be expected to adversely impact the price at which the Series 2024B Subordinate Bonds can be sold. The Subordinate Indenture do not provide for any adjustment to the interest rates borne by the Series 2024B Subordinate Bonds in the event of a change in the tax-exempt status of the Series 2024B Subordinate Bonds. Owners of the Series 2024B Subordinate Bonds should note that, if the Service audits the Series 2024B Subordinate 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 Series 2024B Subordinate 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, or Bond Counsel is obligated to pay or reimburse an owner of any Series 2024B Subordinate Bonds for audit or litigation costs in connection with any legal action, by the Service or otherwise, relating to the Series 2024B Subordinate Bonds.

There can be no assurance that an audit by the Service of the Series 2024B Subordinate 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 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 Series 2024B Subordinate Bonds. See also "TAX MATTERS."

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2024B Subordinate Bonds or otherwise prevent holders of the Series 2024B Subordinate Bonds from realizing the full benefit of the tax exemption of interest on the Series 2024B Subordinate Bonds. Further, such proposals may impact the marketability or market value of the Series 2024B Subordinate Bonds simply by being proposed. 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, marketability or tax status of the Series 2024B Subordinate 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 Series 2024B Subordinate Bonds would be impacted thereby.

Purchasers of the Series 2024B Subordinate Bonds should consult their tax advisors regarding any potential proposed or pending legislation, regulatory initiatives or litigation.

Cybersecurity

The District is aware of the threat of cyberattacks. The District relies on computer systems and technologies to conduct many of its operations. Despite security measures, the District, like other public and private entities, may be vulnerable to cyber-attacks by third parties. Any such attack could compromise systems and the information thereon. A cyber-attack could result in a disruption in the operations of the District. The District contracts with Colorado Special Districts Property and Liability Pool for cybersecurity insurance

THE SERIES 2024B SUBORDINATE BONDS

Description

The Series 2024B Subordinate Bonds will be issued in the principal amount, will be dated and will mature as indicated on the cover page of this Limited Offering Memorandum. For a complete statement of the details and conditions of the Series 2024B Subordinate Bond issue, reference is made to the Subordinate Indenture, a copy of which is available from the Underwriter prior to delivery of the Series 2024B Subordinate Bonds. See "INTRODUCTION—Additional Information."

The Series 2024B Subordinate Bonds are authorized, issued and secured by and in accordance with the Subordinate Indenture.

Sources of Payment

The Series 2024B Subordinate Bonds are "cash flow" limited tax general obligations of the District secured by and payable solely from and to the extent of the Subordinate Pledged Revenue, consisting of moneys derived by the District from the following sources: (a) all Subordinate Property Tax Revenues (generally defined as all moneys derived from imposition by the District of the Subordinate Required Mill Levy); (b) all Subordinate Specific Ownership Tax Revenues; (c) all Subordinate Capital Fee Revenue, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

See "APPENDIX C—SELECTED DEFINITIONS" for definitions of the capitalized terms used above and otherwise throughout this Limited Offering Memorandum. See also "—Security for the Series 2024B Subordinate Bonds" below.

"Cash flow" Nature of Series 2024B Subordinate Bonds

The Series 2024B Subordinate Bonds are structured as "cash flow" bonds, meaning that there are no scheduled payments of principal thereof prior to the final maturity date. Rather, principal on the Series 2024B Subordinate Bonds is payable on each December 15 from, and to the extent of, Subordinate Pledged

Revenue on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to such December 15, in accordance with the terms of the Subordinate Indenture, pursuant to a mandatory redemption more particularly described in "—Redemption—*Mandatory Redemption*" and "—Certain Subordinate Indenture Provisions—*Subordinate Bond Fund; Mandatory Redemption*" below. Furthermore, accrued unpaid interest on the Series 2024B Subordinate Bonds will compound annually on each December 15. **Notwithstanding anything in the Subordinate Indenture to the contrary, in the event that, on December 15, 2059, any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the Series 2024B Subordinate Bonds are to be deemed discharged.** See also the Financial Forecast in APPENDIX A.

As demonstrated in the Financial Forecast, under the base case scenario, it is not anticipated that there will be any Subordinate Pledged Revenue available to pay accrued interest on the Series 2024B Subordinate Bonds until 20[FI][*] and it is not anticipated that there will be any Subordinate Pledged Revenue available to pay principal on the Series 2024B Subordinate Bonds until 20[FP][*]. These dates represent a forecast and there is no guarantee that any payments will be made on or after such dates or, further, that the Series 2024B Subordinate Bonds will be paid as projected in the Financial Forecast, or ever. See "RISK FACTORS—Risks Inherent in Financial Forecast and the Market Study."

Authorized Denominations of the Series 2024B Subordinate Bonds

The Series 2024B Subordinate Bonds are being issued in "Authorized Denominations," defined in the Subordinate Indenture to mean the amount of $500,000 or any integral multiple of $1,000 in excess thereof; provided that no individual Series 2024B Subordinate Bond may be in an amount which exceeds the principal amount coming due on any maturity date. In the event a Series 2024B Subordinate Bond is partially redeemed under the Subordinate Indenture and the unredeemed portion is less than $500,000, such unredeemed portion of such Series 2024B Subordinate Bond may be issued in the largest possible denomination of less than $500,000, in an integral multiple of $1,000.

Payment of Principal and Interest

The Series 2024B Subordinate 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 to the extent of Subordinate Pledged Revenue available therefor on each December 15, commencing December 15, 2024.

To the extent principal of any Series 2024B Subordinate Bond is not paid when due, such principal is to remain Outstanding until paid; **provided that notwithstanding any other provision in the Subordinate Indenture, in the event that any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on December 15, 2059, the Series 2024B Subordinate Bonds are to be deemed discharged**. To the extent interest on any Series 2024B Subordinate Bond is not paid when due, such interest is to compound annually on each interest payment date, at the rate then borne by the Series 2024B Subordinate Bond; provided, however, that notwithstanding anything in the Subordinate Indenture to the contrary, the District is not to be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2024B Subordinate Bonds, including all payments of principal, premium if any, and interest, and all Series 2024B Subordinate Bonds will be deemed defeased and no longer Outstanding upon the payment by the District of such amount.

[*] Preliminary; subject to change.

Notwithstanding anything in the Subordinate Indenture to the contrary, in the event that, on December 15, 2059, any amount of principal of or interest on the Series 2024B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor in accordance with the Subordinate Indenture, the Series 2024B Subordinate Bonds are to be deemed discharged.

The principal of and premium, if any, on the Series 2024B Subordinate Bonds are payable in lawful money of the United States of America to the Owner of each Series 2024B Subordinate Bond upon maturity or prior redemption and presentation at the designated office of the Trustee. The interest on any Series 2024B Subordinate Bond is payable to the person in whose name such Series 2024B Subordinate Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the District by the Trustee, at the close of business on the Subordinate Record Date, irrespective of any transfer or exchange of such Series 2024B Subordinate Bond subsequent to such Subordinate Record Date and prior to such Subordinate 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 Subordinate 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 is to be fixed by the Trustee whenever moneys become available for payment of the unpaid interest and notice of the Special Record Date is to be given to the Owners of the Series 2024B Subordinate Bonds not less than 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 is to 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 Series 2024B Subordinate Bonds will be made as described in "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM."

Redemption

Optional Redemption. The optional redemption provisions will be as set forth in the final Limited Offering Memorandum.

Mandatory Redemption. The Series 2024B Subordinate Bonds are subject to mandatory redemption in part by lot on December 15 of each year (each a "Mandatory Redemption Date"), commencing December 15, 2024, to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 45 days prior to the applicable Mandatory Redemption Date, and subject to any minimum requirements with respect to the principal amount of Series 2024B Subordinate Bonds to be redeemed as set forth in the Subordinate Indenture, at a redemption price (the "Mandatory Redemption Price") equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date, as more particularly described in "—Certain Subordinate Indenture Provisions—*Subordinate Bond Fund; Mandatory Redemption*" below. The District acknowledges and agrees that, notwithstanding anything in the Subordinate Indenture to the contrary, borrowed moneys are not to be used for the purpose of redeeming principal of the Series 2024B Subordinate Bonds pursuant to this paragraph.

Redemption Procedure and Notice. If less than all of the Series 2024B Subordinate Bonds within a maturity are to be redeemed on any prior redemption date, the Series 2024B Subordinate Bonds to be redeemed are to be selected by lot prior to the date fixed for redemption, in such manner as the Trustee is to determine. The Series 2024B Subordinate Bonds are to be redeemed only in integral multiples of $1,000. In the event a Series 2024B Subordinate Bond is of a denomination larger than $1,000, a portion of such Series 2024B Subordinate Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Series 2024B Subordinate Bond is to be treated for the purpose of

redemption as that number of Series 2024B Subordinate Bonds which results from dividing the principal amount of such Series 2024B Subordinate Bond by $1,000. In the event a portion of any Series 2024B Subordinate Bond is redeemed, the Trustee is to, without charge to the Owner of such Series 2024B Subordinate Bond, authenticate and deliver a replacement Series 2024B Subordinate Bond or Series 2024B Subordinate Bonds for the unredeemed portion thereof.

In the event any of the Series 2024B Subordinate Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Series 2024B Subordinate Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than 20 days prior to the redemption date to the Owner of each Series 2024B Subordinate Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Trustee or in the case of DTC Book-entry bonds via electronic transmission. Failure to give such notice by mailing to any Owner or by electronic means to DTC or its successors, or any defect therein, is not to affect the validity of any proceeding for the redemption of other Series 2024B Subordinate Bonds as to which no such failure or defect exists. The redemption of the Series 2024B Subordinate Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the 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 Series 2024B Subordinate Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

Security for the Series 2024B Subordinate Bonds

Subordinate Property Tax Revenues. The Subordinate Indenture defines "Subordinate Property Tax Revenues" as all moneys derived from imposition by the District of the Subordinate Required Mill Levy. Subordinate Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

The Series 2024B Subordinate Bonds are not secured by property lying within the District, but rather by, among other things, the District's obligation under the Subordinate Indenture to annually determine and certify a rate of levy, not to exceed the Subordinate Required Mill Levy, for ad valorem property taxes to the Board of County Commissioners for the County in an amount sufficient to pay, along with other legally available revenues, the principal of and interest on the Series 2024B Subordinate Bonds. The Subordinate Indenture provides that 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. See "—*Covenant to Impose the Subordinate Required Mill Levy*" below and "RISK FACTORS—Enforcement of Tax Collection by County."

For more information relating to the imposition of the Subordinate Required Mill Levy and the Subordinate Property Tax Revenues, see "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes" and "—Ad Valorem Property Tax Data."

Definition of Subordinate Required Mill Levy. "Subordinate Required Mill Levy" is defined in the Subordinate Indenture to mean 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 equal to (i) 50 mills **less the Senior Obligation Mill Levy**, or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Series 2024B Subordinate Bonds in full in the year such levy is collected; provided however, that:

(a) in the event of a legislative or constitutionally imposed adjustment in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement after August 24, 2004, the mill levy of 50 mills provided in the Subordinate Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; and

(b) notwithstanding anything in the Subordinate Indenture to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy is to be reduced to the point that such maximum tax increase is not exceeded.

For purposes of the foregoing definition, the following term is defined in the Subordinate Indenture as follows:

"*Senior Obligation Mill Levy*" means the sum of the 2020 Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

In accordance with the 2020 Indenture, the District has covenanted to impose the 2020 Required Mill Levy in an amount necessary to provide for payment of the Series 2020 Senior Bonds; provided, however, that such 2020 Required Mill Levy is not to exceed 50 mills (subject to adjustment for changes occurring after August 24, 2004 as described herein). Furthermore, so long as the amount on deposit in the Surplus Fund (held under the 2020 Indenture) is less than the Maximum Surplus Amount, the District has covenanted to impose the 2020 Required Mill Levy in an amount equal to 50 mills (subject to after August 24, 2004, as described herein). **As a result, the Subordinate Required Mill Levy will equal zero** at any time that: (a) the payment of the Series 2020 Senior Bonds (and any other Senior Obligations) requires the imposition of at least 50 mills (subject to adjustment for changes occurring after August 24, 2004 as described herein); and (ii) at any time that the amount on deposit in the 2020 Surplus Fund is less than the Maximum Surplus Amount. See "APPENDIX A—FINANCIAL FORECAST."

Covenant To Impose the Subordinate Required Mill Levy. The Subordinate Indenture provides that for the purpose of paying the principal of, premium if any, and interest on the Series 2024B Subordinate Bonds, the Board is to annually determine and certify to the Board County of Commissioners for the County, in each of the years 2024 through 2053[*], inclusive (for tax collection in years 2025 through 2054[*], inclusive), and in any year thereafter in which the Series 2024B Subordinate Bonds remain Outstanding, in addition to all other taxes, the Subordinate Required Mill Levy, subject to the bold paragraph below. Nothing in the Subordinate Indenture is to be construed to require the District to levy an ad valorem property tax for payment of the Series 2024B Subordinate Bonds in excess of the Subordinate Required Mill Levy. When collected, the taxes levied for the foregoing purposes are to be deposited with the Trustee as described below in "—Certain Subordinate Indenture Provisions—*Application of Subordinate Pledged Revenue*." For purposes of clarification with respect to the Service Plan, the Subordinate Required Mill Levy constitutes a debt service mill levy and not an operating or general fund mill levy. No revenue resulting from imposition of an operating or general fund mill levy is pledged to the payment of the Series 2024B Subordinate Bonds.

[*] Preliminary; subject to change.

The Subordinate 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 Subordinate Indenture with reference to the levying and collection of taxes; and the Board is to levy, certify and collect said taxes in the manner provided by law for the purpose of paying the principal of, premium, if any, and interest on the Series 2024B Subordinate Bonds.

Notwithstanding anything in the Subordinate Indenture to the contrary, the District is not to be required to impose the Subordinate Required Mill Levy for payment of the Series 2024B Subordinate Bonds after December 2058 (for collection in calendar year 2059).

Board Determination of Adjusted Mill Levy. Pursuant to the definition of Subordinate Required Mill Levy set forth above, the mill levy of 50 mills is required to be adjusted by the District in the event of a legislative or constitutionally imposed adjustment in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement after August 24, 2004. Similar adjustments are required to the 2020 Required Mill Levy. See "THE DISTRICT—Service Plan Authorizations and Limitations" and "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes—*Assessment of Property*." As a result of changes occurring in the ratio of assessed valuation to actual valuation occurring after August 24, 2004, _____. [TO BE ADDED AFTER FORECAST RECEIVED] Further adjustments to the mill levy are required to occur in accordance with the definition of Subordinate Required Mill Levy in the event of future changes to the method of calculating assessed valuation or any legislative or constitutionally mandated tax credit, cut, or abatement. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes" for discussion of potential further adjustment of the residential assessment rate.

Subordinate Capital Fee Revenue. "*Subordinate Capital Fee Revenue*" means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations (which includes the Series 2020 Bonds). "Capital Fees" is defined in the Subordinate Indenture to mean all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) now or hereafter imposed by the District or any District-owned "enterprise" under Article X, Section 20 of the State Constitution, for services, programs, or facilities furnished by the District; and including the revenue derived from any action to enforce the collection of Capital Fees, and the revenue derived from the sale or other disposition of property acquired by the District from any action to enforce the collection of Capital Fees. Notwithstanding any of the foregoing, Capital Fees does not include Assessments or any fee imposed solely for the purpose of funding operation and maintenance expenses.

Subordinate Specific Ownership Tax Revenues. "Subordinate Specific Ownership Tax Revenues" is defined in the Subordinate Indenture to mean the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Subordinate Required Mill Levy in accordance with the provisions of the Subordinate Indenture.

Only the portion of the specific ownership tax which is collected as a result of the imposition of the Subordinate Required Mill Levy is pledged to the payment of the Series 2024B Subordinate Bonds. The portion of the specific ownership tax which is collected as the result of the 2020 Required Mill Levy is pledged to the payment of the Series 2020 Senior bonds and the mill levy imposed by the District for operations and maintenance purposes is anticipated to be applied to operational costs of the District. For additional information concerning the specific ownership tax, see "DISTRICT FINANCIAL INFORMATION—*Specific Ownership Taxes*" and "DEBT STRUCTURE—General Obligation Debt."

Certain Subordinate Indenture Provisions

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

The Subordinate Indenture secures, and the covenants made by the District in the Subordinate Indenture are for the benefit of Owners of, solely the Series 2024B Subordinate Bonds.

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

(a) the Subordinate Project Fund; and

(b) the Subordinate Bond Fund and, therein, the Subordinate Interest Account and the Subordinate Mandatory Redemption Account.

Subordinate Project Fund.

In General. The Subordinate Project Fund is to be maintained by the Trustee in accordance with the terms of the Subordinate Indenture.

Draws from Subordinate Project Fund. So long as no Event of Default is to have occurred and be continuing, amounts in the Subordinate Project Fund are to be released by the Trustee to the District in accordance with requisitions submitted to the Trustee in substantially the form set forth as an exhibit to the Subordinate Indenture, signed by the District Representative and certifying that all amounts drawn will be applied to the payment of Project Costs. The Trustee may rely conclusively on any such requisition and is not to be required to make any independent investigation in connection therewith. The execution of any requisition by the District Representative is to constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

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

Application of Subordinate Pledged Revenue. The District is to cause all amounts comprising Subordinate Pledged Revenue to [be deposited to] the Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District, subject to the last paragraph described in this "— *Application of Subordinate Pledged Revenue*;" provided, however, that in the event that the total amount of Subordinate Pledged Revenue received by the District in a calendar month is less than $50,000, the Subordinate Pledged Revenue received in such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the District (i.e., no later than April 15th for Subordinate Pledged Revenue received in January, February or March, no later than July 15th for Subordinate Pledged Revenue received in April, May or June, no later than October 15th for Subordinate Pledged Revenue received in July, August or September, and no later than January 15th for Subordinate Pledged Revenue received in October, November or December). **IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY**

PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE. The Trustee is to credit all Subordinate Pledged Revenue as received in the following order of priority (excluding the Subordinate Pledged Revenue described in clause (d) of the definition thereof, which is to be deposited directly to the Subordinate Bond Fund). For purposes of the following, when credits to more than one fund, account, or purpose are required at any single priority level, such credits are to rank *pari passu* with each other.

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

SECOND: To the credit of the Subordinate Bond Fund and any other fund or account created for the payment of the principal of, premium if any, and interest on Subordinate Parity Bonds, including any sinking fund, reserve fund, surplus fund or similar fund or account established therefor, pro rata in accordance with the then outstanding principal amounts of the Series 2024B Subordinate Bonds and any Subordinate Parity Bonds, all Subordinate Pledged Revenue received until the funding of all amounts to become due and payable on the Series 2024B Subordinate Bonds and the Subordinate Parity Bonds through maturity; and

THIRD: To the District, for credit 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, any Subordinate Pledged Revenue received for the remainder of the Subordinate Bond Year after the payments and accumulations set forth above (which revenues, upon disbursement to or at the direction of the District in accordance with this clause THIRD, are to be released from the lien of the Subordinate Indenture and are to thereafter no longer constitute "Subordinate Pledged Revenue" hereunder).

In the event that any Subordinate Pledged Revenue is available to be disbursed in accordance with clause THIRD above, the District will, in making its determination as to the application of such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue from a debt service mill levy, and any then existing pledge or encumbrance on such revenues. For purposes of determining the nature of the Subordinate Pledged Revenue available for disbursement pursuant to THIRD above, the Subordinate Pledged Revenue applied in FIRST and SECOND above is to be deemed to be funded, first, from Subordinate Property Tax Revenues resulting from imposition of the Subordinate Required Mill Levy, second, from Subordinate Capital Fee Revenue, if any, and third, from Subordinate Specific Ownership Tax Revenues resulting from imposition of the Subordinate Required Mill Levy.

The District covenants that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, is to first, be designated as property taxes resulting from imposition of the Senior Obligation Mill Levy in any Subordinate Bond Year to pay annual debt service on Senior Obligations and to fund such funds and accounts as are required in accordance with the terms of the 2020 Indenture and any other resolution, indenture or other enactment authorizing such Senior Obligations, and after the funding of such payments and accumulations required in such Subordinate Bond Year, all property tax revenue collected by the District from a debt service mill levy for the remainder of such Subordinate Bond Year is to, second, be designated as property taxes resulting from imposition of the Subordinate Required Mill Levy unless and until the District has funded the full amount outstanding with respect to the Series 2024B Subordinate Bonds. The debt service property tax levy imposed for the payment of any Junior Lien Obligations is to be deemed reduced to the number of mills available for payment of such Junior Lien Obligations in any Subordinate Bond Year after first providing for the funding of payments and accumulations required with respect to all Senior Obligations in such Subordinate Bond Year, and the full amount outstanding with respect to the Series 2024B Subordinate Bonds and any Subordinate Parity

Bonds (to the extent required by the applicable resolutions, indentures, or other enactments authorizing such Subordinate Parity Bonds).

Subordinate Bond Fund; Mandatory Redemption. Moneys in the Subordinate Bond Fund are to be used by the Trustee solely to pay the principal of, premium if any, and interest on the Series 2024B Subordinate Bonds.

Subordinate Pledged Revenue required to be credited to the Subordinate Bond Fund as described in "—*Application of Subordinate Pledged Revenue*" above is to be credited each Subordinate Bond Year as received as follows:

> FIRST: to the credit of the Subordinate Interest Account, the amount required for amounts on deposit therein to equal the interest payable on the Series 2024B Subordinate Bonds in such Subordinate Bond Year; and
>
> SECOND: to the credit of the Subordinate Mandatory Redemption Account, all remaining Subordinate Pledged Revenue credited to the Subordinate Bond Fund for such Subordinate Bond Year.

On each Subordinate Interest Payment Date, the Trustee is to apply amounts on deposit in the Subordinate Interest Account to the payment of interest on the Series 2024B Subordinate Bonds (including current interest, accrued but unpaid interest and unpaid compound interest, and including the accrued interest portion of any Mandatory Redemption Price) then due.

On the 45th day prior to each Mandatory Redemption Date, the Trustee is to determine the amounts on deposit in the Subordinate Mandatory Redemption Account available for application to redemption of the Series 2024B Subordinate Bonds as described in "—Redemption—*Mandatory Redemption*" above, taking into account any requirements of the Subordinate Indenture with respect to the amount to be redeemed. The Trustee is to provide notice of the mandatory redemption to occur on each Mandatory Redemption Date as a result of amounts credited to the Subordinate Mandatory Redemption Account, as provided in the Subordinate Indenture.

On each Mandatory Redemption Date, the Trustee is to apply amounts on deposit in the Subordinate Mandatory Redemption Account to the payment of the principal portion of any Mandatory Redemption Price.

Moneys credited to the Subordinate Bond Fund may be invested or deposited as provided in the Subordinate Indenture.

The District acknowledges and agrees that, notwithstanding anything in the Subordinate Indenture to the contrary, borrowed moneys are not to be used for the purpose of redeeming principal of the Series 2024B Subordinate Bonds pursuant to the mandatory redemption provisions referenced above and described in "—Redemption—*Mandatory Redemption*."

Additional Covenants and Agreements. The District irrevocably covenants in the Subordinate Indenture and agrees with each and every Owner that so long as any of the Series 2024B Subordinate Bonds remain Outstanding:

> (a) The District will maintain its existence and is not to merge or otherwise alter its corporate structure in any manner or to any extent as might reduce the security provided for the payment of the Series 2024B Subordinate Bonds, and will continue to operate and manage the

District and its facilities in an efficient and economical manner in accordance with all applicable laws, rules, and regulations.

(b) 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 best commercially reasonable efforts to have such audit report completed no later than September 30 of each calendar year. 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 the audit will be filed and recorded in the places, time, and manner provided by law.

(c) The District is to employ or cause to be employed as required a certified public accountant to perform auditing functions and duties required by the Special District Act and the Subordinate Indenture and to assist in completion of the District's obligations under the Continuing Disclosure Agreement.

(d) The District covenants and agrees in the Subordinate Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Subordinate Indenture, failure of the District or the Developer to comply with the Continuing Disclosure Agreement is not to be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Owners of at least 25% aggregate principal amount in Outstanding Series 2024B Subordinate Bonds and receipt of indemnity to its satisfaction is to), or any Owner of the Series 2024B Subordinate Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the District to comply with its obligations under the Subordinate Indenture.

(e) The District will carry general liability, public officials liability, and such other forms of insurance coverage on insurable District property upon the terms and conditions, and in such amount, as in the judgment of the District will protect the District and its operations.

(f) 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.

(g) 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.

(h) In the event that any amount of the Subordinate Pledged Revenue is released to the District as described in THIRD of "—*Application of Subordinate Pledged Revenue*" above, 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.

(i) Subject to the Owners of a majority in aggregate principal amount of the Series 2024B Subordinate Bonds assuming control of the enforcement of remedies upon default, the District will enforce the collection of all Capital Fees in such time and manner as the District reasonably determines will be most efficacious in collecting the same, including without limitation the bringing of an action to foreclose any statutory or contractual lien which may exist in connection

therewith. Nothing in the Subordinate Indenture shall be construed as requiring the District to impose any Capital Fees.

(j) The District will not amend or supplement any of the documents pertaining to the Senior Obligations in any way which (i) alters the amortization of the principal of such Senior Obligations; or (ii) increases the rate or rates of interest borne by the Senior Obligations, except upon the prior written consent of the Consent Parties with respect to 100% in aggregate principal amount of the Series 2024B Subordinate Bonds.

(k) Unless in response to a specific covenant violation, nuisance, or similar condition, the District is not to impose any rates, tolls, fees or other charges on vacant lots or other undeveloped property within its boundaries in excess of the rates, tolls, fees or other charges applicable to developed residential lots or engage in any other act or omission that may impair future development in a manner that could adversely affect the amount of the District's Subordinate Pledged Revenue or delay the timing of the District's receipt of Subordinate Pledged Revenue or remittance thereof to the Trustee in accordance with the provisions of the Subordinate Indenture.

Additional Obligations. Any Additional Obligations secured by a lien on ad valorem property taxes of the District and/or a lien on Subordinate Pledged Revenue are to be issued as Subordinate Parity Bonds, Senior Obligations or Junior Lien Obligations. The issuance of the Series 2020 Senior Bonds in accordance with the 2020 Indenture is permitted, notwithstanding any provision of the Subordinate Indenture. The District is not to issue or incur any other Additional Obligations except as provided in the Subordinate Indenture.

Issuance by Consent; Subordinate Parity Bonds. The District may issue Additional Obligations constituting Subordinate Parity Bonds, Senior Obligations or Junior Lien Obligations if such issuance is consented to by the Consent Parties with respect to 100% in aggregate principal amount of the Series 2024B Subordinate Bonds then Outstanding.

Senior Obligations. The District may issue Additional Obligations constituting Senior Obligations without the consent of the Consent Parties, provided that the following conditions are satisfied:

(a) the proposed Senior Obligations will constitute Refunding Senior Obligations and, upon issuance of such Refunding Senior Obligations, the total of the District's scheduled debt service on such Refunding Senior Obligations and any other Senior Obligations (to the extent to remain outstanding upon the issuance of such Refunding Senior Obligations) will not exceed in any year the total scheduled debt service on the Senior Obligations outstanding immediately prior to the issuance of such Refunding Senior Obligations (excluding from such calculation of debt service any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the issuance of Refunding Senior Obligations that have a scheduled payment date in any year that is after the latest maturity date of the Senior Obligations outstanding immediately prior to the issuance of the Refunding Senior Obligations is to be deemed to increase the District's Senior Obligations debt service and shall not be permitted by this clause (a); and

(b) the Senior Obligation Surplus Fund and Senior Obligation Reserve Fund, if any, securing such Senior Obligations are not together to be required or permitted to be funded in excess of an aggregate amount equal to 20% of the original par amount of such Senior Obligations;

(c) the ad valorem property tax levy pledged to the payment of the Senior Obligations is not to be higher than, and subject to the same adjustments and deductions as, the maximum ad valorem property tax levy set forth in the definition of 2020 Required Mill Levy in the 2020 Indenture; and

(d) the remedies for defaults under such Senior Obligations are substantially the same as the remedies applicable to the Senior Obligations being refunded.

Junior Lien Obligations. The District may issue Additional Obligations constituting Junior Lien Obligations without the consent of the Consent Parties and the terms of such Junior Lien Obligations are to be as provided in the documents pursuant to which they are issued, provided that each of the following conditions are to apply to the Junior Lien Obligations:

(a) the aggregate number of mills which the District may promise to impose for payment of all Junior Lien Obligations (including the Junior Lien Obligations proposed to be issued) is not to exceed the maximum Subordinate Required Mill Levy;

(b) the failure to make a payment when due on the Junior Lien Obligations is not to constitute an event of default thereunder; and

(c) the Junior Lien Obligations are to be payable as to both principal and interest only on an annual basis, on or after December 15 of each calendar year, and only after the payment or defeasance of the full amount of the Series 2024B Subordinate Bonds.

District Certification. A written certificate by the President or Treasurer of the District that the conditions set forth in the Subordinate Indenture are met is to conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Obligations in accordance therewith.

Nothing in the Subordinate Indenture is to affect or restrict the right of the District to issue or incur additional debt or other financial obligations that are not Additional Obligations thereunder.

Notwithstanding any other provision contained in the Subordinate Indenture, under no circumstances is the District to issue Additional Obligations in excess of that authorized by eligible electors of the District, if applicable, and the District's Service Plan, as the same may be amended from time to time. In addition, the District is not to issue any Additional Obligations requiring any electoral authorization for indebtedness approved at the Election until such time as the full amount of indebtedness represented by the Series 2024B Subordinate Bonds has been allocated to such electoral authorization for indebtedness approved at the Election.

Events of Default. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions is to constitute an Event of Default under the Subordinate 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 under the Subordinate Indenture except as described below:

(a) The District fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture;

(b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Subordinate Indenture or the

Bond Resolution, and fails to remedy the same after notice thereof pursuant to the Subordinate Indenture; or

(c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Series 2024B Subordinate Bonds.

The Subordinate Indenture states that it is acknowledged that due to the limited nature of the Subordinate Pledged Revenue, the failure to pay the principal of or interest on the Series 2024B Subordinate Bonds when due is not to, of itself, constitute an Event of Default thereunder.

In addition, it is acknowledged in the Subordinate Indenture that the District is not to be required to impose the Subordinate Required Mill Levy for payment of the Series 2024B Subordinate Bonds after December 2058 (for collection in calendar year 2059).

The Trustee is to give to the Owners of all Series 2024B Subordinate Bonds notice by mailing to the address shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors, of all Events of Default of which the Trustee is by the Subordinate Indenture required to take notice, or if notice of an Event of Default is given as provided in the Subordinate Indenture, within 90 days after the Trustee has knowledge of the occurrence of such default or Event of Default unless such default or 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 under paragraph (b) above is to constitute an Event of Default until actual notice of such default by electronic transmission or registered or certified mail is to be given by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Series 2024B Subordinate Bonds Outstanding to the District, and the District is to have had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and is not to have corrected said default or caused said default to be corrected within the applicable period; provided however, if said default be such that it cannot be corrected within the applicable period, it is not to constitute an Event of Default 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 Trustee is to have the following rights and remedies which may be pursued:

(a) *Receivership*. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee is to be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee is to be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the Subordinate Indenture to, the Trustee.

(b) *Suit for Judgment*. The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Special District Act, the Series 2024B Subordinate Bonds, the Bond Resolution, the Subordinate Indenture, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, is to deem appropriate.

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

No recovery of any judgment by the Trustee is to in any manner or to any extent affect the lien of the Subordinate Indenture or any rights, powers, or remedies of the Trustee thereunder, or any lien, rights, powers, and remedies of the Owners of the Series 2024B Subordinate Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners are to continue unimpaired as before.

If any Event of Default under paragraph (a) under "*—Events of Default*" above is to have occurred and if requested by the Owners of 25% in aggregate principal amount of the Series 2024B Subordinate Bonds then Outstanding, the Trustee is to be obligated to exercise such one or more of the rights and powers conferred by the Subordinate Indenture as the Trustee, being advised by Counsel, is to deem most expedient in the interests of the Owners, subject to the Subordinate Indenture; provided that the Trustee at its option is to be indemnified as provided in the Subordinate Indenture.

Notwithstanding anything in the Subordinate Indenture to the contrary, acceleration of the Series 2024B Subordinate Bonds is not to be an available remedy for an Event of Default.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SUBORDINATE INDENTURE, THE DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS OF THEREOF CONSTITUTES A VIOLATION OF THE TERMS OF THE SUBORDINATE INDENTURE AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2024B SUBORDINATE BONDS, WHICH IS TO ENTITLE THE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE SERIES 2024B SUBORDINATE BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE SUBORDINATE INDENTURE. THE DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF SUBORDINATE PLEDGED REVENUE IN VIOLATION OF THE COVENANTS THEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE SERIES 2024B SUBORDINATE BONDS. IN NO EVENT IS ANY PROVISION THEREOF TO BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE.

The Consent Parties of a majority in aggregate principal amount of the Series 2024B Subordinate Bonds then Outstanding are to have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Subordinate Indenture, or for the appointment of a receiver, and any other proceedings thereunder; provided that such direction is not to be otherwise than in accordance with the provisions thereof; and provided further that at its option the Trustee is to be indemnified as provided in the Subordinate Indenture.

No Owner of any Series 2024B Subordinate Bond is to have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Subordinate Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in the Subordinate Indenture, or of which under the Subordinate Indenture it is deemed to have notice; (b) such default is to have become an Event of Default; (c) the Owners of not less than 25% in aggregate principal amount of Series 2024B Subordinate 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 Subordinate Indenture or to institute

such action, suit, or proceedings in their own name, and are to have also offered to the Trustee indemnity as provided in the Subordinate Indenture; and (d) the Trustee is to thereafter fail or refuse to exercise the powers granted in the Subordinate Indenture, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of the Subordinate Indenture, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Owners of Series 2024B Subordinate Bonds are to have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the Subordinate Indenture by his, her, its, or their action, or to enforce any right thereunder except in the manner 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 Series 2024B Subordinate Bonds then Outstanding.

The Trustee may in its discretion waive any Event of Default under the Subordinate Indenture and its consequences, and is to do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of all the Series 2024B Subordinate Bonds then Outstanding; provided however, that there is not to be waived without the consent of the Consent Parties with respect to 100% of the Series 2024B Subordinate Bonds then Outstanding as to which the Event of Default exists any Event of Default described in paragraph (a) in "*—Events of Default*" above. 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.

Except as to any of the duties the Trustee is required to perform prior to a default, as set forth in the Subordinate Indenture, the Trustee or any Owner of the Series 2024B Subordinate Bonds may not take any action under the Subordinate Indenture which would unduly prejudice the rights of owners of the Senior Obligations with respect to such Subordinate Pledged Revenue. Furthermore, it is acknowledged in the Subordinate Indenture that, notwithstanding the occurrence of an Event of Default, no portion of the Subordinate Pledged Revenue that is pledged on a senior basis to the Senior Obligations is to be applied to the payment of any amounts relating to the Series 2024B Subordinate Bonds until the full satisfaction of all amounts then due with respect to any Senior Obligations (acknowledging that the Senior Obligations are not to be subject to acceleration upon the occurrence of an event of default under the applicable resolution, indenture, or other document pursuant to which any such Senior Obligation is issued).

It is acknowledged that a portion of the Subordinate Pledged Revenue securing payment of the Series 2024B Subordinate Bonds is subject to the prior lien thereon in favor of the Series 2020 Senior Bonds and any Senior Obligations issued after the Series 2024B Subordinate Bonds. Except as to any of the duties the Trustee is required to perform prior to a default, as set forth in the Subordinate Indenture, the Trustee or any Owner of the Series 2024B Subordinate Bonds may not take any action under the Subordinate Indenture which would unduly prejudice the rights of owners of the Senior Obligations with respect to such Subordinate Pledged Revenue. Furthermore, it is acknowledged that, notwithstanding the occurrence of an Event of Default, no portion of the Subordinate Pledged Revenue that is pledged on a senior basis to the Senior Obligations is to be applied to the payment of any amounts relating to the Series 2024B Subordinate Bonds until the full satisfaction of all amounts then due with respect to any Senior Obligations (acknowledging that the Senior Obligations are not to be subject to acceleration upon the occurrence of an event of default under the applicable resolution, indenture, or other document pursuant to which any such Senior Obligation is issued).

Subordinate Indenture Supplements Not Requiring Consent. Subject to the provisions of the Subordinate Indenture, the District and the Trustee may, without the consent of or notice to the Consent Parties, enter into such indentures supplemental thereto, which supplemental indentures are to thereafter

form a part thereof, for any one or more of the following purposes: (a) to cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in the Subordinate Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Subordinate Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not in the opinion of Bond Counsel materially adversely affect the interests of the Owners of the Series 2024B Subordinate Bonds; (b) to subject to the Subordinate Indenture additional revenues, properties or collateral; (c) to grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee; and (d) to qualify the Subordinate Indenture under the Trust Indenture Act of 1939.

Subordinate Indenture Supplements Requiring Consent. Except for supplemental indentures delivered pursuant to the Subordinate Indenture described in "*—Supplemental Indentures Not Requiring Consent*" above, and subject to the provisions of the Subordinate Indenture, the Consent Parties with respect to not less than a majority (or for modifications of provisions thereof which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Series 2024B Subordinate Bonds then Outstanding are to have the right, from time to time, to consent to and approve the execution by the District and the Trustee of such indenture or indentures supplemental thereto as are to be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Subordinate Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Series 2024B Subordinate Bonds affected thereby, nothing contained in the Subordinate Indenture is to permit, or be construed as permitting: (a) a change in the terms of the maturity of any Outstanding Series 2024B Subordinate Bond, in the principal amount of any Outstanding Series 2024B Subordinate Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon; (b) an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Series 2024B Subordinate Bonds when due; (c) a privilege or priority of any Series 2024B Subordinate Bond or any interest payment over any other Series 2024B Subordinate Bond or interest payment; or (d) a reduction in the percentage in principal amount of the Outstanding Series 2024B Subordinate Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

Discharge of Lien.

Discharge of the Lien of the Subordinate Indenture. If the District is to pay or cause to be paid to the Trustee, for the Owners of the Series 2024B Subordinate Bonds, the principal of and interest to become due thereon at the times and in the manner stipulated in the Subordinate Indenture, and if the District is to keep, perform, and observe all and singular the covenants and promises in the Series 2024B Subordinate Bonds and in the Subordinate Indenture expressed to be kept, performed, and observed by it or on its part, and if all fees and expenses of the Trustee required by the Subordinate Indenture to be paid are to have been paid, then the presents and the estate and rights thereby granted are to cease, terminate, and be void, and thereupon the Trustee is to cancel and discharge the lien of the Subordinate Indenture, and execute and deliver to the District such instruments in writing as are to be required to satisfy the lien thereof, and assign and deliver to the District any property at the time subject to the lien of the Subordinate Indenture which may then be in its possession, and deliver any amounts required to be paid to the District under the Subordinate Indenture, except for moneys and Federal Securities held by the Trustee for the payment of the principal of, premium if any, and interest on the Series 2024B Subordinate Bonds.

Any Series 2024B Subordinate Bond is to, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Subordinate Indenture if, for the purpose of paying such Series 2024B Subordinate Bond (a) there is to have been deposited with

the Trustee an amount sufficient, without investment, to pay the principal of, premium if any, and interest on such Series 2024B Subordinate Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (b) there is to have been placed in escrow and in trust with a commercial bank exercising trust powers, an amount sufficient (including the known minimum yield from Federal Securities in which such amount may be invested) to pay the principal of, premium if any, and interest on such Series 2024B Subordinate Bond, as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow are not to be subject to redemption or prepayment at the option of the issuer, and are to become due at or prior to the respective times on which the proceeds thereof are to be needed, in accordance with a schedule established and agreed upon between the District and such bank at the time of the creation of the escrow, or the Federal Securities are to be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. The sufficiency of any such escrow funded with Federal Securities is to be determined by a Certified Public Accountant. With respect to any accrued and unpaid interest on the Series 2024B Subordinate Bonds, including any compound interest remaining unpaid, it is acknowledged that such amounts are due and payable immediately at the time of funding any escrow intended to accomplish a defeasance of the Series 2024B Subordinate Bonds. Upon the funding of an escrow defeasing Series 2024B Subordinate Bonds in accordance with the provisions of the Subordinate Indenture, the Series 2024B Subordinate Bonds are to cease to be subject to mandatory redemption in accordance with the Subordinate Indenture, as described in "—Redemption" above, and the principal of the Series 2024B Subordinate Bonds is to be due and payable only on the designated redemption date(s).

Neither the Federal Securities, nor moneys deposited with the Trustee or placed in escrow and in trust pursuant to the Subordinate Indenture, nor principal or interest payments on any such Federal Securities are to be withdrawn or used for any purpose other than, and are to be held in trust for, the payment of the principal of and interest on the Series 2024B Subordinate Bonds; provided however, that any cash received from such principal or interest payments on such Federal Securities, if not then needed for such purpose, is to, to the extent practicable, be reinvested subject to the provisions of the Subordinate Indenture in Federal Securities maturing at the times and in amounts sufficient to pay, when due, the principal of and interest on the Series 2024B Subordinate Bonds.

Prior to the investment or reinvestment of such moneys or such Federal Securities as therein provided, the Trustee is to receive and may rely upon: (a) an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code, that such investment or reinvestment does not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest on the Series 2024B Subordinate Bonds; and (b) a report of a Certified Public Accountant that the moneys or Federal Securities will be sufficient to provide for the payment of the principal of and interest on the Series 2024B Subordinate Bonds when due.

The release of the obligations of the District under the Subordinate Indenture is to be without prejudice to the rights of the Trustee to be paid reasonable compensation by the District for all services rendered by it thereunder and all its reasonable expenses, charges, and other disbursements incurred in the administration of the trust thereby created, the exercise of its powers, and the performance of its duties thereunder.

Continuing Role as Bond Registrar and Paying Agent. Notwithstanding the defeasance of the Series 2024B Subordinate Bonds prior to maturity and the discharge of the Subordinate Indenture as provided therein, the Trustee is to continue to fulfill its obligations under the Subordinate Indenture until the Series 2024B Subordinate Bonds are fully paid, satisfied, and discharged.

Discharge on December 15, 2059. **Notwithstanding any other provision in the Subordinate Indenture, in the event that any amount of principal of or interest on the Series 2024B Subordinate**

Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on December 15, 2059, the Series 2024B Subordinate Bonds and the lien of the Subordinate Indenture securing payment thereof is to be deemed discharged, the estate and rights thereby granted are to cease, terminate, and be void, and thereupon the Trustee is to cancel and discharge the lien of the Subordinate Indenture, and execute and deliver to the District such instruments in writing as are to 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 Series 2024B Subordinate Bonds remaining unpaid.

USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS

Application of Series 2024B Subordinate Bond Proceeds

General. Proceeds from the sale of the Series 2024B Subordinate Bonds will be used for the purposes of financing or reimbursing a portion of the costs of acquiring, constructing, and/or installing certain Public Improvements to serve the Development.

Estimated Sources and Uses of Funds. The estimated uses of the proceeds of the Series 2024B Subordinate Bonds are as follows:

Sources:
- Series 2024B Subordinate Bond Par Amount .....
- Total .....

Uses:
- Deposit to Subordinate Project Fund.....
- Costs of issuance, including underwriting discount [1] and contingency .....
- Total .....

[1] See "MISCELLANEOUS—Underwriting."
Source: The Underwriter

Debt Service Requirements and Forecasted Debt Service Payments

Set forth in the following table are the debt service payments on the Series 2020 Senior Bonds and the forecasted payments for the Series 2024B Subordinate Bonds.

TABLE I
Debt Service Requirements and Forecasted Debt Service Payments

	Series 2020 Senior Bonds	Series 2024B Subordinate Bonds [2, 3,*]		
Year	Annual Total	Forecasted Principal	Forecasted Interest	Annual Total
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				
Total				

[1] Includes the payment of interest on June 1 and December of each year and the payment of principal on December 1 of each year indicated. Amounts shown assume that scheduled principal is paid when due and further assumes no optional redemptions will be made. Amounts listed are also reflective of accreted value at maturity.

[2] Includes the forecasted payment of principal and interest on December 15 of each year indicated. Principal and interest on the Series 2024B Subordinate Bonds are payable solely from and to the extent of Subordinate Pledged Revenue. There are no scheduled principal payments on the Series 2024B Subordinate Bonds until final maturity. The amounts set forth herein reflect the projected payments on the Series 2024B Subordinate Bonds as set forth in the Financial Forecast, based upon the assumptions more particularly set forth therein. No assurance is given that the level of Subordinate Pledged Revenue projected in the Financial Forecast will be achieved, or that payment of the principal of or interest on the Series 2024B Subordinate Bonds will be paid as set forth in this table. Failure to pay the amounts set forth above with respect to the Series 2024B Subordinate Bonds will not constitute an event of default under the Subordinate Indenture. In addition to other assumptions reflected in this table and in the Financial Forecast, this table assumes that no optional redemptions of the Series 2024B Subordinate Bonds will be made prior to maturity. See "THE SERIES 2024B SUBORDINATE BONDS—Redemption" herein. See "THE SERIES 2024B SUBORDINATE BONDS—"Cash Flow" Nature of the Series 2024B Subordinate Bonds" and the Financial Forecast attached as APPENDIX A hereto.

[3] Figures may not total due to rounding.

Source: The Financial Forecast

THE DISTRICT

Organization and Description

The District is a quasi-municipal corporation and political subdivision of the State created pursuant to the Special District Act for the purpose of financing and constructing the Public Improvements and for dedicating, when appropriate, such Public Improvements to the Town or to such other entity as appropriate for the use and benefit of the District's residents and property owners. The development within the District is residential community commonly known as "Bella Mesa."

The District was organized as "Vistas at Rock Canyon Metropolitan District" pursuant to an Order and Decree entered by the District Court in and for Douglas County (as previously defined, the "County") on November 16, 2004, and recorded in the real property records of the County on November 18, 2004. Organization of the District was preceded by the approval by the Town of Castle Rock Town Council (the "Town Council") on August 24, 2004, of a Service Plan for Vistas at Rock Canyon Metropolitan District, as amended by a resolution of the Board adopted on May 4, 2006 after publication of a Notice of Amendment to Service Plan in The Douglas County News-Press on March 9, 2006, as amended by a Resolution Approving an Amendment to the Service Plan for Bella Mesa Metropolitan District, approved by the Town Council on June 19, 2018, and as amended by a Resolution Approving an Amendment to the Service Plan for Bella Mesa Metropolitan District, approved by the Town Council on February 18, 2020 (together, the "Service Plan"). On August 29, 2016, the Douglas County District Court issued an Order Confirming District Name Change, changing the name of the District from Vistas at Rock Canyon Metropolitan District to Bella Mesa Metropolitan District, and recorded in the real property records of the County on September 20, 2016.

The District currently encompasses approximately 406-acres, and is located in the southeast portion of the Town, generally northeast of Mikelson Boulevard, south of East State Highway 86, and west of Castlewood Canyon Road. See "THE DEVELOPMENT." See also the preceding "AERIAL MAP," "DEVELOPMENT SITE PLANS" and "REGIONAL MAP."

The current population of the District is approximately 509, which is based on approximately 180 certificates of occupancy issued and 2.83 residents per home (based on household estimates for the Town prepared by the State Demography Office). The District's 2023 certified assessed valuation of property within the District is $7,252,430. The District's preliminary assessed value as certified by the County Assessors on August 20, 2024 is $7,298,100, which is subject to change prior to the final December10, 2024 certification date. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes."

District Powers

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly the Special District Act. The powers of the District are, however, limited both by the provisions of the Service Plan and its electoral authorization. See "—Service Plan Authorizations and Limitations" below.

Pursuant to the Special District Act, special districts have 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 affairs of the district; 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 special district; to waive or amortize

all or part of any such fees or extend the time period for paying all or part of such fees for property within the district; to furnish services and facilities within and without the boundaries of the special 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 special district and to accept gifts and conveyances made to the special district; and to have and exercise all rights and powers necessary in, incidental to or implied from the specific powers granted to the special district. Special districts also have the power to provide covenant enforcement and design review services and safety services if permitted by the service plan.

Each special district also has the power, subject to constitutional and statutory limitations, to certify a levy for collection of ad valorem taxes against all taxable property of such special district. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Taxes."

Inclusion and Exclusion of Property. The Special District Act provides that the boundaries of a special district may be altered by the inclusion of additional real property or exclusion of real property under certain circumstances. After its inclusion, the included property is subject to all of the taxes and charges imposed by the special district and is to be liable for its proportionate share of existing bonded indebtedness of the special district. After its exclusion, the excluded property is no longer subject to the special district's operating mill levy, and is not subject to any debt service mill levy for new debt issued by the special district. The excluded property, however, remains subject to the special district's debt service mill levy for that proportion of the special district's outstanding indebtedness and the interest thereon existing immediately prior to the effective date of the exclusion order. Boundary changes resulting from property included or excluded to or from the special district prior to the first day of May of each year are reflected in the special district's assessed valuation and are subject to the ad valorem property tax levy of the special district for that assessment year. Inclusion or exclusions that occur after May 1 are considered in the following assessment year. See also "—Service Plan Authorizations and Limitations" below.

Upon its creation, the District encompassed approximately 325 acres. Following an inclusion of approximately 81 acres in August 2016, the District currently encompasses approximately 406 acres. According to District officials, there are no current inclusions or exclusions pending or anticipated with respect to the District. See "—Service Plan Authorizations and Limitations" below.

Consolidation with Other Districts. Two or more special districts may consolidate into a single district upon the approval of a district court and of the electors of each of the consolidating special districts. The district court order approving the consolidation can provide that the consolidated district assumes the debt of the districts being consolidated. If so, separate voter authorization of the debt assumption is required. If such authorization is not obtained, then the territory of the prior district will continue to be solely obligated for the debt after the consolidation. See also "—Service Plan Authorizations and Limitations" below.

Dissolution of the District. The Special District Act allows a special district board of directors to file a dissolution petition with a district court. The district court must approve the petition if the special district's plan for dissolution meets certain requirements, generally regarding the continued provision of services to residents and the payment of outstanding debt. Dissolution must also be approved by the special district's voters. If the special district has debt outstanding, the district may continue to exist for only the limited purpose of levying its debt service mill levy and discharging the indebtedness. See also "—Service Plan Authorizations and Limitations" below.

Service Plan Authorizations and Limitations

Pursuant to the Service Plan, the District has the power and authority to provide the Public Improvements within and without the boundaries of the District as such power and authority is described

in the Special District Act, and other applicable statutes, common law and the State Constitution, subject to the limitations set forth therein, as described below. See "— Material Agreements of the District" below. *The authorizations and limitations of the Service Plan may be modified or amended with the approval of the Town, and as otherwise provided in the Special District Act.*

The Service Plan authorizes the District to provide for the planning, design, acquisition, construction, installation and financing of water, sanitation, streets, parks and recreation, traffic and safety controls, transportation, telecommunications systems and services, mosquito and pest control services (as previously defined, collectively, the "Public Improvements") within and without the boundaries of the District, for the use and benefit of the future taxpayers and inhabitants of the District, except as specifically limited therein; as well as to provide for the ownership, operation and maintenance of any Public Improvement not otherwise accepted for ownership, operation or maintenance by the Town or another entity. All Public Improvements are to be designed and constructed in accordance with all Town and District standards and specifications, as well as the standards and specifications of any other governmental entity to which the Public Improvements will be dedicated.

Pursuant to the Service Plan, the District was allowed to include into its boundaries, all or a portion of the property within an 81-acre inclusion area, subject to administrative review approval by the Town pursuant to the Town IGA (defined below). Such inclusion was ordered in August 2016. See "—District Powers—*Inclusion and Exclusion of Property*" above. Further, pursuant the 2018 amendment to the Service Plan, the Town Council consented to the exclusion of approximately 296 acres of property from the boundaries of the District in excess of the threshold of either 10% of the service area of the District or 10 acres in area as set forth in the Town Code without the District receiving prior approval from the Town of a Service Plan amendment, provided, however, that in the event that the District receives an order from the Douglas County District Court excluding property from its boundaries in excess of such threshold, the District must thereafter receive approval from the Town of an amendment to its Service Plan prior to the District undertaking any action in furtherance of its capital or financial plan including, but not limited to the issuance by the District of general obligation bonds. According to District officials, the Town's approval of the exclusion of approximately 296 acres of property from the boundaries of the District was authorized, but never ordered by the Douglas County District Court. See "—District Powers—*Inclusion and Exclusion of Property*" above.

All Public Improvements are anticipated to be conveyed to Town or other appropriate jurisdiction for ownership, operations and maintenance. Any Public Improvements not conveyed to the Town or other appropriate jurisdiction are anticipated to be owned, operated and maintained by the District. For a discussion of anticipated ownership, operation and maintenance of Public Improvements upon completion. See "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Infrastructure Improvements." The Service Plan provides that a homeowners association is anticipated to be formed to provide certain services to the development within the District, including architectural control, community events and activities, community marketing and other programs beyond the scope and authority of the District. The Bella Mesa Homeowners Association, Inc., a Colorado corporation was incorporated on April 30, 2019 (the "Bella Mesa HOA"). See "THE DEVELOPMENT—Land Acquisition; Encumbrances on Land—*Declaration of Covenants, Conditions, and Restrictions*."

For purposes of the Service Plan, a "Bond" is to be considered any bonds, notes, contracts or other obligations or other multiple fiscal obligations issued by the District ("Debt"), for the payment of which the District has promised to impose an ad valorem property tax mill levy, and/or impose and collect "Development Fees," defined as a one-time fee, that may be imposed by the District on a per unit basis for residential units and on per square foot basis for commercial space, for the repayment of Debt. The District does not currently impose any Development Fees and is not expected to do so. Public Improvements that cannot be provided within the District's financial capability are to be constructed by the developer and

dedicated to the District. The Town is not responsible for assuming any of the costs of the improvements funded by the District.

The District is authorized to impose a "Maximum Debt Service Mill Levy" of 50 mills (adjusted from base year 2004 to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement, so that to the extent possible the actual tax revenues generated by the mill levy and, available for debt service, as adjusted, are neither diminished nor enhanced as a result of such determination) to service any Debt incurred by or on behalf of the District. The Service Plan does not provide for a maximum principal amount of Debt that District may have outstanding at any one time.

Upon a determination of the Town Council that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the District Court for dissolution, pursuant to the applicable State statutes. Dissolution is not to occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

Governing Board

The District is governed by a board of directors (previously defined as the "Board") which, pursuant to State law, are to consist of a minimum of five board members and a maximum of seven members. The members must be eligible electors of the applicable district as defined by State law and are elected to alternating four-year terms of office at successive biennial elections. However, pursuant to State law, special districts were required to move their biennial elections from even years to odd years beginning in 2023. Accordingly, the terms commencing in 2020 and 2022 were three-year terms and then reset to four-year terms commencing in 2023 and 2025, respectively. Vacancies on the Board are 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. At the Election, the eligible voters of the District voted to waive the statutory term limits, and therefore the District's directors are not subject to such limitations.

The directors hold regular meetings and special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. 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, directors may not receive compensation from the District as employees of the District. Members of the Board are not currently compensated for attending Board meetings. The present directors, their positions on the Board, principal occupations, and terms are as follows:

Board of Directors of the District				
Name	**Office**	**Principal Occupation**	**Years of Service**	**Term Expires (May)**
John V. Hill	President	Civil Engineer	4	2027
Maxine Hepfer	Treasurer/Secretary	Partner of Hepfer Private Portfolio – Real Estate Investment and Development	2	2025
Anna Maria Ray	Assistant Secretary	Marketing Consultant	3	2025
Vacant [1]				2025
Vacant [1]				2027

[1] According to District officials, the existing vacancies on the Board are not anticipated to be filled prior to the May 2025 election.

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. Additionally, no contract for work or material including a contract for services, regardless of the amount, is to be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice has been published for bids and such Board member or owner submits the lowest responsible and responsive bid. 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 Series 2024B Subordinate Bonds, all of the directors have potential or existing personal or private interests relating to the issuance or delivery of the Series 2024B Subordinate 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. The District has engaged Colorado Land Management, LLC, a Colorado limited liability company, to provide on-going management, consulting, administrative services and property management services in conjunction with the business, operational affairs and continuing obligations of the District (the "District Manager"). CliftonLarsonAllen LLP, Certified Public Accountants, Greenwood Village, Colorado, serves as the District's accountant; Icenogle Seaver Pogue, P.C., Denver, Colorado, serves as general counsel to the District. The District has engaged Haynie & Company, Certified Public Accountants & Management Consultant, Littleton, Colorado, to serve as its auditor.

Material Agreements of the District

The Special District Act authorizes the District to enter into agreements and contracts affecting its affairs. According to the District's general counsel, the District is not a party to any agreements which materially affect the District's financial status or operations, other than the agreements described below. Copies of these agreements are available from the District as provided in "INTRODUCTION—Additional Information."

Town IGA. The District and the Town, in furtherance of the Service Plan, have entered into an Intergovernmental Agreement, dated August 24, 2004 (the "Town IGA"), which provides contractual enforcement rights to the Town with respect to certain restrictions set forth in the Service Plan regarding the construction, ownership, operations and maintenance of Public Improvements needed for the District. See "—Service Plan Authorizations and Limitations" above.

Richmond Public Improvements Agreement. On December 28, 2018, the Developer, Richmond and the District entered into an Advance and Reimbursement and Facilities Acquisition Agreement (the "Richmond Public Improvements Agreement"). In accordance with the Richmond Public Improvements Agreement, the Developer and Richmond each agreed to make capital construction advances to assist the District in funding certain Public Improvements (the "Richmond Advances") necessary to support development of the 188 platted lots (re-platted to 180 lots) in Filing No. 24 (defined herein), which were purchased by Richmond. Also, in accordance with the Richmond Public Improvements Agreement, the District agreed to acquire certain Public Improvements pursuant to the processes established therein, and reimburse the Developer for certain advances made by either the Developer or Richmond thereunder. Richmond assigned any right to reimbursement from the proceeds of the Series 2024B Subordinate Bonds to the Developer. The Richmond Public Improvements Agreement may be terminated upon notice by any party given at least 30 days prior to the end of each fiscal year. See "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Improvements."

As of July 31, 2024 there is $0 outstanding under the Richmond Public Improvements Agreement.

Cardel Agreement. It is anticipated that the District and Cardel Homes will enter into an advance and reimbursement agreement if and when Cardel Homes purchases property within the District. No draft of such agreement is available and no additional information regarding such agreement is available for inclusion herein.

Fourth Investment Advance Agreement. On November 28, 2023, the Developer and the District entered into an Advance and Reimbursement Agreement (Capital Expenses) (the "Developer Advance Agreement"). The Developer Advance Agreement establishes the terms and conditions (a) upon which the Developer may advance funds (each a "Developer Advance") to the District for District Eligible Costs (as defined in the Developer Advance Agreement), and (b) upon which the District may make reimbursement to the Developer for such Developer Advances.

The District is to make payments for the Developer Advances, subject to annual appropriation and budget approval, from the proceeds of loans or the Series 2024B Subordinate Bonds issued by the District or from funds available within any fiscal year and not otherwise required for operations, maintenance, capital improvements and debt service costs and expenses of the District.

Pursuant to the Developer Advance Agreement, Developer Advances are to bear simple interest at a rate of eight percent (8%) per annum from the date such costs are incurred by the Developer, provided, however, that no interest shall begin to accrue on any Developer Advance made to the District prior to the date on which an order declaring the District was organized was recorded in the real property records of the County, which date was November 18, 2004, and the interest is to stop accruing under the Developer Advance Agreement on the date of payment of such amount in full.

The Developer Advance Agreement may be terminated upon mutual agreement, provided, however, if not earlier terminated, the Developer Advance Agreement and any obligation of the District to reimburse the Developer expire on the date that is 40 years after the effective date of the Developer Advance Agreement.

As of July 31, 2024 there is $458,449.31 ($450,000 in principal and $8,449.31 in interest) outstanding under the Developer Advance Agreement.

Mikelson Traffic Circle Project. On October 6, 2023, the District and Fiore & Sons, Inc. (the "Contractor") entered into the Mikelson Traffic Circle Project Contract whereby the Contractor agreed to provide all services, management, supervision, labor, materials, goods, administrative support, supplies,

and equipment necessary to perform the construction of the Mikelson Traffic Circle in the County and the District agreed to compensate the Contractor for such work, subject to annual appropriations.

Master Escrow Agreement. The District, the Town, and TP National, LLC (the "Escrow Agent") entered into a Master Escrow Agreement, dated November 7, 2023 (the "Master Escrow Agreement"), which sets forth the terms and conditions by which the Escrow Agent will manage and disburse funds held by it for the construction of the Roundabout (defined herein, see "THE DEVELOPMENT—Agreements Concerning Public Improvements—*Roundabout PIA*"). The District deposited approximately $1,866,287 in proceeds of the Series 2020 Senior Bonds with the Escrow Agent. It is anticipated that the Roundabout will be open for traffic in September 2024 and fully completed in the fourth quarter of 2024.

District Management Agreement. On October 31, 2017, the District entered into a Management Services Agreement with Colorado Land Management LLC (the "District Manager") to provide on-going management, consulting, administrative services and property management services in conjunction with the business, operational affairs and continuing obligations of the District (the "District Management Agreement"). In accordance with the District Management Agreement, the District Manager is to perform certain Management Services (defined therein), including, but not limited to, assisting in the preparation and posting of meeting notices, coordinating and supervising the District's vendors and providing other property management services on behalf of the District. In consideration for performing the Management Services, the District Manager shall be paid in accordance with a fee schedule attached to the District Management Agreement, pursuant to and in accordance with the terms therein.

Except as otherwise provided therein, the District or the District Manager may terminate the District Management Agreement for cause or convenience upon the delivery of a written notice of termination at least 30 days prior to the effective date of termination. Further, the performance of the District's obligations under the District Management Agreement are subject to annual budgeting and appropriations.

One of the current members of the Board serves as a consultant, member or manager of the District Manager, and another current member of the Board may have had other business or professional relationships with such entity. No assurances are provided as to whether the District Management Agreement, or any future agreements between the District and the District Manager, are commercially reasonable.

Facilities and Services Provided by the District

Pursuant to the Service Plan and the Special District Act, the District is authorized to provide for the operation and maintenance of the Public Improvements, subject to the limitations of the Service Plan more particularly described therein. Any Public Improvements not conveyed to the Town or other appropriate jurisdiction are anticipated to be owned, operated and maintained by the District. For a discussion of anticipated ownership, operation and maintenance of Public Improvements upon completion, see "—Service Plan Authorizations and Limitations" above and "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Infrastructure Improvements."

Other Services Available within the District

Residents of the District are provided a wide range of services by various entities other than the District. The District receives police protection, fire protection, water, wastewater from the Town, natural gas service from Black Hills Energy and electrical service from CORE Electric Cooperative. The District is served by Douglas County School District RE-1.

THE DEVELOPMENT

The following information has been supplied by the Developer and/or Cardel Homes, provided that, where noted herein, certain information has been obtained from other sources, including publicly available records of the Town and the County. ***No third-party purchasers of property within the Development, if any, have participated in the preparation of this Limited Offering Memorandum, except to provide documentation and information in response to specific requests by the Developer, including the information specifically attributed to such parties herein.***

Neither the District, the District's advisors, nor the Underwriter make any representation regarding projected development plans within the District, the financial soundness of the Developer, Cardel Homes, or other owners of property, or their managerial ability to complete the Development as planned. 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, performance of the Developer and Cardel Homes and any other Homebuilders, if any, competition from other developments, and other political, legal and economic conditions. Further, while certain information is provided herein with respect to existing and anticipated encumbrances of the property, in particular encumbrances recorded by the Developer, property within the District not owned by the District, or the Developer may be subject to encumbrances as security for obligations payable to various parties, the default of which could adversely affect construction activity. See "RISK FACTORS—Continued Development Not Assured."

Development Overview

General. The Development is being developed as residential community on approximately 406 acres and is planned to include a total of 810 residential units (comprised of 105 single-family attached homes (townhomes) and 705 single-family detached homes). All of the Development, as described herein, is located within the boundaries of the District. See "AERIAL MAP[S AND VIDEO]" and "DEVELOPMENT SITE PLAN." The Development is comprised of two components—the Richmond Development and the Remaining Development.

Of the anticipated 810 single-family homes, Richmond American Homes of Colorado, Inc., a Delaware corporation (as previously defined, "Richmond") has fully constructed and sold all 180 homes to homeowners (as previously defined, the "Richmond Development"). The remaining 630 single-family homes within the Development are anticipated to be comprised of 525 single-family detached home and 105 single-family attached townhomes (as previously defined, the "Remaining Development"). It is anticipated that all of the single-family attached townhomes will be constructed by Cardel Denver Homes, LLC, a Colorado limited liability company (as previously defined, "Cardel Homes"). It is anticipated that the single-family detached homes will be constructed by Cardel Homes and one to two other still to be identified homebuilders (Cardel Homes and any other homebuilders within the Development are referred to herein as the "Homebuilders").

The Developer currently owns the remaining undeveloped property in the Development. Cardel Homes is under contract to purchase all of such property from the Developer pursuant to two separate purchase and sale agreements. See "THE DEVELOPMENT—Construction and Sales Activity; Purchase and Sale Agreements—*Purchase and Sale Agreements*." Cardel Homes anticipates selling a portion of the remaining single-family detached lots to one or two additional builders. However, as of the date of this Limited Offering Memorandum, Cardel Homes has not entered into any letters of intent or purchase and sale agreements with other Homebuilders.

As of the date of this Limited Offering Memorandum, all of the homes in the Richmond Development have been sold and closed to homeowners and no homes have been constructed within the Remaining Development. According to the Market Study, it is anticipated that the first homes within the Remaining Development will be sold and closed to homeowners in the first quarter of 2026 and that all homes within the Development will be sold and closed to homeowners by the third quarter of 2031. See "RISK FACTORS—Continued Development Not Assured," "APPENDIX A—FINANCIAL FORECAST" and "APPENDIX B—MARKET STUDY." Neither Cardel Homes nor any other future Homebuilder, if any, is obligated to construct homes within the Development in any particular timeframe or at all. No assurance is provided that the single-family attached homes (townhomes) or single-family detached homes will be sold and closed to homeowners in the timeframe anticipated herein or at all.

Development of property is being undertaken by Fourth Investment USA, LLC, a Colorado limited liability company (the "Developer"). The Developer is also responsible for constructing remaining trunk Public Improvements. It is anticipated that Cardel Homes will be responsible for obtaining final plats and constructing in-tract Public Improvements and private improvements specifically benefitting the Remaining Development. See "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Improvements" and "—The Developer and Cardel Homes."

The Developer is responsible for obtaining the necessary approvals from the City to advance the Development in the manner described herein and is undertaking site development therefor, including site planning and engineering. As described above, Cardel Homes is anticipated to be responsible for obtaining certain entitlements for the Remaining Development. See "THE DEVELOPMENT—Platting, Zoning/Land Use and Public Approvals."

All of the property comprising the Development is presently zoned for its intended uses. Development of property in the Development will require approval of final site development plans and final plats subdividing the property in the Remaining Development into residential lots and tracts. As of August 1, 2024, no site development plans and no final plats have been approved by the Town for property within the Remaining Development. It is anticipated that preliminary site development plans will be submitted to the Town for approval in the third quarter of 2024 (for the 525 single-family detached lots) and in the third or fourth quarter of 2024 (for the 105 single-family attached lots). See "THE DEVELOPMENT—Platting, Zoning/Land Use and Public Approvals."

According to the Developer, construction of Public Improvements and private improvements began in August 2018 and is anticipated to be completed by 2031. As of August 1, 2024, approximately 25% of the Public Improvements required for the Development are complete, which includes all of the Public Improvements and private improvements for the Richmond Development. See "THE DEVELOPMENT—Status of Construction and Funding of Public and Private Improvements."

According to the Developer, the total cost of remaining Public Improvements required to be constructed for the Development is estimated at approximately $76,200,000. The total cost of remaining private improvements required to be constructed for the Development is estimated at approximately $10,000,000. The foregoing does not include costs of Public Improvements and private improvements constructed in connection with the Richmond Development. According to the Developer, as of July 31, 2024 approximately $10,500,000 has been expended for remaining Public Improvements, which includes drainage improvements, sanitary sewer improvements, water improvements and certain street improvements, and approximately $3,000,000 has been expended for the remaining private improvements. According to the Developer, the Public Improvements to serve the Richmond Development, including the School Parcel, were completed at an approximate cost of $11,000,000.

All remaining Public Improvements are anticipated to be funded and constructed by a combination of the District and the Developer and Cardel Homes, subject to reimbursement of a portion of the costs thereof by the District from proceeds of the Series 2024B Subordinate Bonds (estimated at $_____[*]). They will be applied either directly by the District to fund Public Improvements or to reimburse the Developer or Cardel Homes for a portion of the costs of the District-eligible Public Improvements funded directly by the Developer and Cardel Homes. The costs of any Public Improvements in excess of the proceeds of the Series 2024B Subordinate Bonds and the costs of private improvements required for the Development are anticipated to be funded by the Developer and Cardel Homes from funds on hand.

As described above and more particularly described herein, completion of the planned development described herein is subject to the satisfaction of a variety of conditions including, but not limited to:

- Approval by the Town Planning Commission and the Town Council of site development plans for the Remaining Development;

- Administrative approval by the Town Manager of final plats for the Remaining Development;

- Execution of agreements with the Town related to Public Improvements, as necessary, including any additional Subdivision Improvement Agreements (see "THE DEVELOPMENT—Agreements Concerning Public Improvements");

- Construction of remaining Public Improvements and private improvements required for the Development;

- Confirmation of sufficient water credits available to fully serve the Remaining Development and if, as platting progresses, there is any insufficiency in water credits, the purchase of additional water in the amounts necessary for the Remaining Development; and

- Sale of all single-family detached and attached (townhome) lots in the Development to Cardel Homes and the sale by Cardel Homes to other Homebuilders, if any, of certain single-family detached lots for construction and sale of residential units thereon.

No assurance is given that any of the foregoing conditions will be satisfied in a timeframe necessary to achieve the projected development schedules set forth herein, or at all.

Notwithstanding any of the foregoing, neither the Developer, Cardel Homes, other Homebuilders, if any, nor any other future property owner is contractually obligated to pursue the development of the property comprising the Development, and no assurance is given that development will occur in accordance with the present permitted land uses, modifications thereof, or at all.

[*] Preliminary; subject to change.

The status of land sales, construction status and platting status of property within the Development as of August 1, 2024, is summarized in the following table:

TABLE II
Summary of Planned Development [1]

			Land Sales Status				Construction Status	Platting Status	
Current Owner	**Homebuilder**	**Product Type**	**Owned by Homebuilder**	**Under Contract With Homebuilder**	**Closed to Homeowner**	**Total**	**Homes Under Const. or Completed**	**Platted Lots**	**Not Platted**
--	Richmond	SF Detached	n/a	n/a	180	180	180	180	n/a
Developer	Cardel Homes	SF Attached	0	105	0	105	0	0	105
Developer	Homebuilders [2]	SF Detached	0	525	0	525	0	0	525
Totals			0	630	180	810	180	180	630
% of Total				77.78%	22.22%	100.00%		22.22%	77.78%

[1] As of August 1, 2024.
[2] Cardel Homes anticipates selling a portion of the remaining single-family detached lots to one or two additional builders.
Source: The Developer.

Notwithstanding any of the foregoing, none of the Developer, Cardel Homes, or other Homebuilders, if any, nor any other property owner is contractually obligated to pursue the development of the property comprising the Development, and no assurance is given that development will occur in accordance with the present permitted land uses, modifications thereof, or at all.

Amenities. Within the Development, residents will have immediate access to the boundary trails with scenic views, trails through the rock outcroppings and down into the Mitchell Creek trail system that connects to the Town nature preserves, and active parks in the area. The trail system is expected to be developed during the 2025-2026 construction seasons.

Land Ownership

As of August 1, 2024, all of the property within the Development is owned by individual homeowners (180 single-family homes), the Developer, the Town, the School District and the Bella Mesa HOA. The Developer is in the process of selling the remainder of the developable property (approximately 303 acres) within the Development to Cardel Homes. See "—Construction and Sales Activity; Purchase and Sale Agreements" below.

Platting, Zoning/Land Use and Public Approvals

Development of the property comprising the Development will be subject to, and is being undertaken in accordance with: (a) the annexation documents; (b) the limitations on land uses provided in the applicable zoning documentation (including the Bella Mesa PDP and the Villages PUD) and the site development plan (the "SDP"); (c) the subdivision of property in accordance with final plats; and (d) the issuance by the Town of building permits and certificates of occupancy pursuant to the Town's land development policies and procedures (the "Town Code"), as more particularly described below.

Because all homes within the Richmond Development have been sold and closed to homeowners, limited information is included in this section regarding entitlements for such property. All site development plans and final plats for the Richmond Development have been approved.

Annexation. All of the property in the Development has been annexed into the Town in accordance with the following agreements: (a) Annexation and Development Contract by and between the Town and Park Funding Corp., dated as of April 11, 1985 (the "1985 A&D Agreement"); and (b) Bella Mesa

Annexation and Development Agreement by and between the Town and Bella Mesa Land, LLC (together with Park Funding Corp., the "Prior Developers") (the "2016 A&D Agreement" and together with the 1985 A&D Agreement, the "A&D Agreements"). The A&D Agreements set forth various provisions related to the construction of infrastructure within the Development and the Town's provision of governmental services to the Development.

According to the Developer, with the exception of the completion of the Roundabout (defined herein, see "—Agreements Concerning Public Improvements—*Roundabout PIA*"), all trunk Public Improvements required by the A&D Agreements for the Development have been completed. Public Improvements required under other agreements remain to be completed in the Development. According to the Developer, all requirements in connection with prior annexations have been completed or are no longer applicable.

Zoning. According to the Developer, the Development is fully zoned for its intended purposes.

With respect to the Remaining Development, on January 6, 2016, the Town approved Bella Mesa Planned Development Plan ("Bella Mesa PDP"). The Bella Mesa PDP provides for up to 525 single-family detached homes and 186 multi-family units in the Development. The Bella Mesa PDP also reserves the Public Land Dedication which dedication was made to, and is now owned by, the Town, and which site is expected to be deeded to the School District as development progresses. While the Bella Mesa PDP provides for as many as 186 multi-family residential units in a portion of the Development, the Developer anticipates the construction of 105 single-family attached townhomes on such property.

Notwithstanding the foregoing, development plans are subject to change and no assurance is given that the Developer, Cardel Homes, other Homebuilders, if any, or other property owners will not pursue a rezoning of the property within the Development. See "RISK FACTORS—Continued Development Not Assured."

Site Development Plans. Before any building permit can be issued, a site development plan is required to be submitted and approved by the Town's Planning and Zoning Commission and the Town Council. The site development plan depicts the layout of a development, including roads, lots, building location, and architectural information, parking, and landscaping.

As of August 1, 2024, no site development plans have been approved for the Remaining Development. It is anticipated that site development plan for the 525 single-family detached lots will be submitted in the third quarter of 2024, with approval in the fourth quarter of 2024, and the site development plan for the105 single-family attached (townhome) lots will be submitted in the third or fourth quarter of 2024, with approval in the fourth quarter of 2024, or the first quarter of 2025. No assurance is provided that site development plans will be submitted to or approved by the Town in the manner or timeframe anticipated or at all.

Statutory Vested Property Rights. In Colorado, property rights vest in a particular land use after a building permit has been issued and the landowner acts in reliance on it. Under certain circumstances, prior to issuance of a building permit, State law provides for the "vesting" of property rights in a property owner for a specified period of time, during which the applicable municipality generally is not permitted to take any zoning or land use action which would alter, impair, prevent, diminish, impose a moratorium on development, or otherwise delay development or use of the property subject to the applicable zoning documents, or unilaterally amend the applicable zoning documents.

Pursuant to the Town Code, a site-specific development plan (as defined therein) approved in accordance with the provisions of the Town Code, vests in the landowner for a period of three years and

provides the right to undertake and complete the development and use of property subject to such plan in accordance with its terms and conditions. The effective date of approval of a site-specific development plan and the vesting of property rights is effective upon: (a) the date of the Town Council resolution approving the site development plan or major amendment to the site development plan; (b) the date the manager gives written approval of a site development plan; or (c) the effective date of the ordinance approving or conditionally approving the development agreement vesting a PD plan pursuant to the provisions of the Town Code. Once a site-specific development plan is vested, the platting and/or re-platting of subdivisions within the development plan generally will extend the vested entitlements for another three-year period from the date of the subsequent platting or re-platting.

Platting. The Town's subdivision process, as set forth in the Town Code, provides for review and approval of final plats by the Town Manager. No final plats are to be approved by the Town Manager until the subdivision improvement agreement guaranteeing the construction of the improvements is executed by the developer of the property subject to the final plat.

As of August 1, 2024, no final plats have been approved for the Remaining Development. After approval of the required site development plans (see "—Site Development Plans), development of the Remaining Development will approval of multiple final plats which will subdivide approximately 293 acres into 525 single-family detached lots (the "SF Plat") and one or more final plats which will subdivide approximately 9 acres into 105 single-family attached lots (the "MF Plat"). According to the Developer, it is anticipated that the SF Plat will be approved by the Town in the fourth quarter of 2024 and that the MF Plat will be approved by the Town in the fourth quarter of 2024, or the first quarter of 2025. No assurance is provided that final plats will be approved by the Town in the manner or timeframe anticipated or at all.

Notwithstanding the foregoing, development plans are subject to change, and no assurance is given that applications for final plats will be submitted to the Town or that the Town will approve final plats in the manner or timeframe anticipated herein or at all, nor the Developer, Cardel Homes, other Homebuilders, if any, or other property owner, will not pursue a re-platting of property within the Development into fewer lots than anticipated herein. See "RISK FACTORS—Continued Development Not Assured."

Agreements Concerning Public Improvements

For the purpose of providing assurances to the Town concerning the construction and funding of Public Improvements necessary to serve the Development, the following agreements have been or may be executed, as further described below.

Development Agreements. The Development is subject to two development agreements: (a) Annexation and Development Contract by and between the Town and Park Funding Corp., dated as of April 11, 1985 (as previously defined, the "1985 A&D Agreement"); and (b) Bella Mesa Annexation and Development Agreement by and between the Town and Bella Mesa Land, LLC (together with Park Funding Corp., the "Prior Developers") (as previously defined, the "2016 A&D Agreement" and together with the 1985 A&D Agreement, the "A&D Agreements"). See "—Annexation" for more information regarding such agreements.

Subdivision Improvement Agreement. As set forth in the Town Code, the Town may require agreements concerning Public Improvements as a condition of approval of final plats for the Remaining Development (the "SIA"). As of August 1, 2024, no SIA has been executed and no drafts of the same are available. No information is available for inclusion herein with respect to the anticipated terms of the SIA

and no assurance is provided that such SIA will be executed with any particular terms, in any particular timeframe, or at all.

Roundabout PIA. The Developer and the Town entered into the Mitchell Street and Mikelson Boulevard Public Improvements Agreement, dated November 7, 2023 (the "Roundabout PIA"), which sets forth the terms and conditions for construction of intersection control improvements at the intersection of Mitchell Street and Mikelson Boulevard, including, as one option, a roundabout (the "Roundabout") and certain landscaping improvements. The Roundabout is required to be completed and accepted by the Town no later than 12 months following the issuance of the initial construction permit. If the Developer fails to commence or complete construction within the time periods set forth in the Roundabout PIA, the Town may, upon expiration of the cure period set forth therein, void its approvals of the construction drawings and building permits and terminate the Roundabout PIA.

The District is permitted to perform the Developer's obligations under the Roundabout PIA and has executed a Master Escrow Agreement with the Town with respect to funding certain costs of the Roundabout. See "THE DISTRICT—Material Agreements of the District—*Master Escrow Agreement*."

It is anticipated that the Roundabout will be open for traffic in September 2024 and fully completed in the fourth quarter of 2024.

There is no assurance that the Developer will enter into any other agreements with Cardel Homes or other entities with regard to the construction of public improvements, and there is no assurance as to the terms of any such agreements.

Construction and Sales Activity; Purchase and Sale Agreements

According to the Developer, upon full build-out, the Development is expected to include a total of 810 single-family homes, comprised of 105 single-family attached townhomes and 705 single-family detached homes. All homes have been or are anticipated to be constructed by homebuilders. The Developer does not anticipate undertaking any vertical construction within the Development.

Richmond Development. Of the anticipated 810 single-family homes, Richmond has fully constructed and sold all 180 single-family detached homes to homeowners (as previously defined, the "Richmond Development").

Remaining Development. The remaining 630 single-family homes are anticipated to be comprised of 525 single-family detached home and 105 single-family attached townhomes (as previously defined, the "Remaining Development"). It is anticipated that all of the single-family attached townhomes will be constructed by Cardel Denver Homes, LLC, a Colorado limited liability company (as previously defined, "Cardel Homes"). It is anticipated that the single-family detached homes will be constructed by Cardel Homes and one to two other still to be identified homebuilders (Cardel Homes and any other homebuilders within the Development are referred to herein as the "Homebuilders"). The Developer has executed two purchase and sale agreements to sell the remaining developable property that it owns to Cardel Homes. See "TABLE II—Summary of Planned Development" above and "—*Purchase and Sale Agreements*" below. *No assurance is provided that any property will ultimately be purchased by Cardel Homes or any other Homebuilders in the timeframe or manner anticipated herein or at all.*

None of the remaining 630 single-family homes have been constructed within the Remaining Development. According to the Market Study, it is anticipated that the first homes within the Remaining Development will be sold and closed to homeowners in the first quarter of 2026 and that all homes within the Development will be sold and closed to homeowners by the third quarter of 2031. Neither Cardel

Homes nor any other Homebuilder is obligated to construct homes within the Remaining Development in any particular timeframe or at all. *No assurance is provided that the single-family attached (townhomes) homes or single-family detached homes will be constructed or sold and closed to homeowners.*

According to the Market Study, the single-family detached homes are anticipated to range from 1,618 square feet to 3,200 square feet and single-family attached townhomes are anticipated to range from 1,573 square feet to 1,727 square feet.

Further, as set forth in the Market Study, the average closing price for single-family detached homes is anticipated to range from $945,938 to $1,064,250, and the average closing price for single-family attached homes (townhome) is anticipated to average $765,213. See the Market Study attached hereto as APPENDIX B for assumptions regarding home pricing used in the Financial Forecast. Such home pricing assumptions are based on information provided by the Developer and on other information more particularly described in the Market Study.

Purchase and Sale Agreements. As of the date of this Limited Offering Memorandum, it is anticipated that the remaining 630 homes in the Development will be constructed by the Homebuilders, comprised of 525 single-family detached homes and 105 single-family attached townhomes within the Remaining Development. See "—*Cardel SF PSA*" and "—*Cardel Townhome PSA"* below.

Cardel SF PSA. The Developer and Cardel Homes entered into a Purchase and Sale Agreement and Joint Escrow Instructions, dated as of May 8, 2024, pursuant to which the Developer agreed to sell to Cardel Homes an approximately 293-acre parcel (the "Cardel SF Property") expected to be comprised of 525 single-family detached lots (the "Cardel SF PSA") for a purchase price set forth in the Cardel SF PSA. A portion of the purchase price is to be paid at closing with the balance of the purchase price paid in the form a deferred purchase price promissory note payable to the Developer and secured by a first lien deed of trust encumbering the Cardel SF Property. The deed of trust is to be released in phases upon payment of a release amount, as more particular described therein.

As of the date of this Limited Offering Memorandum, Cardel Homes has made $150,000 in refundable escrow deposits. The Cardel SF PSA is currently within the approvals period, which expires on January 3, 2025. During the approvals period, Cardel Homes is to obtain a site development plan and the Developer is to obtain a single-lot plat for the Cardel SF Property. Cardel Homes is to be responsible for obtaining one or more amendments to the single-lot plat to permit development of homes. In the event such approvals are not obtained, then Cardel Homes can elect to close without such approvals or can terminate the Cardel SF PSA and receive its escrow deposit. Conditions to closing include, among other things, the approval of issuance of bonds by the District and the approval and recordation of the single-lot plat.

At closing the Developer is to assign to Cardel Homes any and all reimbursements, credits, payments, or other amounts payable to or to become payable to the Developer by the District. See "THE DISTRICT—Material Agreements of the District." In addition, the Developer agreed to assign all water credits (currently 276.2 SFEs) to Cardel Homes. Cardel Homes is to be responsible for obtaining any additional water credits required to develop the Cardel SF Property; provided that the Developer has the right, not the obligation, to purchase from the Town additional water credits sufficient for development of the property and assign such water credits to Cardel Homes. See "—Water and Sewer."

Subject to the provisions of Cardel SF PSA, the closing is to take place on the earlier of: (a) 35 days after the date the Town Council approves the final plat for the Cardel SF Property and the site development plan, and (b) 365 days after the date of the Cardel SF PSA, all subject to the provisions as set therein. According to the Developer, Cardel Homes is expected to close on the purchase in the third or

fourth quarter of 2024. *No assurance is provided that Cardel Homes will close on the Cardel SF PSA in the timeframe or manner anticipated herein or at all*.

Cardel Townhome PSA. The Developer and Cardel Homes entered into a Purchase and Sale Agreement and Joint Escrow Instructions, dated as of July 26, 2024, pursuant to which the Developer agreed to sell to Cardel Homes an approximately 9-acre parcel (the "Cardel MF Property") expected to be comprised of 105 single-family attached lots (the "Cardel MF PSA") for a purchase price set forth in the Cardel MF PSA.

As of the date of this Limited Offering Memorandum, Cardel Homes has made $100,000 in refundable escrow deposits. The Cardel MF PSA is currently within the due diligence period, which expires on October 24, 2024. After the expiration of the due diligence period, Cardel Homes is to obtain all necessary governmental approvals for vertical construction, including a final plat. In the event such approvals are not obtained prior to the closing date, then Cardel Homes can elect to close without such approvals or can terminate the Cardel MF PSA and receive its escrow deposit. Conditions to closing include, among other things, the recordation of the final plat for the Cardel MF Property.

At closing the Developer is to assign to Cardel Homes any and all reimbursements, credits, payments, or other amounts payable to or to become payable to the Developer by the District. See "THE DISTRICT—Material Agreements of the District." Cardel Homes is to be responsible for obtaining any water credits required to develop the Cardel MF Property at its own expense. See "—Water and Sewer."

Subject to the provisions of Cardel SF PSA, the closing is to take place on the earlier of: (a) five days after the date the final plat for the Cardel MF Property is recorded, and (b) 365 days after the date of the Cardel MF PSA, all subject to the provisions as set therein. According to the Developer, Cardel Homes is expected to close on the purchase in the third or fourth quarter of 2024. *No assurance is provided that Cardel Homes will close on the Cardel MF PSA in the timeframe or manner anticipated herein or at all*.

Lot Sales to Other Homebuilders. Cardel Homes anticipates selling a portion of the remaining single-family detached lots to one or two additional builders. However, as of the date of this Limited Offering Memorandum, Cardel Homes has not entered into any letters of intent or purchase and sale agreements with other Homebuilders. No assurance is provided that any other Homebuilders will ultimately construct homes within the Development.

Status of Construction and Funding of Public, Private Improvements

Completion of the Development will require the completion of Public Improvements and private improvements in accordance with the requirements of any applicable construction documents, the Development Agreements, the Roundabout PIA, and any future subdivision improvement agreements executed in connection with the Remaining Development. See "—Platting, Zoning/Land Use and Public Approvals" and "—Agreements Concerning Public Improvements" above. The Public Improvements required for the Development are anticipated to be generally comprised of the Roundabout, the removal of Mitchell Dam, streets, sidewalks, water, sewer, stormwater drainage and detention, and trails and outdoor recreation improvements. The private improvements are anticipated to be generally comprised of dry utilities improvements and entry monumentation. Upon completion, it is anticipated that the street improvements, water improvements, sewer improvements, and certain drainage improvements will be dedicated to the Town for ownership, operation and maintenance in accordance with the Town IGA. It is anticipated that certain parks and recreation improvements and drainage improvements will be dedicated to the District for ownership, operation and maintenance. Except for the Public Land Dedication (see "—Schools"), which is owned by the Town, the non-developable open space tracts within the Development are currently owned by a combination of the Developer and Bella Mesa HOA. Some such areas may be

conveyed to the District or a future homeowners association for ownership, operation and maintenance.

According to the Developer, construction of Public Improvements and private improvements in the Development began in 2018 and is anticipated to be completed by 2031. As of August 1, 2024, approximately 25% of the Public Improvements required for the Development are complete, which includes all of the Public Improvements and private improvements for the Richmond Development. Remaining trunk Public Improvements to be completed include the Roundabout (see "—Agreements Concerning Public Improvements—*Roundabout PIA*") and remaining in-tract Public Improvements to be completed include streets, sidewalks, water, sewer, storm drainage and detention for the Remaining Development. Construction of the Roundabout has commenced and is anticipated to be completed by the end of 2024. Construction of the Public Improvements and private improvements in the Remaining Development is anticipated to commence in the fourth quarter of 2024 with completion by 2031.

According to the Developer, the total cost of remaining Public Improvements required to be constructed for the Development is estimated at approximately $76,200,000. The total cost of remaining private improvements required to be constructed for the Development is estimated at approximately $10,000,000. The foregoing does not include costs of Public Improvements and private improvements constructed in connection with the Richmond Development. According to the Developer, as of July 31, 2024 approximately $10,500,000 has been expended for remaining Public Improvements, which includes drainage improvements, sanitary sewer improvements, water improvements and certain street improvements, and approximately $3,000,000 has been expended for the remaining private improvements. According to the Developer, the Public Improvements to serve the Richmond Development, including the School Parcel, were completed at an approximate cost of $11,000,000.

All remaining Public Improvements are anticipated to be funded and constructed by a combination of the District and the Developer and Cardel Homes, subject to reimbursement of a portion of the costs thereof by the District from proceeds of the Series 2024B Subordinate Bonds (estimated at $_____[*]). They will be applied either directly by the District to fund Public Improvements or to reimburse the Developer or Cardel Homes for a portion of the costs of the District-eligible Public Improvements funded directly by the Developer and Cardel Homes. See "THE DISTRICT—Material Agreements of the District—*Fourth Investment Advance Agreement*." The costs of any Public Improvements in excess of the proceeds of the Series 2024B Subordinate Bonds and the costs of private improvements required for the Development are anticipated to be funded by the Developer and Cardel Homes from funds on hand.

The estimates of remaining Public Improvements and private improvements required for the Development described herein do not include the costs of vertical construction of any portion of the Remaining Development.

No assurance is provided that the Public Improvements and private improvements will be constructed in the foregoing timeframe, in the amount anticipated, or at all. No assurance is provided that the District or the Developer or Cardel Homes will have sufficient financing available to cause the construction of the required Public Improvements and private improvements necessary for the development of the remaining property in the Development as described herein.

Water and Sewer

Water and sewer services are to be provided to the Development by the Town.

As a condition of annexation, a property owner was required to dedicate all rights to the groundwater underlying the annexed property to the Town or pay a cash in lieu payment to the Town. At

[*] Preliminary; subject to change.

such time, a water credit was provided to the property. The water credit is to be applied at the time of final plat approval by the total SFE assigned to all approved development within the final plat. The water credit is applied on a "first-come, first-served" basis to approved development within the property on a per unit basis. If the water credit is exhausted prior to full development, the developer or property owner is required to provide additional water resources or pay the Town cash-in-lieu of water rights. Without such additional water resources, the Town is not obligated to approve further development approvals for a development.

According to the Developer, the Development currently has 276.2 SFE units available for application to the water requirements for the Remaining Development. The Developer anticipates that such amount will be sufficient to complete the Remaining Development given reduction in water use due to stricter landscaping requirements. However, the ultimate SFEs required to serve the Remaining Development will not be known until the Remaining Development is subject to approved final plats. As a result, it is possible that there will be insufficient water credits available to fully serve the Remaining Development. In such case, the Developer and Cardel Homes are anticipated to purchase additional water rights. Pursuant to the Cardel SF PSA and the Cardel MF PSA, Cardel Homes is to be responsible for obtaining any additional water credits required to develop the Cardel SF Property and the Cardel MF Property; provided that, with respect to the Cardel SF Property, the Developer has the right, not the obligation, to purchase from the Town additional water credits sufficient for development of the property and assign such water credits to Cardel Homes. See "—Construction and Sales Activity; Purchase and Sale Agreements—*Purchase and Sale Agreements*" above. No assurance is provided that the current amount of water will be sufficient to fully serve the Remaining Development, and if not, that the Developer and Cardel Homes will be able to purchase sufficient water rights in the amount and timeframe needed for the Remaining Development to be completed as anticipated herein.

Land Acquisition; Encumbrances on Land

The following describes certain encumbrances presently existing on all or portions of the property comprising the Development, to the extent known by the Developer. Such property is also subject to various easements and rights of way of record which, to the extent of record only, the Developer has reviewed, and the Developer does not believe is inconsistent with the development of the property as described herein.

Land Acquisition. The Developer purchased all land within the Development in June 2017. There are no encumbrances on the remaining developable land in the Development associated with the Developer's acquisition thereof.

Appraisals. No appraisals have been prepared for the property comprising the Development.

Declaration of Covenants, Conditions, and Restrictions.

Richmond Covenants. The property within the Development is currently subject to a Declaration of Covenants, Conditions and Restrictions for Bella Mesa, as may be amended and supplemented from time to time (the "Richmond Covenants") executed by Richmond on May 8, 2010 and recorded in the records of the County on May 10, 2019, for the purpose of, among other things, to provide a governance structure and a flexible system of standards and procedures for the overall development, expansion, administration, maintenance, and preservation of Bella Mesa as a planned community. The Richmond Covenants cover the 180 lots and certain open space tracts in the Richmond Development and will not encumber the Remaining Development.

Pursuant to the Richmond Covenants, in 2019, a homeowners association was established (the "Bella Mesa HOA"), to be comprised of all community real property owners, to own, operate, manage, and/or maintain amenities upon various common areas and community improvements, provide services for the benefit of the real property owners in the community and to administer and enforce the Richmond Covenants and the other governing documents referenced therein.

Cardel Covenants. According to the Developer, it is anticipated that the Remaining Development may be subject to one or more Declaration of Covenants, Conditions, and Restrictions (the "Cardel Covenants"), but as of the date of this Limited Offering Memorandum, no drafts of the Cardel Covenants are available.

Other Encumbrances. All of the developable property planned for the Development is presently owned by the Developer and homeowners with the remaining vacant developable land under contract to be sold by the Developer to Cardel Homes. Property within the Development may be subjected to additional encumbrances as development progresses. No assurance is given that encumbrances will not be recorded against portions of the Development that would impact the ability of the Development to be carried out as presently planned. The property is also subject to easements and rights of way of record.

Environmental Matters and Potential Nuisances

Certain studies were undertaken with respect to the property in the Development. Only the reports related to the remaining undeveloped property in the Development are described herein. There is no assurance that there are not conditions that exist on the property in the Development that were unknown at the time of such studies, and such condition(s), if any, could require further action in addition to the recommendations provided in such studies. In addition, there can be no assurance that during or subsequent to the development of the property hazardous materials or other adverse environmental conditions, or adverse soil conditions will not be discovered on the property which could hinder or prohibit further development. Should such a discovery occur, it is possible that the Development and marketing of the Development could be materially adversely affected.

District Phase I ESA. As part of a project to remove an abandoned wastewater detention pond (the "Mitchell Dam"), the District commissioned ERO Resources to conduct a Phase I Environmental Site Assessment on approximately 281 acres comprising a portion of the Development, dated December 3, 2021 (the "District Phase I Assessment"). The scope of the District Phase I Assessment included a records review, a site reconnaissance, historical research, interviews, and documentation of findings. The District Phase I Assessment revealed no evidence of recognized environmental conditions in connection with the property.

Mitchell Dam Removal; Wetlands. The Mitchell Dam was a wastewater treatment reservoir, constructed by the Town in the 1980s. As part of its removal, a wetland delineation was obtained in 2020. In 2021, the U.S. Army Corps of Engineers determined that the wetlands and aquatic features around Mitchell Dam were not jurisdictional wetlands or waters of the United States. A similar determination that such wetlands were not "state waters" was made by Colorado Department of Public Health & Environment in 2024. The Mitchell Dam will be removed as part of the development of the Remaining Development.

Other Property Assessments. The foregoing describes certain assessments conducted with respect to the property comprising the Development. It is possible that current or future property owners will obtain additional geotechnical and other studies and/or assessments of the property for the purpose of identifying conditions of the subject property that may impact development and making recommendations for the appropriate course of particular development activities.

Market Study

The District has retained Zonda Advisory, Centennial, Colorado, to prepare a report, dated July 22, 2024, as most recently revised August 12, 2024, and an addendum thereto entitled "Monthly Snapshot: Economic & Housing Indicators Impacting the Colorado Front Range" dated [____], 2024 (together, as previously defined, the "Market Study") to assesses the pricing and annual absorption for the Development

based upon an analysis of the market area as well as other competing communities, conceptually competitive developments and other factors more particularly set forth in the Market Study. The Market Study provides an assessment of absorption and home prices based on current market conditions, which conditions are comprised solely of those specifically identified in the Market Study. The Market Study is attached hereto as APPENDIX B and should be read in its entirety by prospective purchasers of the Series 2024B Subordinate Bonds. See also "FORWARD-LOOKING STATEMENTS" and "RISK FACTORS—Risks Inherent in Financial Forecast, Market Study, and Assessed Value Appreciation Report."

No assurance is provided that the Development will be completed in the manner and in the timeframes described herein or at all or that property within the Development will ultimately achieve the anticipated values described herein, in the Market Study or the Financial Forecast.

Marketing and Advertising

Marketing and advertising of the homes in the Development is expected to be undertaken by the Cardel Homes and any other Homebuilders, if any, and may include customary marketing tools, such as local signage, website, social media, print and radio advertising, grand opening events, and model homes with on-site sales force.

It is anticipated that Cardel Homes will provide information on its website regarding the Development as development therein progresses. However, none of such material should be deemed incorporated into this Limited Offering Memorandum.

Competition

The Development is expected to compete with active competitive residential developments in the Town, the County and the Denver metropolitan area. Such competition may adversely affect the rate of development within the District, all as more particularly described in the Market Study attached as APPENDIX B hereto.

Schools

The Development is currently served by Douglas County School District RE-1, currently including the following schools:

Schools

Name of School	Grades Served	Approximate Distance from the Development
Flagstone Elementary School	Pre-K-6	1 mile
Mesa Middle School	6-8	Located in Development
Douglas County High School	9-12	5 miles

Public Land Dedication. In accordance with the Bella Mesa PDP, the Developer has dedicated an approximately 12-acre parcel within the Remaining Development to the Town, which is anticipated to include an elementary school (the "Public Land Dedication"). The Town is expected to deed the site to the School District when student attendance from new homes within the Remaining Development makes the elementary school necessary. *There is no assurance that such expansion will occur in the near future, if ever.*

The Developer and Cardel Homes

The Developer. The developer of Bella Mesa is Fourth Investment USA, LLC, a Colorado limited liability company (the "Developer"). The primary persons at the Developer who are responsible for the development of Bella Mesa are Christiane Hepfer, Andreas K. Bremer, and consulting manager John V. Hill.

*Christiane H*epfer. Ms. Hepfer is the founder and Chairman of International Capital, LLC. Ms. Hepfer specializes in structuring real estate acquisitions, dispositions, asset management and strategic planning on behalf of investors, and has participated in more than $350 Million in real estate transactions. Ms. Hepfer received a Masters in Economics from Wurzburg University.

Andreas Bremer. Mr. Bremer is the President and CEO of International Capital, LLC. Mr. Bremer manages a real estate portfolio of more than $320 Million on behalf of International Capital, LLC, and has over 30 years of financial and general management experience in corporate finance and commercial lending. Mr. Bremer is a Certified Commercial Investment Member (CCIM).

John V. Hill, Consulting Manager. Mr. Hill's 53-year career includes real estate planning, engineering, financing management, contracting, and construction management for both residential and commercial developments. Mr. Hill has worked in numerous states and internationally, serves on the board of directors of metropolitan districts, and currently manages the development operations of Colorado Land Management, LLC, Green Valley Homes, LLC and BV Firewheel, LLC, which are all active Colorado builder-developers. Mr. Hill graduated from Southern Methodist University in 1971 (BSCE) and 2023 (MDR). Mr. Hill has currently active professional engineering registrations in Texas and Florida.

Cardel Homes. Cardel Homes is an international homebuilder that has constructed more then 20,000 homes across North America in Colorado, USA; Florida, USA; Alberta, Canada; and Ontario, Canada. It was founded in Calgary, Alberta, Canada in 1973. Cardel Homes is currently active in four Denver area communities, building homes at Westminster Station in Westminster; at Deer Creek at Ken Caryl Ranch; in Vivant in Douglas County; and in Three Hills in Jefferson County.

DISTRICT FINANCIAL INFORMATION

The Series 2024B Subordinate Bonds are payable from, among other sources, revenues resulting from certain ad valorem property taxes imposed by the District. Certain information pertaining to such ad valorem property taxes and other Subordinate Pledged Revenue, 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 Series 2024B Subordinate Bonds. For a complete description of revenues pledged to the payment of the Series 2024B Subordinate Bonds, see "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds."

Ad Valorem Property Taxes

The 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.

Reimbursed Property Tax Reduction for Senior Citizens, Disabled Veterans and Surviving Spouses. Article X, Section 3.5 of the State Constitution grants a property tax reduction to qualified senior citizens, qualified disabled veterans, and qualified surviving spouses of United States armed forces service members who died in the line of duty or veterans whose death resulted from a service-related injury or disease. Generally, the reduction (a) reduces property taxes for qualified persons 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. In addition, for property tax years 2025 and 2026, the assessed value of owner-occupied senior primary residences for those who have previously qualified for the existing senior homestead exemption but are currently ineligible is reduced with the State reimbursing local governments for any decrease in property tax revenue resulting from the reduction.

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 2023 levy/2024 collection year are based on market data obtained from the period January 1, 2021–June 30, 2022. "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.

Gallagher Amendment Repeal. The assessment ratio of residential property previously changed 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 assessment year commencing January 1, 1985 (the "Gallagher Amendment"). The Gallagher Amendment required that statewide residential assessed values 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 was established at 29% of the actual value of commercial property (including vacant land and undeveloped lots) and the residential assessment rate fluctuated. The residential assessment ratio (which is a percentage of the "actual" value of property as determined by the county assessor) had been 7.96% since the 2003 assessment year; however, the residential rate changed to 7.20% for assessment years 2017 and 2018 (collection years 2018 and 2019) and further reduced to 7.15% for assessment years 2019 and 2020 (collection years 2020 and 2021).

In 2020, voters in Colorado approved a constitutional amendment to repeal the Gallagher Amendment (the "Gallagher Amendment Repeal"). As a result, assessment ratios are frozen at their current levels until the next assessment year for which the Colorado General Assembly adjusts one or more of the assessment ratios. The Gallagher Amendment Repeal still permits the Colorado General Assembly to adjust any assessment ratio in a downward fashion but no longer obligates a downward residential assessment ratio (an upward adjustment may require a state-wide vote under the State Constitution).

[Remainder of Page Intentionally Left Blank]

Current Assessment Ratios. Since 2020, the General Assembly has enacted property tax legislation, among other things, creating new property classes and adjusting the assessment ratios for various property classes. The below table sets forth information regarding the current assessment ratios for residential and commercial property classes in the State.

	2022	2023		2024		2025		2026		2027 and Future Years	
Type of Property	**2022 Assessment Rate**	**2023 Assessment Rate**	**2023 Actual Value Adjustment**	**2024 Assessment Rate**	**2024 Actual Value Adjustment**	**2025 Assessment Rate [1]**	**2025 Actual Value Adjustment**	**2026 Assessment Rate [1]**	**2026 Actual Value Adjustment**	**Assessment Rate [1]**	**Actual Value Adjustment**
Residential											
Multi-Family	6.8%	6.7%	-$55,000	6.7%	-$55,000	6.15% (growth rate > 5%) [2] 6.25% (growth rate < 5%) [2]	-- [3]	6.7% (growth rate > 5%) [2] 6.8% (growth rate < 5%) [2]	- lesser of 10% of actual value or $70,000 [3, 4]	6.7% (growth rate > 5%) [2] 6.8% (growth rate < 5%) [2]	- lesser of 10% of actual value or $70,000 [3, 4]
All Other Residential	6.95%	6.7%	-$55,000	6.7%	-$55,000	6.15% (growth rate > 5%) [2] 6.25% (growth rate < 5%) [2]	-- [3]	6.7% (growth rate > 5%) [2] 6.8% (growth rate < 5%) [2]	- lesser of 10% of actual value or $70,000 [3, 4]	6.7% (growth rate > 5%) [2] 6.8% (growth rate < 5%) [2]	- lesser of 10% of actual value or $70,000 [3, 4]
Non-Residential											
Lodging	29%	27.9%	-$30,000	27.9%	-$30,000	27%	--	25%	--	25%	--
Renewable Energy	26.4%	26.4%	--	26.4%	--	27%	--	26%	--	25%	--
Agricultural	26.4%	26.4%	--	26.4%	--	27%	--	25%	--	25%	--
Vacant Land	29%	27.9%	--	27.9%	--	27%	--	26%	--	25%	--
Commercial	29%	27.9%	-$30,000	27.9%	-$30,000	27%	--	25%	--	25%	--
Industrial	29%	27.9%	--	27.9%	--	27%	--	26%	--	25%	--

Footnotes on following page.

[1] This table reflects the residential assessment rate for purposes of a mill levy imposed by a local governmental entity only. Legislation passed in 2024 created different residential assessment rates for purposes of a mill levy imposed by a school district.
[2] The applicable residential ratio for 2025 and 2026 will be determined by a statewide actual growth rate.
[3] For property tax years 2025-2026, if there are sufficient excess state revenues, the valuation for assessment for qualified senior primary residential real property is reduced. See "—Reimbursed Property Tax Reduction for Senior Citizens, Disabled Veterans, and Surviving Spouses."
[4] The amount of $70,000 is to be increased for inflation in the first year of each subsequent reassessment cycle.

Certain local governments are eligible for reimbursement for reductions in property tax revenue resulting from the temporary reductions in the assessment rates described above. However, because the District is required to adjust its 2020 Required Mill Levy and Subordinate Required Mill Levy in the event of in the event of changes in the method of calculating assessed valuation or any constitutionally mandated or statutorily authorized tax credit, cut, or abatement, as described herein, it is not anticipated that the District will have a reduction in property tax revenue from the above-described changes in assessment rates.

The Financial Forecast assumes that the residential assessment rate will adjust to 6.8% in property tax year 2026 and remain at 6.8% for the life of the Bonds. In additional, the Financial Forecast assumes that the actual value adjustments beginning in property tax year 2026 will be increased for inflation at the rate of 2% each reassessment cycle. It does not reflect any other changes to the assessment ratios that have been or may be enacted into law in the future. Any changes to the assessment ratios are not anticipated to affect the amount of revenue derived from the 2020 Required Mill Levy and Subordinate Required Mill Levy due to language in the definitions thereof requiring adjustment thereof in the event of changes in the method of calculating assessed valuation. See "RISK FACTORS—Risk of Reductions in Assessed Value; Assessed Valuation Procedures and Factors; Market Value of Land."

Property Tax Limit. In addition to the above-described assessment ratios, local governments are also subject to an annual limit (the "Property Tax Limit") on property tax revenue for a given property tax year (the "Qualified Property Tax Revenue"). To prevent the Qualified Property Tax Revenue from exceeding the Property Tax Limit, the local governmental entity is required to either (a) enact a temporary property tax credit or (b) temporarily reduce the mill levy imposed by the local governmental entity. In the event the local governmental entity does not comply with either (a) or (b), then it is required to refund any Qualified Property Tax Revenue in excess of the Property Tax Limit.

The Property Tax Limit is generally calculated as the Base Amount of the Qualified Property Tax Revenue increased by the total of the Growth Rate Percentage and then increased by the Carryover Amount. The "Base Amount" means the amount of Qualified Property Tax Revenue collected and lawfully retained from whichever property tax year in a previous reassessment cycle was the property tax year for which the District collected and lawfully retained the most property tax revenue. "Carryover Amount" generally means the difference between the Base Amount that was applicable for the most recent reassessment cycle increased by the Growth Rate Percentage for that reassessment cycle, and the Qualified Property Tax Revenue from the year with the greatest Qualified Property Tax Revenue from the most recent reassessment cycle. "Growth Rate Percentage" means 5.25% multiplied by the number of property tax years in the current reassessment cycle.

Qualified Property Tax Revenue is exclusive of property tax revenue from certain sources, including, among other things, new construction, annexed property, revenue attributable to the expiration of a tax increment financing area, revenue from producing mines or lands or leaseholds producing oil or gas, revenue for the payment of bonds or other contractual obligations that have both been approved by a majority of the local governmental entity's voters voting thereon and are outstanding as of November 5, 2024, revenue for the payment of bonds and other contractual obligations issued in accordance with existing voted authorization of a local governmental entity approved by a majority of the local governmental entity's voters voting thereon as of November 5, 2024, revenue attributable to specific ownership taxes, and revenue attributable to new mills approved by voters in an election occurring on or after November 5, 2024.

The legislation enacting the Property Tax Limit stated that none of its provisions impair the existing voted authorization of a local governmental entity approved by a majority of its voters voting thereon in accordance with section 20 of article X of the Colorado constitution as of November 5, 2024. Accordingly, the District's voted authorization obtained at the Election is not impaired, including its authorization to issue general obligation debt, such as the Bonds, to impose a property tax mill levy to pay the same and to

retain all revenues received by the District notwithstanding the revenue limitations imposed by Section 29-1-303 C.R.S. and TABOR. See "—Constitutional Amendment Limiting Taxes and Spending" below for a discussion of the revenue limitations of TABOR. A local governmental entity's governing body is authorized to submit to the local governmental entity's electors the question of whether the entity may waive the Property Tax Limit for a single property tax year, a specified number of property tax years, or all future property tax years.

The Series 2024B Subordinate Bonds are being issued in accordance with existing voted authorization of the District, as described in "DEBT STRUCTURE—Authorized but Unissued Debt." Accordingly, it is anticipated that repayment of the Series 2024B Subordinate Bonds will not be subject to the Property Tax Limit and that the property tax revenue generated from the Subordinate Required Mill Levy will not be included in the calculation of the Property Tax Limit. It is also anticipated that repayment of the Series 2020 Senior Bonds will not be subject to the Property Tax Limit and that the property tax revenue generated from the 2020 Required Mill Levy will not be included in the calculation of the Property Tax Limit. However, property tax revenue produced by the District's operations mill levy may be included in the Property Tax Limit unless the District obtains subsequent voter approval to waive the Property Tax Limit. [GENERAL COUNSEL TO CONFIRM]

Assessment Appeals. Beginning in May of each year, each county assessor hears taxpayers' objections to property valuations, and the county board of equalization hears assessment appeals. The assessor is required to complete the assessment roll of all taxable property no later than August 25 each year. The abstract of assessment prepared therefrom is reviewed by the State property tax administrator. Assessments are also subject to review at various stages by the State board of equalization, the State board of assessment appeals and the State courts. Therefore, the District's assessed valuation may be subject to modification as a result of the review of such entities. In the instance of the erroneous levy of taxes, an abatement or refund must be authorized by the board of county commissioners. In no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year following the year in which the taxes were levied. Refunded or abated taxes are prorated among all taxing jurisdictions which levied a tax against the property.

Taxation Procedure. The assessed valuation and statutory "actual" valuation of taxable property within the District is required to be certified by the County Assessor to the District no later than August 25 each year. Such value is subject to recertification by the County Assessor prior to December 10. The Board then determines a rate of levy which, when levied upon such certified assessed valuation, and together with other legally available revenues, will raise the amount required annually by the District for its General 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 County 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 2023, for example, are being collected in 2024. 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, 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 County 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

The District's assessed valuation, mill levies and ad valorem property tax collections from levy year 2019 (collection year 2020) to date are set forth in the following tables. See "—Ad Valorem Property Taxes" above for a description of the assessment ratios for taxable property used in each of such years. See also "—Constitutional Amendments Limiting Taxes and Spending" below.

TABLE III
History of Assessed Valuation and Mill Levies for the District [1]

Levy/Collection Year	Assessed Valuation	General Fund Mill Levy	Debt Service Fund Mill Levy	Total Mill Levy
2019/2020	$1,840,700	20.000	0.000	20.000
2020/2021	2,500,850	20.000	55.664	75.664
2021/2022	4,164,150	20.000	55.664	75.664
2022/2023	5,000,540	20.402	56.783	77.185
2023/2024	7,252,430	13.509	64.159	77.668
2024/2025 [1]	7,298,100	n/a	n/a	n/a

[1] Preliminary value as certified by the County Assessors on August 20, 2024. Such value is subject to change prior to the final December10, 2024 certification date. See "—Ad Valorem Property Taxes" above. Mill levies for the 2024 levy year, for the collection of ad valorem property taxes in 2025, are to be certified in December 2024.
Source: State of Colorado Property Tax Annual Reports 2019-2023 and the County Assessor

TABLE IV
History of Property Tax Collections [1]

Levy/Collection Year	Taxes Levied	Taxes Collected	Tax Collections as Percent of Tax Levied
2019/2020	$ 36,814	$ 36,814	100.00%
2020/2021	189,224	189,225	100.00
2021/2022	315,076	315,077	100.00
2022/2023	385,967	385,726	99.94
2023/2024 [2]	563,282	558,056	99.07

[1] Figures do not include treasurer's fees, abatements or interest payable on abatements.
[2] Collections through June 30, 2024.
Sources: State of Colorado Property Tax Annual Reports 2019-2023, the District's 2019 application for exemption from audit, the District's audited financial statements for the years ended December 31, 2020 through December 31, 2023, and the County Treasurer

The following tables set forth the preliminary 2024 assessed and statutory "actual" valuations of specific classes of real and personal property within the District as certified by the County Assessor, which is subject to change prior to the final December10, 2024 certification date. As shown below, residential property accounts for the largest percentage of the District's assessed valuation.

TABLE V
Preliminary 2024 Assessed and "Actual" Valuation of Classes of Property in the District [1]

Property Class	Assessed Valuation	Percent of Assessed Valuation	"Actual" Valuation	Percent of "Actual" Valuation
Residential	$6,817,550	93.42%	$101,755,839	98.33%
Vacant Land	376,880	5.16	1,350,815	1.31
State Assessed	82,400	1.13	295,299	0.28
Agricultural	21,270	0.29	80,594	0.08
Total	$7,298,100	100.00%	$103,482,547	100.00%

[1] Preliminary value as certified by the County Assessors on August 20, 2024. Such value is subject to change prior to the final December10, 2024 certification date.
Source: County Assessor's Office

Largest District Taxpayers. Set forth below in the following table are the persons or entities which represent the 2023 largest taxpayers within the District, as provided by the County Assessor's Office. Largest taxpayer information for the 2024 levy year (2025 collection year) is not available from the County Assessor until after the final certification in December 2024. No independent investigation has been made of, and no representation is made herein, as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the taxable valuation of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

TABLE VI
2023 Largest Taxpayers in the District [1, 2]

Taxpayer Name	2023 Assessed Valuation	Percent of Total Assessed Valuation
Fourth Investment USA LLC	$397,970	5.49%
Homeowner	43,170	0.60
Homeowner	41,660	0.57
Homeowner	40,740	0.56
Homeowner	40,630	0.56
Homeowner	40,130	0.55
Homeowner	39,770	0.55
Homeowner	39,550	0.54
Homeowner	39,500	0.54
Homeowner	39,470	0.54
Total	$762,590	

[1] The District's 2023 certified assessed valuation used in computing the above is $7,252,430.
[2] Largest taxpayer information for the 2024 levy year (2025 collection year) is not available from the County Assessor until after the final certification in December 2024.
Source: County Assessor's Office

Overlapping Mill Levies. Numerous entities are 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, based on parcel information provided by the Developer, there are currently seven taxing entities overlapping all or a portion of the District. There is currently only one total mill levy assessed against all property owners within the District, as set forth in the following table; however, property owners within the District may be subject to different mill levies in the future depending on the location of their property. Additional taxing entities may overlap the District in the future. See also "DEBT STRUCTURE—General Obligation Debt—*Estimated Overlapping General Obligation Debt*."

TABLE VII
Total 2023 Mill Levies of the District [1]

Taxing Entity	Mill Levy
Castle Rock (Town of)	0.920
Cedar Hill Cemetery Association	0.104
Cherry Creek Basin Water Quality Authority	0.425
Douglas County	19.774
Douglas County School District RE-1	45.934
Douglas County Soil Conservation District	0.000
Douglas Public Library District	3.513
Total Overlapping Mill Levy	77.863
The District	77.668
Total Mill Levy	148.338

[1] One mill equals 1/10 of one cent. Mill levies certified in 2023 are for the collection of ad valorem property taxes in 2024.
Sources: County Assessor's office

Fees

The District does not currently impose any fees and is not anticipated to do so in the future.

Specific Ownership Taxes

Specific ownership taxes represent the amounts received by the District from the State pursuant to statute primarily on motor vehicle licensing. Such tax is collected by all counties and distributed to every taxing entity within a county, such as the District, in the proportion that the taxing entity's ad valorem taxes represents the cumulative amount of ad valorem taxes levied county-wide. The portion of the specific ownership tax that is collected as the result of the District's operations and maintenance mill levy is anticipated to be applied to operation and maintenance costs of the District. The portion of specific ownership taxes that is allocable to the District's Subordinate Required Mill Levy is pledged to the payment of the Series 2024B Subordinate Bonds and are not available for other purposes. See "THE SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds—*Specific Ownership Tax*." The portion of specific ownership taxes that is allocable to the District's 2020 Required Mill Levy is pledged to the payment of the Series 2020 Senior Bonds and are not available for other purposes. See "DEBT STRUCTURE."

Operating Mill Levy; Other Funding of Operations and Maintenance; Other Revenue Sources

The Service Plan does not limit the mill levy that can be imposed by the District for administration, operation, and maintenance costs. See "THE DISTRICT—Service Plan Authorizations and Limitations."

In 2023 (for collection in 2024), the District imposed an operating mill levy of 13.509 mills to pay operation and maintenance costs.

Other revenues available to the District for the funding of administration, operations, and maintenance costs and the payment of debt service include interest and other earnings of investments (excluding earnings on funds held by the Trustee) and, to the extent not prohibited by other contractual obligations, fees, rates, tolls, penalties, or charges allowed under the Service Plan.

The District may apply other legally available funds and revenues to the payment of debt service on the Series 2024B Subordinate Bonds, and upon the application of such other funds and revenues, the debt service mill levy imposed for the payment of the Series 2024B Subordinate Bonds may, to the extent, be diminished, subject to the requirements of the Subordinate Required Mill Levy. However, the Series 2024B Subordinate Bonds do not constitute a lien or encumbrance on such revenues.

District Funds, Accounting Policies and Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The District has created three governmental funds: a General Fund to provide for the payment of general operating expenditures; a Debt Service Fund to provide for the payments of principal and interest on the Series 2024B Subordinate Bonds; and a Capital Projects Fund to provide for the infrastructure costs that are to be built for the benefit of the District.

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.

Historical Financial Information. Set forth hereafter is a comparative statement of revenues, expenditures, and changes in fund balance for the District's General Fund, Debt Service Fund, and Capital Projects Fund. Such information should be read together with the audited financial statements and accompanying notes appended as APPENDIX B hereto. Preceding years' financial statements may be obtained from the sources noted in "INTRODUCTION—Additional Information."

TABLE VIII
History of General Fund Revenues, Expenditures, and Changes in Fund Balances

	Unaudited 2019	2020	2021	2022	2023
Revenues:					
Property Taxes	$ 52,201	$ 36,814	$ 50,017	$ 83,283	$101,957
Specific Ownership Taxes	5,236	3,176	4,823	7,365	9,461
Interest Income	5,493	920	27	1,515	1,909
Total Revenues	62,930	40,910	54,867	92,163	113,327
Expenditures:					
General Government [1]	104,594	--	--	--	--
Accounting	--	11,168	18,825	24,269	26,417
Audit	--	--	5,000	5,500	6,100
Legal	--	12,050	10,617	18,831	47,816
Election Expense	--	--	--	3,894	5,813
Insurance and Bonds	--	2,612	2,677	2,469	5,680
District Management	--	45,750	42,000	42,000	42,000
County Treasurer's Fees	--	552	750	1,249	1,530
Miscellaneous	--	--	--	57	--
Website	--	--	--	400	--
Dues and Subscriptions	--	375	408	398	398
Total Expenditures	104,594	72,507	80,277	99,067	135,754
Net Change in Fund Balance	(41,664)	(31,597)	(25,410)	(6,094)	(22,427)
Beginning Fund Balance	249,402	207,739	176,142	150,732	143,828
Ending Fund Balance	$207,738	$176,142	$150,732	$143,828	$121,401

[1] The category "General Government" appears only in the District's application for exemption from audit for the year ended December 31, 2019, and is not separated into the specific expenditure categories set forth in the above table.
Source: The District's application for exemption from audit for the year ended December 31, 2019 and the District's Audited Financial Statements for the years ended December 31, 2020 through December 31, 2023

TABLE IX
History of Debt Service Fund Revenues, Expenditures, and Changes in Fund Balances

	2019[1]	2020	2021	2022	2023
Revenues:					
Property Taxes	$ --	--	$ 139,208	$ 231,794	$ 283,769
Specific Ownership Taxes	--	--	13,425	20,497	26,331
Interest Income	--	$ 2,412	660	32,424	110,525
Total Revenues	--	2,412	153,293	284,715	420,625
Expenditures:					
County Treasurer's Fees	--	--	2,088	3,477	4,258
Paying Agent Fees	--	--	4,000	4,000	4,000
Total Expenditures	--	--	6,088	7,477	8,258
Excess (Deficiency) of Revenues Over Expenditures	--	2,412	147,205	277,238	412,367
Other Financing Sources (Uses):					
Transfers from (to) Other Funds	--	1,574,796	--	--	--
Total	--	1,574,796	--	--	--
Net Change in Fund Balance	--	1,577,208	147,205	277,238	412,367
Beginning Fund Balance	--	--	1,577,208	1,724,413	2,001,651
Ending Fund Balance	$ --	$1,577,208	$1,724,413	$2,001,651	$2,414,018

[1] The District did not create a Debt Service Fund until 2020, as set forth in the District's Amended 2020 Budget. See "—Budget and Appropriation Procedure" below.
Source: The District's Audited Financial Statements for the years ended December 31, 2020 through December 31, 2023

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TABLE X
History of Capital Projects Fund Revenues, Expenditures, and Changes in Fund Balances

	Unaudited 2019	2020	2021	2022	2023
Revenues:					
Interest Income	$ --	$ 14,127	$ 1,996	$ 43,475	$ 108,534
Total Revenues	--	14,127	1,996	43,475	108,534
Expenditures:					
Accounting	--	135	--	--	--
Legal	--	256	--	2,268	1,194
District Management	--	42,186	--	70,725	139,458
Miscellaneous	--	--	275	--	--
Bond Issue Cost	20,343	619,810	--	--	--
Engineering	11,832	31,077	92,527	41,648	167,144
Construction Management	--	--	44,400	--	--
Parks and Recreation	--	305,889	1,055,651	43,212	--
Streets	--	3,919,861	1,635,638	451,970	519,854
Sewer	--	1,143,876	626,100	30,836	--
Storm Drainage	--	--	--	71,451	--
Water	--	960,335	412,655	30,860	--
Total Expenditures	32,175	7,023,425	3,867,246	742,970	827,650
Excess (Deficiency) of Revenues Over Expenditures	(32,175)	(7,009,298)	(3,865,250)	(699,495)	(719,116)
Other Financing Sources (Uses):					
Transfers from (to) Other Funds	--	(1,574,796)	--	--	
Bond Issuance	--	15,747,961	--	--	
Developer Advance	--	--	--	--	150,000
Total	--	14,173,165	--	--	150,000
Net Change in Fund Balance	(32,175)	7,163,867	(3,865,250)	(699,495)	(569,116)
Beginning Fund Balance	--	(32,175)	7,131,692	3,266,442	2,566,947
Ending Fund Balance	$(32,175) [1]	$ 7,131,692	$3,266,442	$2,566,947	$1,997,831

[1] According to the District, the negative balance in the Capital Projects Fund for the year ended December 31, 2019, is due to year-end cutoff and timing.
Source: The District's application for exemption from audit for the year ended December 31, 2019 and the District's Audited Financial Statements for the years ended December 31, 2020 through December 31, 2023

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 2024 budget and appropriation resolution pursuant to the procedures described above and filed such budget with the State Division of Local Government.

Budgeted Financial Information. Set forth hereafter is a comparison of the District's 2023 and 2024 budgets (as adopted), as well as a comparison to the 2024 year-to-date unaudited figures for the District's General Fund, Debt Service Fund, and Capital Projects Fund.

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TABLE XI
General Fund Budget Summary

	2023 Budget (as adopted)	2024 Budget (as adopted)	2024 Actual Year-to-Date (unaudited) [1]
Beginning Fund Balance	$142,715	$118,349	$121,401
Revenues			
Property Taxes	102,021	97,973	98,099
Specific Ownership Tax	9,182	8,818	3,624
Interest Income	19,000	4,000	2,280
Total Revenues	130,203	110,791	104,003
Total Funds Available	272,918	229,140	225,404
Expenditures			
General and Administrative			
Accounting	25,000	27,500	13,568
Auditing	6,000	7,000	4,000
County Treasurer's Fee	1,530	1,470	1,472
Dues and Membership	500	500	387
Insurance and Bonds	4,000	7,000	13,568
District Management	45,000	45,000	21,000
Legal Services	18,000	40,000	22,715
Website	1,000	1,030	--
Miscellaneous	--	100	--
Election	13,000	--	--
Contingency	5,970	8,400	--
Operations and Maintenance			
Drainage System Maintenance	35,000	5,000	--
Total Expenditures	155,000	143,000	76,710
Ending Fund Balance	$117,918	$ 86,140	$148,694

[1] Unaudited actual year to date through June 30, 2024.
Source: District Adopted 2023 and 2024 Budgets and the District's accountant

TABLE XII
Debt Service Fund Budget Summary

	2023 Budget (as adopted)	2024 Budget (as adopted)	2024 Actual Year-to-Date (unaudited) [1]
Beginning Fund Balance	$1,988,530	$2,403,338	$2,414,018
Revenues			
Property Taxes	283,946	465,309	465,908
Specific Ownership Tax	25,555	41,878	17,210
Interest Income	32,000	100,000	67,980
Total Revenues	341,501	607,187	551,098
Total Funds Available	2,330,031	3,010,525	2,965,116
Expenditures			
County Treasurer's Fee	4,259	6,980	6,989
Paying Agent Fees	4,000	4,000	4,000
Contingency	1,741	2,020	--
Total Expenditures	10,000	13,000	10,989
Ending Fund Balance	$2,320,031	$2,997,525	$2,954,127

[1] Unaudited actual year to date through June 30, 2024.
Source: District Adopted 2023 and 2024 Budgets and the District's accountant

TABLE XIII
Capital Projects Fund Budget Summary

	2023 Budget (as adopted)	2024 Budget (as adopted)	2024 Actual Year-to-Date (unaudited) [1]
Beginning Fund Balance	$1,915,442	$1,968,947	$1,997,831
Revenues			
Interest Income	143,000	10,000	1,958
Total Revenues	143,000	10,000	1,958
Total Funds Available	2,058,442	1,978,947	1,999,789
Expenditures			
General and Administrative			
District Management	53,000	50,000	84,425
Legal Services	5,442	6,947	--
Bond Issue Costs	--	--	15,927
Capital Projects			
Storm Drainage	85,000	--	--
Park and Recreation	400,000	--	--
Streets	700,000	1,832,000	303,634
Engineering	75,000	90,000	115,369
Sewer	350,000	--	--
Water	390,000	--	-
Total Expenditures	2,058,442	1,978,947	519,355
Ending Fund Balance	$ --	$ --	$1,480,434

[1] Unaudited actual year to date through June 30, 2024.
Source: District Adopted 2023 and 2024 Budgets and the District's accountant

***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.

Management Discussion of Material Trends

The independent auditor's report attached hereto as APPENDIX H states that in the audited financial statements for the District for the year ended December 31, 2023, management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. According to auditor officials, the opinion on the basic financial statements is not affected by this missing information.

Deposit and Investment of District Funds

State statutes set forth requirements for the deposit of District funds in eligible depositaries 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 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 general liability, auto/property liability, and public officials liability insurance coverage. Since 2001, CSDPLP has also offered workers compensation insurance. The District's current policies expire on December 31, 2024, if not renewed by the District. There is no assurance that the District will continue to maintain its current levels of coverage.

The Subordinate Indenture require that the District carry general liability, public officials liability, and such other forms of insurance coverage on insurable District property upon the terms and conditions, and in such amount, as in the judgment of the District will protect the District and its operations.

Constitutional Amendment Limiting Taxes and Spending

On November 3, 1992, Colorado voters approved an amendment to the State Constitution, which is commonly referred to as the Taxpayer's Bill of Rights, or Amendment One ("TABOR"), and now constitutes Article X, Section 20 of the State Constitution. TABOR imposes various limits and new requirements on the State and all Colorado local governments which do not qualify as "enterprises" under TABOR (each of which is referred to in this section as a "governmental unit"). Any of the following actions, for example, now require voter approval in advance: (a) any increase in a governmental unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor" based on the net percentage change in actual value of all real property in a governmental unit from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property for government units other than school districts, and the percentage change in student enrollment for a school district; (b) any increase in the real property tax revenues of a local governmental unit (not including the State) from one year to the next in excess of inflation plus the appropriate "growth factor" referred to in clause (a) above; (c) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (d) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. Elections on such matters may only be held on the same day as a State general election, at the governmental unit's regular biennial election or on the first Tuesday in November of odd numbered years, and must be conducted in accordance with procedures described in TABOR.

Revenue collected, kept or spent in violation of the provisions of TABOR must be refunded, with interest. TABOR requires a governmental unit to create an emergency reserve of 3% of its fiscal year spending (excluding bonded debt service) in 1995 and subsequent years. TABOR provides that "[w]hen [a governmental unit's] annual…revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, the [voter approval requirement for mill levy and other tax increases referred to

in clause (c) of the preceding paragraph and the voter approval requirement for spending and real property tax revenue increases referred to in clauses (a) and (b) of the preceding paragraph] will be suspended to provide for the deficiency." The preferred interpretation of TABOR will, by its terms, be the one that reasonably restrains most the growth of government.

Revenue Retention and Spending Authorization. At the Election, voters of the District approved an election question allowing the District to collect, receive, retain, and spend its revenues without regard to the revenue and spending limitations of TABOR.

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 Subordinate Indenture, the District may issue Additional Obligations subject to certain conditions, as more particularly described in "THE SERIES 2024B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions—*Additional Obligations*." In addition, the issuance of additional debt is restricted by: (a) State statutes that restrict the amount of debt issuable by special districts; (b) the availability of electoral authorization; and (c) the District's Service Plan, all as described below.

Statutory Debt Limit. The District is subject to a statutory general obligation debt limitation established pursuant to Section 32-1-1101(6), C.R.S. 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 such special district's assessed valuation. Since, upon issuance of the Series 2024B Subordinate Bonds, the general obligation indebtedness of the District represented by the Series 2024B Subordinate Bonds will exceed 50% of the District's assessed valuation, the District has determined to restrict the sale of the Series 2024B Subordinate 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 Series 2024B Subordinate Bonds are permitted under Section 32-1-1101(6), C.R.S.

Required Elections. 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 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 "USE OF PROCEEDS AND DEBT SERVICE REQUIREMENTS—Application of Series 2024B Subordinate Bond Proceeds" and "DISTRICT FINANCIAL INFORMATION —Constitutional Amendment Limiting Taxes and Spending."

Service Plan Limitations. The District is not limited by the Service Plan as to the amount of debt it may issue. See "—General Obligation Debt—*Service Plan Debt Limits*" below.

General Obligation Debt

Election. At the Election, the District's eligible electors voting at such election approved indebtedness of $40,474,600 to finance the costs of designing, acquiring, constructing, relocating, installing, completing and otherwise providing Public Improvements. The District has previously allocated the original principal amount of the Series 2020 Senior Bonds ($15,747,961) and, as a result, has $24,726,639 in authorization remaining for Public Improvements. The District's eligible electors also

approved, among other things, an additional $40,474,600 of indebtedness to refund certain existing debt of the District.

Voter Authorized but Unissued Debt and Outstanding General Obligation Debt. The District expects to allocate voted authorization from the categories of Public Improvements and refundings obtained at the Election to the indebtedness of the Series 2024B Subordinate Bonds. The District is allocating the total Series 2024B Subordinate Bond principal of $[_____]* to the voted authorization for Public Improvements.

Following the issuance of the Series 2024B Subordinate Bonds, the District will have voter authorized but unissued indebtedness authorized at the Election in the amount of $[_____]* for Public Improvements and $40,474,600 for refundings. See "—*Service Plan Debt Limits*" below for additional limitations on the District's ability to issue debt.

Service Plan Debt Limits. The Service Plan does not provide for a maximum principal amount of debt that District may issue.

Outstanding General Obligation Debt. Following the issuance of the Series 2024B Subordinate Bonds, the Series 2020 Senior Bonds and the Series 2024B Subordinate Bonds will constitute the District's only outstanding general obligation debt.

TABLE __
Summary of Outstanding General Obligation Debt [1]

Series	Lien Priority	Mill Levy Pledge [2]	Principal Amount Outstanding
Series 2020 Senior Bonds	First	50 mills [3]	$_____
Series 2024B Subordinate Bonds	Second	50 mills [3] less the Senior Obligation Mill Levy [4]	$[PAR B]*
TOTAL			$_____

_____
[1] Assumes the issuance of the Series 2024B Subordinate Bonds.
[2] Describes the basic source of payment. A full description of the mill levy pledge and security for the Series 2024B Subordinate Bonds is provided in "SERIES 2024B SUBORDINATE BONDS" and a full description of the mill levy pledge and security for the Series 2020 Senior Bonds is provided below.
[3] Subject to adjustment in the event that the method of calculating assessed valuation is changed after August 24, 2004. See "SERIES 2024B SUBORDINATE BONDS—Security for the Series 2024B Subordinate Bonds—*Subordinate Required Mill Levy*."
[4] "*Senior Obligation Mill Levy*" means the sum of the 2020 Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

Series 2020 Senior Bonds. For the purpose of funding the costs of Public Improvements, the District has previously issued its Limited Tax General Obligation Convertible Capital Appreciation Bonds, Series 2020A(3) (as previously defined, the "Series 2020 Senior Bonds"), dated as of May 27, 2020, in the original principal amount of $15,747,960.95 ($22,705,000 value at the current interest conversion date), and currently outstanding in the principal amount of $_____, pursuant to an Indenture of Trust, dated as of May 1, 2020 (as previously defined, the "2020 Senior Indenture"), by and between the District and UMB Bank, n.a., as trustee (as previously defined, the "2020 Trustee"). Prior to the Current Interest Conversion Date (December 1, 2025), the Series 2020 Senior Bonds pay no current interest and accrete in value at an

accretion rate of 6.75% in accordance with the Accretion Table below, compounding semi-annually on each June 1 and December 1, commencing June 1, 2026. On and after the Current Interest Conversion Date, the Series 2020 Senior Bonds bear interest at the rate of 6.75%, payable semiannually on each June 1 and December 1, commencing on June 1, 2026. The Series 2020 Senior Bonds mature on December 1, 2049.

TABLE __
Accretion Table (Series 2020 Senior Bonds)

Date	Conv. Capital Appreciation Bond due 2049 6.75%
05/27/2020	3,467.95
06/01/2020	3,470.55
12/01/2020	3,587.65
06/01/2021	3,708.75
12/01/2021	3,833.90
06/01/2022	3,963.30
12/01/2022	4,097.10
06/01/2023	4,235.35
12/01/2023	4,378.30
06/01/2024	4,526.05
12/01/2024	4,678.80
06/01/2025	4,836.75
12/01/2025	5,000.00

The Series 2020 Bonds are payable from the "Pledged Revenue" (referred to herein as the "2020 Pledged Revenue") consisting of the following: (a) all Property Tax Revenues (generally defined as all moneys derived from the imposition by the District of the 2020 Required Mill Levy (described below); (b) all Specific Ownership Tax Revenues; (c) all Capital Fees, if any; and (d) any other legally available moneys which the District determines, in its absolute discretion to the credit to the Senior Bond Fund. The Series 2020 Bonds are additionally secured by the 2020 Reserve Fund to be funded in the amount of $1,574,796 (the "2020 Reserve Requirement") and the 2020 Surplus Fund funded from excess 2020 Pledged Revenue up to $1,574,796 (the "2020 Maximum Surplus Amount"). Notwithstanding anything in the 2020 Senior Indenture to the contrary, in the event that, on December 1, 2059, any amount of principal of or interest on the Series 2020 Senior Bonds remains unpaid after the application of all 2020 Pledged Revenue available therefor in accordance with the 2020 Indenture, the Series 2020 Senior Bonds are to be deemed discharged.

The 2020 Required Mill Levy generally consists of an ad valorem mill levy imposed upon all taxable property of the District each year in an amount which, if imposed by the District for collection in the succeeding calendar year, would generate Property Tax Revenues sufficient to pay the Series 2020 Senior Bonds, fund the 2020 Surplus Fund up to the 2020 Maximum Surplus Amount, and replenish the 2020 Reserve Fund to the 2020 Reserve Requirement, but not in excess of 50 mills (subject to adjustment in the event that the method of calculating assessed valuation is changed after August 24, 2004), provided that so long as the 2020 Surplus Fund is less than the 2020 Maximum Surplus Amount, the 2020 Required Mill Levy shall be equal to 50 mills (subject to adjustment in the event that the method of calculating assessed valuation is changed after August 24, 2004).

The Series 2020 Senior Bonds will remain outstanding upon issuance of the Series 2024B Subordinate Bonds, and the Series 2024B Subordinate Bonds are being issued on a subordinate basis to the Series 2020 Subordinate Bonds.

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's 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 the District's property owners are responsible will also change. The District is not financially or legally obligated with regard to any of the overlapping general obligation indebtedness. 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.

Douglas County School District RE-1 has outstanding general obligation debt in the amount of $310,405,000. The percentage of such debt chargeable to owners of property comprising the District is approximately 0.07%, or $217,284. Other entities overlap the District; however, such other entities do not currently have any outstanding general obligation debt. See "DISTRICT FINANCIAL INFORMATION—Ad Valorem Property Tax Data—*Overlapping Mill Levies*."

General Obligation Debt Ratios. Set forth in the following table are select historical general obligation debt ratios for the District since December 31, 2020. See "INTRODUCTION—Debt Ratios" for general obligation debt ratios for the District upon issuance and delivery of the Series 2024B Subordinate Bonds.

TABLE XIV
District Historical Debt Ratios

	Fiscal Years Ended December 31			
	2020	**2021**	**2022**	**2023**
General Obligation (Limited Tax) Debt Outstanding [1]	$16,383,305	$17,507,840	$18,709,561	$19,993,768
Estimated Population [2]	173	320	473	509
Debt Per Capita	$94,701	$54,712	$39,555	$39,280
District Assessed Value	$2,500,850	$4,164,150	$5,000,540	$7,252,430
Ratio of Debt to Assessed Value	655.11%	420.44%	374.15%	275.68%
Personal Income Per Capita (Douglas County)	$83,745	$90,447	$99,168	n/a
Ratio of Debt Per Capita to Personal Income Per Capita (Douglas County)	113.08%	60.49%	39.89%	n/a

[1] Comprised of the Series 2020 Senior Bonds.
[2] Estimate based 2.83 residents per home (being the U.S. Census persons per household average for 2018-2022 in the County), based on certificates of occupancy at each year end as reflected on the District's required filings pursuant to its continuing disclosure undertaking entered into in connection with the Series 2020 Senior Bonds. See "MISCELLANEOUS—Continuing Disclosure Agreement."
Sources: County Assessor's Office, District Audited Financial Statements, 2020-2023; State of Colorado, Division of Property Taxation, Annual Reports 2019-2022; Regional Economics Information System Bureau of Economic Analysis; and the District

Revenue and Other Financial Obligations

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

LEGAL MATTERS

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the "Governmental Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the District, for injuries which lie in tort or could lie in tort.

The Governmental Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity.

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

The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of $350,000 for claims accruing before January 1, 2018, or the sum of $387,000 for claims accruing on or after January 1, 2018, and before January 1, 2022, or the sum of $424,000 for claims accruing on or after January 1, 2022, and before January 1, 2026; (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, or the sum of $1,195,000 for claims accruing on or after January 1, 2022, and before January 1, 2026, except in such instance, no person may recover in excess of $424,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. 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 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 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 Series 2024B Subordinate Bonds are subject to approval by Ballard Spahr LLP, Denver, Colorado, as Bond Counsel. Such opinions will be dated as of and delivered at closing in substantially the form set forth in "APPENDIX F—FORMS OF BOND COUNSEL OPINIONS." Certain legal matters will be passed upon for the District by Icenogle Seaver Pogue, P.C., Denver, Colorado, as General Counsel to the District. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriter and has also assisted in the preparation of this Limited Offering Memorandum in such capacity. Ballard Spahr LLP represents the Underwriter from time to time on matters unrelated to the District or the Series 2024B Subordinate Bonds. Ballard Spahr LLP does not represent the Underwriter or any other party, except the District, in connection with the issuance of the Series 2024B Subordinate Bonds.

The legal opinions to be delivered concurrently with the delivery of the Series 2024B Subordinate 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 Series 2024B Subordinate Bonds, General Counsel to the District is expected to render an opinion stating that, to the best of its actual knowledge, and with reasonable inquiry of the electronic docket of the District Court in and for Douglas County, the United States District Court for the District of Colorado, and the United States Bankruptcy Court for the District of Colorado, there is no pending action, suit, proceeding, inquiry or investigation at law or in equity before tor by any such court to which the District is a party seeking to restrain or enjoin the issuance of any District Documents (meaning the Subordinate Indenture, the Bond Purchase Agreement, the Continuing Disclosure Agreement, and the Bond Resolution) or the District entering into any District Documents on the date of the opinion, contesting or affecting the validity or enforceability of the District Documents or the collection or pledge of revenues pursuant to the District Documents, wherein an unfavorable decision, ruling, or finding would materially adversely affect the District Documents or the transactions contemplated therein pending in which the District is a party. In addition, it is also anticipated that, in connection with the issuance of the Series 2024B Subordinate Bonds, the District will execute a certificate stating that there is no action, suit or proceeding now pending or, to the best of its actual knowledge, threatened against the District, wherein an unfavorable decision, ruling or finding would materially and adversely affect the financial condition or operations of the, the District's power to issue and deliver the Series 2024B Subordinate Bonds and the District's power to execute and perform the obligations of the Subordinate Indenture, including the power to levy ad valorem taxes as provided 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 Series 2024B Subordinate 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. In addition to other legal requirements in the Federal and State laws pertaining to municipal bankruptcy, under State law, however, the District can seek protection from its creditors under the United States Bankruptcy Code only if the District can demonstrate that, in order to meet its financial obligations as they come due, the District would be required to certify a property tax mill levy of 100 mills or more. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Series 2024B Subordinate 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.

Indenture to Constitute Contract

The Subordinate Indenture provide that it constitutes a contract among the District, the Trustee, and the Owners of the Series 2024B Subordinate Bonds, and that it will remain in full force and effect until the Series 2024B Subordinate Bonds are no longer Outstanding.

TAX MATTERS

Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of restrictions and requirements that apply to the Series 2024B Subordinate Bonds including, without limitation, (i) investment restrictions, (ii) requirements for periodic payments of arbitrage profits to the United States, and (iii) rules regarding the proper use of the proceeds of the Series 2024B Subordinate Bonds and the facilities financed or refinanced with such proceeds. The District has covenanted to comply with all of the restrictions and requirements of the Code that must be satisfied in order for the interest on the Series 2024B Subordinate Bonds to be and remain excludable from the gross income of the owners thereof for federal income tax purposes (the "Tax Covenants").

In the opinion of Ballard Spahr LLP, Denver, Colorado, Bond Counsel, interest on the Series 2024B Subordinate Bonds is excludable from gross income for purposes of federal income tax, under existing laws as enacted and construed on the date of initial delivery of the Series 2024B Subordinate Bonds, and assuming the accuracy of the certifications of the District and continuing compliance, by the District and other owners of the Public Improvements, with the requirements of the Code. Interest on the Series 2024B Subordinate Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the "adjusted financial statement income" (as defined in Section 56A of the Code) of "applicable corporations" (as defined in Section 59 of the Code) for purposes of computing the alternative minimum tax imposed on such corporations.

In rendering its opinion, Bond Counsel will rely on, and will assume the accuracy of, certain representations and certifications, and compliance by the District with certain covenants, including the Tax Covenants. Bond Counsel will not independently verify the accuracy of the District's representations and certifications. In addition, Bond Counsel has not been engaged, and will not undertake, to monitor compliance with the Tax Covenants or to inform any person as to whether the Tax Covenants are being complied with; nor has Bond Counsel undertaken to determine or to inform any person whether any actions taken or not taken, or events occurring or not occurring, after the date of issuance of the Series 2024B Subordinate Bonds may affect the federal tax status of the interest on the Series 2024B Subordinate Bonds. Failure to comply with certain of the Tax Covenants could result in the inclusion of the interest on the Series 2024B Subordinate Bonds in the gross income of the owners for federal income tax purposes, retroactive to the date of issuance of the Series 2024B Subordinate Bonds.

Certain requirements and procedures contained or referred to in the Subordinate Indenture and certain other documents executed in connection with the issuance of the Series 2024B Subordinate Bonds may be changed and certain actions (including, without limitation, defeasance of the Series 2024B Subordinate Bonds) may be taken or omitted in the future if a legal opinion is rendered at the time to the effect that such action will not cause the interest on the Series 2024B Subordinate Bonds to be included in the gross income of the owners for federal income tax purposes. The opinion of Bond Counsel rendered in connection with the initial issuance of the Series 2024B Subordinate Bonds will not address any such actions.

Original Issue Discount. Certain of the Series 2024B Subordinate Bonds may be offered at a discount ("original issue discount") equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Series 2024B Subordinate Bond accrues periodically over the term of such Series 2024B Subordinate Bond as interest, with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the Series 2024B Subordinate Bondholder's tax basis in the Series 2024B Subordinate Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Bondholders should consult their tax advisers for an explanation of the accrual rules.

Original Issue Premium. Certain of the Series 2024B Subordinate Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Series 2024B Subordinate Bond through reductions in the Series 2024B Subordinate Bondholder's tax basis for the Series 2024B Subordinate Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Bondholders should consult their tax advisers for an explanation of the amortization rules.

No Other Opinions. Bond Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2024B Subordinate Bonds.

Backup Withholding. A person making payments of tax-exempt interest to a bondholder is generally required to make an information report of the payments to the Internal Revenue Service and to perform "backup withholding" from the interest if the Series 2024B Subordinate Bondholder does not provide an IRS Form W-9 to the payor. "Backup withholding" means that the payor withholds tax from the interest payments at the backup withholding rate, currently 24%. Form W-9 sets forth the Series 2024B Subordinate Bondholder's taxpayer identification number or basis of exemption from backup withholding.

If a holder purchasing a Series 2024B Subordinate Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding from the interest on the Series 2024B Subordinate Bond.

If backup withholding occurs, it does not affect the excludability of the interest on the Series 2024B Subordinate Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

State of Colorado Tax Matters

In the opinion of Bond Counsel, under existing law, to the extent that interest on the Series 2024B Subordinate Bonds is excludable from gross income for federal income tax purposes, such interest is also excludable from gross income for State of Colorado income tax purposes and from the calculation of State of Colorado alternative minimum taxable income. Noncompliance with any of the federal income tax requirements set forth above resulting in the interest on the Series 2024B Subordinate Bonds being included in gross income for federal tax purposes would also cause such interest to be included in gross income for State of Colorado income tax purposes. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Series 2024B Subordinate Bonds, including whether interest on the Series 2024B Subordinate Bonds is exempt from taxation under the laws of any jurisdiction other than the State of Colorado.

General

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2024B Subordinate Bonds, and Bond Counsel will not express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Series 2024B Subordinate Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See "APPENDIX F—FORM OF BOND COUNSEL OPINION" hereto for the proposed form of the Bond Counsel opinion.

MISCELLANEOUS

No Rating

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

Registration of Series 2024B Subordinate Bonds

Registration or qualification of the offer and sale of the Series 2024B Subordinate Bonds (as distinguished from registration of the ownership of the Series 2024B Subordinate Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act, as amended, pursuant to exemptions from registration provided in such acts. THE DISTRICT ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2024B SUBORDINATE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SERIES 2024B SUBORDINATE

BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED.

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 Series 2024B Subordinate Bonds qualify for an exemption from registration because the Series 2024B Subordinate Bonds are being issued in authorized denominations of not less than $500,000.

Continuing Disclosure Agreement

The Underwriter has determined that the Series 2024B Subordinate 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 and the Developer have, however, agreed to enter into an agreement upon issuance of the Series 2024B Subordinate Bonds (the "Continuing Disclosure Agreement") pursuant to which the District and the Developer are to provide certain information to the Trustee on a quarterly basis and certain additional 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 E 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 Subordinate Indenture. The Continuing Disclosure Agreement provides that if the District fails to comply with its obligations thereunder, any Beneficial Owner of the Series 2024B Subordinate 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.

Prior Continuing Disclosure Obligations. The District entered into a Continuing Disclosure Agreement in connection with its issuance of the Series 2020 Senior Bonds (the "Previous Undertaking"). During the previous five years, the District has not failed to comply, in all material respects, with the Previous Undertaking it entered into with respect to Rule 15c2-12.

Interest of Certain Persons Named in this Limited Offering Memorandum

The legal fees to be paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Series 2024B Subordinate Bonds.

Independent Auditors

The basic financial statements of the District for the fiscal year ended December 31, 2023, which are appended hereto as Appendix H, have been audited by independent auditor Haynie & Company, Certified Public Accountants & Management Consultants, Littleton, Colorado, as stated in their report appearing therein. Such basic financial statements and auditor's opinion have been included in this Official Statement without the prior consent or review of the auditors. These are the most recent audited financial statements available for the District.

Underwriting

The Underwriter has agreed to purchase the Series 2024B Subordinate Bonds from the District under a Bond Purchase Agreement between the District and the Underwriter (the "Bond Purchase Agreement"). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2024B Subordinate Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including, among others, the approval of certain legal matters by counsel.

Under the Bond Purchase Agreement, the Underwriter has agreed to purchase the Series 2024B Subordinate Bonds from the District at a purchase price equal to $_____ (which is equal to the par amount of the Series 2024B Subordinate Bonds of $_____ less the Underwriter's discount of $_____).

Expenses associated with the issuance of the Series 2024B Subordinate Bonds are being paid by the District from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Series 2024B Subordinate Bonds. The Underwriter has initially offered the Series 2024B Subordinate Bonds at the prices set forth on the cover page of this Limited Offering Memorandum. Such prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2024B Subordinate 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 Series 2024B Subordinate Bond.

BELLA MESA METROPOLITAN DISTRICT

By /s/_____
President

APPENDIX A

FINANCIAL FORECAST

(Attached)

APPENDIX B

MARKET STUDY

(Attached)

APPENDIX C

SELECTED DEFINITIONS

"*Additional Obligations*" means (a) all obligations of the District for borrowed money and reimbursement obligations, (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District or any part of the Subordinate Pledged Revenue, (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Subordinate Parity Bonds, Senior Obligations, and Junior Lien Obligations, (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 leases, but excluding such obligations outstanding from time to time with respect to which the aggregate maximum repayment costs for all terms thereof do not exceed $500,000; and (f) all obligations of others guaranteed by the District; provided that notwithstanding the foregoing, the term "Additional Obligations" does not include:

(i) obligations which do not obligate the District to impose any tax, fee, or other governmental charge and either: (A) are subject to termination by the District at least annually; or (B) the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor (other than leases as set forth in (e) above);

(ii) obligations issued solely for the purpose of paying operations and maintenance costs of the District and either: (A) are subject to termination by the District at least annually; or (B) the repayment of which is contingent upon the District's annual determination to appropriate moneys therefor (other than leases as set forth in (e) above);

(iii) obligations which are payable solely from the proceeds of Additional Obligations, when and if issued;

(iv) obligations payable solely from periodic, recurring service charges (and not Capital Fees) imposed by the District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the District or an obligation required to be approved at an election under State law;

(v) obligations with respect to which the District has irrevocably committed funds equal to the full amount due or to become due thereunder;

(vi) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any Subordinate Parity Bonds, Senior Obligations, or Junior Lien Obligations, (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the Subordinate Parity Bonds, Senior Obligations or Junior Lien Obligations has been made, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the Subordinate Parity Bonds, Senior Obligations or Junior Lien Obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements;

(vii) any payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District; and

(viii) any obligation payable solely from Assessments.

"*Assessments*" means assessments collected by the District within a special improvement district established by the District in accordance with the provisions of Section 32-1-1101.7, C.R.S., or any successor statute, including the revenue derived from any action to enforce the collection of such assessments, and the revenue derived from the sale or other disposition of property acquired by the District from any action to enforce the collection of such assessments.

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

(a) no individual Series 2024B Subordinate Bond may be in an amount which exceeds the principal amount coming due on any maturity date; and

(b) in the event a Series 2024B Subordinate Bond is partially redeemed and the unredeemed portion is less than $500,000, such unredeemed portion of such Series 2024B Subordinate Bond may be issued in the largest possible denomination of less than $500,000, in an integral multiple of $1,000.

"*Beneficial Owner*" means any person for which a Participant acquires an interest in the Series 2024B Subordinate Bonds, as evidenced by an affidavit of such person, records or written notice of a Participant provided to the Trustee, upon which the Trustee may conclusively rely.

"*Board*" means the Board of Directors of the District.

"*Bond Counsel*" 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 Resolution*" means the resolution authorizing the issuance of the Series 2024B Subordinate Bonds and the execution of the Subordinate Indenture, certified by the Secretary or 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.

"*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.

"*Capital Fees*" means all fees, rates, tolls, penalties, and charges of a capital nature (excluding periodic, recurring service charges) now or hereafter imposed by the District or any District-owned "enterprise" under Article X, Section 20 of the State Constitution, for services, programs, or facilities furnished by the District; and including the revenue derived from any action to enforce the collection of Capital Fees, and the revenue derived from the sale or other disposition of property acquired by the District from any action to enforce the collection of Capital Fees. Notwithstanding any of the foregoing, Capital Fees does not include Assessments or any fee imposed solely for the purpose of funding operation and maintenance expenses.

"*Cede & Co.*" means Cede & Co., the nominee of DTC as record owner of the Series 2024B Subordinate Bonds, or any successor nominee of DTC with respect to the Series 2024B Subordinate Bonds.

"*Certified Public Accountant*" means a certified public accountant within the meaning of Section 12-100-112, 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 Series 2024B Subordinate Bonds.

"*Colorado Municipal Bond Supervision Act*" means Title 11, Article 59, C.R.S.

"*Consent Party*" means the Owner of a Series 2024B Subordinate Bond or, if such Series 2024B Subordinate Bond is held in the name of Cede, either: (i) the Participant (as determined by a list provided by DTC) with respect to such Series 2024B Subordinate Bond or (ii) the Beneficial Owner of such Series 2024B Subordinate Bond.

"*Continuing Disclosure Agreement*" means the Continuing Disclosure Agreement relating to the Series 2024B Subordinate Bonds dated October __, 2024, by and between the District, the Developer, and UMB Bank, n.a., as dissemination agent.

"*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.

"*C.R.S.*" means the Colorado Revised Statutes, as amended and supplemented as of the date of the Subordinate Indenture.

"*Depository*" means any securities depository that the District may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which is to act as securities depository for the Series 2024B Subordinate Bonds.

"*Developer*" means Fourth Investment USA, LLC, and its successors and assigns.

"*District*" means Bella Mesa Metropolitan District, in the Town of Castle Rock, Douglas County, Colorado.

"*District Representative*" means the District President or 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 Assistant Secretary, and any alternate or alternates designated as such therein.

"*DTC*" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns. References in the Subordinate Indenture to DTC are to include any nominee of DTC in whose name any Series 2024B Subordinate Bonds are then registered.

"*Election*" means the election held within the District on November 2, 2004.

"*Event of Default*" means any one or more of the events set forth in the Subordinate Indenture, as described in "THE SERIES 2024B SUBORDINATE BONDS—Certain Subordinate Indenture Provisions."

"*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.

"*Fiscal Year*" means the 12-month period ending December 31 of each calendar year.

"*Fourth Investment Advance Agreement*" means the Advance and Reimbursement Agreement (Capital Expenses) dated November 28, 2023, by and between the District and the Developer.

"*Governmental Immunity Act*" means Title 24, Article 10, Part 1, C.R.S.

"*Junior Lien Obligations*" means bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Subordinate Pledged Revenue or any part thereof junior and subordinate to the lien thereon of the Series 2024B Subordinate Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Junior Lien Obligation under the Subordinate Indenture, provided that such obligations are required to be issued in accordance with the provisions of the Subordinate Indenture. Any Junior Lien Obligation issued after the issuance of the Series 2024B Subordinate Bonds may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations from the District to DTC to induce DTC to accept the Series 2024B Subordinate Bonds as eligible for deposit at DTC.

"*Mandatory Redemption Date*" means December 15 of each year.

"*Mandatory Redemption Price*" means the redemption price equal to the principal amount of the Series 2024B Subordinate Bonds (with no redemption premium), plus accrued interest to the redemption date.

"*Outstanding*" or "*Outstanding Series 2024B Subordinate Bonds*" means, as of any particular time, all Series 2024B Subordinate Bonds which have been duly authenticated and delivered by the Trustee under the Subordinate Indenture, except:

(a) Series 2024B Subordinate Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation because of payment at maturity or prior redemption;

(b) Series 2024B Subordinate Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to the Subordinate Indenture) are to have been theretofore deposited with the Trustee, or Series 2024B Subordinate Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to the Subordinate Indenture) are to have been placed in escrow and in trust; and

(c) Series 2024B Subordinate Bonds in lieu of which other Series 2024B Subordinate Bonds have been authenticated and delivered pursuant to the Subordinate Indenture.

"*Owner(s)*" or "*Owner(s) of Series 2024B Subordinate Bonds*" means the registered owner(s) of any Series 2024B Subordinate Bond(s) as shown on the registration books maintained by the Trustee, including the Depository for the Series 2024B Subordinate Bonds, if any, or its nominee.

"*Participants*" means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Series 2024B Subordinate Bonds.

"*Permitted Investments*" means any investment or deposit the District is permitted to make under then applicable law.

"*Project*" means the financing, acquisition, construction, or installation of the Public Improvements.

"*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 the Richmond Public Improvements Agreement and the Fourth Investment Advance Agreement, 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 Series 2024B Subordinate Bonds;

(i) the costs of amending the Subordinate Indenture, the Bond Resolution, or any other instrument relating to the Series 2024B Subordinate 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; and

(n) all other lawful costs as determined by the Board.

"*Public Improvements*" means public facilities the debt for which was approved at the Election, including, without limitation, necessary or appropriate equipment.

"*Refunding Senior Obligations*" means Senior Obligations issued solely for the purpose of refunding all or any portion of the Series 2020 Senior Bonds, any other Senior Obligations, the Series 2024B Subordinate Bonds, or any other Subordinate Parity Bonds; provided, however, that proceeds of such Senior Obligations may also be applied to pay all expenses in connection with such refunding, to fund

reserve funds, surplus funds and capitalized interest, 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.

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

"*Richmond Public Improvements Agreement*" means the Advance and Reimbursement and Facilities Acquisition Agreement dated December 28, 2018, by and among the District, the Developer, and Richmond.

"*Senior Bond Year*" means the period commencing on the date of issuance of the Series 2020 Senior Bonds to December 1, 2020, and, thereafter, the period from December 2 of any calendar year to December 1 of the following calendar year.

"*Senior Obligations*" means collectively, the Series 2020 Senior Bonds, any obligations constituting "Parity Bonds" under the 2020 Indenture, and any other obligation of the District so designated by the District as a Senior Obligation (such that any ad valorem property taxes imposed for the payment thereof will constitute a Senior Obligation Mill Levy under the Subordinate Indenture), provided that such obligations are required to be issued in accordance with the provisions of the Subordinate Indenture. Senior Obligations includes any obligation of the District issued as unlimited mill levy debt. Any Senior Obligations issued after the issuance of the Series 2024B Subordinate Bonds may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and are to be designated in such resolutions, indentures or other documents as constituting Senior Obligations under the Subordinate Indenture.

"*Senior Obligation Bond Fund*" means any fund or account created for the purpose of accumulating revenues to pay, with respect to any Senior Obligations, the current year's principal and interest due thereon, including any scheduled mandatory or cumulative sinking fund payments, and customary periodic fees due with respect to any Senior Obligations, (including, but not limited to, fees of a trustee, paying agent, rebate agent, lender and provider of liquidity or credit facility), and any reimbursement due to a provider of liquidity or credit facility securing any Senior Obligations.

"*Senior Obligation Mill Levy*" means the sum of the 2020 Required Mill Levy and any other ad valorem property tax levy required to be imposed by the District for the payment of Senior Obligations.

"*Senior Obligation Reserve Fund*" means any fund or account created for the purpose of securing the payment of Senior Obligations, which fund or account is fully funded as of the date of issuance of the applicable Senior Obligation; excluding, however, any Senior Obligation Bond Fund and any Senior Obligation Surplus Fund.

"*Senior Obligation Surplus Fund*" means any fund or account created for the purpose of securing the payment of Senior Obligations, which fund or account is not initially fully funded on the date of issuance of the Senior Obligations, but, rather, is to be funded from revenues accumulated after the date of issuance of such Senior Obligations; excluding, however, any Senior Obligation Bond Fund.

"*Senior Parity Bonds*" means any bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the 2020 Pledged Revenue or any part thereof on parity with the lien thereon of the Series 2024B Subordinate Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Senior Parity Bond under the 2020 Indenture, provided that such obligations are required to be issued in accordance with the provisions of the 2020 Indenture. Any Senior Parity Bonds issued after the Series 2020 Senior Bonds may be issued

pursuant to such resolutions, indentures, or other documents as may be determined by the District, and are to be designated in such resolutions, indentures, or other documents as constituting Senior Parity Bonds under the 2020 Indenture.

"*Senior Parity Bonds Maximum Amount*" means, with respect to any particular series of Senior Parity Bonds, an amount equal to 10% of the original par amount of such Senior Parity Bonds.

"*Senior Property Tax Revenues*" means all moneys derived from imposition by the District of the 2020 Required Mill Levy. Senior Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Senior Property Tax Revenues do not include specific ownership tax revenues.)

"*Series 2020 Senior Bonds*" means the District's Limited Tax General Obligation Convertible Capital Appreciation Refunding and Improvement Bonds, Series 2020A(3), in the Original Principal Amount of $15,747,960.95 ($22,705,000 value at the current interest conversion date) dated as of May 27, 2020, and issued by the District pursuant to the 2020 Indenture.

"*Series 2024B Subordinate Bonds*" means the Subordinate Limited Tax General Obligation Bonds, Series 2024B, in the aggregate principal amount of $[PAR-B]* dated as of the date of issuance, and issued by the District pursuant to the Subordinate Indenture and the Bond Resolution.

"*Service Plan*" means the Vistas at Rock Canyon Metropolitan District Service Plan approved by the Town Council on August 24, 2004, as amended on May 4, 2006, June 19, 2018, and February 18, 2020 (as the same may be further amended or restated from time to time).

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

"*Special Record Date*" means the record date for determining Series 2024B Subordinate Bond ownership for purposes of paying unpaid interest, as such date may be determined pursuant to the Subordinate Indenture.

"*State*" means the State of Colorado.

"*Subordinate Bond Fund*" means the "Bella Mesa Metropolitan District Subordinate Limited Tax General Obligation Bonds, Series 2024B, Subordinate Bond Fund," established by the Subordinate Indenture for the purpose of paying the principal of, premium if any, and interest on the Series 2024B Subordinate Bonds.

"*Subordinate Bond Year*" means the period commencing on the date of issuance of the Series 2024B Subordinate Bonds through and including December 15, 2024, and, thereafter, the period from December 16 of any calendar year through and including December 15 of the following calendar year.

"*Subordinate Capital Fee Revenue*" means any revenue from Capital Fees remaining after deduction of any amount thereof used, paid, pledged, or otherwise applied to the payment of any Senior Obligations.

"*Subordinate Indenture*" means the Indenture of Trust (Subordinate) dated as of [INDENTURE MONTH] 1, 2024, by and between the District and UMB Bank, n.a., as trustee, pursuant to which the Series 2024B Subordinate Bonds are issued.

"*Subordinate Interest Payment Date*" means December 15 of each year, commencing December 15, 2024, and continuing for so long as the Series 2024B Subordinate Bonds are Outstanding.

"*Subordinate Parity Bonds*" means any bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Subordinate Pledged Revenue or any part thereof on parity with the lien thereon of the Series 2024B Subordinate Bonds, and any other obligation secured by a lien on any ad valorem property taxes of the District and designated by the District, in the resolutions, indentures, or other documents pursuant to which such obligations are issued, as constituting a Subordinate Parity Bond under the Subordinate Indenture, provided that such obligations are required to be issued in accordance with the provisions of the Subordinate Indenture. Any Subordinate Parity Bonds issued after the issuance of the Series 2024B Subordinate Bonds may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and are to be designated in such resolutions, indentures or other documents as constituting Subordinate Parity Bonds under the Subordinate Indenture.

"*Subordinate Pledged Revenue*" means the following:

(a) all Subordinate Property Tax Revenues;

(b) all Subordinate Specific Ownership Tax Revenues;

(c) all Subordinate Capital Fee Revenue, if any; and

(d) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

"*Subordinate Project Fund*" means the "Bella Mesa Metropolitan District Subordinate Limited Tax General Obligation Bonds, Series 2024B, Subordinate Project Fund," established by the provisions of the Subordinate Indenture for the purpose of paying the Project Costs.

"*Subordinate Property Tax Revenues*" means all moneys derived from imposition by the District of the Subordinate Required Mill Levy. Subordinate Property Tax Revenues are net of the collection costs of the County and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Subordinate Property Tax Revenues do not include specific ownership tax revenues.)

"*Subordinate Record Date*" means the last day of the calendar month next preceding the Subordinate Interest Payment Date.

"*Subordinate 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 equal to (i) 50 mills less the Senior Obligation Mill Levy, or (ii) such lesser amount which, if imposed by the District for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues which, when combined with moneys then on deposit in the Subordinate Bond Fund, will pay the Series 2024B Subordinate Bonds in full in the year such levy is collected; provided however, that:

(a) in the event of a legislative or constitutionally imposed adjustment in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement after August 24, 2004, the mill levy of 50 mills (less the Senior Obligation Mill Levy) provided in the Subordinate Indenture will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes; and

(b) notwithstanding anything in the Subordinate Indenture to the contrary, in no event may the Subordinate Required Mill Levy be established at a mill levy which would cause the District to derive tax revenue in any year in excess of the maximum tax increases permitted by the District's electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy is to be reduced to the point that such maximum tax increase is not exceeded.

"*Subordinate Specific Ownership Tax Revenues*" means the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of its imposition of the Subordinate Required Mill Levy in accordance with the provisions of the Subordinate Indenture.

"*Supplemental Public Securities Act*" means the "Supplemental Public Securities Act," being Title 11, Article 57, Part 2, C.R.S., as amended.

"*Tax Certificate*" means the certificate to be signed by the District relating to the requirements of Sections 103 and 141-150 of the Code, and any amendment or modification of any such certificate, instrument or instructions that is accompanied by an opinion of Bond Counsel stating that the amendment or modification will not adversely affect the exclusion of interest on the Series 2024B Subordinate Bonds from gross income for federal income tax purposes.

"*Town*" means the Town of Castle Rock, Colorado.

"*Town Council*" means the Town Council of the Town.

"*Trust Estate*" means the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses of the Subordinate Indenture.

"*Trustee*" means UMB Bank, n.a., in Denver, Colorado, in its capacity as trustee under the Subordinate Indenture, or any successor Trustee, appointed, qualified, and acting as trustee, paying agent, and bond registrar under the provisions of the Subordinate 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 under the Subordinate Indenture (and under any other indenture entered into by the District in connection with Subordinate Parity Bonds or Junior Lien Obligations), as the same become due and payable as described in the Subordinate Indenture, but not in excess of $4,000 annually per bond issue then outstanding; provided however, that (i) the foregoing $4,000 is to be reduced to $3,000 for the Series 2024B Subordinate Bonds, (ii) for purposes of the Subordinate Indenture, the Trustee Fees are to be reduced by the amount thereof, if any, previously funded from revenues pledged to Senior Obligations, and (iii) this definition does not include expenses incurred by the Trustee in connection with the performance of extraordinary services and duties as described in the Subordinate Indenture, which expenses are to be payable by the District in accordance with the provisions thereof.

"*Underwriter*" means D.A. Davidson & Co., of Denver, Colorado, the original purchaser of the Series 2024B Subordinate Bonds.

"*2020 Indenture*" means the Indenture of Trust dated as of May 1, 2020, by and between the District and UMB Bank, n.a., as trustee, pursuant to which the Series 2020 Senior Bonds are issued.

"*2020 Required Mill Levy*" means the 2020 Required Mill Levy required to be imposed by the District in accordance with the 2020 Indenture.

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 their 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 statistical area (comprised of Adams, Boulder, Broomfield, Denver, Douglas and Jefferson counties) (the "DMA") and the State of Colorado (the "State").

Population

Year	Town	Percent Change	County	Percent Change	DMA	Percent Change	State	Percent Change
1980	3,921	--	25,153	--	1,618,461	--	2,889,964	--
1990	8,708	122.09%	60,391	140.09%	1,848,319	14.20%	3,294,473	14.00%
2000	20,224	132.25	175,766	191.05	2,401,501	29.93	4,302,015	30.58
2010	48,231	138.48	285,465	62.41	2,784,228	15.94	5,029,196	16.90
2020	73,746	52.90	357,978	25.40	3,240,895	16.40	5,773,714	14.80
2023 [1]	81,415	10.40	383,906	7.24	3,252,355	0.35	5,877,610	1.80

[1] Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census

Housing Stock

The following table sets forth a comparison of households within the Town, County, the DMA and the State.

Housing Units

	2010	2020	2022 [1]
Town	17,626	26,851	29,871
County	106,859	136,500	145,974
DMA	1,173,777	1,350,235	1,404,534
State	2,212,898	2,491,404	2,591,780

[1] Estimate.

Source: U.S. Department of Commerce, Bureau of the Census and the Colorado Department of Local Affairs

Income

The following tables set forth historical per capita personal income in the County, the State and the United States.

Per Capita Personal Income

	2018	2019	2020	2021	2022
County	$70,261	$76,585	$83,745	$90,447	$99,168
State	57,794	61,258	64,852	71,923	75,722
United States	53,309	55,547	59,153	64,430	65,470

Source: United States Department of Commerce, Bureau of Economic Analysis

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.

Douglas County School District RE-1

Year	Fall Enrollment	Percent Increase
2019/2020	67,305	--
2020/2021	62,979	(6.43)%
2021/2022	63,876	1.42
2022/2023	62,872	(1.57)
2023/2024	61,964	(1.44)

Source: Colorado Department of Education

Building Activity

The following tables set forth building permit activity for unincorporated Douglas County.

History of Estimated Building Activity in Douglas County

	Single-family		Multi-Family		Commercial/Industrial	
Year	**Permits**	**Valuation**	**Permits**	**Valuation**	**Permits**	**Valuation**
2019	998	$302,639,231	270	$ 36,508,200	90	$113,357,490
2020	1,023	320,153,533	97	24,931,941	79	49,923,610
2021	1,425	449,907,746	179	61,962,669	90	58,553,830
2022	1,176	370,096,530	377	117,423,065	120	51,943,195
2023	833	276,064,131	150	43,811,344	69	85,543,770
2024 [1]	613	199,978,122	31	22,024420	82	70,982,284

[1] Permits issued through July 31, 2024.
Source: Douglas County Building Department

Foreclosure Activity

The number of foreclosures filed in the County are set forth in the following table.

Year [1]	**Foreclosures Filed**	**Percent Change**
2019	238	--
2020	102	(57.14)%
2021	46	(54.90)
2022	199	332.61
2023	211	6.03
2024 [2]	158	--

[1] The decrease in the number of foreclosures filed in 2020 and 2021 and the increase in 2022 was the result of the State imposed restrictions in place regarding foreclosures.
[2] Foreclosures filed through September 5, 2024.
Source: Douglas County Public Trustee's Office

Retail Sales

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

Retail Sales
(in thousands)

Year	County	Percent Change	DMA	Percent Change	State	Percent Change
2019	$12,398,378	--	$136,013,390	--	$224,618,938	--
2020	13,901,851	12.13%	139,570,376	2.62%	233,586,882	3.99%
2021	17,629,399	26.81	159,902,963	14.57	268,328,759	14.87
2022	18,678,762	5.95	178,182,674	11.43	299,923,777	11.77
2023	18,926,448	1.33	177,973,601	(0.12)	302,570,432	0.88
2024 [1]	7,414,817	--	69,452,144	--	118,164,291	--

[1] Retail sales through May 31, 2024.
Source: State of Colorado, Department of Revenue, Retails Sales Reports 2019-2024

Employment

The following tables set forth employment statistics by industry for the County and the most recent historical labor force estimates for the County, the Denver-Aurora-Lakewood MSA and the State.

Total Business Establishments and Employment—Douglas County

Industry [1]	Fourth Quarter 2022 Units	Fourth Quarter 2022 Average Employment	Fourth Quarter 2023 Units	Fourth Quarter 2023 Average Employment	Quarterly Change Units	Quarterly Change Average Employment
Agriculture, Forestry, Fishing and Hunting	51	241	59	298	8	57
Mining	53	210	63	162	10	(48)
Utilities	19	530	21	564	2	34
Construction	1,228	10,980	1,233	11,292	5	312
Wholesale Trade	1,372	6,235	1,392	5,985	20	(250)
Information	492	5,142	526	4,844	34	(298)
Finance and Insurance	1,211	12,587	1,206	12,291	(5)	(296)
Real Estate, Rental and Leasing	1,003	2,237	987	2,446	(16)	209
Professional and Technical Services	4,375	17,847	4,614	18,060	239	213
Management of Companies and Enterprises	468	4,052	446	4,419	(22)	367
Administrative and Waste Services	941	6,373	939	6,165	(2)	(208)
Educational Services	341	11,497	370	12,623	29	1,126
Health Care and Social Assistance	1,258	15,879	1,362	16,823	104	944
Arts, Entertainment and Recreation	260	3,632	259	3,996	(1)	364
Accommodation and Food Services	656	13,612	670	14,167	14	555
Other Services, Excluding. Public Admin	1,195	4,395	1,230	4,975	35	580
Public Administration	48	3,865	51	4,166	3	301
Unclassified	12	57	15	62	3	5
Total [2]						
Government [3]						
Federal	28	580	31	715	3	135
Local	49	13,346	48	14,292	(1)	946
State	16	411	16	395	0	(16)

[1] Information provided herein reflects only those employers who are subject to State unemployment insurance law.
[2] Totals may not add due to rounding.
[3] Government figures *are* included within the industry categories listed above.
Source: Colorado Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW)

Labor Force Estimates

Year	County Labor Force	County Percent Unemployed	Denver-Aurora-Lakewood MSA Labor Force	Denver-Aurora-Lakewood MSA Percent Unemployed	State Labor Force	State Percent Unemployed
2019	196,248	2.4%	1,677,324	2.7%	3,148,766	2.8%
2020 [1]	194,649	5.8	1,669,888	7.5	3,122,237	7.3
2021 [1]	200,311	4.4	1,708,003	5.7	3,190,760	5.6
2022	208,162	2.6	1,732,168	3.4	3,235,022	3.4
2023	210,284	2.9	1,741,744	3.1	3,228,781	3.3
2024 [2]	208,562	3.6	1,727,223	3.9	3,224,462	3.9

[1] As a result of the COVID-19 pandemic and the federal government induced quarantine, unemployment numbers increased exponentially in 2020 and 2021.
[2] Labor force estimates through June 30, 2024.
Source: State of Colorado, Division of Employment and Training, Labor Market Information

The following table sets forth selected major employers within the County and the Denver Metropolitan Area. No independent investigation has been made of and there can be no representation as to the stability or financial condition of the entities listed below, or the likelihood that they will maintain their status as major employers.

Selected Major Employers in the County

Firm	Product or Service	Estimated Number of Employees
Douglas County School District RE-1	Public Education	8,500
Charles Schwab	Financial Services	3,450
DISH Network	Satellite Operations and Video Delivery Solutions	2,500
Centura Health	Healthcare	1,970
Healthone: Sky Ridge Medical Center	Healthcare	1,470
Douglas County Government	County Government	1,453
Kiewit Companies	Construction and Engineering	1,400
VISA Debit Processing Services	Processor of Visa Transactions	1,180
Lockheed Martin Corporation	Aerospace and Defense Manufacturer	1,010
Specialized Loan Servicing LLC	Software Solutions	820

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Source: Source: Douglas County 2023Annual Financial Report

Selected Major "Private Sector" Employers in the Denver Metropolitan Area [1]

Firm	Product or Service	Estimated Number of Employees [2]
UCHealth	Health Care–Hospital and Clinics	27,400
HCA-HealthONE LLC	Health Care Provider	12,226
Echostar (fka Dish Network)	Telecommunications	6,280
Ball Corporation	Packaging	5,859
University of Denver	Higher Education	3,841
Deloitte LLP and Subsidiaries	Audit, Consulting, Advisory, Tax Services	2,563
American Furniture Warehouse	Retail Furniture and Accessories	1,641
Arrow Electronics Inc.	Technology, Electric Components and Computing Solutions	1,500
RK Industries LLC	Manufacturing and Facilities Services	1,124
Mtech Mechanical	Commercial Mechanical and Plumbing Contractor	560

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[1] Only entities that replied to inquiries are included. Public sector information (i.e., U.S. Government, State of Colorado, county and local municipalities, public university/college, and public schools) is no longer readily available from the Denver Business Journal.

[2] As of December 31, 2023.

Source: Denver Business Journal, July 31, 2024

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

[TO COME]

APPENDIX F

FORM OF BOND COUNSEL OPINION

[TO COME]

APPENDIX G

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 Series 2024B Subordinate Bonds. The Series 2024B Subordinate 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 Series 2024B Subordinate Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Series 2024B Subordinate 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 a 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 Series 2024B Subordinate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024B Subordinate Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024B Subordinate 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 Series 2024B Subordinate 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 Series 2024B Subordinate Bonds, except in the event that use of the book entry-system for the Series 2024B Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024B Subordinate 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 Series 2024B Subordinate 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 Series 2024B Subordinate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024B Subordinate 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 Series 2024B Subordinate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024B Subordinate Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024B Subordinate Bond documents. For example, Beneficial Owners of the Series 2024B Subordinate Bonds may wish to ascertain that the nominee holding the Series 2024B Subordinate 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 Series 2024B Subordinate 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 Series 2024B Subordinate 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 Series 2024B Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2024B Subordinate 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 Series 2024B Subordinate Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Series 2024B Subordinate Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2024B Subordinate Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for

physical delivery of the Series 2024B Subordinate Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2024B Subordinate Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Series 2024B Subordinate Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2024B Subordinate 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, Series 2024B Subordinate 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.

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APPENDIX H

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2023

(attached)

APPENDIX I

FORM OF INVESTOR LETTER

_____, 2024

Bella Mesa Metropolitan District
Douglas County, Colorado

D.A. Davidson & Co.
Denver, Colorado

Ladies and Gentlemen:

The undersigned as an authorized representative of [PURCHASER] (the Purchaser), does hereby represent and agree, as follows:

1. The Purchaser is this day purchasing $[_____] outstanding aggregate principal amount of the Subordinate Limited Tax General Obligation Bonds, Series 2024B (the "Bonds") of Bella Mesa Metropolitan District, in the Town of Castle Rock, Douglas County, Colorado (the "District"), which Bonds have been issued and delivered on the date of this Certificate.

2. The Purchaser states that: (a) it is (i) an accredited investor within the meaning of Rule 501(a)(1) of Regulation D under the Securities Act of 1933, as amended (the "1933 Act"); or (ii) a Qualified Institutional Buyer as defined in Rule 144A under the 1933 Act; and (b) it has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, to enable the Purchaser to evaluate the merits and risks of its investment in the Bonds.

3. The Purchaser states that it is a financial institution or institutional investor, as such terms are defined in 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.

4. The Purchaser acknowledges that the Bonds are being issued in minimum denominations of $500,000.

5. The Purchaser is purchasing the Bonds solely for its own account for investment purposes only, with a present intent to hold the securities for an indefinite period of time, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision, or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control).

6. In the event the Purchaser is a registered investment advisor and intends to distribute and/or allocate the Bonds to another account, the Purchaser hereby certifies that such account holder(s) have sufficient knowledge and experience in financial and business matters in general, and investments such as the Bonds in particular, to evaluate the merits and risks of its investment in the Bonds. Indicate below the number of funds or accounts that will hold the Bonds.

Not Applicable _____

OR

Funds: _____

Accounts: _____

7. The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressee hereto and all representations contained herein shall be effective on the date of the delivery of the Bonds.

Very truly yours,

[PURCHASER], as investment adviser on behalf of certain funds listed below

By _____
[_____], [TITLE]

Date: _____, 2024

Purchasing Funds

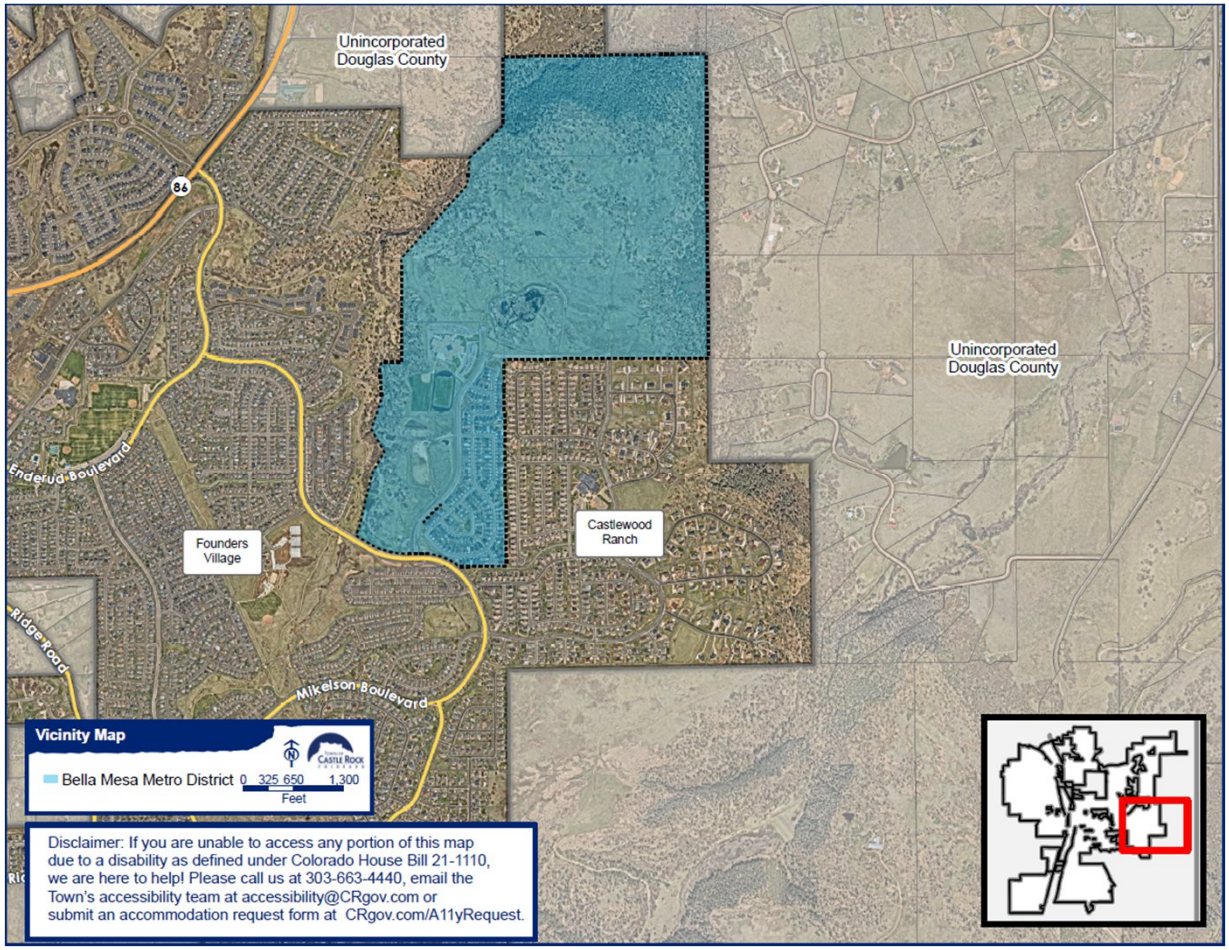
[FUNDS]

Bella Mesa Metropolitan District - Review of Proposed Bond Issuance

Castle Rock Municipal Code
Section 11.02.110

- Metro districts must submit proposed financings of district debt to the Town for review and comment
- Submittals shall include information and documents related to the proposed financing (e.g., interest rate, financing costs, mill levy amount, offering statement)
- Districts must certify that the proposed financing is in compliance with the district service plan

Map of District



District's Proposal

- Bella Mesa Metropolitan District, plans to issue Subordinate Limited Tax General Obligation Bonds, Series 2024B
- The estimated par amount of the bonds is $9,780,000
- The bonds will be used to pay for public improvements associated with the development of the remaining undeveloped property within the District
- The development of such property is subject to the approval of site development plans by the Town Council

Limits on District Mill Levy and Debt

- The District was organized pursuant to a service plan approved by Town Council on August 24, 2004, which plan was amended in 2006, 2018, and 2020
- The debt mill levy cap of the District is 55.664 mills, subject to future adjustments in assessed valuation
- The final maturity date of the proposed bonds is December 15, 2054 (i.e., 30 years from the date of issuance)

Findings and Recommendation

- The District has certified that the proposed bond issuance is authorized by and in compliance with the District Service Plan
- Town Staff finds that the proposed bond issuance complies with the District Service Plan
- Town Staff recommends that the District be allowed to move forward with the bond issuance as proposed

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 8. **File #:** RES 2024-100

To: Honorable Mayor and Members of Town Council

From: Norris Croom, Fire Chief

Thru: David L. Corliss, Town Manager

Resolution Approving the Amended Bylaws of the Board of Trustees of the Castle Rock Volunteer Firefighters Pension Fund

Executive Summary

This request is to approve revisions to the bylaws for the volunteer firefighters pension fund. Last updated in 2013, the bylaws reflect changes in statute that govern the pension fund, changes in structure, and an increase in the base monthly retirement benefit from $337.50 to $412.50.

Notification and Outreach Efforts

No specific notification or outreach was done as this is administrative in nature.

History of Past Town Council, Boards & Commissions, or Other Discussions

Town Council has previously approved similar revisions, most recently in 2013. The Public Safety Commission has two members that serve on the Board of Trustees, and they recommended approval of the revisions.

Discussion

This request is to approve revisions to the bylaws for the volunteer firefighters pension fund. The pension fund is managed by the Fire and Police Pension Association and is governed by state statute. It should be noted that this is a completely separate fund from the career firefighters of the department.

This volunteer pension fund has been in place since the mid-1980s, and was designed to provide the volunteer firefighters with a monthly pension after ten years of service. Currently, there are no active volunteers, and there are nineteen retirees, survivors, or individuals awaiting retirement age. As there is no longer a volunteer firefighter program, these numbers will only decrease going forward.

The bylaws were last updated in 2013, and the base retirement benefit was set at $337.50 per

month. If an individual has more than ten years of service, then the amount is increased by ten percent for each additional year, to a maximum of $675.00 per month. Pension amounts range from the maximum of $675.00/month to a low of $168.75/month for a survivor.

These revisions reflect changes that have occurred in statute since 2013 as well as the organizational structure of the Board. The base retirement benefit would also be increased to $412.50 per month, or a maximum of $825.00 for twenty years of service.

Budget Impact

The Town currently contributes $20,440.00 annually, and the State contributes matching funds of $17,635.00, for a total annual contribution of $38,075.00. Based on the latest actuarial conducted by FPPA, we would need to contribute an additional $10,000.00 per year, or $30,440.00, to allow for the increase in the monthly benefit. The matching amount from the State would not change, so the entire amount would be the responsibility of the Town. The annual contribution would increase to a total of $48,075.00.

Considering there has not been an increase in the monthly pension since 2013, this additional $10,000.00 annual expense is a nominal amount, and can be included in the fire and rescue department budget.

Staff Recommendation

Staff recommends approval of the resolution.

Proposed Motion

“I move to approve the resolution as introduced by title.”

Attachments

Attachment A: Resolution
Exhibit 1: Bylaws

RESOLUTION NO. 2024 - 100

A RESOLUTION APPROVING THE AMENDED BYLAWS OF THE BOARD OF TRUSTEES OF THE CASTLE ROCK VOLUNTEER FIREFIGHTERS PENSION FUND

WHEREAS, the Castle Rock Volunteer Firefighters Pension Fund (the "Fund") was created in 1983 for the purpose of providing a monthly retirement benefit to volunteer firefighters who served in the Castle Rock Fire and Rescue Department (the "Department") for a minimum of 10 years; and

WHEREAS, the Fund is managed by the Fire and Police Pension Association, separate and apart fund from the statewide retirement plan provided to the Department's career firefighters; and

WHEREAS, the Department no longer offers a volunteer firefighter program and there are no active volunteers; and

WHEREAS, at present, there are 19 retirees, survivors, and individuals awaiting retirement age who are, or will soon be eligible to receive retirement benefits from the Fund – a number that will only decrease going forward; and

WHEREAS, the Board of Trustees for the Fund (the "Board") has requested Town Council approval for amendments to the Fund bylaws to reflect recent changes to state pension laws and the organizational structure of the Board, and to increase the base retirement benefit; and

WHEREAS, Town staff and the Public Safety Commission have recommended approval of the amended bylaws.

NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK AS FOLLOWS:

Section 1. **Approval**. The amended Bylaws of the Board of Trustees of the Castle Rock Volunteer Firefighters Pension Fund are hereby approved in the form presented at tonight's meeting.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2024, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of ____ for and ____ against.

ATTEST:

_____
Lisa Anderson, Town Clerk

TOWN OF CASTLE ROCK

_____
Jason Gray, Mayor

Approved as to form:

_____
Michael J. Hyman, Town Attorney

Approved as to content:

_____
Norris W. Croom III, Fire Chief

BYLAWS OF THE BOARD OF TRUSTEES OF THE CASTLE ROCK VOLUNTEER FIREFIGHTERS PENSION FUND

Article I. Members and Officers

Section 1.1 Membership and Terms

The Board of Trustees ("Board") shall consist of seven (7) members, qualified and serving terms as follows:

Qualification	Term
Town Mayor	Tenure in municipal office
Town Finance Director	Tenure in municipal office
Two (2) members appointed by the Public Safety Commission	(2) year terms; at the initial appointment, one person shall be appointed for two years and one person for one year. In all subsequent years, these members shall be appointed for two years.
Three (3) **Volunteer** retiree members appointed by the Fire Chief	(3) year appointed terms

Section 1.2. Officers

The Board, at its annual meeting shall elect from its number excluding the Mayor and Finance Director, a president/secretary and vice-president. The Town Finance Director shall serve as ex-officio treasurer to the Board. Each officer shall hold office until the next annual meeting and until his/her successor is elected and qualified, provided that such officer's qualifications to serve as a Board member has not first terminated.

The **PRESIDENT/SECRETARY** shall preside at all meetings of the Board, and he/she may execute contracts and other instruments on behalf of the Board as necessary and appropriate. He/she shall see that all required notice of meetings are given, keep minutes of the Board meetings and be responsible for maintenance of all records and documents of the Board, other than financial records. In the absence or disability of the president, the VICE-PRESIDENT shall perform the duties of the president.

The **TREASURER** of the Board is the custodian of the fund and shall secure and safely keep books and accounts concerning the fund in the manner as the board may prescribe. The books and accounts are subject to inspection by the board, any board member, or any other interested person. Upon expiration of the treasurer's term of office or appointment, the treasurer shall surrender and deliver to the successor all bonds, securities, and unexpended moneys or other property of the fund that the treasurer or custodian has possessed.

Section 1.3. Quorum and Voting.

Four (4) trustees shall constitute a quorum of the Board on all matters to come before the Board. All matters brought before the Board at which a quorum is present shall be decided by a simple majority vote of the trustees in attendance.

Regular meetings of the Board shall be held twice a year, generally in May and December with the December meeting also serving as the annual meeting. At the annual meeting, the Board members shall be qualified, officers for the following year elected, and the meeting schedule for the next year established. Special meetings may be called by the president upon 72 hours notice to address matters of an emergency nature, as determined by the president. Notice of such emergency meeting shall be given by the president of the Board making reasonable efforts to contact by telephone or other electronic means each member of the Board. The time and location of the regular meetings of the Board shall be posted at the administrative offices of the fire and rescue department.

Section 1.4. Removal

Appointed members from the Public Safety Commission shall serve at the pleasure of the Public Safety Commission through authority granted by the Town Council, and may be removed by the Public Safety Commission or Town Council at any time for any reason.

Section 1.5. Vacancies

In the event a vacancy occurs in an appointed member position on the Board for any reason, the Public Safety Commission shall fill the vacancy for the remaining unexpired term. In the event of a vacancy of a volunteer retiree member, if the position cannot be filled by another volunteer retiree, it shall be filled by an additional appointed member from the Public Safety Commission.

Section 1.6. Absences

To assure the orderly conduct of business of the Board, member attendance is vital. Except for emergency absences, no Board member shall miss more than two Board meetings in any eighteen-month period. Upon any third absence within 18 months, the Board member shall be deemed to have resigned. The Public Safety Commission or the Fire Chief, as applicable, shall appoint a replacement for the unexpired term. Nothing herein prohibits reappointing the resigning member under this paragraph.

Article II. Duties of the Board

Section 2.1. Duties

In addition to all other duties and responsibilities prescribed by C.R.S. Title 31, Article 30, Part 11, the Board shall discharge the following duties and responsibilities:

1.

- **(a)** Shall adopt necessary rules that are not inconsistent with this part 11 for the management and discharge of its duties, for its own government and procedure, and for the preservation and protection of the fund;
- **(b)** Shall hear and decide each application for benefits under this part 11 in accordance with section 24-4-105, C.R.S. Action on an application is final and

conclusive; except that, if in the opinion of a board, justice demands reconsideration of the action, the board may reverse the action.

(c) Shall keep and preserve a record of the action and all other matters properly before the board;

(d) May make agreements with the fire and police pension association to administer the plan and manage the funds of the plan for investment in accordance with section 31-31-705;

(e) May consolidate its fund with the fund of another municipality or district and shall administer the consolidated funds as a single fund if in the opinion of the board the total moneys allocated to a fund by a municipality or district are inadequate to sustain a proper fund for retirement or for the other purposes of the fund under this part 11. The boards of these single funds may consolidate the funds under conditions and terms provided in an agreement consistent with this part 11.

Article III. Benefits

Section 3.1. General

Applications for benefits shall be determined by the Board in accordance with the procedures set forth in §31-30-1108, C.R.S., and subject to the terms and conditions of 1122, C.R.S., as the same may be amended from time to time, and the supplemental provisions hereof. In the event of a conflict between the State statute and the provisions contained in these bylaws, the applicable statutory provision shall control.

Section 3.2 Age Retirement Pension

Eligibility for and payment of retirement benefits shall be determined in accordance with §31-30-1122, C.R.S.

Effective with fire fighters achieving eligibility for pension on or after July 1, 1991, a retired member, who is no longer an active member of the Department, who has achieved ten (10) years of active service for the Department, shall be entitled to a retirement pension, upon the member attaining the age of fifty (50) years (the "base retirement pension"). The base retirement pension shall be $425.00 per month effective October 1, 2024, and may only be increased upon approval of the board. The base retirement pension shall apply uniformly to all members retiring on or after October 1, 2024, as well as retired members with vested age retirement pensions as of that date.

In addition to the base retirement pension, retiring members achieving in excess of ten (10) years active service shall at the time of retirement receive an additional ten percent (10%) of the base rate retirement pension for each whole year of service in excess of ten (10) years, up to a maximum of ten (10) additional years of service. For example, if the base retirement pension at the time a member retires is $425.00 per month, and 15 years of service is achieved, the total pension entitlement will be $637.50 [$425.00 plus (5x (10% of $425.00)= $212.50)]. A member retiring with 20 or more years of service would receive a maximum of $850.00 a month. The additional pension shall be paid with the base retirement pension. There shall be no retroactive application or entitlement to benefits under this section.

Section 3.01 ***Death and Survivor Benefits***

Eligibility for and payment of death benefits shall be determined in accordance with §31-30-1126, 1127and 1128, C.R.S.

Section 3.02 ***Funeral Benefits***

Eligibility for and payment of funeral benefits shall be determined in accordance with §31-30-1129, C.R.S.

Section 3.03 ***Application for Benefits***

Application for any benefits granted pursuant to the Article III, shall be in writing on a form approved and supplied by the Board. At the annual meeting of the Board, the Fire Chief or his designee shall certify to the Board the names of those members qualifying for the age retirement pension in the previous twelve (12) months.

Article IV. Miscellaneous

Section 4.01 ***Defined Terms***

As used in this document, certain terms are defined and abbreviations used as follows:

Department:	Castle Rock Fire and Rescue Department
Board:	Board of Trustees of the Castle Rock Volunteer Fire Fighters Pension Fund
Fund:	Castle Rock Volunteer Fire Fighters Pension Fund
Member:	Department Volunteer Fire Fighter

Section 4.02 ***Amendment***

Any proposed bylaw amendment, alteration, or addition must be submitted in writing prior to any meeting of the Board and approved by a two-thirds affirmative vote of Board members present at a regular or special meeting of the Board.

Section 4.03 ***Rules***

By majority vote of the Board, supplemental rules and regulations not inconsistent with these bylaws may be adopted.

Section 4.04 ***Statutory Primacy***

These bylaws shall be automatically amended at such time as State laws are amended, and in the event of any conflict, such statutes shall be controlling.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 9. **File #:** RES 2024-101

To: Honorable Mayor and Members of Town Council

Thru: David L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
David Van Dellen, P.E., Assistant Director
Roy Gallea, P.E., Engineering Manager
Josh Hansen, P.E., CIP Project Manager

Resolution Approving a Variance Pursuant to Chapter 9.16.070E of the Castle Rock Municipal Code for Night Time Construction Work Related to the Cobblestone Ranch Water Storage Tank 18 Project *[Pleasant View Drive and Antelope Place]*

Executive Summary

Construction of Cobblestone Ranch Water Storage Tank 18 began in July 2022 and is nearing completion. Castle Rock Water is seeking Town Council approval of a variance to allow overnight construction work for the Cobblestone Ranch Water Storage Tank 18 Project. DN Tanks was retained by the Town to construct the project in 2022. In order to complete the project, DN Tanks needs to install an interior tank liner overnight. Night installation is necessary as the liner requires declining ambient temperatures during application to allow the coating to cure correctly.

DN Tanks will complete the construction work from 4pm to 3am over two weeks in October. Local residents have been notified in advance of the work. Noise and light mitigation measures will be installed during construction activities.

Budget Impact

There is currently no anticipated project budget impact related to the night construction work.

Staff Recommendation

Staff requests approval of a Resolution approving a variance pursuant to Chapter 9.16.070E of the Castle Rock Municipal Code for the Cobblestone Ranch Water Storage Tank 18 Project.

Proposed Motion

"I move to approve the Resolution as introduced by title."

Alternative Motions

"I move to approve the resolution as introduced by title, with the following conditions: (list conditions).

"I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed)."

Attachments

Attachment A: Resolution
Attachment B: Map of Area Impacted by Night Work

To: Honorable Mayor and Members of Town Council

Thru: David L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
David Van Dellen, P.E., Assistant Director
Roy Gallea, P.E., Engineering Manager
Josh Hansen, P.E., CIP Project Manager

..Title

Variance Pursuant to Chapter 9.16.070E of the Castle Rock Municipal Code for the Cobblestone Ranch Water Storage Tank 18 Project *[Pleasant View Drive and Antelope Place]*

Executive Summary

Construction of Cobblestone Ranch Water Storage Tank 18 began in July 2022 and is nearing completion. Castle Rock Water is seeking Town Council approval of a variance to allow overnight construction work for the Cobblestone Ranch Water Storage Tank 18 Project. DN Tanks was retained by the Town to construct the project in 2022. In order to complete the project, DN Tanks needs to install an interior tank liner overnight. Night installation is necessary as the liner requires declining ambient temperatures during application to allow the coating to cure correctly.

DN Tanks will complete the construction work from 4pm to 3am over two weeks in October. Local residents have been notified in advance of the work. Noise and light mitigation measures will be installed during construction activities.

History of Past Town Council, Boards & Commissions, or Other Discussions

On March 15, 2022 Castle Rock Town Council voted unanimously to approve a construction contract in the amount of $4,386,765 with DN Tanks along with authorization of $438,700 in staff-managed contingency to complete construction of Cobblestone Ranch 2 MG Water Storage Tank 18.

On April 4, 2022 Douglas County Planning Commission voted unanimously to approve the Location and Extent application for the Tank 18 Blue Zone Transmission Project.

On August 16, 2022 Castle Rock Town Council voted unanimously to approve a construction contract in the amount of $4,081,473 with Reynolds along with authorization of $408,147 in staff-managed contingency to complete the construction of Tank 18 Blue Zone Transmission Project.

On March 21, 2023 Town Council voted unanimously to approve a Variance Pursuant to Chapter 9.16.070.E of the Castle Rock Municipal Code for Nighttime Construction Activities Related to the Tank 18 Blue Zone Main Project.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on September 25, 2024, and the Castle Rock Water Commission voted unanimously 5 to 0 to recommend Town Council approval of the Resolution as presented.

Notification and Outreach Efforts

Local outreach and notification of this project has been ongoing including mailed project information letters, phone calls and emails.

Local residents surrounding Tank 18 have been contacted recently to inform them of the proposed night work to install the CIM topcoat.

Discussion

In March 2022 the Town contracted with DN Tanks to construct a new 2 million-gallon potable water storage tank, Tank 18, to support the Cobblestone Ranch development. Construction of the water tank began in July and the concrete structure was generally complete by November 2022. In 2022 the Town contracted with Reynolds Construction to install 8,000 feet of water pipeline to connect the blue zone pipeline in Castle Oaks Drive to Tank 18. Pipeline construction was complete in July 2023. Prior to putting the tank in service backfilling, testing and tank site work and installation of the interior tank liner are required to be completed.

Equipment that will be used at night over two weeks in October by DN Tanks includes a forklift, generator, fans and exterior and interior lighting. Noise and light mitigation measures will be used throughout construction activities. Staging will be near the tank to minimize vehicle movement up and down the access road at night, forklifts will be operated in the afternoon, sound dampening material will be erected around generators, and lighting will be minimal to allow for safety of individuals walking around the base of the tank at night to access stockpiled materials.

Budget Impact

There is currently no anticipated project budget impact related to the night construction work.

Staff Recommendation

Staff requests approval of a Resolution approving a variance pursuant to Chapter 9.16.070E of the Castle Rock Municipal Code for the Cobblestone Ranch Water Storage Tank 18 Project.

Proposed Motion

"I move to approve the Resolution as introduced by title."

Alternative Motions

"I move to approve the resolution as introduced by title, with the following conditions: (list conditions).

"I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed)."

Attachments

Attachment A: Resolution

Attachment B: Map of Area Impacted by Night Work

RESOLUTION NO. 2024-101

RESOLUTION APPROVING A VARIANCE PURSUANT TO CHAPTER 9.16.070.E OF THE CASTLE ROCK MUNICIPAL CODE FOR NIGHT TIME CONSTRUCTION WORK RELATED TO THE COBBLESTONE RANCH WATER STORAGE TANK 18 PROJECT

WHEREAS, Section 9.16.030.A. of the Castle Rock Municipal Code ("CRMC") provides that "[n]o person shall make, continue or cause to made or continued, any noise disturbance, including, but not limited to, the specific noise disturbances prohibited in Subsection B of this Section"; and

WHEREAS, CRMC Section 9.16.030.B.5. expressly prohibits "[o]perating or permitting the operation of any tools or equipment in connection with construction, drilling or demolition work between the hours of 7:00 p.m. and 7:00 a.m. the following day on weekdays and between the hours of 6:00 p.m. and 8:00 a.m. on weekends or holidays such that the sound therefrom creates a noise disturbance across a residential real property boundary, except for … work exempted … by variance issued pursuant to Subsection 9.16.070.E."; and

WHEREAS, Castle Rock Water has made application for a variance to the Town's noise ordinance pursuant to Chapter 9.16.070.E of the Castle Rock Municipal Code, for the purpose of allowing its contractor, DN Tanks, to perform certain construction work related to the Cobblestone Ranch Water Storage Tank 18 Project (the "Project"), specifically, the installation of an interior tank liner; and

WHEREAS, to minimize inconvenience to the public, Castle Rock water anticipates that night work will be necessary in the vicinity of the intersection of Pleasant View Drive and Antelope Place, which work is planned to be conducted over a two-week period in October from 7:00 p.m. to 7:00 a.m.; and

WHEREAS, the Town Council finds that the activity will be of temporary duration and, even with the application of the best available technology, the installation of an interior tank liner cannot be completed in a manner that would comply with Chapter 9.16.

NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO AS FOLLOWS:

Section 1. **Approval**. The application for a variance from Castle Rock Water is hereby approved subject to the following restrictions:

a. The variance shall be in effect between October 1, 2024, and October 31, 2024. This time period may be extended by up to 30 days at the discretion of the Director of Castle Rock Water, if necessary to complete construction work related to the Project.

b. The variance shall apply only to work performed for the purpose of installing an interior tank liner. Any other work undertaken pursuant to the Project shall comply with the noise restrictions set forth in CRMC Chapter 9.16.

PASSED, APPROVED AND ADOPTED this ___ day of _____, 2024, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of ____ for and ____ against.

ATTEST:

_____
Lisa Anderson, Town Clerk

TOWN OF CASTLE ROCK

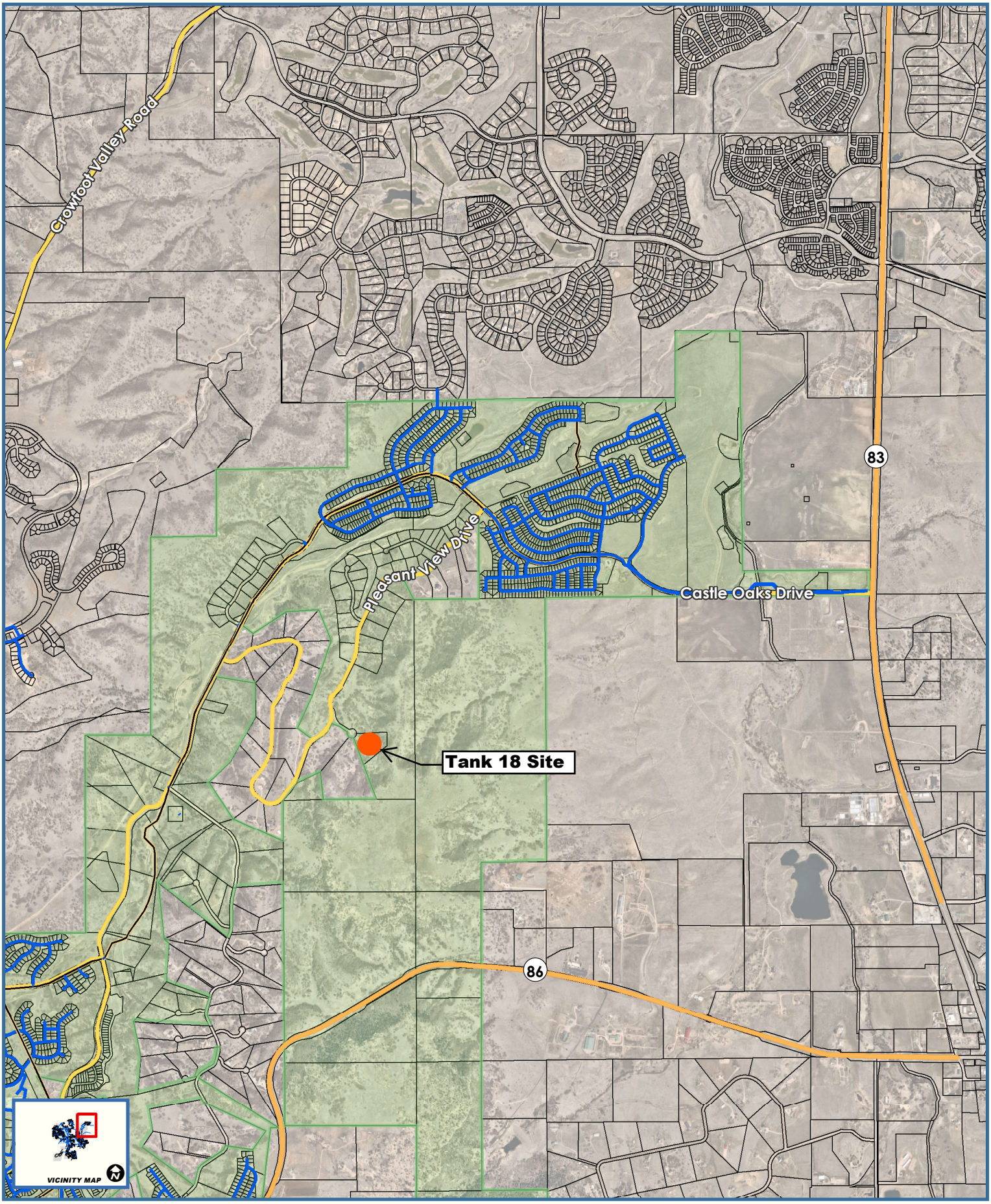
_____
Jason Gray, Mayor

Approved as to form:

_____
Michael J. Hyman, Town Attorney

Approved as to content:

_____
Mark Marlowe, Director, Castle Rock Water



CASTLE ROCK Water
Securing our future drop by drop

0 1,250 2,500 5,000 Feet

Date: 11/17/2021 1 inch = 2,500 feet

Document Path: U:\ArcGIS\Tank18LocationMap.mxd

TANK 18 SITE LOCATION MAP

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 10. **File #:** PROC 2024-011

To: Honorable Mayor and Members of Town Council

From: David L. Corliss, Town Manager

Proclamation: Domestic Violence Awareness Month & Purple Thursday (For Council Action - Presentation on October 15, 2024)

Executive Summary

Town Council to consider this Proclamation for presentation on October 15, 2024.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 11. **File #:** MIN 2024-018

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Lisa Anderson, Town Clerk

Minutes: September 17, 2024 Draft Minutes

Executive Summary

Attached are the minutes from September 17, 2024 for your review and approval.

Attachment A: Minutes

Town Council
Meeting Minutes - Draft

Mayor Jason Gray
Mayor Pro Tem Desiree LaFleur
Councilmember Ryan Hollingshead
Councilmember Laura Cavey
Councilmember Kevin Bracken
Councilmember Max Brooks
Councilmember Tim Dietz

Tuesday, September 17, 2024 **6:00 PM** **Town Hall Council Chambers**
100 North Wilcox Street
Castle Rock, CO 80104
www.CRgov.com/CouncilMeeting

This meeting is open to the public. All times indicated on the agenda are approximate. Town Council Meetings are also streamed online in real time at www.CRgov.com/WatchCouncil, and are broadcast for Comcast Cable subscribers on Channel 22 (please note there is a delay to the broadcast). Public Comments may also be submitted in writing online at www.CRgov.com/CouncilComments by 1:00 p.m. September 17, 2024 to be included in the public record. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at accessibility@CRgov.com or submit an accommodation request form at www.CRgov.com/A11yRequest.

COUNCIL DINNER & INFORMAL DISCUSSION

INVOCATION

Mayor Gray provided the Invocation.

CALL TO ORDER / ROLL CALL

Present: 7 - Mayor Gray, Mayor Pro Tem LaFleur, Councilmember Hollingshead, Councilmember Cavey, Councilmember Bracken, Councilmember Brooks, Councilmember Dietz

PLEDGE OF ALLEGIANCE

COUNCIL COMMENTS

Mayor Gray reflected on the Hero's Gala he attended. Tomorrow is the 5th Rally of Hope at Festival Park, and it is Suicide Awareness Month.

Councilmember Cavey thanked Mark Marlowe and Dave Corliss who have been working on the Pine Canyon item.

Councilmember Bracken commented that the relocation of utilities in his district is almost complete. He noted there is a private project by the car wash in the Meadows moving forward. Traffic studies show that half of the people traveling through downtown are not going to a destination downtown.

Councilmember Brooks discussed the motion he made regarding the impact of the migrant crisis.

Councilmember Dietz commended on the impact of the migrant crisis and the upcoming election.

Mayor Pro Tem LaFleur commented on the Safe Driving campaign raising

awareness of distracted driving. She commented on the state legislators that visited Castle Rock and upcoming events.

EXEC 2024-006 **Executive Session Report: September 3, 2024 - A conference with the Town Attorney, to be conducted in accordance with Section 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice regarding the matter of Church of the Rock, Inc, d/b/a/ The Rock v. The Town of Castle Rock, Colorado, Case No. 1:24-cv-1340-DDD-KAS, United States District Court for the District of Colorado**.

Mayor Gray read the report into the record.

APPT 2024-005 **Appointment: Public Works Commission**

Moved by Councilmember Brooks, seconded by Councilmember Bracken, to Approve Appointment APPT 2024-005 as presented. The motion passed by a vote of:

Yes: 7 - Gray, LaFleur, Hollingshead, Cavey, Bracken, Brooks, Dietz

PROC 2024-009 **Proclamation: Honoring Castle Rock Mental Health Co-Responders and Crisis Clinicians** [For Presentation - Approved on September 3, 2024, by a vote 7-0]

Mayor Gray read the proclamation into the record and presented the proclamation to an officer from Castle Rock Police department.

UNSCHEDULED PUBLIC APPEARANCES

Citizens that addressed Council:

Wayne Harlos, resident, spoke in opposition of the sales tax issue on the ballot.

Caryn Harlos, resident and officer of the Libertarian party, spoke in opposition of the sales tax issue on the ballot.

Chuck spoke in favor of the sales tax issue on the ballot.

TOWN MANAGER'S REPORT

ID 2024-101 **Update: Calendar Reminders**

ID 2024-102 **Update: Monthly Department Reports**

ID 2024-103 **Development Services Project Updates**

ID 2024-104 **Update: Quasi-Judicial Projects**

TOWN ATTORNEY'S REPORT

Mike Hyman, Town Attorney, provided an update on filing a lawsuit against Denver regarding the migrant issue.

ACCEPTANCE OF AGENDA

Moved by Councilmember Bracken, seconded by Councilmember Hollingshead, to Approve the Agenda as presented. The motion passed by a vote of:

Yes: 7 - Gray, LaFleur, Hollingshead, Cavey, Bracken, Brooks, Dietz

CONSENT CALENDAR

Moved by Councilmember Bracken, seconded by Councilmember Brooks, to Approve the Consent Calendar as presented. The motion passed by a vote of:

Yes: 7 - Gray, LaFleur, Hollingshead, Cavey, Bracken, Brooks, Dietz

ORD 2024-016 **Ordinance Adopting the 2025 Fiscal Year Budget for the Town of Castle Rock, Colorado (Second Reading - Approved on First Reading on September 3, 2024 by a vote 7-0)**

ORD 2024-017 **Ordinance Amending Chapters 3.16, 4.04, 13.12, 13.15, and 13.30 of the Castle Rock Municipal Code by Changing Stormwater Development Impact Fees, Renewable Water Resource Fees, Water and Wastewater System Development Fees, and Water, Water Resources, Wastewater and Stormwater Rates and Surcharges (Second Reading - Approved on First Reading on September 3, 2024 by a vote 7-0)**

ORD 2024-019 **Ordinance Amending Castle Rock Municipal Code Section 15.10.030 to Permit the Use of the IAPMO Water Demand Calculator for Residential Water Calculations Only (Second Reading - Approved on First Reading on September 3, 2024 by a vote 7-0)** *[Castle Rock Water Service Area]*

ORD 2024-014 **Ordinance Annexing to the Town of Castle Rock, Colorado, Multiple Parcels of Land Totaling 1.992 Acres Located in Douglas County, Colorado, Pursuant to an Annexation Petition Submitted by the Town of Castle Rock, Colorado *[Four Corners Annexation; South Ridge Road No. 1 Annexation; South Ridge Road No. 2 Annexation; Gilbert Street/Plum Creek Parkway Annexation]* (Second Reading - Approved on First Reading on September 3, 2024 by a vote 7-0)**

ORD 2024-015 **Ordinance Approving the Initial Zoning for Multiple Parcels of Land Totaling 1.992 Acres Located in Douglas, County, Colorado, Pursuant to a Zoning Application Submitted by the Town of Castle Rock, Colorado [Four Corners; South Ridge Road No. 1; South Ridge Road No. 2; Gilbert Street/Plum Creek Parkway Initial Zoning] (Second Reading - Approved on First Reading on September 3, 2024 by a vote 7-0)**

RES 2024-098 **Resolution Accepting the Offer from Symetra Life Insurance**

Company to the Town of Castle Rock for Stop Loss Insurance Coverage for Calendar Year 2025

RES 2024-099 **Resolution Approving a Second Amendment to Town of Castle Rock Services Agreement with RockSol Consulting Group, Inc. for Continued Management, Inspection, and Materials Testing of the Four Corners Intersection Improvement Project**

DIR 2024-016 **Approve: Letter of Support for Tesla's Colorado Energy Office Direct Current Fast Charging (DCFC) Plazas Application**

PROC 2024-010 **Proclamation: Fire Prevention Week October 6-12, 2024** (For Presentation - Approved on September 17, 2024 by a vote 7-0)

MIN 2024-017 **Minutes: September 3, 2024 Draft Minutes**

ADVERTISED PUBLIC HEARINGS & DISCUSSION ACTION ITEMS

DIR 2024-017 **Discussion/Direction of Applications for the 2024 3rd Quarter Council Community Grant Program, Four Applications**

Trish Muller, Director of Finance, presented the recommended community grants.

Castle Rock Gridiron Club representatives spoke.
Douglas Land Conservancy representatives spoke.
Lady Trailblazer representative spoke.
The Mane Mission representatives spoke.

Moved by Councilmember Dietz, seconded by Councilmember Brooks, to Approve Discussion/Direction Item DIR 2024-017 as presented. The motion passed by a vote of:

Yes: 7 - Gray, LaFleur, Hollingshead, Cavey, Bracken, Brooks, Dietz

DIR 2024-018 **Discussion/Direction: Chapter 15 Historic Preservation Amendments**

Tara Vargish, Director of Development Services, presented the item with Brad Boland, Long Range Planner. They discussed changes to the age of a building that would require demolition approval, neighborhood meeting requirements, noticing requirements, completion period within a year from approval, and expand restoration grant program.

Some Councilmembers voiced concerns of the demolition requirements and fees.

Moved by Councilmember Cavey, seconded by Mayor Pro Tem LaFleur, to bring the Item back to Council for further discussion. The motion passed by a vote of:

Yes: 7 - Gray, LaFleur, Hollingshead, Cavey, Bracken, Brooks, Dietz

ORD 2024-011 **Ordinance Amending Title 17 of the Castle Rock Municipal Code Regarding Local Regulation of Natural Medicine Businesses (First Reading) [Continued from September 17, 2024 by a vote 7-0]**

Mike Hyman, Town Attorney, presented the item outlining the four types of natural medicine businesses: Healing Center, Cultivation, manufacturer, testing facility. A healing center provides the medicine on site.

Staff recommends allowing the businesses in light and general industrial restricted to 1,000 feet from the property line of childcare or schools and residential; and restricting hours M-F 8am-5pm, with additional requirements.

Staff provided an amendment requested from Council for exemptions for existing businesses interested in obtaining a license.

Councilmember Cavey asked what if other applications before the end of the year want to obtain a license. Hyman stated they would have to meet the requirements.

Citizens that addressed Council:

Dr. Adam Graves has had his business in downtown Castle Rock and asked for an amendment on the timeline due to the educational requirements.

Beth, a dietician from an existing business requesting an exemption reassured Council about the safety of this medication and the extensive requirements.

Councilmember Brooks confirmed if we can work with existing businesses. Hyman stated the exemption is for an existing business that meets all the requirements in the amendment. He added they can put in an effective date.

Councilmember Dietz asked why we want this near residential and why we would grandfather in businesses.

Councilmember Brooks asked if it could be continued to figure out the timeframe to be able to get the training required to be completed.

Mayor Pro Tem LaFleur moved to continue the item to the October 1 Town Council meeting. Councilmember Brooks seconded. Councilmember Cavey amended to move to October 15 when she is back in town. Councilmember Hollingshead amended to move to the 2nd meeting in November when he is available.

Town Attorney Mike Hyman will have staff look to see what other municipalities are doing.

Moved by Mayor Pro Tem LaFleur, seconded by Councilmember Brooks, to Continue Ordinance ORD 2024-011 to the November 19, 2024 Council meeting. The motion passed by a vote of:

Yes: 7 - Gray, LaFleur, Hollingshead, Cavey, Bracken, Brooks, Dietz

ADDITIONAL UNSCHEDULED PUBLIC APPEARANCES

None.

ADJOURN TO EXECUTIVE SESSION - NOT TO RETURN

Moved by Mayor Gray, seconded by Councilmember Cavey, to Adjourn to Executive Session. The motion passed by a vote of:

Yes: 7 - Gray, LaFleur, Hollingshead, Cavey, Bracken, Brooks, Dietz

EXEC 2024-007

Executive Session: A conference with the Town Attorney, to be conducted in accordance with Section 24-6-402(4)(b), C.R.S., for the purpose of receiving legal advice on the Douglas County Pine Canyon Development Rezoning and Water Appeal

Meeting adjourned at 8:35 pm.

Submitted by:

_____

Lisa Anderson, Town Clerk

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 12. **File #:** ORD 2024-020

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Trish Muller, CPA, Finance Director

Ordinance Levying General Property Taxes on Behalf of the Castle Rock Downtown Development Authority for the Year 2024, to be Collected in 2025 (First Reading)

Executive Summary

Attached is an Ordinance levying general property taxes on behalf of the Castle Rock Downtown Development Authority for collection in 2025 ***(Attachment A)***. In August, the Douglas County Assessor certifies the total value of all personal and real property within the Authority. In December, a final certification of assessed values is rendered from the Douglas County Assessor's Office.

Discussion

The Castle Rock Downtown Development Authority Board of Directors has requested Town Council to certify its mill levy of 3.000 mills, which is anticipated to yield approximately $225,654.

Financial Impact

As the final assessed valuation is received in December and the resulting property tax revenue will be reflected in 2025.

Staff Recommendation

Staff recommends that Town Council approve this Ordinance as written.

Proposed Motion

"I move to Approve the Ordinance as introduced."

Alternative Motions

"I move to approve the ordinance as introduced by title, with the following conditions: (list

conditions).”

“I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed).”

Attachments

Attachment A: Ordinance

ORDINANCE NO. 2024-020

AN ORDINANCE LEVYING GENERAL PROPERTY TAXES ON BEHALF OF THE CASTLE ROCK DOWNTOWN DEVELOPMENT AUTHORITY FOR THE YEAR 2024, TO BE COLLECTED IN 2025

WHEREAS, pursuant to the requirements of Section 31-25-816(1), C.R.S., the Castle Rock Downtown Development Authority (the "Authority") has submitted its proposed budget for the 2025 fiscal year (the "2025 Budget") to the Town Council of the Town of Castle Rock, Colorado (the "Town") for approval; and

WHEREAS, the 2025 Budget, as adopted, anticipates the receipt of revenues from imposition of a mill levy on taxable property within the Authority's jurisdictional boundaries; and

WHEREAS, it is anticipated that the 2024 preliminary assessed valuation for the Authority, as determined by the Douglas County Assessor, will yield approximately $225,654 in revenues; and

WHEREAS, the Authority has formally requested that the Town Council exercise its power under Section 31-25-817, C.R.S., to certify the Authority's 2024 mill levy to the Douglas County Board of Commissioners for collection in 2025; and

WHEREAS, according to Section 39-5-128(1), C.R.S., the Town Clerk is required to certify the Authority's mill levy to the County by no later than December 15, 2024; and

NOW, THEREFORE, IT IS ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO:

Section 1. **Calculation of Mill Levy**. The mill levy certified by this Ordinance is in compliance with applicable constitutional and statutory provisions.

Section 2. **Levy of Property Tax**. For the purpose of meeting general operating expenses of the Authority during the 2025 fiscal year, there is levied a tax of 3.000 mills for general operating expenses, upon each dollar of the total assessed valuation of all taxable property within the Authority's jurisdictional boundaries for the taxable year 2024, to be collected in 2025.

Section 3. **Certification.** The Town Clerk is hereby authorized and directed to certify to the Douglas County Board of County Commissioners the mill levy for the Authority as set forth herein.

Section 4. **Severability**. If any clause, sentence, paragraph, or part of this Ordinance or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction invalid, such judgment shall not affect the remaining provisions of this Ordinance.

Section 5. **Safety Clause**. The Town Council finds and declares that this Ordinance is promulgated and adopted for the public health, safety and welfare, and bears a rational relation to the legislative object sought to be obtained.

APPROVED ON FIRST READING this 1st day of October, 2024, by the Town Council of the Town of Castle Rock by a vote of ___ for and ___ against, after publication in compliance with Section 2.02.100.C of the Castle Rock Municipal Code; and

PASSED, APPROVED AND ADOPTED ON SECOND AND FINAL READING this _____ day of _____, 2024, by the Town Council of Castle Rock by a vote of __ for and __ against.

ATTEST:

_____
Lisa Anderson, Town Clerk

TOWN OF CASTLE ROCK

_____
Jason Gray, Mayor

Approved as to form:

_____
Michael J. Hyman, Town Attorney

Approved as to Content:

_____
Trish Muller, CPA, Finance Director

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 13. **File #:** RES 2024-102

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Trish Muller, CPA, Director of Finance

Resolution Approving the Proposed 2025 Fiscal Year Budget for the Castle Rock Downtown Development Authority

Executive Summary

In accordance with Colorado Revised Statutes, §31-25-816, the Executive Director of the Castle Rock Downtown Development Authority (CRDDA) has presented the Board of Directors with a proposed Annual Budget for the fiscal year 2025. The proposed CRDDA Budget for 2025 ***(Attachment B)*** is hereby submitted to Town Council for review and approval in accordance with the policies of the Town of Castle Rock.

Discussion

Town Council has approved a matching contribution to the revenues, collected by imposition of the CRDDA mill levy (3 mills), of approximately $225,000. The proposed CRDDA budget reflects this amount; however, the actual match will be based on the final assessed valuation and related mill certification done in December.

Budget Impact

The impact to the Town will be approximately $225,000 for the mill levy match as accommodated for in the 2025 Town of Castle Rock budget.

Staff Recommendation

Staff recommends that Town Council approve Resolution as written.

Proposed Motion

"I move to approve a resolution approving the Castle Rock Downtown Development Authority proposed annual budget for 2025."

Alternative Motions

"I move to approve the resolution as introduced by title, with the following conditions: (list conditions)."

"I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed)."

Attachments

Attachment A: Resolution
Attachment B: 2025 CRDDA Budget Message
Attachment C: Proposed Budget

RESOLUTION NO. 2024-102

A RESOLUTION APPROVING THE PROPOSED 2025 FISCAL YEAR BUDGET FOR THE CASTLE ROCK DOWNTOWN DEVELOPMENT AUTHORITY

WHEREAS, by Ordinance No. 2008-39, the Town Council of the Town of Castle Rock, Colorado (the "Town") approved the creation of the Castle Rock Downtown Development Authority (the "Authority"); and

WHEREAS, pursuant to Section 31-25-816(1), C.R.S., the Authority shall adopt a budget for each fiscal year, which budget shall be submitted to the Town Council for approval; and

WHEREAS, Town staff has conducted an administrative review of the Authority's proposed budget for fiscal year 2025 (the "2025 Budget") in accordance with Town policies and has recommended that it be approved.

NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO AS FOLLOWS:

Section 1. **Approval**. The 2025 Budget is hereby approved in the form presented at tonight's meeting.

PASSED, APPROVED AND ADOPTED this 1st day of October, 2024, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading, by a vote of ___ for and ___ against.

ATTEST:

_____
Lisa Anderson, Town Clerk

TOWN OF CASTLE ROCK

_____
Jason Gray, Mayor

Approved as to form:

_____
Michael J. Hyman, Town Attorney

Approved as to content:

_____
Trish Muller, CPA, Finance Director

Downtown Development Authority
18 S. Wilcox Ste. 202
Castle Rock, CO 80104

August 8, 2024

Honorable Mayor Gray and Castle Rock Town Council
CC: Town Manager, Dave Corliss
Town of Castle Rock
100 N. Wilcox St.
Castle Rock, CO 80104

Dear Mayor Gray and Town Council,

I am pleased to present the Downtown Development Authority's Budget Message for 2025:

In 2024, it is rewarding to see many of the DDA's investments beginning to produce tangible results. Without a doubt, the economy in Downtown Castle Rock has been strengthened as a result of DDA investment, in addition to public infrastructure improvements, additional parking, and great places to dine, shop, work and live. In 2024, several great projects are in the works that are expected to bring new energy to Downtown:

- The City Hotel adaptive reuse, redevelopment project submitted planning documents to the Town of Castle Rock, continuing to make progress on a project that historically preserves the oldest building in Castle Rock and adds a boutique hotel, dining and commercial space.
- The smaller scale investment projects at Scileppi's and Bien Y Tu (formerly The Next Door Bar) are nearing completion, and when open later in 2024, will only improve walkability in Downtown drawing additional foot traffic.
- Larger mixed-use projects, including construction on the View Project and Riverwalk Luxe - 221 Wilcox Street are also nearing completion, and will add new daytime, evening and weekend customers to the Downtown economy.

Feedback from local retailers in Downtown has expressed caution about the economy. While foot traffic is still strong in Downtown, retailers are reporting a slowing with consumer spending. This slowing is anecdotally attributed to inflation driving prices up and uncertainty about the economy related to it being a presidential election year in 2024. Consumer spending remains something that the DDA will continue to monitor as trends related to disposable income are huge driver in the economy in Downtown Castle Rock.

The 2025 DDA Budget continues to support the goal of an active and vibrant Downtown. This budget provides the DDA Board the ability to continue to support smaller projects, public investments in flowerboxes, patios and streetscape, while maintaining current staffing levels, a professional public website and providing support and guidance to larger projects that may require the support of the Downtown Special Fund.

The DDA will continue to maintain full transparency in its use of public tax dollars and maintain disclosure in a public friendly accounting system in accordance with accounting and auditing standards. The Castle Rock DDA financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligible requirements, if any, imposed by the provider have been met. Property taxes are recognized as revenues in the year for which the property taxes are collected.

Sincerely,

Kevin Tilson
Director, Castle Rock Downtown Development Authority

DRAFT Castle Rock DDA Budget for 2025
Operating Fund

		2022 Actuals	2023 Actuals	2024 Budget	2024 YE Estimate	2025 Budget
Income						
	Mill Levy	253,974	269,577	215,000	217,544	225,000
	Specific Ownership Tax	20,117	24,804	15,000	22,000	18,000
	Town Mill Levy Match	201,116	202,858	215,000	217,544	225,000
	Flower Box and Patio	24,244	18,270	25,000	23,000	25,000
	Misc. Other and Interest Income	10,225	35,990	-		-
	Sale of Sprung Structure	2,500	35,000	-		-
	Total Income	512,176	586,499	470,000	480,088	493,000
Expenses						
	Personnel	203,122	186,212	255,000	217,500	265,000
	Office Admin.	62,175	76,990	75,000	76,000	80,000
	Professional Services - Acct., Audit, Legal	12,687	16,978	20,000	19,000	25,000
	Programs - Trolley/Carriage Rides	10,458	16,147	15,000	18,100	15,000
	Programs - Façade/Downtown Impr. Program	11,536	12,463	25,000	23,000	20,000
	Programs - Flower Box and Patio	51,472	54,137	82,000	68,000	85,000
	Marketing and Websites	3,217	5,638	10,000	10,000	12,000
	Rent Expense	10,406	10,623	15,000	12,000	15,000
	Capital	29,735	-	90,000	-	90,000
	Contingency Expenses	-	2,500	95,000	-	95,000
	Total Expenses	394,808	381,688	682,000	443,600	702,000
			-			
	Beginning Fund Balance	796,994	914,362	918,578	1,119,173	706,578
	Transfer In/Out	-	-	-	-	-
	Net Activity	117,368	204,811	(212,000)	36,488	(209,000)
	Estimated Ending Fund Balance	**$ 914,362**	**$ 1,119,173**	**$ 706,578**	**$ 1,155,661**	**$ 497,578**

This is a draft budget that has not yet been reviewed and approved by Town Council, the Downtown Development Authority Board or the public. Upon their review changes may occur.

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 14. **File #:** ORD 2024-021

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Kristin Read, Assistant Town Manager

Ordinance Approving the Grant of a Cable Franchise to Comcast Colorado IX, LLC, and Authorizing the Execution of a Cable Franchise Agreement Between Comcast Colorado IX, LLC, and the Town of Castle Rock (First Reading)

Executive Summary

This request is to approve a renewed cable franchise agreement with Comcast for 10 years, until November 13, 2034.

Discussion

A cable franchise is a contract between a local government and a cable operator that allows the operator to use the government's rights of way to provide cable service within the community. The cable operator must, in turn, meet requirements - including adherence to customer service standards; payments of franchise fees; and provision of public, education and government access channels.

The Town had a franchise agreement with Comcast that expired on June 30, 2024. Comcast has continued operating within Castle Rock under that agreement, pending Council's approval of this renewed agreement. Staff is not recommending any changes to the customer service standards that were approved along with the Town's 2014 agreement with Comcast.

The proposed 10-year renewal agreement is a "model" agreement used by cities and towns throughout the metro area in cooperation through the Colorado Communications and Utility Alliance (CCUA), of which the Town is a member. The proposed franchise is largely similar to the previous agreement between the Town and Comcast. Two areas of substantive changes in which Council and the community may have an interest relate to: 1) current federal laws and 2) the approach to the Public, Educational, and Governmental (PEG) fees the Town receives as a result of the franchise.

The bulk of the changes between the Town's 2014 agreement with Comcast and the one being presented tonight are to bring the agreement into conformance with current federal law. Staff from multiple Town departments worked with expert law firm Wilson Williams Fellman Dittman over several

months to ensure the agreement is as favorable to the Town as possible while conforming to changes in Federal Communications Commission regulations that have occurred over the last decade.

One area where the Town's position is improved from the previous franchise is in regard to the PEG fees the Town will receive related to the agreement. The previous agreement set that fee at 50 cents per month per residential subscriber. Like other municipalities, the Town has seen this fee decline - from over $66,000 in 2019 to roughly $53,500 in 2023 - as customers have pursued telecommunication options other than cable. The proposed agreement instead sets the PEG fee as a percentage of Comcast's gross revenues, roughly equivalent to what the Town has been receiving through this fee in recent years, which should lessen the impact on the Town from this decline. Other than this minimal modification, the proposed agreement would present very little change to the Town or its residents.

Budget Impact

This renewed franchise agreement would result in little change to Town revenue or expenses. By enacting this renewal, the Town will continue to receive from Comcast the existing 5% franchise fee, which is expected to generate roughly $800,000 for the Town in 2025. (It should be noted that the cable franchises apply only to cable service, and not to broadband or telephone services.) In addition, the Town would receive 0.45% of Comcast's gross revenue per month to cover costs related to the Town's programming on Comcast Channel 22. This revenue is expected to total about $53,500 in 2025.

Staff Recommendation

Staff recommends that Council approve the franchise agreement as presented.

Proposed Motion

"I move to approve Ordinance No. 2024-XX as introduced by title."

Attachments

Attachment A: Ordinance
Exhibit 1: Cable Franchise Agreement

ORDINANCE NO. 2024-021

AN ORDINANCE APPROVING THE GRANT OF A CABLE FRANCHISE TO COMCAST COLORADO IX, LLC, AND AUTHORIZING THE EXECUTION OF A CABLE FRANCHISE AGREEMENT BETWEEN COMCAST COLORADO IX, LLC, AND THE TOWN OF CASTLE ROCK

WHEREAS, the Town of Castle Rock, Colorado (the "Town") is authorized generally pursuant to Article XX of the Colorado Constitution, as well as § 31-15-702, C.R.S, to regulate and manage the use, maintenance, and repair of public streets, roads, sidewalks, and public places under its jurisdiction; and

WHEREAS, pursuant to Section 14-2 of the Charter of the Town of Castle Rock (the "Charter"), the Town may grant nonexclusive franchises to cable television providers granting them right to use the public right-of-way for the installation, maintenance, and repair of their facilities; and

WHEREAS, the Town previously granted a non-exclusive franchise for the construction, maintenance, and operation of a cable television system within the Town to Comcast of Colorado X, LLC; and

WHEREAS, Comcast of Colorado IX, LLC is the successor in interest to Comcast of Colorado X LLC, locally known as Comcast ("Comcast"); and

WHEREAS, Comcast is agreeable to continue providing cable television service in the Town; and

WHEREAS, Comcast seeks a new cable television franchise, and a proposed new Cable Franchise Agreement acceptable to both the Town and Comcast has been prepared (the "Agreement"); and

WHEREAS, the Town has reviewed Comcast's performance under the prior franchise and the quality of service during the prior franchise term, had identified the future cable-related needs and interests of the Town and its citizens, has considered the financial, technical, and legal qualifications of Comcast, and has determined that Comcast plans for operating and maintaining its Cable Systems are adequate, in a full public proceeding affording due process to all parties; and

WHEREAS, the public has had adequate notice and opportunity to comment on Comcast's proposal to provide cable television service within the Town; and

WHEREAS, the Town has a legitimate and necessary regulatory role in ensuring the availability of cable communications service, and reliability of cable systems in its jurisdiction, the availability of local programming and quality customer service; and

WHEREAS, diversity in cable service programming is an important policy goals and Comcast's cable system should offer a wide range of programming services; and

WHEREAS, the Town Council for the Town of Castle Rock, Colorado (the "Council") has considered this Ordinance authorizing the cable television system franchise and the Agreement; and

WHEREAS, the Council hereby finds that the public has had adequate notice and opportunity to comment upon the proposed cable television system franchise and the Agreement; and

WHEREAS, the Council hereby finds that it serves the public interest of the citizens of the Town to grant a cable television franchise to Comcast pursuant to the terms of the Agreement; and

WHEREAS, the Council hereby finds, determines, and declares that this Ordinance is promulgated under the general police power of the Town, that it is promulgated for the health, safety, and welfare of the public, and that this Ordinance is necessary for the preservation of health and safety and for the protection of public convenience and welfare.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO:

Section 1. **Grant of Franchise**. The Town hereby grants to Comcast of Colorado IX, LLC a nonexclusive Cable Franchise subject to the terms and conditions set forth in the Cable Franchise Agreement between Comcast Colorado IX, LLC, and the Town of Castle Rock, Colorado.

Section 2. **Franchise Agreement**. The Cable Franchise Agreement between Comcast Colorado IX, LLC, and the Town of Castle Rock, Colorado, is hereby approved in substantially the same form as presented at tonight's meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

Section 3. **Severability**. If any clause, sentence, paragraph, or part of this Ordinance or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction invalid, such judgment shall not affect the remaining provisions of this Ordinance.

Section 4. **Safety Clause**. The Town Council finds and declares that this Ordinance is promulgated and adopted for the public health, safety and welfare and this Ordinance bears a rational relation to the legislative object sought to be obtained.

APPROVED ON FIRST READING this 1st day of October, 2024, by a vote of ___ for and ___ against, after publication in compliance with Section 2.02.100.C of the Castle Rock Municipal Code; and

PASSED, APPROVED AND ADOPTED ON SECOND AND FINAL READING this 15th day of October, 2024, by the Town Council of the Town of Castle Rock by a vote of ___ for and ___ against.

ATTEST:

_____
Lisa Anderson, Town Clerk

TOWN OF CASTLE ROCK

_____
Jason Gray, Mayor

Approved as to form:

_____
Michael J. Hyman, Town Attorney

Approved as to Content:

_____
Kristin Read, Assistant Town Manager

COMCAST OF COLORADO IX, LLC AND
THE TOWN OF CASTLE ROCK, COLORADO

CABLE FRANCHISE AGREEMENT

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COMCAST OF COLORADO IX, LLC AND
TOWN OF CASTLE ROCK, COLORADO
CABLE FRANCHISE AGREEMENT

SECTION 1. DEFINITIONS AND EXHIBITS

(A) DEFINITIONS

For the purposes of this Franchise, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning. The word "shall" is always mandatory and not merely directory.

1.1 "Access" means the availability for noncommercial use — by various agencies, institutions, organizations, groups and individuals in the community, including the Town and its designees — of the Cable System to acquire, create, receive, and distribute video Cable Services and other services and signals as permitted under Applicable Law including, but not limited to:

(A) "Public Access" means Access where community-based, noncommercial organizations, groups or individual members of the general public, on a nondiscriminatory basis, are the primary users.

(B) "Educational Access" means Access where schools are the primary users having editorial control over programming and services. For purposes of this definition, "school" means any State-accredited educational institution, public or private, including, for example, primary and secondary schools, colleges and universities.

(C) "Government Access" means Access where governmental institutions or their designees are the primary users having editorial control over programming and services.

1.2 "Access Channel" means any Channel, or portion thereof, designated for Access purposes or otherwise made available to facilitate or transmit Access programming or services.

1.3 "Activated" means the status of any capacity or part of the Cable System in which any Cable Service requiring the use of that capacity or part is available without further installation of system equipment, whether hardware or software.

1.4 "Affiliate," when used in connection with Grantee, means any Person who owns or controls, is owned or controlled by, or is under common ownership or control with, Grantee.

1.5 "Applicable Law" means any statute, ordinance, judicial decision, executive order or regulation having the force and effect of law, that determines the legal standing of a case or issue.

1.6 "Bad Debt" means amounts lawfully billed to a Subscriber and owed by the Subscriber for

Cable Service and accrued as revenues on the books of Grantee, but not collected after reasonable efforts have been made by Grantee to collect the charges.

1.7 "Basic Service" is the level of programming service which includes, at a minimum, all Broadcast Channels, all PEG SD Access Channels required in this Franchise, and any additional Programming added by the Grantee, and is made available to all Cable Services Subscribers in the Franchise Area.

1.8 "Broadcast Channel" means local commercial television stations, qualified low power stations and qualified local noncommercial educational television stations, as referenced under 47 USC § 534 and 535.

1.9 "Broadcast Signal" means a television or radio signal transmitted over the air to a wide geographic audience, and received by a Cable System by antenna, microwave, satellite dishes or any other means.

1.10 "Cable Act" means the Title VI of the Communications Act of 1934, as amended.

1.11 "Cable Operator" means any Person or groups of Persons, including Grantee, who provide(s) Cable Service over a Cable System and directly or through one or more affiliates owns a significant interest in such Cable System or who otherwise control(s) or is (are) responsible for, through any arrangement, the management and operation of such a Cable System.

1.12 "Cable Service" means the one-way transmission to Subscribers of video programming or other programming service, and Subscriber interaction, if any, which is required for the selection or use of such video programming or other programming service.

1.13 "Cable System" means any facility, including Grantee's, consisting of a set of closed transmissions paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within a community, but such term does not include (A) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (B) a facility that serves Subscribers without using any Right-of-Way; (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of Title II of the federal Communications Act (47 U.S.C. 201 et seq.), except that such facility shall be considered a Cable System (other than for purposes of Section 621(c) (47 U.S.C. 541(c)) to the extent such facility is used in the transmission of video programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (D) an open video system that complies with federal statutes; or (E) any facilities of any electric utility used solely for operating its electric utility systems.

1.14 "Channel" means a portion of the electromagnetic frequency spectrum which is used in the Cable System and which is capable of delivering a television channel (as television channel is defined by the FCC by regulation).

1.15 "Colorado Communications and Utility Alliance" or "CCUA" means the non-profit entity formed by franchising authorities and/or local governments in Colorado or its successor entity,

whose purpose is, among other things, to communicate with regard to franchising matters collectively and cooperatively.

1.16 "Commercial Subscribers" means any Subscribers other than Residential Subscribers.

1.17 "Designated Access Provider" means the entity or entities designated now or in the future by the Town to manage or co-manage Access Channels and facilities. The Town may be a Designated Access Provider.

1.18 "Digital Starter Service" means the Tier of optional video programming services, which is the level of Cable Service received by most Subscribers above Basic Service, and does not include Premium Services.

1.19 "Downstream" means carrying a transmission from the Headend to remote points on the Cable System or to Interconnection points on the Cable System.

1.20 "Dwelling Unit" means any building, or portion thereof, that has independent living facilities, including provisions for cooking, sanitation and sleeping, and that is designed for residential occupancy. Buildings with more than one set of facilities for cooking shall be considered Multiple Dwelling Units unless the additional facilities are clearly accessory.

1.21 "FCC" means the Federal Communications Commission.

1.22 "Fiber Optic" means a transmission medium of optical fiber cable, along with all associated electronics and equipment, capable of carrying Cable Service by means of electric lightwave impulses.

1.23 "Franchise" means the document in which this definition appears, *i.e.*, the contractual agreement, executed between the Town and Grantee, containing the specific provisions of the authorization granted, including references, specifications, requirements and other related matters.

1.24 "Franchise Area" means the area within the jurisdictional boundaries of the Town, including any areas annexed by the Town during the term of this Franchise.

1.25 "Franchise Fee" means that fee payable to the Town described in subsection 3.1 (A).

1.26 "Grantee" means Comcast of Colorado IX, LLC or its lawful successor, transferee or assignee.

1.27 "Gross Revenues" means, and shall be construed broadly to include all revenues derived directly or indirectly by Grantee and/or an Affiliated Entity that is the cable operator of the Cable System, from the operation of Grantee's Cable System to provide Cable Services within the Town. Gross revenues include, by way of illustration and not limitation:

- monthly fees for Cable Services, regardless of whether such Cable Services are provided to residential or commercial customers, including revenues derived from

the provision of all Cable Services (including but not limited to pay or premium Cable Services, digital Cable Services, pay-per-view, pay-per-event and video-on-demand Cable Services);

- installation, reconnection, downgrade, upgrade or similar charges associated with changes in subscriber Cable Service levels;

- fees paid to Grantee for channels designated for commercial/leased access use and shall be allocated on a pro rata basis using total Cable Service subscribers within the Town;

- converter, remote control, and other Cable Service equipment rentals, leases, or sales;

- Advertising Revenues as defined herein;

- late fees, convenience fees and administrative fees which shall be allocated on a pro rata basis using Cable Services revenue as a percentage of total subscriber revenues within the Town;

- revenues from program guides;

- Franchise Fees;

- FCC Regulatory Fees; and,

- commissions from home shopping channels and other Cable Service revenue sharing arrangements which shall be allocated on a pro rata basis using total Cable Service subscribers within the Town.

(A) "Advertising Revenues" shall mean revenues derived from sales of advertising that are made available to Grantee's Cable System subscribers within the Town and shall be allocated on a pro rata basis using total Cable Service subscribers reached by the advertising. Additionally, Grantee agrees that Gross Revenues subject to franchise fees shall include all commissions, rep fees, Affiliated Entity fees, or rebates paid to National Cable Communications ("NCC") and Comcast Spotlight ("Spotlight") or their successors associated with sales of advertising on the Cable System within the Town allocated according to this paragraph using total Cable Service subscribers reached by the advertising.

(B) "Gross Revenues" shall not include:

- actual bad debt write-offs, except any portion which is subsequently collected which shall be allocated on a *pro rata* basis using Cable Services revenue as a percentage of total subscriber revenues within the Town;

- any taxes and/or fees on services furnished by Grantee imposed by any

municipality, State or other governmental unit, provided that Franchise Fees and the FCC regulatory fee shall not be regarded as such a tax or fee;

- fees imposed by any municipality, State or other governmental unit on Grantee including but not limited to Public, Educational and Governmental (PEG) Fees;

- launch fees and marketing co-op fees; and,

- unaffiliated third-party advertising sales agency fees which are reflected as a deduction from revenues.

(C) To the extent revenues are received by Grantee for the provision of a discounted bundle of services which includes Cable Services and non-Cable Services, Grantee shall calculate revenues to be included in Gross Revenues using a methodology that allocates revenue on a *pro rata* basis when comparing the bundled service price and its components to the sum of the published rate card, except as required by specific federal, State or local law, it is expressly understood that equipment may be subject to inclusion in the bundled price at full rate card value. This calculation shall be applied to every bundled service package containing Cable Service from which Grantee derives revenues in the Town. The Town reserves its right to review and to challenge Grantee's calculations.

(D) Grantee reserves the right to change the allocation methodologies set forth in this Section 1.27 in order to meet the standards required by governing accounting principles as promulgated and defined by the Financial Accounting Standards Board ("FASB"), Emerging Issues Task Force ("EITF") and/or the U.S. Securities and Exchange Commission ("SEC"). Grantee will explain and document the required changes to the Town within three months of making such changes, and as part of any audit or review of franchise fee payments, and any such changes shall be subject to 1.27(E) below.

(E) Resolution of any disputes over the classification of revenue should first be attempted by agreement of the Parties, but should no resolution be reached, the Parties agree that reference shall be made to generally accepted accounting principles ("GAAP") as promulgated and defined by the Financial Accounting Standards Board ("FASB"), Emerging Issues Task Force ("EITF") and/or the U.S. Securities and Exchange Commission ("SEC"). Notwithstanding the forgoing, the Town reserves its right to challenge Grantee's calculation of Gross Revenues, including the interpretation of GAAP as promulgated and defined by the FASB, EITF and/or the SEC.

1.28 "Headend" means any facility for signal reception and dissemination on a Cable System, including cables, antennas, wires, satellite dishes, monitors, switchers, modulators, processors for Broadcast Signals, equipment for the Interconnection of the Cable System with adjacent Cable Systems and Interconnection of any networks which are part of the Cable System, and all other related equipment and facilities.

1.29 "Leased Access Channel" means any Channel or portion of a Channel commercially

available for video programming by Persons other than Grantee, for a fee or charge.

1.30 "Manager" means the Town Manager of the Town or designee.

1.31 "Person" means any individual, sole proprietorship, partnership, association, or corporation, or any other form of entity or organization.

1.32 "Premium Service" means programming choices (such as movie Channels, pay-per-view programs, or video on demand) offered to Subscribers on a per-Channel, per-program or per-event basis.

1.33 "Residential Subscriber" means any Person who receives Cable Service delivered to Dwelling Units or Multiple Dwelling Units, excluding such Multiple Dwelling Units billed on a bulk-billing basis.

1.34 "Right-of-Way" means each of the following which have been dedicated to the public or are hereafter dedicated to the public and maintained under public authority or by others and located within the Town: streets, roadways, highways, avenues, lanes, alleys, bridges, sidewalks, easements, rights-of-way and similar public property and areas.

1.35 "State" means the State of Colorado.

1.36 "Subscriber" means any Person who or which elects to subscribe to, for any purpose, Cable Service provided by Grantee by means of or in connection with the Cable System and whose premises are physically wired and lawfully Activated to receive Cable Service from Grantee's Cable System, and who is in compliance with Grantee's regular and nondiscriminatory terms and conditions for receipt of service.

1.37 "Subscriber Network" means that portion of the Cable System used primarily by Grantee in the transmission of Cable Services to Residential Subscribers.

1.38 "Telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received (as provided in 47 U.S.C. Section 153(43)).

1.39 "Telecommunications Service" means the offering of Telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used (as provided in 47 U.S.C. Section 153(46)).

1.40 "Tier" means a group of Channels for which a single periodic subscription fee is charged.

1.41 "Town" is the Town of Castle Rock, Colorado, a body politic and corporate under the laws of the State of Colorado.

1.42 "Town Council" means the Town Council or its successor, the governing body of the Town of Castle Rock, Colorado.

1.43 "Two-Way" means that the Cable System is capable of providing both Upstream and Downstream transmissions.

1.44 "Upstream" means carrying a transmission to the Headend from remote points on the Cable System or from Interconnection points on the Cable System.

(B) EXHIBITS

The following documents, which are occasionally referred to in this Franchise, are formally incorporated and made a part of this Franchise by this reference:

(1) ***Exhibit A,*** titled Report Form.

SECTION 2. GRANT OF FRANCHISE

2.1 Grant

(A) The Town hereby grants to Grantee a nonexclusive authorization to make reasonable and lawful use of the Rights-of-Way within the Town to construct, operate, maintain, reconstruct and rebuild a Cable System for the purpose of providing Cable Service subject to the terms and conditions set forth in this Franchise and in any prior utility or use agreements entered into by Grantee with regard to any individual property. This Franchise shall constitute both a right and an obligation to provide the Cable Services required by, and to fulfill the obligations set forth in, the provisions of this Franchise.

(B) Nothing in this Franchise shall be deemed to waive the lawful requirements of any generally applicable Town ordinance existing as of the Effective Date, as defined in subsection 2.3.

(C) Each and every term, provision or condition herein is subject to the provisions of State law, federal law, the Charter of the Town, and the ordinances and regulations enacted pursuant thereto. The Charter and Municipal Code of the Town, as the same may be amended from time to time, are hereby expressly incorporated into this Franchise as if fully set out herein by this reference. Notwithstanding the foregoing, the Town may not unilaterally alter the material rights and obligations of Grantee under this Franchise.

(D) This Franchise shall not be interpreted to prevent the Town from imposing additional lawful conditions, including additional compensation conditions, for use of the Rights-of-Way.

(E) Grantee promises and guarantees, as a condition of exercising the privileges granted by this Franchise, that any Affiliate of the Grantee directly involved in the offering of Cable Service in the Franchise Area, or directly involved in the management or operation of the Cable System in the Franchise Area, will also comply with the obligations of this Franchise.

(F) No rights shall pass to Grantee by implication. Without limiting the foregoing, by way of example and not limitation, this Franchise shall not include or be a substitute for:

(1) Any other permit or authorization required for the privilege of transacting and carrying on a business within the Town that may be required by the Town's ordinances and laws;

(2) Any permit, agreement, or authorization required by the Town for Right-of-Way users in connection with operations on or in Rights-of-Way or public property including, by way of example and not limitation, street cut permits; or

(3) Any permits or agreements for occupying any other property of the Town or private entities to which access is not specifically granted by this Franchise including, without limitation, permits and agreements for placing devices on poles, in conduits or in or on other structures.

(G) This Franchise is intended to convey limited rights and interests only as to those Rights-of-Way in which the Town has an actual interest. It is not a warranty of title or interest in any Right-of-Way; it does not provide the Grantee with any interest in any particular location within the Right-of-Way; and it does not confer rights other than as expressly provided in the grant hereof.

2.2 Use of Rights-of-Way

(A) Subject to the Town's supervision and control, Grantee may erect, install, construct, repair, replace, reconstruct, and retain in, on, over, under, upon, across, and along the Rights-of-Way within the Town such wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of a Cable System within the Town. Grantee, through this Franchise, is granted extensive and valuable rights to operate its Cable System for profit using the Town's Rights-of-Way in compliance with all applicable Town construction codes and procedures. As trustee for the public, the Town is entitled to fair compensation as provided for in Section 3 of this Franchise to be paid for these valuable rights throughout the term of the Franchise.

(B) Grantee must follow Town-established nondiscriminatory requirements for placement of Cable System facilities in Rights-of-Way, including the specific location of facilities in the Rights-of-Way, and must in any event install Cable System facilities in a manner that minimizes interference with the use of the Rights-of-Way by others, including others that may be installing communications facilities. Within limits reasonably related to the Town's role in protecting public health, safety and welfare, the Town may require that Cable System facilities be installed at a particular time, at a specific place or in a particular manner as a condition of access to a particular Right-of-Way; may deny access if Grantee is not willing to comply with the Town's requirements; and may remove, or require removal of, any facility that is not installed by Grantee in compliance with the requirements established by the Town, or which is installed without prior Town approval of the time, place or manner of installation, and charge Grantee for all the costs associated with removal; and may require Grantee to cooperate with others to minimize adverse impacts on the Rights-of-Way through joint trenching and other arrangements.

2.3 Effective Date and Term of Franchise

This Franchise and the rights, privileges and authority granted hereunder shall take effect on November 14, 2024 (the "Effective Date"), and shall terminate on November 14, 2034, unless terminated sooner as hereinafter provided.

2.4 Franchise Nonexclusive

This Franchise shall be nonexclusive, and subject to all prior rights, interests, easements or licenses granted by the Town to any Person to use any property, Right-of-Way, right, interest or license for any purpose whatsoever, including the right of the Town to use same for any purpose it deems fit, including the same or similar purposes allowed Grantee hereunder. The Town may at any time grant authorization to use the Rights-of-Way for any purpose not incompatible with Grantee's authority under this Franchise and for such additional franchises for Cable Systems as the Town deems appropriate.

2.5 Police Powers

Grantee's rights hereunder are subject to the police powers of the Town to adopt and enforce ordinances necessary to the safety, health, and welfare of the public, and Grantee agrees to comply with all laws and ordinances of general applicability enacted, or hereafter enacted, by the Town or any other legally constituted governmental unit having lawful jurisdiction over the subject matter hereof. The Town shall have the right to adopt, from time to time, such ordinances as may be deemed necessary in the exercise of its police power. The Grantee reserves the right to challenge any ordinance(s) it believes are not a generally applicable exercise of Town's police powers. Any conflict between the provisions of this Franchise and any other present or future lawful exercise of the Town's police powers shall be resolved in favor of the latter.

2.6 Competitive Equity

(A) The Grantee acknowledges and agrees that the Town reserves the right to grant one or more additional franchises or other similar lawful authorization to provide Cable Services within the Town. If the Town grants such an additional franchise or other similar lawful authorization containing material terms and conditions that differ from Grantee's material obligations under this Franchise, then the Town agrees that the obligations in this Franchise will, pursuant to the process set forth in this Section, be amended to include any material terms or conditions that it imposes upon the new entrant, or provide relief from existing material terms or conditions, so as to insure that the regulatory and financial burdens on each entity are materially equivalent. "Material terms and conditions" include, but are not limited to: Franchise Fees and Gross Revenues; insurance; System build-out requirements; security instruments; Public, Education and Government Access Channels and support; customer service standards; required reports and related record keeping; competitive equity (or its equivalent); audits; dispute resolution; remedies; and notice and opportunity to cure breaches. The parties agree that this provision shall not require a word-for-word identical franchise or authorization for a competitive entity so long as the regulatory and financial burdens on each entity are materially equivalent.

Video programming services (as defined in the Cable Act) delivered over wireless broadband networks are specifically exempted from the requirements of this Section.

(B) The modification process of this Franchise as provided for in Section 2.6 (A) shall only be initiated by written notice by the Grantee to the Town regarding specified franchise obligations. Grantee's notice shall address the following: (1) identifying the specific terms or conditions in the competitive cable services franchise which are materially different from Grantee's obligations under this Franchise; (2) identifying the Franchise terms and conditions for which Grantee is seeking amendments; (3) providing text for any proposed Franchise amendments to the Town, with a written explanation of why the proposed amendments are necessary and consistent.

(C) Upon receipt of Grantee's written notice as provided in Section 2.6 (B), the Town and Grantee agree that they will use best efforts in good faith to negotiate Grantee's proposed Franchise modifications, and that such negotiation will proceed and conclude within a 90-day time period, unless that time period is reduced or extended by mutual agreement of the parties. If the Town and Grantee reach agreement on the Franchise modifications pursuant to such negotiations, then the Town shall amend this Franchise to include the modifications.

(D) In the alternative to Franchise modification negotiations as provided for in Section 2.6 (C), or if the Town and Grantee fail to reach agreement in such negotiations, Grantee may, at its option, elect to replace this Franchise by opting into the franchise or other similar lawful authorization that the Town grants to another provider of Cable Services, with the understanding that Grantee will use its current system design and technology infrastructure to meet any requirements of the new franchise so as to insure that the regulatory and financial burdens on each entity are equivalent. If Grantee so elects, the Town shall immediately commence proceedings to replace this Franchise with the franchise issued to the other Cable Services provider.

(E) Notwithstanding anything contained in this Section 2.6(A) through (D) to the contrary, the Town shall not be obligated to amend or replace this Franchise unless the new entrant makes Cable Services available for purchase by Subscribers or customers under its franchise agreement with the Town.

(F) Notwithstanding any provision to the contrary, at any time that a wireline facilities-based entity, legally authorized by State or federal law, makes available for purchase by Subscribers or customers, Cable Services or multiple Channels of video programming within the Franchise Area without a franchise or other similar lawful authorization granted by the Town, then:

(1) Grantee may negotiate with the Town to seek Franchise modifications as per Section 2.6(C) above; or

(a) the term of Grantee's Franchise shall, upon ninety (90) days written notice from Grantee, be shortened so that the Franchise shall be deemed to expire on a date eighteen (18) months from the first day of the month following

the date of Grantee's notice; or,

(b) Grantee may assert, at Grantee's option, that this Franchise is rendered "commercially impracticable," and invoke the modification procedures set forth in Section 625 of the Cable Act.

2.7 Familiarity with Franchise

The Grantee acknowledges and warrants by acceptance of the rights, privileges and agreements granted herein, that it has carefully read and fully comprehends the terms and conditions of this Franchise and is willing to and does accept all lawful and reasonable risks of the meaning of the provisions, terms and conditions herein. The Grantee further acknowledges and states that it has fully studied and considered the requirements and provisions of this Franchise, and finds that the same are commercially practicable at this time, and consistent with all local, State, and federal laws and regulations currently in effect, including the Cable Act.

2.8 Effect of Acceptance

By accepting the Franchise, the Grantee: (1) acknowledges and accepts the Town's legal right to issue and enforce the Franchise; (2) accepts and agrees to comply with each and every provision of this Franchise subject to Applicable Law; and (3) agrees that the Franchise was granted pursuant to processes and procedures consistent with Applicable Law, and that it will not raise any claim to the contrary.

SECTION 3. FRANCHISE FEE PAYMENT AND FINANCIAL CONTROLS

3.1 Franchise Fee

As compensation for the benefits and privileges granted under this Franchise and in consideration of permission to use the Town's Rights-of-Way, Grantee shall continue to pay as a Franchise Fee to the Town, throughout the duration of and consistent with this Franchise, an amount equal to 5% of Grantee's Gross Revenues.

3.2 Payments

Grantee's Franchise Fee payments to the Town shall be computed quarterly for the preceding calendar quarter ending March 31, June 30, September 30, and December 31. Each quarterly payment shall be due and payable no later than 45 days after said dates.

3.3 Acceptance of Payment and Recomputation

No acceptance of any payment shall be construed as an accord by the Town that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim the Town may have for further or additional sums payable or for the performance of any other obligation of Grantee.

3.4 Quarterly Franchise Fee Reports

Each payment shall be accompanied by a written report to the Town, or concurrently sent under separate cover, verified by an authorized representative of Grantee, containing an accurate statement in summarized form, as well as in detail, of Grantee's Gross Revenues and the computation of the payment amount. Such reports shall detail all Gross Revenues of the Cable System.

3.5 Annual Franchise Fee Reports

Grantee shall, within 60 days after the end of each year, furnish to the Town a statement stating the total amount of Gross Revenues for the year and all payments, deductions and computations for the period.

3.6 Audits

On an annual basis, upon 30 days prior written notice, the Town, including the Town's Auditor or their authorized representative, shall have the right to conduct an independent audit/review of Grantee's records reasonably related to the administration or enforcement of this Franchise. Pursuant to subsection 1.27, as part of the Franchise Fee audit/review the Town shall specifically have the right to review relevant data related to the allocation of revenue to Cable Services in the event Grantee offers Cable Services bundled with non-Cable Services. For purposes of this section, "relevant data" shall include, at a minimum, Grantee's records, produced and maintained in the ordinary course of business, showing the subscriber counts per package and the revenue allocation per package for each package that was available for Town subscribers during the audit period. To the extent that the Town does not believe that the relevant data supplied is sufficient for the Town to complete its audit/review, the Town may require other relevant data. For purposes of this Section 3.6, the "other relevant data" shall generally mean all: (1) billing reports, (2) financial reports (such as General Ledgers) and (3) sample customer bills used by Grantee to determine Gross Revenues for the Franchise Area that would allow the Town to recompute the Gross Revenue determination. If the audit/review shows that Franchise Fee payments have been underpaid by five percent 5% or more (or such other contract underpayment threshold as set forth in a generally applicable and enforceable regulation or policy of the Town related to audits), Grantee shall pay the total cost of the audit/review, such cost not to exceed $7,500 for each year of the audit period. The Town's right to audit/review and the Grantee's obligation to retain records related to this subsection shall expire three years after each Franchise Fee payment has been made to the Town.

3.7 Late Payments

In the event any payment due quarterly is not received within 45 days from the end of the calendar quarter, Grantee shall pay interest on the amount due (at the prime rate as listed in the Wall Street Journal on the date the payment was due), compounded daily, calculated from the date the payment was originally due until the date the Town receives the payment.

3.8 Underpayments

If a net Franchise Fee underpayment is discovered as the result of an audit, Grantee shall pay interest at the rate of the 8% per annum, compounded quarterly, calculated from the date each portion of the underpayment was originally due until the date Grantee remits the underpayment to the Town.

3.9 Alternative Compensation

In the event the obligation of Grantee to compensate the Town through Franchise Fee payments is lawfully suspended or eliminated, in whole or part, then Grantee shall comply with any other Applicable Law related to the right to occupy the Town's Rights-of-Way and compensation therefor.

3.10 Maximum Legal Compensation

The parties acknowledge that, at present, applicable federal law limits the Town to collection of a maximum permissible Franchise Fee of 5% of Gross Revenues. In the event that at any time during the duration of this Franchise, the Town is authorized to collect an amount in excess of 5% of Gross Revenues, then this Franchise may be amended unilaterally by the Town through the same process that the Franchise was adopted to provide that such excess amount shall be added to the Franchise Fee payments to be paid by Grantee to the Town hereunder, provided that Grantee has received at least 90 days prior written notice from the Town of such amendment, so long as all cable operators in the Town are paying the same Franchise Fee amount.

3.11 Additional Commitments Not Franchise Fee Payments

(A) The PEG Capital Contribution pursuant to Section 9.6, as well as any charges incidental to the awarding or enforcing of this Franchise (including, without limitation, payments for bonds, security funds, letters of credit, insurance, indemnification, penalties or liquidated damage) and Grantee's costs of compliance with Franchise obligations (including, without limitation, compliance with customer service standards and build out obligations) shall not be offset against Franchise Fees. Furthermore, the Town and Grantee agree that any local tax of general applicability shall be in addition to any Franchise Fees required herein, and there shall be no offset against Franchise Fees. Notwithstanding the foregoing, Grantee reserves all rights to offset cash or non-cash consideration or obligations from Franchise Fees, consistent with Applicable Law. The Town likewise reserves all rights it has under Applicable Law. Should Grantee elect to offset the items set forth herein, or other Franchise commitments such as complimentary Cable Service, against Franchise Fees in accordance with Applicable Law, including any Orders resulting from the FCC's 621 proceeding, MB Docket No. 05-311, Grantee shall provide the Town with advance written notice. Such notice shall document the proposed offset or service charges so that the Town can make an informed decision as to its course of action. Upon receipt of such notice, the Town shall have up to 120 days to either (1) maintain the commitment with the understanding that the value shall be offset from Franchise Fees; (2) relieve Grantee from the commitment obligation under the Franchise; or (3) pay for the services rendered

pursuant to the commitment in accordance with Grantee's regular and nondiscriminatory term and conditions.

(B) Grantee's notice pursuant to Section 3.11(A) shall, at a minimum, address the following: (1) identify the specific cash or non-cash consideration or obligations that must be offset from Grantee's Franchise Fee obligations; (2) identify the Franchise terms and conditions for which Grantee is seeking amendments; (3) provide text for any proposed Franchise amendments to the Town, with a written explanation of why the proposed amendments are necessary and consistent with Applicable Law; (4) provide all information and documentation reasonably necessary to address how and why specific offsets are to be calculated and (5) if applicable, provide all information and documentation reasonably necessary to document how Franchise Fee offsets may be passed through to Subscribers in accordance with 47 U.S.C. 542(e). Nothing in this Section 3.11(B) shall be construed to extend the 120-day time period for the Town to make its election under Section 3.11(A); provided, however, that any disagreements or disputes over whether sufficient information has been provided pursuant to this Paragraph (B) may be addressed under Sections 13.1 or 13.2 of this Franchise.

(C) Upon receipt of Grantee's written notice as provided in Section 3.11 (B), the Town and Grantee agree that they will use best efforts in good faith to negotiate Grantee's proposed Franchise modifications and agree to what offsets, if any, are to be made to the Franchise Fee obligations. Such negotiation will proceed and conclude within a 120-day time period, unless that time period is reduced or extended by mutual agreement of the parties. If the Town and Grantee reach agreement on the Franchise modifications pursuant to such negotiations, then the Town shall amend this Franchise to include those modifications.

(D) If the parties are unable to reach agreement on any Franchise Fee offset issue within 120 days or such other time as the parties may mutually agree, each party reserves all rights it may have under Applicable Law to address such offset issues.

(E) The Town acknowledges that Grantee currently provides one outlet of Basic Service and Digital Starter Service and associated equipment to certain Town-owned and occupied or leased and occupied buildings, schools, fire stations and public libraries located in areas where Grantee provides Cable Service. For purposes of this Franchise, "school" means all State-accredited K-12 public and private schools. Outlets of Basic and Digital Starter Service provided in accordance with this subsection may be used to distribute Cable Services throughout such buildings, provided such distribution can be accomplished without causing Cable System disruption and general technical standards are maintained. Grantee's commitment to provide this service is voluntary and may be terminated by Grantee at its sole discretion.

(1) Grantee's termination of complimentary services provided shall be pursuant to the provisions of Section 3.11(A)-(E) above. The Town may make a separate election for each account or line of service identified in the notice (for example, the Town may choose to accept certain services or accounts as offsets to Franchise Fees and discontinue other services or accounts), so long as all elections are made within 120 days. Grantee shall also provide

written notice to each entity that is currently receiving complimentary services with copies of those notice(s) sent to the Town.

(2) Notwithstanding the foregoing, Grantee reserves all rights to offset cash or non-cash consideration or obligations from Franchise Fees, consistent with Applicable Law. The Town likewise reserves all rights it has under Applicable Law.

(F) The parties understand and agree that offsets may be required and agreed to as a result of the FCC's Order in what is commonly known as the 621 Proceeding, MB Docket No. 05-311. Should there be a new Order in the 621 Proceeding, or any other change in Applicable Law, which would permit any cash or non-cash consideration or obligations to be required by this Franchise without being offset from Franchise Fees, or would change the scope of the Town's regulatory authority over the use of the rights-of-way by the Grantee, the parties shall, within 120 days of written notice from the Town, amend this Franchise to reinstate such consideration or obligations without offset from Franchise Fees, and to address the full scope of the Town's regulatory authority.

3.12 Tax Liability

The Franchise Fees shall be in addition to any and all taxes or other levies or assessments which are now or hereafter required to be paid by businesses in general by any law of the Town, the State or the United States including, without limitation, sales, use and other taxes, business license fees or other payments. Payment of the Franchise Fees under this Franchise shall not exempt Grantee from the payment of any other license fee, permit fee, tax or charge on the business, occupation, property or income of Grantee that may be lawfully imposed by the Town. Any other license fees, taxes or charges shall be of general applicability in nature and shall not be levied against Grantee solely because of its status as a Cable Operator, or against Subscribers, solely because of their status as such.

3.13 Financial Records

Grantee agrees to meet with a representative of the Town upon request to review Grantee's methodology of record-keeping, financial reporting, the computing of Franchise Fee obligations and other procedures, the understanding of which the Town deems necessary for reviewing reports and records.

3.14 Payment on Termination

If this Franchise terminates for any reason, the Grantee shall file with the Town within 90 calendar days of the date of the termination, a financial statement, certified by an independent certified public accountant, showing the Gross Revenues received by the Grantee since the end of the previous fiscal year. The Town reserves the right to satisfy any remaining financial obligations of the Grantee to the Town by utilizing the funds available in the letter of credit or other security provided by the Grantee.

SECTION 4. ADMINISTRATION AND REGULATION

4.1 Authority

(A) The Town shall be vested with the power and right to reasonably regulate the exercise of the privileges permitted by this Franchise in the public interest, or to delegate that power and right, or any part thereof, to the extent permitted under federal, State and local law, to any agent including, but not limited to, the CCUA, in its sole discretion.

(B) Nothing in this Franchise shall limit nor expand the Town's right of eminent domain under State law.

4.2 Rates and Charges

All of Grantee's rates and charges related to or regarding Cable Services shall be subject to regulation by the Town to the full extent authorized by applicable federal, State, and local laws.

4.3 Rate Discrimination

All of Grantee's rates and charges shall be published (in the form of a publicly-available rate card) and be non-discriminatory as to all Persons and organizations of similar classes, under similar circumstances and conditions. Grantee shall apply its rates in accordance with Applicable Law, with identical rates and charges for all Subscribers receiving identical Cable Services, without regard to race, color, ethnic or national origin, religion, age, sex, sexual orientation, marital, military or economic status, or physical or mental disability or geographic location within the Town. Grantee shall offer the same Cable Services to all Residential Subscribers at identical rates to the extent required by Applicable Law and to Multiple Dwelling Unit Subscribers to the extent authorized by FCC rules or applicable federal law. Grantee shall permit Subscribers to make any lawful in-residence connections the Subscriber chooses without additional charge nor penalizing the Subscriber therefor. However, if any in-home connection requires service from Grantee due to signal quality, signal leakage or other factors, caused by improper installation of such in-home wiring or faulty materials of such in-home wiring, the Subscriber may be charged reasonable service charges by Grantee. Nothing herein shall be construed to prohibit:

(A) The temporary reduction or waiving of rates or charges in conjunction with valid promotional campaigns; or,

(B) The offering of reasonable discounts to senior citizens or economically disadvantaged citizens; or,

(C) The offering of rate discounts for Cable Service; or,

(D) The Grantee from establishing different and nondiscriminatory rates and charges and classes of service for Commercial Subscribers, as allowable by federal law and regulations.

4.4 Filing of Rates and Charges

(A) Throughout the term of this Franchise, Grantee shall maintain on file with the Town a complete schedule of applicable rates and charges for Cable Services provided under this Franchise. Nothing in this subsection shall be construed to require Grantee to file rates and charges under temporary reductions or waivers of rates and charges in conjunction with promotional campaigns.

(B) Upon request of the Town, Grantee shall provide a complete schedule of current rates and charges for any and all Leased Access Channels, or portions of such Channels, provided by Grantee. The schedule shall include a description of the price, terms, and conditions established by Grantee for Leased Access Channels.

4.5 Cross Subsidization

Grantee shall comply with all Applicable Laws regarding rates for Cable Services and all Applicable Laws covering issues of cross subsidization.

4.6 Reserved Authority

Both Grantee and the Town reserve all rights they may have under the Cable Act and any other relevant provisions of federal, State, or local law.

4.7 Franchise Amendment Procedure

Either party may at any time seek an amendment of this Franchise by so notifying the other party in writing. Within 30 days of receipt of notice, the Town and Grantee shall meet to discuss the proposed amendment(s). If the parties reach a mutual agreement upon the suggested amendment(s), such amendment(s) shall be submitted to the Town Council for its approval. If so approved by the Town Council and the Grantee, then such amendment(s) shall be deemed part of this Franchise. If mutual agreement is not reached, there shall be no amendment.

4.8 Performance Evaluations

(A) The Town may hold performance evaluation sessions upon 90 days written notice, provided that such evaluation sessions shall be held no more frequently than once every two years. All such evaluation sessions shall be conducted by the Town.

(B) Special evaluation sessions may be held at any time by the Town during the term of this Franchise, upon 90 days written notice to Grantee.

(C) All regular evaluation sessions shall be open to the public and announced at least two weeks in advance in any manner within the discretion of the Town. Grantee shall also include with or on the Subscriber billing statements for the billing period immediately preceding the commencement of the session, written notification of the date, time, and place of the regular performance evaluation session, and any special evaluation session as required by the Town,

provided Grantee receives appropriate advance notice.

(D) Topics which may be discussed at any evaluation session may include, but are not limited to, Cable Service rate structures; Franchise Fee payments; liquidated damages; free or discounted Cable Services; application of new technologies; Cable System performance; Cable Services provided; programming offered; Subscriber complaints; privacy; amendments to this Franchise; judicial and FCC rulings; line extension policies; and the Town or Grantee's rules; provided that nothing in this subsection shall be construed as requiring the renegotiation of this Franchise.

(E) During evaluations under this subsection, Grantee shall fully cooperate with the Town and shall provide such information and documents as the Town may reasonably require to perform the evaluation.

4.9 Late Fees

(A) For purposes of this subsection, any assessment, charge, cost, fee or sum, however characterized, that the Grantee imposes upon a Subscriber solely for late payment of a bill is a late fee and shall be applied in accordance with the Town's Customer Service Standards, as the same may be amended from time to time by the Town Council acting by ordinance or resolution, or as the same may be superseded by Applicable Law.

(B) Nothing in this subsection shall be deemed to create, limit or otherwise affect the ability of the Grantee, if any, to impose other assessments, charges, fees or sums other than those permitted by this subsection, for the Grantee's other services or activities it performs in compliance with Applicable Law, including FCC law, rule or regulation.

(C) The Grantee's late fee and disconnection policies and practices shall be consistent with Applicable Law.

4.10 Force Majeure

In the event Grantee is prevented or delayed in the performance of any of its obligations under this Franchise by reason beyond the control of Grantee, Grantee shall have a reasonable time, under the circumstances, to perform the affected obligation under this Franchise or to procure a substitute for such obligation which is satisfactory to the Town. Those conditions which are not within the control of Grantee include, but are not limited to, natural disasters, civil disturbances, work stoppages or labor disputes, power outages, telephone network outages, and severe or unusual weather conditions which have a direct and substantial impact on the Grantee's ability to provide Cable Services in the Town and which was not caused and could not have been avoided by the Grantee which used its best efforts in its operations to avoid such results.

If Grantee believes that a reason beyond its control has prevented or delayed its compliance with the terms of this Franchise, Grantee shall provide documentation as reasonably required by the Town to substantiate the Grantee's claim. If Grantee has not yet cured the deficiency, Grantee shall also provide the Town with its proposed plan for remediation, including the timing for such

cure.

4.11 Time Limits Strictly Construed

Whenever this Franchise sets forth a time for any act to be performed by Grantee, such time shall be deemed to be of the essence, and any failure of Grantee to perform within the allotted time may be considered a breach of this Franchise, and sufficient grounds for the Town to invoke any relevant remedy in accordance with Section 13.1 of this Franchise.

SECTION 5. FINANCIAL AND INSURANCE REQUIREMENTS

5.1 Indemnification

(A) General Indemnification. Grantee shall indemnify, defend and hold the Town, its officers, officials, boards, commissions, agents and employees, harmless from any action or claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and reasonable attorneys' fees or reasonable expenses, arising from any casualty or accident to Person or property, including, without limitation, copyright infringement, defamation, and all other damages in any way arising out of, or by reason of, any construction, excavation, operation, maintenance, reconstruction, or any other act done under this Franchise, by or for Grantee, its agents, or its employees, or by reason of any neglect or omission of Grantee. Grantee shall consult and cooperate with the Town while conducting its defense of the Town. Grantee shall not be obligated to indemnify the Town to the extent of the Town's negligence or willful misconduct.

(B) Indemnification for Relocation. Grantee shall indemnify the Town for any damages, claims, additional costs or reasonable expenses assessed against, or payable by, the Town arising out of, or resulting from, directly or indirectly, Grantee's failure to remove, adjust or relocate any of its facilities in the Rights-of-Way in a timely manner in accordance with any relocation required by the Town.

(C) Additional Circumstances. Grantee shall also indemnify, defend and hold the Town harmless for any claim for injury, damage, loss, liability, cost or expense, including court and appeal costs and reasonable attorneys' fees or reasonable expenses in any way arising out of:

(1) The lawful actions of the Town in granting this Franchise to the extent such actions are consistent with this Franchise and Applicable Law.

(2) Damages arising out of any failure by Grantee to secure consents from the owners, authorized distributors, or licensees/licensors of programs to be delivered by the Cable System, whether or not any act or omission complained of is authorized, allowed or prohibited by this Franchise.

(D) Procedures and Defense. If a claim or action arises, the Town or any other indemnified party shall promptly tender the defense of the claim to Grantee, which defense shall be at Grantee's expense. The Town may participate in the defense of a claim, but if Grantee provides a defense at Grantee's expense, then Grantee shall not be liable for any attorneys' fees,

expenses or other costs that the Town may incur if it chooses to participate in the defense of a claim, unless and until separate representation as described below in Paragraph 5.1(F) is required. In that event the provisions of Paragraph 5.1(F) shall govern Grantee's responsibility for the Town's attorney's fees, expenses or other costs. In any event, Grantee may not agree to any settlement of claims affecting the Town without the Town's approval.

(E) Non-waiver. The fact that Grantee carries out any activities under this Franchise through independent contractors shall not constitute an avoidance of or defense to Grantee's duty of defense and indemnification under this subsection.

(F) Expenses. If separate representation to fully protect the interests of both parties is or becomes necessary, such as a conflict of interest between the Town and the counsel selected by Grantee to represent the Town, Grantee shall pay, from the date such separate representation is required forward, all reasonable expenses incurred by the Town in defending itself with regard to any action, suit or proceeding indemnified by Grantee. Provided, however, that in the event that such separate representation is or becomes necessary, and the Town desires to hire counsel or any other outside experts or consultants and desires Grantee to pay those expenses, then the Town shall be required to obtain Grantee's consent to the engagement of such counsel, experts or consultants, such consent not to be unreasonably withheld. The Town's expenses shall include all reasonable out-of-pocket expenses, such as consultants' fees, and shall also include the reasonable value of any services rendered by the Town Attorney or his/her assistants or any employees of the Town or its agents but shall not include outside attorneys' fees for services that are unnecessarily duplicative of services provided the Town by Grantee.

5.2 Insurance

(A) Grantee shall maintain in full force and effect at its own cost and expense each of the following policies of insurance, but in no event shall occurrence basis minimum limits be less than provided for by C.R.S. §24-10-114(1)(b):

(1) Commercial General Liability insurance with limits of no less than $1 million per occurrence and $3 million general aggregate. Coverage shall be at least as broad as that provided by ISO CG 00 01 1/96 or its equivalent and include severability of interests. Such insurance shall name the Town, its officers, officials and employees as additional insureds per ISO CG 2026 or its equivalent. There shall be a waiver of subrogation and rights of recovery against the Town, its officers, officials and employees. Coverage shall apply as to claims between insureds on the policy, if applicable.

(2) Commercial Automobile Liability insurance with minimum combined single limits of $1 million each occurrence with respect to each of Grantee's owned, hired and non-owned vehicles assigned to or used in the operation of the Cable System in the Town. The policy shall contain a severability of interests provision.

(3) Statutory workers' compensation and employer's liability insurance in an amount of Five Hundred Thousand Dollars ($500,000) each accident/disease/policy limit.

(B) The insurance shall not be canceled or materially changed so as to be out of compliance with these requirements without 30 days' written notice first provided to the Town, via certified mail, and 10 days' notice for nonpayment of premium. If the insurance is canceled or materially altered so as to be out of compliance with the requirements of this subsection within the term of this Franchise, Grantee shall provide a replacement policy. Grantee agrees to maintain continuous uninterrupted insurance coverage, in at least the amounts required, for the duration of this Franchise and, in the case of the Commercial General Liability, for at least one year after expiration of this Franchise.

5.3 Deductibles / Certificate of Insurance

Any deductible of the policies shall not in any way limit Grantee's liability to the Town.

(A) Endorsements.

(1) All policies shall contain, or shall be endorsed so that:

(a) The Town, its officers, officials, boards, commissions, employees and agents are to be covered as, and have the rights of, additional insureds with respect to liability arising out of activities performed by, or on behalf of, Grantee under this Franchise or Applicable Law, or in the construction, operation or repair, or ownership of the Cable System;

(b) Grantee's insurance coverage shall be primary insurance with respect to the Town, its officers, officials, boards, commissions, employees and agents. Any insurance or self-insurance maintained by the Town, its officers, officials, boards, commissions, employees and agents shall be in excess of the Grantee's insurance and shall not contribute to it; and

(c) Grantee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.

(B) Acceptability of Insurers. The insurance obtained by Grantee shall be placed with insurers with a Best's rating of no less than "A VII."

(C) Verification of Coverage. The Grantee shall furnish the Town with certificates of insurance and endorsements or a copy of the page of the policy reflecting blanket additional insured status. The certificates and endorsements for each insurance policy are to be signed by a Person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on standard forms or such forms as are consistent with standard industry practices.

(D) Self-Insurance. In the alternative to providing a certificate of insurance to the Town certifying insurance coverage as required above, Grantee may provide self-insurance in the same amount and level of protection for Grantee and the Town, its officers, agents and employees as

otherwise required under this Section. The adequacy of self-insurance shall be subject to the periodic review and approval of the Town.

5.4 Letter of Credit

(A) If there is a claim by the Town of an uncured breach by Grantee of a material provision of this Franchise or pattern of repeated violations of any provision(s) of this Franchise, then the Town may require and Grantee shall establish and provide, within 30 days from receiving notice from the Town, to the Town as security for the faithful performance by Grantee of all of the provisions of this Franchise, a letter of credit from a financial institution satisfactory to the Town in the amount of $25,000.

(B) In the event that Grantee establishes a letter of credit pursuant to the procedures of this Section, then the letter of credit shall be maintained at $25,000 until the allegations of the uncured breach have been resolved.

(C) As an alternative to the provision of a Letter of Credit to the Town as set forth in Subsections 5.4 (A) and (B) above, if the Town is a member of CCUA, and if Grantee provides a Letter of Credit to CCUA in an amount agreed to between Grantee and CCUA for the benefit of its members, in order to collectively address claims referenced in 5.4 (A), Grantee shall not be required to provide a separate Letter of Credit to the Town.

(D) After completion of the procedures set forth in Section 13.1 or other applicable provisions of this Franchise, the letter of credit may be drawn upon by the Town for purposes including, but not limited to, the following:

(1) Failure of Grantee to pay the Town sums due under the terms of this Franchise;

(2) Reimbursement of costs borne by the Town to correct Franchise violations not corrected by Grantee;

(3) Monetary remedies or damages assessed against Grantee due to default or breach of Franchise requirements; and,

(4) Failure to comply with the Customer Service Standards of the Town, as the same may be amended from time to time by the Town Council acting by ordinance or resolution.

(E) The Town shall give Grantee written notice of any withdrawal under this subsection upon such withdrawal. Within 7 days following receipt of such notice, Grantee shall restore the letter of credit to the amount required under this Franchise.

(F) Grantee shall have the right to appeal to the Town Council for reimbursement in the event Grantee believes that the letter of credit was drawn upon improperly. Grantee shall also have the right of judicial appeal if Grantee believes the letter of credit has not been properly drawn

upon in accordance with this Franchise. Any funds the Town erroneously or wrongfully withdraws from the letter of credit shall be returned to Grantee with interest, from the date of withdrawal at a rate equal to the prime rate of interest as quoted in the Wall Street Journal.

SECTION 6. CUSTOMER SERVICE

6.1 Customer Service Standards

Grantee shall comply with Customer Service Standards of the Town, as the same may be amended from time to time by the Town Council in its sole discretion. Any requirement in Customer Service Standards for a "local" telephone number may be met by the provision of a toll-free number. The Customer Services Standards in effect as of the Effective Date of this Franchise are contained in Section 5.16 of the Castle Rock Municipal Code. Grantee reserves the right to challenge any customer service standards which it believes is inconsistent with its contractual rights under this Franchise.

6.2 Subscriber Privacy

Grantee shall fully comply with any provisions regarding the privacy rights of Subscribers contained in federal, State, or local law.

6.3 Subscriber Contracts

Grantee shall not enter into a contract with any Subscriber which is in any way inconsistent with the terms of this Franchise, or any Exhibit hereto, or the requirements of any applicable Customer Service Standard. Upon request, Grantee will provide to the Town a sample of the Subscriber contract or service agreement then in use.

6.4 Advance Notice to Town

The Grantee shall use reasonable efforts to furnish information provided to Subscribers or the media in the normal course of business to the Town in advance.

6.5 Identification of Local Franchise Authority on Subscriber Bills

Within 60 days after written request from the Town, Grantee shall place the Town's phone number on its Subscriber bills, to identify where a Subscriber may call to address escalated complaints.

SECTION 7. REPORTS AND RECORDS

7.1 Open Records

Grantee shall manage all of its operations in accordance with a policy of keeping its documents and records open and accessible to the Town. The Town, including the Town's Auditor

or his/her authorized representative, shall have access to, and the right to inspect, any books and records of Grantee, its parent corporations and Affiliates which are reasonably related to the administration or enforcement of the terms of this Franchise. Grantee shall not deny the Town access to any of Grantee's records on the basis that Grantee's records are under the control of any parent corporation, Affiliate or a third party. The Town may, in writing, request copies of any such records or books and Grantee shall provide such copies within 30 days of the transmittal of such request. One copy of all reports and records required under this or any other subsection shall be furnished to the Town, at the sole expense of Grantee. If the requested books and records are too voluminous, or for security reasons cannot be copied or removed, then Grantee may request, in writing within 10 days, that the Town inspect them at Grantee's local offices. If any books or records of Grantee are not kept in a local office and not made available in copies to the Town upon written request as set forth above, and if the Town determines that an examination of such records is necessary or appropriate for the performance of any of the Town's duties, administration or enforcement of this Franchise, then all reasonable travel and related expenses incurred in making such examination shall be paid by Grantee.

7.2 Confidentiality

The Town agrees to treat as confidential any books or records that constitute proprietary or confidential information under federal or State law, to the extent Grantee makes the Town aware of such confidentiality. Grantee shall be responsible for clearly and conspicuously stamping the word "Confidential" on each page that contains confidential or proprietary information, and shall provide a brief written explanation as to why such information is confidential under State or federal law. If the Town believes it must release any such confidential books and records in the course of enforcing this Franchise, or for any other reason, it shall advise Grantee in advance so that Grantee may take appropriate steps to protect its interests. If the Town receives a demand from any Person for disclosure of any information designated by Grantee as confidential, the Town shall, so far as consistent with Applicable Law, advise Grantee and provide Grantee with a copy of any written request by the party demanding access to such information within a reasonable time. Until otherwise ordered by a court or agency of competent jurisdiction, the Town agrees that, to the extent permitted by State and federal law, it shall deny access to any of Grantee's books and records marked confidential as set forth above to any Person. Grantee shall reimburse the Town for all reasonable costs and attorneys fees incurred in any legal proceedings pursued under this Section.

7.3 Records Required

(A) Grantee shall at all times maintain, and shall furnish to the Town upon 30 days written request and subject to Applicable Law:

(1) A complete set of maps showing the exact location of all Cable System equipment and facilities in the Right-of-Way but excluding detail on proprietary electronics contained therein and Subscriber drops. As-built maps including proprietary electronics shall be available at Grantee's offices for inspection by the Town's authorized representative(s) or agent(s) and made available to such during the course of technical inspections as reasonably conducted by the Town. These maps shall be certified as accurate by an appropriate representative of the Grantee;

(2) A copy of all FCC filings on behalf of Grantee, its parent corporations or Affiliates which relate to the operation of the Cable System in the Town;

(3) Current Subscriber Records and information;

(4) A log of Cable Services added or dropped, Channel changes, number of Subscribers added or terminated, all construction activity, and total homes passed for the previous 12 months; and

(5) A list of Cable Services, rates and Channel line-ups.

(B) Subject to subsection 7.2, all information furnished to the Town is public information, and shall be treated as such, except for information involving the privacy rights of individual Subscribers.

7.4 Annual Reports

Within 60 days of the Town's written request, Grantee shall submit to the Town a written report, in a form acceptable to the Town, which shall include, but not necessarily be limited to, the following information for the Town:

(A) A Gross Revenue statement, as required by subsection 3.5 of this Franchise;

(B) A summary of the previous year's activities in the development of the Cable System, including, but not limited to, Cable Services begun or discontinued during the reporting year, and the number of Subscribers for each class of Cable Service (*i.e.*, Basic, Digital Starter, and Premium);

(C) The number of homes passed, beginning and ending plant miles, any services added or dropped, and any technological changes occurring in the Cable System;

(D) A statement of planned construction, if any, for the next year; and,

(E) A copy or hyperlink of the most recent annual report Grantee filed with the SEC or other governing body.

The parties agree that the Town's request for these annual reports shall remain effective, and need only be made once. Such a request shall require the Grantee to continue to provide the reports annually, until further written notice from the Town to the contrary.

7.5 Copies of Federal and State Reports

Within 30 days of a written request, Grantee shall submit to the Town copies of all pleadings, applications, notifications, communications and documents of any kind, submitted by Grantee or its parent corporation(s), to any federal, State or local courts, regulatory agencies and

other government bodies if such documents directly relate to the operations of Grantee's Cable System within the Town. Grantee shall not claim confidential, privileged or proprietary rights to such documents unless under federal, State, or local law such documents have been determined to be confidential by a court of competent jurisdiction, or a federal or State agency.

7.6 Complaint File and Reports

(A) Grantee shall keep an accurate and comprehensive file of any complaints regarding the Cable System, in a manner consistent with the privacy rights of Subscribers, and Grantee's actions in response to those complaints. These files shall remain available for viewing to the Town during normal business hours at Grantee's local business office.

(B) Within 30 days of a written request, Grantee shall provide the Town a quarterly executive summary in the form attached hereto as **Exhibit A**, which shall include the following information from the preceding quarter:

(1) A summary of service calls, identifying the number and nature of the requests and their disposition;

(2) A log of all service interruptions;

(3) A summary of customer complaints referred by the Town to Grantee; and,

(4) Such other information as reasonably requested by the Town.

The parties agree that the Town's request for these summary reports shall remain effective, and need only be made once. Such a request shall require the Grantee to continue to provide the reports quarterly, until further written notice from the Town to the contrary.

7.7 Failure to Report

The failure or neglect of Grantee to file any of the reports or filings required under this Franchise or such other reports as the Town may reasonably request (not including clerical errors or errors made in good faith), may, at the Town's option, be deemed a breach of this Franchise.

7.8 False Statements

Any false or misleading statement or representation in any report required by this Franchise (not including clerical errors or errors made in good faith) may be deemed a material breach of this Franchise and may subject Grantee to all remedies, legal or equitable, which are available to the Town under this Franchise or otherwise.

SECTION 8. PROGRAMMING

8.1 Broad Programming Categories

Grantee shall provide or enable the provision of at least the following initial broad categories of programming to the extent such categories are reasonably available:

(A) Educational programming;

(B) Colorado news, weather & information;

(C) National and international news, weather and information;

(D) Colorado sports;

(E) National and international sports;

(F) General entertainment (including movies);

(G) Children/family-oriented;

(H) Arts, culture and performing arts;

(I) Foreign language;

(J) Science/documentary;

(K) Public, Educational and Government Access, to the extent required by this Franchise.

8.2 Deletion or Reduction of Broad Programming Categories

(A) Grantee shall not delete or so limit as to effectively delete any broad category of programming within its control without the prior written consent of the Town.

(B) In the event of a modification proceeding under federal law, the mix and quality of Cable Services provided by Grantee on the Effective Date of this Franchise shall be deemed the mix and quality of Cable Services required under this Franchise throughout its term.

8.3 Obscenity

Grantee shall not transmit, or permit to be transmitted over any Channel subject to its editorial control, any programming which is obscene under, or violates any provision of, Applicable Law relating to obscenity, and is not protected by the Constitution of the United States. Grantee shall be deemed to have transmitted or permitted a transmission of obscene programming only if a court of competent jurisdiction has found that any of Grantee's officers or employees or agents have permitted programming which is obscene under, or violative of, any provision of Applicable Law relating to obscenity, and is otherwise not protected by the Constitution of the United States, to be transmitted over any Channel subject to Grantee's editorial control. Grantee shall comply with all relevant provisions of federal law relating to obscenity.

8.4 Parental Control Device

Upon request by any Subscriber, Grantee shall make available a parental control or lockout device, traps or filters to enable a Subscriber to control access to both the audio and video portions of any or all Channels. Grantee shall inform its Subscribers of the availability of the lockout device at the time of their initial subscription and periodically thereafter. Any device offered shall be at a rate, if any, in compliance with Applicable Law.

8.5 Continuity of Service Mandatory

(A) It shall be the right of all Subscribers to continue to receive Cable Service from Grantee insofar as their financial and other obligations to Grantee are honored. The Grantee shall act so as to ensure that all Subscribers receive continuous, uninterrupted Cable Service regardless of the circumstances. For the purposes of this subsection, "uninterrupted" does not include short-term outages of the Cable System for maintenance or testing.

(B) In the event of a change of grantee, or in the event a new Cable Operator acquires the Cable System in accordance with this Franchise, Grantee shall cooperate with the Town, new franchisee or Cable Operator in maintaining continuity of Cable Service to all Subscribers. During any transition period, Grantee shall be entitled to the revenues for any period during which it operates the Cable System, and shall be entitled to reasonable costs for its services when it no longer operates the Cable System.

(C) In the event Grantee fails to operate the Cable System for four consecutive days without prior approval of the Manager, or without just cause, the Town may, at its option, operate the Cable System itself or designate another Cable Operator until such time as Grantee restores service under conditions acceptable to the Town or a permanent Cable Operator is selected. If the Town is required to fulfill this obligation for Grantee, Grantee shall reimburse the Town for all reasonable costs or damages that are the result of Grantee's failure to perform.

8.6 Services for People With Disabilities

Grantee shall comply with the Americans with Disabilities Act and any amendments thereto.

SECTION 9. ACCESS

9.1 Designated Access Providers

(A) The Town shall have the sole and exclusive responsibility for identifying the Designated Access Providers, including itself for Access purposes, to control and manage the use of any or all Access Facilities provided by Grantee under this Franchise. As used in this Section, such "Access Facilities" includes the Channels, services, facilities, equipment, technical components and/or financial support provided under this Franchise, which is used or useable by and for Public Access, Educational Access, and Government Access ("PEG" or "PEG Access").

(B) Grantee shall cooperate with the Town in the Town's efforts to provide Access programming, but will not be responsible or liable for any damages resulting from a claim in connection with the programming placed on the Access Channels by the Designated Access Provider.

9.2 Channel Capacity and Use

(A) Grantee shall make available to Town two (2) Downstream Channels for PEG use as provided for in this Section.

(B) Grantee shall have the right to temporarily use any Channel, or portion thereof, which is allocated under this Section for Public, Educational, or Governmental Access use, within 60 days after a written request for such use is submitted to the Town, if such Channel is not "fully utilized" as defined herein. A Channel shall be considered fully utilized if substantially unduplicated programming is delivered over it more than an average of 38 hours per week over a six-month period. Programming that is repeated on an Access Channel up to two times per day shall be considered "unduplicated programming." Character-generated programming shall be included for purposes of this subsection, but may be counted toward the total average hours only with respect to two Channels provided to the Town. If a Channel allocated for Public, Educational, or Governmental Access use will be used by Grantee in accordance with the terms of this subsection, the institution to which the Channel has been allocated shall have the right to require the return of the Channel or portion thereof. The Town shall request return of such Channel space by delivering written notice to Grantee stating that the institution is prepared to fully utilize the Channel, or portion thereof, in accordance with this subsection. In such event, the Channel or portion thereof shall be returned to such institution within 60 days after receipt by Grantee of such written notice.

(C) Standard Definition ("SD") Digital Access Channels.

(1) Grantee shall provide one Activated Downstream Channel for PEG Access use in a standard definition ("SD") digital format in Grantee's Basic Service ("SD Access Channel"). Grantee shall carry all components of the SD Access Channel Signals provided by a Designated Access Provider including, but not limited to, closed captioning, stereo audio and other elements associated with the Programming. A Designated Access Provider shall be responsible for providing the SD Access Channel Signal in an SD format to the demarcation point at the designated point of origination for the SD Access Channel. Grantee shall transport and distribute the SD Access Channel signal on its Cable System and shall not unreasonably discriminate against SD Access Channels with respect to accessibility, functionality and to the application of any applicable Federal Communications Commission Rules & Regulations, including without limitation Subpart K Channel signal standards.

(2) With respect to signal quality, Grantee shall not be required to carry a SD Access Channel in a higher quality format than that of the SD Access Channel signal delivered to Grantee, but Grantee shall distribute the SD Access Channel signal without

degradation. Upon reasonable written request by a Designated Access Provider, Grantee shall verify signal delivery to Subscribers with the Designated Access Provider, consistent with the requirements of this Section 9.2(C).

(3) Grantee shall be responsible for costs associated with the transmission of SD Access signals on its side of the demarcation point which for the purposes of this Section 9.2 (C)(3), shall mean up to and including the modulator where the Town signal is converted into a format to be transmitted over a fiber connection to Grantee. The Town or Designated Access Provider shall be responsible for costs associated with SD Access signal transmission on its side of the demarcation point.

(4) SD Access Channels may require Subscribers to buy or lease special equipment, available to all Subscribers, and subscribe to those tiers of Cable Service, upon which SD channels are made available. Grantee is not required to provide free SD equipment to Subscribers, including complimentary government and educational accounts, nor modify its equipment or pricing policies in any manner.

(D) High Definition ("HD") Digital Access Channels.

(1) After the Effective Date and within 120 days of written notice, Grantee shall activate one HD Access Channel, for which the Town may provide Access Channel signals in HD format to the demarcation point at the designated point of origination for the Access Channel. Activation of HD Access Channels shall only occur after the following conditions are satisfied:

(a) The Town shall, in its written notice to Grantee as provided for in this Section, confirm that it or its Designated Access Provider has the capabilities to produce, has been producing and will produce programming in an HD format for the newly activated HD Access Channel(s); and,

(b) There will be a minimum of five hours per day, five days per week of HD PEG programming available for each HD Access Channel. For the purposes of this subsection, character-generated programming (i.e., community bulletin boards) shall not satisfy, in whole or in part, this programming requirement unless the character-generated programming is included on a channel that also contains HD PEG video programming on the same screen.

(2) The Town shall be responsible for providing the HD Access Channel signal in an HD digital format to the demarcation point at the designated point of origination for the HD Access Channel. For purposes of this Franchise, an HD signal refers to a television signal delivering picture resolution of either 720 or 1080, or such other resolution in this same range that Grantee utilizes for other similar non-sport, non-movie programming channels on the Cable System, whichever is greater.

(3) Grantee shall transport and distribute the HD Access Channel signal on its Cable System and shall not unreasonably discriminate against HD Access Channels with

respect to accessibility, functionality and to the application of any applicable Federal Communications Commission Rules & Regulations, including without limitation Subpart K Channel signal standards. With respect to signal quality, Grantee shall not be required to carry a HD Access Channel in a higher quality format than that of the HD Access Channel signal delivered to Grantee, but Grantee shall distribute the HD Access Channel signal without degradation. Grantee shall carry all components of the HD Access Channel signals provided by the Designated Access Provider including, but not limited to, closed captioning, stereo audio and other elements associated with the Programming. Upon reasonable written request by the Town, Grantee shall verify signal delivery to Subscribers with the Town, consistent with the requirements of this Section 9.2(D).

(4) HD Access Channels may require Subscribers to buy or lease special equipment, available to all Subscribers, and subscribe to those tiers of Cable Service, upon which HD channels are made available. Grantee is not required to provide free HD equipment to Subscribers, including complimentary government and educational accounts, nor modify its equipment or pricing policies in any manner.

(5) The Town or any Designated Access Provider is responsible for acquiring all equipment necessary to produce programming in HD.

(6) Grantee shall cooperate with the Town to procure and provide, at the Town's cost, all necessary transmission equipment from the Designated Access Provider channel origination point, at Grantee's headend and through Grantee's distribution system, in order to deliver the HD Access Channels. The Town shall be responsible for the costs of all transmission equipment, including HD modulator and demodulator, and encoder or decoder equipment, and multiplex equipment, required in order for Grantee to receive and distribute the HD Access Channel signal, or for the cost of any resulting upgrades to the video return line. The Town and Grantee agree that such expense of acquiring and installing the transmission equipment or upgrades to the video return line qualifies as a capital cost for PEG Facilities within the meaning of the Cable Act 47 U.S.C.A. Section 542(g)(20)(C), and therefore is an appropriate use of revenues derived from those PEG Capital fees provided for in this Franchise.

(E) Grantee shall simultaneously carry the one HD Access Channel provided for in Section 9.2(D) in high definition format on the Cable System, in addition to simultaneously carrying in standard definition format the SD Access Channel provided pursuant to Subsection 9.2(C).

(F) There shall be no restriction on Grantee's technology used to deploy and deliver SD or HD signals so long as the requirements of the Franchise are otherwise met. Grantee may implement HD carriage of the PEG channel in any manner (including selection of compression, utilization of IP, and other processing characteristics) that produces a signal quality for the consumer that is reasonably comparable and functionally equivalent to similar commercial HD channels carried on the Cable System. In the event the Town believes that Grantee fails to meet this standard, the Town will notify Grantee of such concern, and Grantee will respond to any complaints in a timely manner.

9.3 Access Channel Assignments

Grantee will use reasonable efforts to minimize the movement of SD and HD Access Channel assignments. Grantee shall also use reasonable efforts to institute common SD and HD Access Channel assignments among the CCUA members served by the same Headend as the Town for compatible Access programming, for example, assigning all Educational Access Channels programmed by higher education organizations to the same Channel number. In addition, Grantee will make reasonable efforts to locate HD Access Channels provided pursuant to Subsection 9.2(D) in a location on its HD Channel line-up that is easily accessible to Subscribers.

9.4 Relocation of Access Channels

Grantee shall provide the Town a minimum of 60 days' notice, and use its best efforts to provide one hundred and 120 days' notice, prior to the time Public, Educational, and Governmental Access Channel designations are changed.

9.5 Support for Access Costs

During the term of this Franchise, within one hundred twenty (120) days of a written request from the Town, Grantee shall provide to the Town up to forty five hundredths of a percent (0.45%) of Grantee's Gross Revenues per month (the "Access Contribution") to be used solely for capital costs related to Public, Educational and Governmental Access, or as may be permitted by Applicable Law. Grantee shall make Access Contribution payments quarterly, following the effective date of this Franchise for the preceding quarter ending March 31, June 30, September 30, and December 31. Each payment shall be due and payable no later than forty-five (45) days following the end of the quarter. The Town shall have sole discretion to allocate the expenditure of such payments for any capital costs related to Access.

9.6 Access Support Not Franchise Fees

Grantee agrees that capital support for Access Costs arising from or relating to the obligations set forth in this Section shall in no way modify or otherwise affect Grantee's obligations to pay Franchise Fees to the Town. Grantee agrees that although the sum of Franchise Fees plus the payments set forth in this Section may total more than 5% of Grantee's Gross Revenues in any 12-month period, the additional PEG Contribution shall not be offset or otherwise credited in any way against any Franchise Fee payments under this Franchise Agreement so long as such support is used for capital Access purposes consistent with this Franchise and federal law.

9.7 Access Channels On Basic Service or Lowest Priced HD Service Tier

All SD Access Channels under this Franchise Agreement shall be included by Grantee, without limitation, as part of Basic Service. All HD Access Channels under this Franchise Agreement shall be included by Grantee, without limitation, as part of the lowest-priced tier of

HD Cable Service upon which Grantee provides HD programming content.

9.8 Change In Technology

In the event Grantee makes any change in the Cable System and related equipment and Facilities or in Grantee's signal delivery technology, which directly or indirectly affects the signal quality or transmission of Access services or programming, Grantee shall at its own expense take necessary technical steps or provide necessary technical assistance, including the acquisition of all necessary equipment, and full training of the Town's Access personnel to ensure that the capabilities of Access services are not diminished or adversely affected by such change. If the Town implements a new video delivery technology that is currently offered and can be accommodated on the Grantee's local Cable System then the same provisions above shall apply. If the Town implements a new video delivery technology that is not currently offered on and/or that cannot be accommodated by the Grantee's local Cable System, then the Town shall be responsible for acquiring all necessary equipment, facilities, technical assistance, and training to deliver the signal to the Grantee's headend for distribution to subscribers.

9.9 Technical Quality

Grantee shall maintain all upstream and downstream Access services and Channels on its side of the demarcation point at the same level of technical quality and reliability required by this Franchise Agreement and all other applicable laws, rules and regulations for Residential Subscriber Channels. Grantee shall provide routine maintenance for all transmission equipment on its side of the demarcation point, including modulators, decoders, multiplex equipment, and associated cable and equipment necessary to carry a quality signal to and from the Town's facilities for the Access Channels provided under this Franchise Agreement. Grantee shall also provide, if requested in advance by the Town, advice and technical expertise regarding the proper operation and maintenance of transmission equipment on the Town's side of the demarcation point. The Town shall be responsible for all initial and replacement costs of all HD modulator and demodulator equipment. The Town shall also be responsible, at its own expense, to replace any of the Grantee's equipment that is damaged by the gross negligence or intentional acts of Town staff. The Grantee shall be responsible, at its own expense, to replace any of the Grantee's equipment that is damaged by the gross negligence or intentional acts of Grantee's staff. The Town will be responsible for the cost of repairing and/or replacing any HD PEG Access and web-based video on demand transmission equipment that Grantee maintains that is used exclusively for transmission of the Town's and/or its Designated Access Providers' HD Access programming.

9.10 Access Cooperation

The Town may designate any other jurisdiction which has entered into an agreement with Grantee or an Affiliate of Grantee based upon this Franchise Agreement, any CCUA member, the CCUA, or any combination thereof to receive any Access benefit due to the Town hereunder, or to share in the use of Access Facilities hereunder. The purpose of this subsection shall be to allow cooperation in the use of Access and the application of any provision under this Section as the Town in its sole discretion deems appropriate, and Grantee shall cooperate fully with, and in,

any such arrangements by the Town.

9.11 Return Lines/Access Origination

(A) As of the Effective Date, the return line utilized for the provision of the Town's Access programming by the Town and Douglas County, the Town's Designated Access Provider as of the Effective Date, was constructed into the Douglas County administration building located at 100 Third Street in the Town. Grantee shall continuously maintain that return line previously constructed to 100 Third Street in the Town, throughout the Term of the Franchise, in order to enable the distribution of Access programming to Residential Subscribers on the Access Channels; provided however that Grantee's maintenance obligations with respect to the return line at 100 Third Street shall cease if that location is no longer used in the future by the Town and Douglas County to originate Access programming or to transmit Access programming to Grantee. The Town shall be responsible for costs to install and maintain return lines from 100 Third Street to Town Hall, which is located at 100 N. Wilcox Street in the Town.

(B) Grantee shall construct and maintain new Fiber Optic return lines to the Headend from production facilities of new or relocated Designated Access Providers, including the Town if it relocates the Access Facilities or return line provided pursuant to Section 9.12(A), delivering Access programming to Residential Subscribers as requested in writing by the Town. All actual construction costs incurred by Grantee from the nearest interconnection point to the Designated Access Provider shall be paid by the Town or the Designated Access Provider. New return lines shall be completed within one year from the request of the Town or its Designated Access Provider, or as otherwise agreed to by the parties. If an emergency situation necessitates movement of production facilities to a new location, the parties shall work together to complete the new return line as soon as reasonably possible.

SECTION 10. GENERAL RIGHT-OF-WAY USE AND CONSTRUCTION

10.1 Right to Construct

Subject to Applicable Law, regulations, rules, resolutions and ordinances of the Town and the provisions of this Franchise, Grantee may perform all construction in the Rights-of-Way for any facility needed for the maintenance or extension of Grantee's Cable System.

10.2 Right-of-Way Meetings

Grantee will regularly attend and participate in meetings of the Town, of which the Grantee is made aware, regarding Right-of-Way issues that may impact the Cable System.

10.3 Joint Trenching/Boring Meetings

Grantee will regularly attend and participate in planning meetings of the Town, of which the Grantee is made aware, to anticipate joint trenching and boring. Whenever it is possible and reasonably practicable to joint trench or share bores or cuts, Grantee shall work with other providers, licensees, permittees, and franchisees so as to reduce so far as possible the number of

Right-of-Way cuts within the Town.

10.4 General Standard

All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. All installations of equipment shall be permanent in nature, durable and installed in accordance with good engineering practices.

10.5 Permits Required for Construction

Prior to doing any work in the Right-of Way or other public property, Grantee shall apply for, and obtain, appropriate permits from the Town. As part of the permitting process, the Town may impose such conditions and regulations as are necessary for the purpose of protecting any structures in such Rights-of-Way, proper restoration of such Rights-of-Way and structures, the protection of the public, and the continuity of pedestrian or vehicular traffic. Such conditions may also include the provision of a construction schedule and maps showing the location of the facilities to be installed in the Right-of-Way. Grantee shall pay all applicable fees for the requisite Town permits received by Grantee.

10.6 Emergency Permits

In the event that emergency repairs are necessary, Grantee shall immediately notify the Town of the need for such repairs. Grantee may initiate such emergency repairs, and shall apply for appropriate permits within 48 hours after discovery of the emergency.

10.7 Compliance with Applicable Codes

(A) Town Construction Codes. Grantee shall comply with all applicable Town construction codes, including, without limitation, the International Building Code and other building codes, the International Fire Code, the National Electrical Code, the Electronic Industries Association Standard for Physical Location and Protection of Below-Ground Fiber Optic Cable Plant, and zoning codes and regulations.

(B) Tower Specifications. Antenna supporting structures (towers) shall be designed for the proper loading as specified by the Electronics Industries Association (EIA), as those specifications may be amended from time to time. Antenna supporting structures (towers) shall be painted, lighted, erected and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration and all other applicable federal, State, and local codes or regulations.

(C) Safety Codes. Grantee shall comply with all federal, State and Town safety requirements, rules, regulations, laws and practices, and employ all necessary devices as required by Applicable Law during construction, operation and repair of its Cable System. By way of illustration and not limitation, Grantee shall comply with the National Electric Code, National Electrical Safety Code and Occupational Safety and Health Administration (OSHA) Standards.

10.8 GIS Mapping

Grantee shall comply with any generally applicable ordinances, rules and regulations of the Town regarding geographic information mapping systems for users of the Rights-of-Way.

10.9 Minimal Interference

Work in the Right-of-Way, on other public property, near public property, or on or near private property shall be done in a manner that causes the least interference with the rights and reasonable convenience of property owners and residents. Grantee's Cable System shall be constructed and maintained in such manner as not to interfere with sewers, water pipes, or any other property of the Town, or with any other pipes, wires, conduits, pedestals, structures, or other facilities that may have been laid in the Rights-of-Way by, or under, the Town's authority. The Grantee's Cable System shall be located, erected and maintained so as not to endanger or interfere with the lives of Persons, or to interfere with new improvements the Town may deem proper to make or to unnecessarily hinder or obstruct the free use of the Rights-of-Way or other public property, and shall not interfere with the travel and use of public places by the public during the construction, repair, operation or removal thereof, and shall not obstruct or impede traffic. In the event of such interference, the Town may require the removal or relocation of Grantee's lines, cables, equipment and other appurtenances from the property in question at Grantee's expense.

10.10 Prevent Injury/Safety

Grantee shall provide and use any equipment and facilities necessary to control and carry Grantee's signals so as to prevent injury to the Town's property or property belonging to any Person. Grantee, at its own expense, shall repair, renew, change and improve its facilities to keep them in good repair, and safe and presentable condition. All excavations made by Grantee in the Rights-of-Way shall be properly safeguarded for the prevention of accidents by the placement of adequate barriers, fences or boarding, the bounds of which, during periods of dusk and darkness, shall be clearly designated by warning lights.

10.11 Hazardous Substances

(A) Grantee shall comply with any and all Applicable Laws, statutes, regulations and orders concerning hazardous substances relating to Grantee's Cable System in the Rights-of-Way.

(B) Upon reasonable notice to Grantee, the Town may inspect Grantee's facilities in the Rights-of-Way to determine if any release of hazardous substances has occurred, or may occur, from or related to Grantee's Cable System. In removing or modifying Grantee's facilities as provided in this Franchise, Grantee shall also remove all residue of hazardous substances related thereto.

(C) Grantee agrees to indemnify the Town against any claims, costs, and expenses, of any kind, whether direct or indirect, incurred by the Town arising out of a release of hazardous substances caused by Grantee's Cable System.

10.12 Locates

Prior to doing any work in the Right-of-Way, Grantee shall give appropriate notices to the Town and to the notification association established in C.R.S. Section 9-1.5-105, as such may be amended from time to time.

Within 48 hours after any Town bureau or franchisee, licensee or permittee notifies Grantee of a proposed Right-of-Way excavation, Grantee shall, at Grantee's expense:

(A) Mark on the surface all of its located underground facilities within the area of the proposed excavation;

(B) Notify the excavator of any unlocated underground facilities in the area of the proposed excavation; or

(C) Notify the excavator that Grantee does not have any underground facilities in the vicinity of the proposed excavation.

10.13 Notice to Private Property Owners

Grantee shall give notice to private property owners of work on or adjacent to private property in accordance with the Town's Customer Service Standards, as the same may be amended from time to time by the Town Council acting by ordinance or resolution.

10.14 Underground Construction and Use of Poles

(A) When required by general ordinances, resolutions, regulations or rules of the Town or applicable State or federal law, Grantee's Cable System shall be placed underground at Grantee's expense unless funding is generally available for such relocation to all users of the Rights-of-Way. Placing facilities underground does not preclude the use of ground-mounted appurtenances.

(B) Where electric, telephone, and other above-ground utilities are installed underground at the time of Cable System construction, or when all such wiring is subsequently placed underground, all Cable System lines shall also be placed underground with other wireline service at no expense to the Town or Subscribers unless funding is generally available for such relocation to all users of the Rights-of-Way. Related Cable System equipment, such as pedestals, must be placed in accordance with the Town's applicable code requirements and rules. In areas where either electric or telephone utility wiring is aerial, the Grantee may install aerial cable, except when a property owner or resident requests underground installation and agrees to bear the additional cost in excess of aerial installation.

(C) The Grantee shall utilize existing poles and conduit wherever possible.

(D) In the event Grantee cannot obtain the necessary poles and related facilities pursuant to a pole attachment agreement, and only in such event, then it shall be lawful for Grantee to make all needed excavations in the Rights-of-Way for the purpose of placing, erecting, laying,

maintaining, repairing, and removing poles, supports for wires and conductors, and any other facility needed for the maintenance or extension of Grantee's Cable System. All poles of Grantee shall be located as designated by the proper Town authorities.

(E) This Franchise does not grant, give or convey to the Grantee the right or privilege to install its facilities in any manner on specific utility poles or equipment of the Town or any other Person. Copies of agreements for the use of poles, conduits or other utility facilities must be provided upon request by the Town.

10.15 Undergrounding of Multiple Dwelling Unit Drops

In cases of single site Multiple Dwelling Units, Grantee shall minimize the number of individual aerial drop cables by installing multiple drop cables underground between the pole and Multiple Dwelling Unit where determined to be technologically feasible in agreement with the owners and/or owner's association of the Multiple Dwelling Units.

10.16 Burial Standards

(A) Depths. Unless otherwise required by law, Grantee must comply with all depth requirements of the Town, including as follows:

Lines shall be buried at a minimum depth of thirty-six (36) inches under any roadway; and

Lines shall be buried at a minimum depth of twenty-four (24) inches under detached sidewalks

(B) Timeliness. Cable drops installed by Grantee to residences shall be buried according to these standards within one calendar week of initial installation, or at a time mutually-agreed upon between the Grantee and the Subscriber. When freezing surface conditions prevent Grantee from achieving such timetable, Grantee shall apprise the Subscriber of the circumstances and the revised schedule for burial, and shall provide the Subscriber with Grantee's telephone number and instructions as to how and when to call Grantee to request burial of the line if the revised schedule is not met.

10.17 Cable Drop Bonding

Grantee shall ensure that all cable drops are properly bonded at the home, consistent with applicable code requirements.

10.18 Prewiring

Any ordinance or resolution of the Town which requires prewiring of subdivisions or other developments for electrical and telephone service shall be construed to include wiring for Cable Systems.

10.19 Repair and Restoration of Property

(A) The Grantee shall protect public and private property from damage. If damage occurs, the Grantee shall promptly notify the property owner within 24 hours in writing.

(B) Whenever Grantee disturbs or damages any Right-of-Way, other public property or any private property, Grantee shall promptly restore the Right-of-Way or property to at least its prior condition, normal wear and tear excepted, at its own expense.

(C) Rights-of-Way and Other Public Property. Grantee shall warrant any restoration work performed by or for Grantee in the Right-of-Way or on other public property in accordance with Applicable Law. If restoration is not satisfactorily performed by the Grantee within a reasonable time, the Town may, after prior notice to the Grantee, or without notice where the disturbance or damage may create a risk to public health or safety, cause the repairs to be made and recover the cost of those repairs from the Grantee. Within 30 days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Grantee shall pay the Town.

(D) Private Property. Upon completion of the work which caused any disturbance or damage, Grantee shall promptly commence restoration of private property, and will use best efforts to complete the restoration within 72 hours, considering the nature of the work that must be performed. Grantee shall also perform such restoration in accordance with the Town's Customer Service Standards, as the same may be amended from time to time by the Town Council acting by ordinance or resolution.

10.20 Use of Conduits by the Town

The Town may install or affix and maintain wires and equipment owned by the Town for Town purposes in or upon any and all of Grantee's ducts, conduits or equipment in the Rights-of-Way and other public places if such placement does not interfere with Grantee's use of its facilities, without charge to the Town, to the extent space therein or thereon is reasonably available, and pursuant to all applicable ordinances and codes. This right shall not extend to affiliates of Grantee who have facilities in the Right-of-Way for the provision of non-Cable services. For the purposes of this subsection, "Town purposes" includes, but is not limited to, the use of structures and installations for Town fire, police, traffic, water, telephone and/or signal systems, but not for Cable Service or transmission to third parties of telecommunications or information services in competition with Grantee. Grantee shall not deduct the value of such use of its facilities from its Franchise Fee payments or from other fees payable to the Town.

10.21 Discontinuing Use/Abandonment of Cable System Facilities

Whenever Grantee intends to discontinue using any facility within the Rights-of-Way, Grantee shall submit for the Town's approval a complete description of the facility and the date on which Grantee intends to discontinue using the facility. Grantee may remove the facility or request that the Town permit it to remain in place. Notwithstanding Grantee's request that any such facility remain in place, the Town may require Grantee to remove the facility from the Right-

of-Way or modify the facility to protect the public health, welfare, safety, and convenience, or otherwise serve the public interest. The Town may require Grantee to perform a combination of modification and removal of the facility. Grantee shall complete such removal or modification in accordance with a schedule set by the Town. Until such time as Grantee removes or modifies the facility as directed by the Town, or until the rights to and responsibility for the facility are accepted by another Person having authority to construct and maintain such facility, Grantee shall be responsible for all necessary repairs and relocations of the facility, as well as maintenance of the Right-of-Way, in the same manner and degree as if the facility were in active use, and Grantee shall retain all liability for such facility. If Grantee abandons its facilities, the Town may choose to use such facilities for any purpose whatsoever including, but not limited to, Access purposes.

10.22 Movement of Cable System Facilities For Town Purposes

The Town shall have the right to require Grantee to relocate, remove, replace, modify or disconnect Grantee's facilities and equipment located in the Rights-of-Way or on any other property of the Town for public purposes, in the event of an emergency, or when the public health, safety or welfare requires such change (for example, without limitation, by reason of traffic conditions, public safety, Right-of-Way vacation, Right-of-Way construction, change or establishment of Right-of-Way grade, installation of sewers, drains, gas or water pipes, or any other types of structures or improvements by the Town for public purposes). Such work shall be performed at the Grantee's expense. Except during an emergency, the Town shall provide reasonable notice to Grantee, not to be less than five business days, and allow Grantee with the opportunity to perform such action. In the event of any capital improvement project exceeding $1,000,000 in expenditures by the Town which requires the removal, replacement, modification or disconnection of Grantee's facilities or equipment, the Town shall provide at least 60 days' written notice to Grantee. Following notice by the Town, Grantee shall relocate, remove, replace, modify or disconnect any of its facilities or equipment within any Right-of-Way, or on any other property of the Town. If the Town requires Grantee to relocate its facilities located within the Rights-of-Way, the Town shall make a reasonable effort to provide Grantee with an alternate location within the Rights-of-Way. If funds are generally made available to users of the Rights-of-Way for such relocation, Grantee shall be entitled to its pro rata share of such funds.

If the Grantee fails to complete this work within the time prescribed and to the Town's satisfaction, the Town may cause such work to be done and bill the cost of the work to the Grantee, including all costs and expenses incurred by the Town due to Grantee's delay. In such event, the Town shall not be liable for any damage to any portion of Grantee's Cable System. Within 30 days of receipt of an itemized list of those costs, the Grantee shall pay the Town.

10.23 Movement of Cable System Facilities for Other Franchise Holders

If any removal, replacement, modification or disconnection of the Cable System is required to accommodate the construction, operation or repair of the facilities or equipment of another Town franchise holder, Grantee shall, after at least 30 days' advance written notice, take action to effect the necessary changes requested by the responsible entity. Grantee shall require that the costs associated with the removal or relocation be paid by the benefited party.

10.24 Temporary Changes for Other Permittees

At the request of any Person holding a valid permit and upon reasonable advance notice, Grantee shall temporarily raise, lower or remove its wires as necessary to permit the moving of a building, vehicle, equipment or other item. The expense of such temporary changes must be paid by the permit holder, and Grantee may require a reasonable deposit of the estimated payment in advance.

10.25 Reservation of Town Use of Right-of-Way

Nothing in this Franchise shall prevent the Town or public utilities owned, maintained or operated by public entities other than the Town from constructing sewers; grading, paving, repairing or altering any Right-of-Way; laying down, repairing or removing water mains; or constructing or establishing any other public work or improvement. All such work shall be done, insofar as practicable, so as not to obstruct, injure or prevent the use and operation of Grantee's Cable System.

10.26 Tree Trimming

Grantee may prune or cause to be pruned, using proper pruning practices, any tree in the Town's Rights-of-Way which interferes with Grantee's Cable System. Grantee shall comply with any general ordinance or regulations of the Town regarding tree trimming. Except in emergencies, Grantee may not prune trees at a point below 30 feet above sidewalk grade until one week written notice has been given to the owner or occupant of the premises abutting the Right-of-Way in or over which the tree is growing. The owner or occupant of the abutting premises may prune such tree at his or her own expense during this one-week period. If the owner or occupant fails to do so, Grantee may prune such tree at its own expense. For purposes of this subsection, emergencies exist when it is necessary to prune to protect the public or Grantee's facilities from imminent danger only.

10.27 Inspection of Construction and Facilities

The Town may inspect any of Grantee's facilities, equipment or construction at any time upon at least 24 hours' notice, or, in case of emergency, upon demand without prior notice. The Town shall have the right to charge generally applicable inspection fees therefore. If an unsafe condition is found to exist, the Town, in addition to taking any other action permitted under Applicable Law, may order Grantee, in writing, to make the necessary repairs and alterations specified therein forthwith to correct the unsafe condition by a time the Town establishes. The Town has the right to correct, inspect, administer and repair the unsafe condition if Grantee fails to do so, and to charge Grantee therefore.

10.28 Stop Work

(A) On notice from the Town that any work is being performed contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined by the Town, or in violation of the terms of any applicable permit, laws, regulations, ordinances, or standards, the

work may immediately be stopped by the Town.

(B) The stop work order shall:

(1) Be in writing;

(2) Be given to the Person doing the work, or posted on the work site;

(3) Be sent to Grantee by overnight delivery at the address given herein;

(4) Indicate the nature of the alleged violation or unsafe condition; and

(5) Establish conditions under which work may be resumed.

10.29 Work of Contractors and Subcontractors

Grantee's contractors and subcontractors shall be licensed and bonded in accordance with the Town's ordinances, regulations and requirements. Work by contractors and subcontractors is subject to the same restrictions, limitations and conditions as if the work were performed by Grantee. Grantee shall be responsible for all work performed by its contractors and subcontractors and others performing work on its behalf as if the work were performed by it, and shall ensure that all such work is performed in compliance with this Franchise and other Applicable Law, and shall be jointly and severally liable for all damages and correcting all damage caused by them. It is Grantee's responsibility to ensure that contractors, subcontractors or other Persons performing work on Grantee's behalf are familiar with the requirements of this Franchise and other Applicable Law governing the work performed by them.

SECTION 11. CABLE SYSTEM, TECHNICAL STANDARDS AND TESTING

11.1 Subscriber Network

(A) Grantee's Cable System shall consist of a mix of fiber to the premises and HFC and shall provide Activated Two-Way capability. The Cable System shall be capable of supporting video and audio. The Cable System shall deliver no less than one hundred (150) Channels of digital video programming services to Subscribers, provided that the Grantee reserves the right to use the bandwidth in the future for other uses based on market factors.

(B) Equipment must be installed so that all closed captioning programming received by the Cable System shall include the closed caption signal so long as the closed caption signal is provided consistent with FCC standards. Equipment must be installed so that all local signals received in stereo or with secondary audio tracks (broadcast and Access) are retransmitted in those same formats.

(C) All construction shall be subject to the Town's permitting process.

(D) Grantee and Town shall meet, at the Town's request, to discuss the progress of the design plan and construction.

(E) Grantee will take prompt corrective action if it finds that any facilities or equipment on the Cable System are not operating as expected, or if it finds that facilities and equipment do not comply with the requirements of this Franchise or Applicable Law.

(F) Grantee's construction decisions shall be based solely upon legitimate engineering decisions and shall not take into consideration the income level of any particular community within the Franchise Area.

11.2 Technology Assessment

(A) The Town may notify Grantee on or after five years after the Effective Date, that the Town will conduct a technology assessment of Grantee's Cable System. The technology assessment may include, but is not be limited to, determining whether Grantee's Cable System technology and performance are consistent with current technical practices and range and level of services existing in the 15 largest U.S. cable systems owned and operated by Grantee's Parent Corporation and/or Affiliates pursuant to franchises that have been renewed or extended since the Effective Date.

(B) Grantee shall cooperate with the Town to provide necessary non-confidential and proprietary information upon the Town's reasonable request as part of the technology assessment.

(C) At the discretion of the Town, findings from the technology assessment may be included in any proceeding commenced for the purpose of identifying future cable-related community needs and interests undertaken by the Town pursuant to 47 U.S.C. §546.

11.3 Standby Power

Grantee's Cable System Headend shall be capable of providing at least 12 hours of emergency operation. In addition, throughout the term of this Franchise, Grantee shall have a plan in place, along with all resources necessary for implementing such plan, for dealing with outages of more than four hours. This outage plan and evidence of requisite implementation resources shall be presented to the Town no later than 30 days following receipt of a request.

11.4 Emergency Alert Capability

Grantee shall provide an operating Emergency Alert System ("EAS") throughout the term of this Franchise in compliance with FCC standards. Grantee shall test the EAS as required by the FCC. Upon request, the Town shall be permitted to participate in and/or witness the EAS testing up to twice a year on a schedule formed in consultation with Grantee. If the test indicates that the EAS is not performing properly, Grantee shall make any necessary adjustment to the EAS, and the EAS shall be retested.

11.5 Technical Performance

The technical performance of the Cable System shall meet or exceed all applicable federal (including, but not limited to, the FCC), State and local technical standards, as they may be amended from time to time, regardless of the transmission technology utilized. The Town shall have the full authority permitted by Applicable Law to enforce compliance with these technical standards.

11.6 Cable System Performance Testing

(A) Grantee shall provide to the Town a copy of its current written process for resolving complaints about the quality of the video programming services signals delivered to Subscriber and shall provide the Town with any amendments or modifications to the process at such time as they are made.

(B) Grantee shall, at Grantee's expense, maintain all aggregate data of Subscriber complaints related to the quality of the video programming service signals delivered by Grantee in the Town for a period of at least one year, and individual Subscriber complaints from the Town for a period of at least three years, and make such information available to the Town upon reasonable request.

(C) Grantee shall maintain written records of all results of its Cable System tests, performed by or for Grantee. Copies of such test results will be provided to the Town upon reasonable request.

(D) Grantee shall perform any tests required by the FCC.

11.7 Additional Tests

Where there exists other evidence which in the judgment of the Town casts doubt upon the reliability or technical quality of Cable Service, the Town shall have the right and authority to require Grantee to test, analyze and report on the performance of the Cable System. Grantee shall fully cooperate with the Town in performing such testing and shall prepare the results and a report, if requested, within 30 days after testing. Such report shall include the following information:

(A) the nature of the complaint or problem which precipitated the special tests;

(B) the Cable System component tested;

(C) the equipment used and procedures employed in testing;

(D) the method, if any, in which such complaint or problem was resolved; and

(E) any other information pertinent to said tests and analysis which may be required.

SECTION 12. SERVICE AVAILABILITY

(A) In General. Except as otherwise provided in herein, Grantee shall provide Cable Service within seven days of a request by any Person within the Town. For purposes of this Section, a request shall be deemed made on the date of signing a service agreement, receipt of funds by Grantee, receipt of a written request by Grantee or receipt by Grantee of a verified verbal request. Except as otherwise provided herein, Grantee shall provide such service:

(1) With no line extension charge except as specifically authorized elsewhere in this Franchise Agreement.

(2) At a non-discriminatory installation charge for a standard installation, consisting of a 125 foot drop connecting to an inside wall for Residential Subscribers, with additional charges for non standard installations computed according to a non discriminatory methodology for such installations, adopted by Grantee and provided in writing to the Town;

(3) At non discriminatory monthly rates for Residential Subscribers.

(B) Service to Multiple Dwelling Units. Consistent with this Section 12.1, the Grantee shall offer the individual units of a Multiple Dwelling Unit all Cable Services offered to other Dwelling Units in the Town and shall individually wire units upon request of the property owner or renter who has been given written authorization by the owner; provided, however, that any such offering is conditioned upon the Grantee having legal access to said unit. The Town acknowledges that the Grantee cannot control the dissemination of particular Cable Services beyond the point of demarcation at a Multiple Dwelling Unit.

(C) Customer Charges for Extensions of Service. Grantee agrees to extend its Cable System to all persons living in areas with a residential density of 35 residences per mile of Cable System plant. If the residential density is less than 35 residences per 5,280 cable-bearing strand feet of trunk or distribution cable, service may be made available on the basis of a capital contribution in aid of construction, including cost of material, labor and easements. For the purpose of determining the amount of capital contribution in aid of construction to be borne by the Grantee and customers in the area in which service may be expanded, the Grantee will contribute an amount equal to the construction and other costs per mile, multiplied by a fraction whose numerator equals the actual number of residences per 5,280 cable-bearing strand feet of its trunk or distribution cable and whose denominator equals 35. Customers who request service hereunder will bear the remainder of the construction and other costs on a pro-rata basis. The Grantee may require that the payment of the capital contribution in aid of construction borne by such potential customers be paid in advance.

SECTION 13. FRANCHISE VIOLATIONS

13.1 Procedure for Remedying Franchise Violations

(A) If the Town reasonably believes that Grantee has failed to perform any obligation under this Franchise or has failed to perform in a timely manner, the Town shall notify Grantee in

writing, stating with reasonable specificity the nature of the alleged default. Grantee shall have thirty (30) days from the receipt of such notice to:

(1) respond to the Town, contesting the Town's assertion that a default has occurred, and requesting a meeting in accordance with subsection (B), below;

(2) cure the default; or,

(3) notify the Town that Grantee cannot cure the default within the thirty (30) days, because of the nature of the default. In the event the default cannot be cured within thirty (30) days, Grantee shall promptly take all reasonable steps to cure the default and notify the Town in writing and in detail as to the exact steps that will be taken and the projected completion date. In such case, the Town may set a meeting in accordance with subsection (B) below to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Grantee's proposed completion schedule and steps are reasonable.

(B) If Grantee does not cure the alleged default within the cure period stated above, or by the projected completion date under subsection (A)(3), or denies the default and requests a meeting in accordance with (A)(1), or the Town orders a meeting in accordance with subsection (A)(3), the Town shall set a meeting to investigate said issues or the existence of the alleged default. The Town shall notify Grantee of the meeting in writing and such meeting shall take place no less than thirty (30) days after Grantee's receipt of notice of the meeting. At the meeting, Grantee shall be provided an opportunity to be heard and to present evidence in its defense.

(C) If, after the meeting, the Town determines that a default exists, the Town reserves the right to seek any remedy that may be available at law or in equity, including without limitation, revocation, and Grantee reserves the right to assert any defenses it may have to the Town's position.

(D) No provision of this Franchise shall be deemed to bar the right of the Town to seek or obtain judicial relief from a violation of any provision of the Franchise or any rule, regulation, requirement or directive promulgated thereunder. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of the Town to recover monetary damages for such violations by Grantee, or to seek and obtain judicial enforcement of Grantee's obligations by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.

13.2 Procedures in the Event of Termination or Revocation

(A) If this Franchise expires without renewal after completion of all processes available under this Franchise and federal law or is otherwise lawfully terminated or revoked, the Town may, subject to Applicable Law:

(1) Allow Grantee to maintain and operate its Cable System on a month-to-month basis or short-term extension of this Franchise for not less than six (6) months, unless a sale of the Cable System can be closed sooner or Grantee demonstrates to the

Town's satisfaction that it needs additional time to complete the sale; or

(2) Purchase Grantee's Cable System in accordance with the procedures set forth in subsection 13.3, below.

(B) In the event that a sale has not been completed in accordance with subsections (A)(1) and/or (A)(2) above, the Town may order the removal of the above-ground Cable System facilities and such underground facilities from the Town at Grantee's sole expense within a reasonable period of time as determined by the Town. In removing its plant, structures and equipment, Grantee shall refill, at is own expense, any excavation that is made by it and shall leave all Rights-of-Way, public places and private property in as good condition as that prevailing prior to Grantee's removal of its equipment without affecting the electrical or telephone cable wires or attachments. The indemnification and insurance provisions and the letter of credit shall remain in full force and effect during the period of removal, and Grantee shall not be entitled to, and agrees not to request, compensation of any sort therefore.

(C) If Grantee fails to complete any removal required by subsection 13.2 (B) to the Town's satisfaction, after written notice to Grantee, the Town may cause the work to be done and Grantee shall reimburse the Town for the costs incurred within 30 days after receipt of an itemized list of the costs, or the Town may recover the costs through the letter of credit provided by Grantee.

(D) The Town may seek legal and equitable relief to enforce the provisions of this Franchise.

13.3 Purchase of Cable System

(A) If at any time this Franchise is revoked, terminated, or not renewed upon expiration in accordance with the provisions of federal law, the Town shall have the option to purchase the Cable System.

(B) The Town may, at any time thereafter, offer in writing to purchase Grantee's Cable System. Grantee shall have 30 days from receipt of a written offer from the Town within which to accept or reject the offer.

(C) In any case where the Town elects to purchase the Cable System, the purchase shall be closed within 120 days of the date of the Town's audit of a current profit and loss statement of Grantee. The Town shall pay for the Cable System in cash or certified funds, and Grantee shall deliver appropriate bills of sale and other instruments of conveyance.

(D) For the purposes of this subsection, the price for the Cable System shall be determined as follows:

(1) In the case of the expiration of the Franchise without renewal, at fair market value determined on the basis of Grantee's Cable System valued as a going concern, but with no value allocated to the Franchise itself. In order to obtain the fair market value, this valuation shall be reduced by the amount of any lien, encumbrance, or other obligation of Grantee which the Town would assume.

(2) In the case of revocation for cause, the equitable price of Grantee's Cable System.

13.4 Receivership and Foreclosure

(A) At the option of the Town, subject to Applicable Law, this Franchise may be revoked 120 days after the appointment of a receiver or trustee to take over and conduct the business of Grantee whether in a receivership, reorganization, bankruptcy or other action or proceeding, unless:

(1) The receivership or trusteeship is vacated within 120 days of appointment; or

(2) The receivers or trustees have, within 120 days after their election or appointment, fully complied with all the terms and provisions of this Franchise, and have remedied all defaults under the Franchise. Additionally, the receivers or trustees shall have executed an agreement duly approved by the court having jurisdiction, by which the receivers or trustees assume and agree to be bound by each and every term, provision and limitation of this Franchise.

(B) If there is a foreclosure or other involuntary sale of the whole or any part of the plant, property and equipment of Grantee, the Town may serve notice of revocation on Grantee and to the purchaser at the sale, and the rights and privileges of Grantee under this Franchise shall be revoked thirty (30) days after service of such notice, unless:

(1) The Town has approved the transfer of the Franchise, in accordance with the procedures set forth in this Franchise and as provided by law; and

(2) The purchaser has covenanted and agreed with the Town to assume and be bound by all of the terms and conditions of this Franchise.

13.5 No Monetary Recourse Against the Town

Grantee shall not have any monetary recourse against the Town or its officers, officials, boards, commissions, agents or employees for any loss, costs, expenses or damages arising out of any provision or requirement of this Franchise or the enforcement thereof, in accordance with the provisions of applicable federal, State and local law. The rights of the Town under this Franchise are in addition to, and shall not be read to limit, any immunities the Town may enjoy under federal, State or local law.

13.6 Effect of Abandonment

If the Grantee abandons its Cable System during the Franchise term, or fails to operate its Cable System in accordance with its duty to provide continuous service, the Town, at its option, may operate the Cable System; designate another entity to operate the Cable System temporarily until the Grantee restores service under conditions acceptable to the Town, or until the Franchise is revoked and a new franchisee is selected by the Town; or obtain an injunction requiring the

Grantee to continue operations. If the Town is required to operate or designate another entity to operate the Cable System, the Grantee shall reimburse the Town or its designee for all reasonable costs, expenses and damages incurred.

13.7 What Constitutes Abandonment

The Town shall be entitled to exercise its options in subsection 13.6 if:

(A) The Grantee fails to provide Cable Service in accordance with this Franchise over a substantial portion of the Franchise Area for 4 consecutive days, unless the Town authorizes a longer interruption of service; or

(B) The Grantee, for any period, willfully and without cause refuses to provide Cable Service in accordance with this Franchise.

SECTION 14. FRANCHISE RENEWAL AND TRANSFER

14.1 Renewal

(A) The Town and Grantee agree that any proceedings undertaken by the Town that relate to the renewal of the Franchise shall be governed by and comply with the provisions of Section 626 of the Cable Act, unless the procedures and substantive protections set forth therein shall be deemed to be preempted and superseded by the provisions of any subsequent provision of federal or State law.

(B) In addition to the procedures set forth in said Section 626(a), the Town agrees to notify Grantee of the completion of its assessments regarding the identification of future cable-related community needs and interests, as well as the past performance of Grantee under the then-current Franchise term. Notwithstanding anything to the contrary set forth herein, Grantee and the Town agree that at any time during the term of the then current Franchise, while affording the public adequate notice and opportunity for comment, the Town and Grantee may agree to undertake and finalize negotiations regarding renewal of the then current Franchise and the Town may grant a renewal thereof. Grantee and the Town consider the terms set forth in this subsection to be consistent with the express provisions of Section 626 of the Cable Act.

(C) Should the Franchise expire without a mutually agreed upon renewed Franchise Agreement and Grantee and the Town are engaged in an informal or formal renewal process, the Franchise shall continue on a month-to-month basis, with the same terms and conditions as provided in the Franchise, and the Grantee and the Town shall continue to comply with all obligations and duties under the Franchise.

14.2 Transfer of Ownership or Control

(A) The Cable System and this Franchise shall not be sold, assigned, transferred, leased or disposed of, either in whole or in part, either by involuntary sale or by voluntary sale, merger or consolidation; nor shall title thereto, either legal or equitable, or any right, interest or property

therein pass to or vest in any Person or entity without the prior written consent of the Town, which consent shall be by the Town Council, acting by ordinance/resolution.

(B) The Grantee shall promptly notify the Town of any actual or proposed change in, or transfer of, or acquisition by any other party of control of the Grantee. The word "control" as used herein is not limited to majority stockholders but includes actual working control in whatever manner exercised. Every change, transfer or acquisition of control of the Grantee shall make this Franchise subject to cancellation unless and until the Town shall have consented in writing thereto.

(C) The parties to the sale or transfer shall make a written request to the Town for its approval of a sale or transfer and furnish all information required by law and the Town.

(D) In seeking the Town's consent to any change in ownership or control, the proposed transferee shall indicate whether it:

(1) Has ever been convicted or held liable for acts involving deceit including any violation of federal, State, or local law or regulations, or is currently under an indictment, investigation or complaint charging such acts;

(2) Has ever had a judgment in an action for fraud, deceit, or misrepresentation entered against the proposed transferee by any court of competent jurisdiction;

(3) Has pending any material legal claim, lawsuit, or administrative proceeding arising out of or involving a cable system or a broadband system;

(4) Is financially solvent, by submitting financial data including financial statements that are audited by a certified public accountant who may also be an officer of the transferee, along with any other data that the Town may reasonably require; and

(5) Has the financial, legal and technical capability to enable it to maintain and operate the Cable System for the remaining term of the Franchise.

(E) The Town shall act by ordinance on the request within 120 days of the request, provided it has received all information required by this Franchise and/or by Applicable Law. The Town and the Grantee may by mutual agreement, at any time, extend the 120-day period. Subject to the foregoing, if the Town fails to render a final decision on the request within 120 days, such request shall be deemed granted unless the requesting party and the Town agree to an extension of time.

(F) Within 30 days of any transfer or sale, if approved or deemed granted by the Town, Grantee shall file with the Town a copy of the deed, agreement, lease or other written instrument evidencing such sale or transfer of ownership or control, certified and sworn to as correct by Grantee and the transferee, and the transferee shall file its written acceptance agreeing to be bound by all of the provisions of this Franchise, subject to Applicable Law. In the event of a change in control in which the Grantee is not replaced by another entity, the Grantee will continue to be bound by all of the provisions of the Franchise, subject to Applicable Law, and will not be required

to file an additional written acceptance.

(G) In reviewing a request for sale or transfer, the Town may inquire into the legal, technical and financial qualifications of the prospective controlling party or transferee, and Grantee shall assist the Town in so inquiring. The Town may condition said sale or transfer upon such terms and conditions as it deems reasonably appropriate, in accordance with Applicable Law.

(H) Notwithstanding anything to the contrary in this subsection, the prior approval of the Town shall not be required for any sale, assignment or transfer of the Franchise or Cable System to an entity controlling, controlled by or under the same common control as Grantee, provided that the proposed assignee or transferee must show financial responsibility as may be determined necessary by the Town and must agree in writing to comply with all of the provisions of the Franchise. Further, Grantee may pledge the assets of the Cable System for the purpose of financing without the consent of the Town; provided that such pledge of assets shall not impair or mitigate Grantee's responsibilities and capabilities to meet all of its obligations under the provisions of this Franchise.

SECTION 15. SEVERABILITY

If any Section, subsection, paragraph, term or provision of this Franchise is determined to be illegal, invalid or unconstitutional by any court or agency of competent jurisdiction, such determination shall have no effect on the validity of any other Section, subsection, paragraph, term or provision of this Franchise, all of which will remain in full force and effect for the term of the Franchise.

SECTION 16. MISCELLANEOUS PROVISIONS

16.1 Preferential or Discriminatory Practices Prohibited

NO DISCRIMINATION IN EMPLOYMENT. In connection with the performance of work under this Franchise, the Grantee agrees not to refuse to hire, discharge, promote or demote, or discriminate in matters of compensation against any Person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability; and the Grantee further agrees to insert the foregoing provision in all subcontracts hereunder. Throughout the term of this Franchise, Grantee shall fully comply with all equal employment or non-discrimination provisions and requirements of federal, State and local laws, and in particular, FCC rules and regulations relating thereto.

16.2 Notices

Throughout the term of the Franchise, each party shall maintain and file with the other a local address for the service of notices by mail. All notices shall be sent overnight delivery postage prepaid to such respective address and such notices shall be effective upon the date of mailing. These addresses may be changed by the Town or the Grantee by written notice at any time. At the Effective Date of this Franchise:

Grantee's address shall be:

COMCAST OF COLORADO IX, LLC
8000 E. Iliff Ave.
Denver, CO 80231
Attn: Government Affairs

The Town's address shall be:

Town of Castle Rock
100 N. Wilcox St.
Castle Rock, CO 80104
Attn: Assistant Town Manager

With a copy to:

Town of Castle Rock
100 N. Wilcox St.
Castle Rock, CO 80104
Attn: Town Attorney

16.3 Descriptive Headings

The headings and titles of the Sections and subsections of this Franchise are for reference purposes only, and shall not affect the meaning or interpretation of the text herein.

16.4 Publication Costs to be Borne by Grantee

Grantee shall reimburse the Town for all costs incurred in publishing this Franchise, if such publication is required.

16.5 Binding Effect

This Franchise shall be binding upon the parties hereto, their permitted successors and assigns.

16.6 No Joint Venture

Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to, nor shall either party act toward third Persons or the public in any manner which would indicate any such relationship with the other.

16.7 Waiver

The failure of the Town at any time to require performance by the Grantee of any provision

hereof shall in no way affect the right of the Town hereafter to enforce the same. Nor shall the waiver by the Town of any breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself or any other provision.

16.8 Reasonableness of Consent or Approval

Whenever under this Franchise "reasonableness" is the standard for the granting or denial of the consent or approval of either party hereto, such party shall be entitled to consider public and governmental policy, moral and ethical standards as well as business and economic considerations.

16.9 Entire Agreement

This Franchise and all Exhibits represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersede all prior oral negotiations between the parties.

16.10 Jurisdiction

Venue for any judicial dispute between the Town and Grantee arising under or out of this Franchise shall be in Douglas County District Court, Colorado, or in the United States District Court in Denver.

IN WITNESS WHEREOF, this Franchise is signed in the name of the Town of Castle Rock, Colorado this ___ day of _____, 2024.

ATTEST:	TOWN OF CASTLE ROCK, COLORADO:
_____	_____
Town Clerk	Mayor
APPROVED AS TO FORM:	RECOMMENDED AND APPROVED:
_____	_____
Town Attorney	Town Manager

Accepted and approved this _____ day of _____, 2024.

ATTEST:

COMCAST OF COLORADO IX, LLC

_____

Public Notary

_____

Name/Title: John Keller Sr VP

EXHIBIT A: REPORT FORM

Comcast
Quarterly Executive Summary - Escalated Complaints
Section 7.6 (B) of our Franchise Agreement
Quarter Ending _____, Year
CASTLE ROCK, COLORADO

Type of Complaint	Number of Calls
Accessibility	0
Billing, Credit and Refunds	0
Courtesy	0
Drop Bury	0
Installation	0
Notices/Easement Issues (Non-Rebuild)	0
Pedestal	0
Problem Resolution	0
Programming	0
Property Damage (Non-Rebuild)	0
Rates	0
Rebuild/Upgrade Damage	0
Rebuild/Upgrade Notices/Easement Issues	0
Reception/Signal Quality	0
Safety	0
Service and Install Appointments	0
Service Interruptions	0
Serviceability	0
TOTAL	**0**

Compliments	

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 15. **File #:** DIR 2024-019

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Tara Vargish, Director of Development Services

Discussion/Direction: Home Occupation Regulations

Executive Summary

Home Occupations are regulated as an Accessory Use in residential areas under Castle Rock Municipal Code section 17.52.230. On August 20, 2024, Council directed staff to provide an overview of this code section, what uses are or are not allowed, and to provide information on what our surrounding jurisdictions allow.

Possible Motions

Based on discussion at tonight's Council meeting, staff is looking for direction to either amend the home occupation code section or to conduct additional outreach and to bring back a recommended amendment.

Possible Motion if Council would like further discussion and research on the types of uses:

"*I move to direct staff to evaluate the list of prohibited home occupation uses, conduct additional research and community engagement, and bring back a recommendation for Council's consideration."*

Meeting Date: October 1, 2024

AGENDA MEMORANDUM

To: Honorable Mayor and Members of Town Council

From: Tara Vargish, Director Development Services

Title: **Discussion/Direction: Home Occupation Requirements**

Executive Summary

Home Occupations are regulated as an Accessory Use in residential areas under Castle Rock Municipal Code section 17.52.230. On August 20, 2024, Council directed staff to provide an overview of this code section, what uses are or are not allowed, and to provide information on what our surrounding jurisdictions allow.

Discussion

Background

Home occupation is allowed in Castle Rock as an accessory use in a residential zone, under specific conditions. Home occupation uses have been allowed in the Town Code for some time. The current code section, 17.52.230 is very similar to the 1995 code. This section was amended in 2015 to clarify that it also applies to residential zones in Planned Developments (PD). Additionally, some of the prohibited uses were expanded with that amendment.

Home Occupation Code 17.52.230

Home occupation is regulated in section 17.52.230 and is defined as:

> "A home occupation is a business, profession, occupation or trade conducted entirely within a residential principal or accessory building, which use is accessory, incidental and secondary to the use of the building for dwelling purposes and does not change the essential residential character or appearance of such building or the neighborhood and is compatible with other permitted uses."

The code allows home occupation as an accessory use in any residential zone, including R1, R2, R3, MH and residential areas within Planned Development (PD) zoning districts, subject to the following regulations:

1. Use must be conducted entirely within a building;
2. Use must be operated by the occupants with no more than one outside employee;
3. Use shall not change the residential character of the dwelling;

4. Limited in size to 20% of floor area or 300 sq ft, which ever is less for a single family home; or Limited in size to 10% of floor area for residential uses other than single family;
5. There shall be no change to the outside appearance of the home, including no signage or outside displays;
6. Wholesale and retail sales are only allowed if the business is conducted entirely through the mail, or if on premise sales are not substantial. One onsite retail sale is allowed per week, such as a Tupperware party. Incidental sales of products are allowed, such as selling music instruction books at music lessons.
7. No outdoor storage of materials or equipment related to the use;
8. No excessive or offensive noise, vibration, smoke, dust, odors, heat, glare or light noticeable or extending beyond the lot;
9. Traffic shall not be generated which significantly affects the residential character of the area, or in a volume that would create a need for parking greater than that which can be accommodated on site or with the normal parking usage of the area;
10. Use shall comply with applicable development guide, building code, fire code, health regulations or any other local, state or federal regulations.

Uses that can meet the above regulations are allowed, except for these specific ones that are listed as prohibited. The majority of these prohibited uses have been in the code since 1995, however several were added during the 2015 amendment:

Prohibited uses in 1995 code:

- beauty or barber shop,
- hospital or clinic,
- animal hospital or grooming establishment, and
- medical or dental office.

Current Prohibited uses (additions from 2015 are in bold):

1. **Motor vehicle repair and motor vehicle body shops**;
2. Medical or dental clinics, hospitals;
3. Personal services such as beauty and barber shops, **tattoo, and massage services;**
4. **Bed and breakfast establishments**;
5. Animal clinics, hospitals, or grooming establishments; or
6. **Retail businesses or any similar uses generating more than occasional or minimal vehicular traffic.**

As staff researched the 2015 amendment, the staff reports and discussions focused on the change to allow regulation of Home Occupations across Town in all PD districts. Some PDs required a Use by Special Review public hearing process for home occupations, and others were silent to them. There was much discussion on making the regulation of home occupations the same throughout Town. Staff outreached with numerous HOAs on the code change during that time also and held a public meeting. One HOA letter specifically listed concerns on potential automotive repair businesses occurring at a home. Staff was not able to find documentation on why beauty, barber, tattoo or massage services are prohibited.

Neighboring Jurisdictions

Staff reached out to local jurisdictions to determine how they regulate home occupations. After reviewing information from Parker, Douglas County, Lone Tree, Castle Pines, and Arapahoe County, it is apparent that all of these jurisdictions have similar restrictions on the use, including such things as not changing the residential character of the area, not allowing signage, limiting outside employees, limiting area of home that can be used, not allowing outdoor storage, limiting traffic, and not allowing excessive or offensive noise, vibration, smoke, dust, odors, heat, glare, etc..

This table below shows a comparison of prohibited home occupations from each municipal jurisdiction staff reviewed. Douglas and Arapahoe County did not list specific prohibited uses, however regulated the uses to meet the specific requirements previously mentioned.

Prohibited for Home Occupation	**Parker**	**Lone Tree**	**Castle Pines**	**Castle Rock**
Motor vehicle repair & body shops		X	X	X
Medical, dental clinic, hospital	X	X	X	X
Bed and Breakfast		X	X	X
Animal clinics, hospitals	X	X	X	X
Animal grooming establishments				X
Retail business or similar generating more than minimal traffic		X	X	X
Personal services such as beauty & barber shop, tattoo or massage services				X
Light Industrial or manufacturing	X			
Short Term Rentals	X			
Restaurants	X			

When looking at the prohibited uses, Castle Rock does stand out as the only jurisdiction that specifically prohibits *"personal services, such as beauty and barber shops, tattoos, and massage services*" and "*animal grooming*". Parker used to prohibit these types of personal services, but recently updated the code to not prohibit them. If a use can comply with the other general restrictions for home occupations, then they can be allowed. Parker does have additional prohibited uses that other surrounding jurisdictions do not, including light industrial, manufacturing, short term rentals and restaurants.

Summary

Castle Rock's Home Occupation requirements are similar to surrounding jurisdictions and limit the impact a proposed accessory use would have on the residential character

of the neighborhood. The prohibition of personal services such as beauty and barber shops, tattoo and massage services, as well as the prohibition of animal grooming appear to stand out from surrounding jurisdictions.

If Town Council wanted to explore removing these or changing the list of prohibited uses for Home Occupation, staff would recommend some additional outreach with the community. Staff does find that the current 10 regulations for operation of a home occupations should be sufficient to regulate these uses if Council determines they would like to remove them from the prohibited uses list.

Possible Motions

Based on discussion at tonight's Council meeting, staff is looking for direction to either amend the home occupation code section or to conduct additional outreach and to bring back a recommended amendment.

Possible Motion if Council would like further discussion and research on the types of uses:

"*I move to direct staff to evaluate the list of prohibited home occupation uses, conduct additional research and community engagement, and bring back a recommendation for Council's consideration."*

Town of Castle Rock

Agenda Memorandum

Agenda Date: 10/1/2024

Item #: 16. **File #:** RES 2024-103

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
Matt Benak, P.E., Water Resources Manager

Resolution Approving the Infrastructure Development and Purchase Ageement and Water Lease Agreement between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Tallgrass Colorado Municipal Water, LLC *[Lost Creek area of Weld County, Colorado]*

Executive Summary

Castle Rock Water (CRW) staff request Town Council approval of a Resolution (see ***Attachment A***) for the Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town of Castle Rock and Tallgrass Colorado Municipal Water, LLC (Tallgrass).

CRW owns the Box Elder property and recently adjudicated water rights on the property of 557 acre feet (AF) in Weld County along with eleven wells and associated water rights with a decreed volume of 1,492 AF in the Lost Creek Designated Basin. Furthermore, CRW owns 770 AF of water rights along the South Platte River as part of the Rothe Recharge project. Collectively, the property and water rights are the backbone of what will be the Town's Box Elder renewable water delivery project. The Box Elder project has been identified as a key piece of the Town's renewable water supply portfolio accounting for around 15% or more of our future water demands. The Town obtained the final Water Court decree for the Box Elder augmentation plan and water rights on April 18, 2024.

The overall concept is to gather raw water from the Lost Creek wells, deliver that water to the Box Elder property for augmentation of Box Elder alluvial well pumping and direct delivery to East Cherry Creek Valley's (ECCV) Water Treatment Plant. The Town plans to enter into subsequent agreements with ECCV for treatment and pumping of our water and delivery within existing pipeline infrastructure back to the Town.

The Town has identified an opportunity to work with a private entity (Tallgrass) to construct some of the key pieces of pipeline and pumping infrastructure to be able to spread out the large capital costs over time and to have the opportunity to purchase additional water rights (1,000 AF) that Tallgrass currently owns. This additional water will help the Town achieve its goal of 100% renewable water (in an average water year) by 2065. Furthermore, leasing of our Lost Creek water to Tallgrass in the

near term will allow the Town to realize some additional revenue helping to offset the overall cost of the Box Elder project with a positive benefit to our ratepayers.

The Infrastructure Development and Purchase Agreement will involve improvements to all eleven (11) wells that Castle Rock owns in the Lost Creek designated basin. These improvements will allow Tallgrass to pump, control and meter the wells as needed for their industrial (oil and gas development) operations in the near term. Tallgrass will construct approximately 9 miles of water transmission pipeline to tie the wells together and transmit the water to their water delivery system located north of our well field.

Within the 1-year term of this agreement, Castle Rock and Tallgrass will continue to negotiate on a larger infrastructure development project for a pipeline and pumping system from the Castle Rock wells back to the Box Elder property and further on to ECCV's treatment plant. If the two parties cannot come to agreement on the subsequent infrastructure phases, Castle Rock will purchase the improved wells and pipeline system from Tallgrass for $15,000,000. If Tallgrass were to fail in constructing a complete water delivery system as part of Phase 1A, the Agreement has a 'Parental Guaranty' term where Tallgrass' parent company would need to provide adequate funding for Castle Rock to complete the water delivery system.

The Water Lease Agreement allows Tallgrass to lease Castle Rock's water rights at $1,550 per acre-foot through December 31, 2027. This agreement would provide additional revenue to Castle Rock in the short term and help to offset some of the capital costs associated with the Box Elder project. There is a 257 AF take-or-pay provision over the three-year term of the Water Lease Agreement, so Castle Rock would receive a minimum of $398,500 as part of this lease and could receive upwards of $6,000,000 if Tallgrass elects to lease the majority of the water rights over this three-year period.

Budget Impact

If the Town and Tallgrass cannot come to agreement to continue to negotiate a deal, the Town will owe $15 million by October 2025 (one year following the execution of the Infrastructure Development and Purchase Agreement). Per the Water Lease Agreement, the Town expects a minimum of $398,750 of revenue from water leases to Tallgrass over the three-year lease term and potentially up to $6 million if Tallgrass takes full advantage of our water right volumes for their oil and gas development operations. While Tallgrass owns the gathering system, Castle Rock will be responsible for operations and maintenance costs which primarily include *Ad Valorem* taxes and insurance at a cost of approximately $100,000 per year. Once Castle Rock owns the system the tax component of approximately $90,000 per year could potentially go away based on our tax-exempt status.

Staff Recommendation

Staff and Castle Rock Water Commission recommend that Town Council approve the Infrastructure Development and Purchase Option Agreement between the Town of Castle Rock and Tallgrass Colorado Water, LLC.

Proposed Motion

"I move to approve the Resolution as introduced by title."

Alternative Motions

"I move to approve the resolution as introduced by title, with the following conditions: (list conditions).

"I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed)."

Attachments

Attachment A: Resolution
Exhibit 1: Agreement
Attachment B: Location Map

STAFF REPORT

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
Matt Benak, P.E., Water Resources Manager

Title: **Resolution Approving the Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Tallgrass Colorado Municipal Water, LLC** *[Lost Creek area of Weld County, Colorado]*

Executive Summary

Castle Rock Water (CRW) staff request Town Council approval of a Resolution (see ***Attachment A***) for the Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town of Castle Rock and Tallgrass Colorado Municipal Water, LLC (Tallgrass).

CRW owns the Box Elder property and recently adjudicated water rights on the property of 557 acre feet (AF) in Weld County along with eleven wells and associated water rights with a decreed volume of 1,492 AF in the Lost Creek Designated Basin. Furthermore, CRW owns 770 AF of water rights along the South Platte River as part of the Rothe Recharge project. Collectively, the property and water rights are the backbone of what will be the Town's Box Elder renewable water delivery project. The Box Elder project has been identified as a key piece of the Town's renewable water supply portfolio accounting for around 15% or more of our future water demands. The Town obtained the final Water Court decree for the Box Elder augmentation plan and water rights on April 18, 2024.

The overall concept is to gather raw water from the Lost Creek wells, deliver that water to the Box Elder property for augmentation of Box Elder alluvial well pumping and direct delivery to East Cherry Creek Valley's (ECCV) Water Treatment Plant. The Town plans to enter into subsequent agreements with ECCV for treatment and pumping of our water and delivery within existing pipeline infrastructure back to the Town.

The Town has identified an opportunity to work with a private entity (Tallgrass) to construct some of the key pieces of pipeline and pumping infrastructure to be able to spread out the large capital costs over time and to have the opportunity to purchase additional water rights (1,000 AF) that Tallgrass currently owns. This additional water will help the Town achieve its goal of 100% renewable water (in an average water year)

by 2065. Furthermore, leasing of our Lost Creek water to Tallgrass in the near term will allow the Town to realize some additional revenue helping to offset the overall cost of the Box Elder project with a positive benefit to our ratepayers.

The Infrastructure Development and Purchase Agreement will involve improvements to all eleven (11) wells that Castle Rock owns in the Lost Creek designated basin. These improvements will allow Tallgrass to pump, control and meter the wells as needed for their industrial (oil and gas development) operations in the near term. Tallgrass will construct approximately 9 miles of water transmission pipeline to tie the wells together and transmit the water to their water delivery system located north of our well field.

Within the 1-year term of this agreement, Castle Rock and Tallgrass will continue to negotiate on a larger infrastructure development project for a pipeline and pumping system from the Castle Rock wells back to the Box Elder property and further on to ECCV's treatment plant. If the two parties cannot come to agreement on the subsequent infrastructure phases, Castle Rock will purchase the improved wells and pipeline system from Tallgrass for $15,000,000. If Tallgrass were to fail in constructing a complete water delivery system as part of Phase 1A, the Agreement has a 'Parental Guaranty' term where Tallgrass' parent company would need to provide adequate funding for Castle Rock to complete the water delivery system.

The Water Lease Agreement allows Tallgrass to lease Castle Rock's water rights at $1,550 per acre-foot through December 31, 2027. This agreement would provide additional revenue to Castle Rock in the short term and help to offset some of the capital costs associated with the Box Elder project. There is a 257 AF take-or-pay provision over the three-year term of the Water Lease Agreement, so Castle Rock would receive a minimum of $398,500 as part of this lease and could receive upwards of $6,000,000 if Tallgrass elects to lease the majority of the water rights over this three-year period.

History of Past Town Council, Boards & Commissions, or Other Discussions

On July 24, 2024, Castle Rock Water staff presented this opportunity to the Castle Rock Water Commission who encouraged staff to continue to develop an Agreement with Tallgrass for Phase 1A.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on September 25, 2024, and the Castle Rock Water Commission voted 5 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

As part of the Town's hybrid renewable water solution, the Town purchased the 850-acre Box Elder Farm and closed on the property on December 30, 2016. This farm is located approximately six miles east of Lochbuie, CO in southern Weld County as shown in ***Attachment B***. The water rights associated with this property will serve as a source of supply, along with the Lost Creek Basin wells and Rothe Recharge water rights, for the increased water demands that the Town will face as population growth continues.

The Box Elder project has been envisioned as an approximately 2,500 AF yield water delivery project. The overall concept is to gather raw water from the Town's Lost Creek wells, deliver that water to the Box Elder property for augmentation of Box Elder alluvial well pumping and direct delivery to ECCV's Water Treatment Plant. The Town plans to enter into subsequent agreements with ECCV for treatment and pumping of our water and delivery within existing pipeline infrastructure back to the Town.

Because the infrastructure is not yet in place to transport this water to ECCV, the Town has been leasing the Lost Creek water to other entities for agricultural purposes, which has helped to generate approximately $192,000 in revenue for Castle Rock Water since 2018.

The Town now has an opportunity to lease our Lost Creek water to Tallgrass at a much higher lease rate than what the Town has been leasing for agricultural purposes. Additionally, Tallgrass is agreeable to constructing what we refer to as Phase 1A of the Box Elder infrastructure project. This will consist of approximately 9 miles of a high-density polyethylene (HDPE) pipeline gathering system that ties all eleven (11) of Castle Rock's Lost Creek wells together to give the ability to tie that water into Tallgrass' adjacent water gathering system located just to the north of Castle Rock's wells (see ***Attachment C***). Additionally, Tallgrass will be improving (redrilling and equipping) the Lost Creek wells since these wells are currently agricultural wells and in need of improvement for industrial and municipal production purposes.

Importantly, this well gathering system is infrastructure that will be needed by Castle Rock in the future when water must be delivered to the Box Elder property and subsequently to ECCV for treatment and delivery to the Town to meet its customer's demands. Tallgrass will operate the improved wells and own the pipeline gathering system initially. The Town will take ownership of this system at such time that the larger infrastructure system is in place and ready to delivery water to ECCV, or, if an agreement cannot be reached with Tallgrass on a larger infrastructure deal, by October 2025.

The Town and Tallgrass would like to enter into an agreement where Tallgrass constructs the pipeline gathering system; improves all eleven wells; develops a telemetry system and ties the wells into Tallgrass' system for lease of the water. The agreement states that the two parties will continue to negotiate towards a larger deal where Tallgrass will construct the other necessary infrastructure in phases and the Town pays down the construction and financing costs over time. Other infrastructure that is needed includes a booster pump station out of Lost Creek, a raw water pipeline to Box Elder, new wells on the Box Elder property; a pipeline manifold system on the Box Elder property; infiltration/percolation beds on Box Elder; a pump station at Box Elder to pump water to ECCV and treatment and pumping capacity additions to ECCVs system. This entire infrastructure is anticipated to cost $80 to $100 million to implement over the next ten years.

If a larger deal can be struck with Tallgrass, they have an additional 1,000 AF of water they are willing to sell to Castle Rock at an approximate price of $39,000 per AF (this includes the water sale and a transmission fee). This water would represent approximately 5% of the Town's future water demands and would bolster our goal of being 100% renewable by 2065. This water would also tie in readily to the overall Box Elder project since Tallgrass's and Castle Rock's Lost Creek supplies would be tied

together.

If Tallgrass and the Town cannot come to an agreement on the large project, the Town agrees to buy the newly constructed Lost Creek gathering system for $15 million.

Key Terms of the Infrastructure Development and Purchase Agreement:

- Tallgrass to manage, design, permit, & construct well gathering system (47,150 feet of pipe and appurtenances and 11 new wells, pumps, controls and appurtenances);
- Term – 1 year from execution;
- Construction completion within 6 months;
- Phase 1B and 2 negotiated or if no agreement $15,000,000 purchase
- Concurrent water lease agreement;
- Partial assignment of Castle Rock easements valued at $775,000;
- Castle Rock Water maintains ownership of wells throughout;
- Operation and maintenance costs include primarily *Ad Valorem* taxes and insurance $100k;
- Parental guaranty;
- Warranty of 1 year from acceptance by Castle Rock Water.

Key terms of the Water Lease Agreement

- Lease up to 4,476 AF – potential value of $6,944,961;
- Term is a little more than 3 years through 12/31/27;
- Price is $1,551.60/AF vs. $44/AF for agricultural leases;
- Firm take or pay of 257 AF or $398,750;
- Right of first refusal if we want to lease to others;
- As is / where is lease;
- Metering and calibration of meters to be done by Tallgrass;
- Monthly billing.

Castle Rock Water brought in Burns and McDonnell Engineering to review the infrastructure being provided by Tallgrass in Phase 1A and provide an engineering estimate on the capital costs of this infrastructure. Burns and McDonnell Engineering estimated the total cost to permit, purchase easements, manage, design, and construct Phase 1A at $24.16 million. This is over $9 million more than the Tallgrass capital cost proposal. This work was done to ensure that Castle Rock Water is getting a good deal on the constructed infrastructure from a cost standpoint.

Castle Rock Water also hired legal counsel to review the private / public partnership agreements to ensure that these agreements met the Town's needs and worked within the Town's required contracting framework.

Budget Impact

If the Town and Tallgrass cannot come to agreement to continue to negotiate a deal, the Town will owe $15 million by October 2025 (one year following the execution of the Infrastructure Development and Purchase Agreement). Per the Water Lease Agreement, the Town expects a minimum of $398,750 of revenue from water leases to Tallgrass over the three-year lease term and potentially up to $6 million if Tallgrass takes full advantage of our water right volumes for their oil and gas development

operations. While Tallgrass owns the gathering system, Castle Rock will be responsible for operations and maintenance costs which primarily include *Ad Valorem* taxes and insurance at a cost of approximately $100,000 per year. Once Castle Rock owns the system the tax component of approximately $90,000 per year could potentially go away based on our tax-exempt status.

Staff Recommendation

Staff and Castle Rock Water Commission recommend that Town Council approve the Infrastructure Development and Purchase Option Agreement between the Town of Castle Rock and Tallgrass Colorado Water, LLC.

Proposed Motion

"I move to approve the Resolution as introduced by title."

Alternative Motions

"I move to approve the resolution as introduced by title, with the following conditions: (list conditions).

"I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed)."

Attachments

Attachment A: Resolution
Exhibit 1: Agreement
Attachment B: Location Map
Attachment C: Lost Creek Wells Location Map

RESOLUTION NO. 2024- ___

A RESOLUTION APPROVING THE INFRASTRUCTURE DEVELOPMENT AND PURCHASE AGREEMENT AND WATER LEASE AGREEMENT BETWEEN THE TOWN OF CASTLE ROCK, ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE, AND TALLGRASS COLORADO MUNICIPAL WATER, LLC

WHEREAS, the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise (the "Town"), is the owner and operator of a municipal water system, which system includes but is not limited to collection points, gathering lines, treatment facilities, and distribution lines within and without the Town boundaries (the "System"); and

WHEREAS, Tallgrass Colorado Municipal Water LLC (the "Developer") is the owner and operator of a groundwater gathering and transmission system located in Township 1 North, Range 63 West, Weld County, Colorado (the "Existing Tallgrass Infrastructure"); and

WHEREAS, the Town owns certain property in Weld County, along with eleven wells and the right to divert and use a decreed volume of 1,492 acre-feet of water in the Lost Creek Designated Basin and 770 acre-feet of water as part of the Rothe Recharge Project (the "Town Water Rights"); and

WHEREAS, the Town desires to put the Town Water Rights to beneficial use and, ultimately, connect to the System in accordance with the Town's 2021 Water Resources Strategic Master Plan; and

WHEREAS, the Developer is interested in constructing necessary infrastructure and connecting it to the Existing Tallgrass Infrastructure in order to assist the Town in accessing the Town Water Rights and to allow the Developer to lease the Town Water Rights for a certain period of time, prior to the Town using such water as part of the System (the "New Tallgrass Infrastructure"); and

WHEREAS, the Town and the Developer have determined that a three-phase approach is appropriate for constructing the New Tallgrass Infrastructure, the first phase of which the Town will purchase if negotiations regarding the construction of the second and third phases prove unsuccessful; and

WHEREAS, the Developer also owns substantial water rights within Weld County (the "Tallgrass Water Rights"), of which, the Town is interested in purchasing up to approximately 1,000 acre-feet should an agreement be reached on the second and third phases of the New Tallgrass Infrastructure; and

WHEREAS, the Town Council finds that entering into agreements with the Developer for the construction of the New Tallgrass Infrastructure, the lease of Town Water Rights, and the potential purchase of Tallgrass Water Rights to be in the best interests of the Town's water

customers and supportive of the Town's goal of diversifying and expanding its water portfolio to ensure that affordable and adequate water remains available now and in the future.

NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK AS FOLLOWS:

Section 1. **Approval**. The Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town and the Developer are hereby approved in substantially the same form as presented at tonight's meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney and the Director of Castle Rock Water. The Mayor and other proper Town officials are hereby authorized to execute these Agreements and any technical amendments thereto by and on behalf of the Town.

Section 2. **Encumbrance and Authorization**. In order to meet the Town's financial obligations under the Amendment, the Town Council authorizes an expenditure and payment from the Water Resources Enterprise Fund in an amount not to exceed $15,000,000.00, which expenditure and payment shall be contingent upon the inability of the Town and the Developer to reach agreement on the construction of the second and third phases of the New Tallgrass Infrastructure.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2024, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading, by a vote of ___ for and ___ against.

ATTEST:	**TOWN OF CASTLE ROCK**
_____	_____
Lisa Anderson, Town Clerk	Jason Gray, Mayor
Approved as to form:	**Approved as to content:**
_____	_____
Michael J. Hyman, Town Attorney	Mark Marlowe, Director of Castle Rock Water

INFRASTRUCTURE DEVELOPMENT AND PURCHASE AGREEMENT BY AND BETWEEN THE TOWN OF CASTLE ROCK AND TALLGRASS COLORADO MUNICIPAL WATER, LLC

This Infrastructure Development and Purchase Agreement (this "Agreement") is entered into as of _____, 2024 (the "Effective Date"), by and between **TOWN OF CASTLE ROCK, ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE,** a municipal political subdivision of the State of Colorado (the "Town") and **TALLGRASS COLORADO MUNICIPAL WATER, LLC,** a Delaware limited liability company ("Developer") (Town and Developer individually referred to herein as a "Party" and collectively as the "Parties").

RECITALS

A. The Town is the owner and operator of a municipal water system, including but not limited to collection points, gathering lines, treatment facilities, and distribution lines within and without the Town boundaries ("System").

B. Developer is the owner and operator of a groundwater gathering and transmission system located in Township 1 North, Range 63 West, Weld County, Colorado (the "Existing Tallgrass Infrastructure").

C. The Town owns the right to divert and use water pursuant to the decrees in Case Nos. 99CV97 and 98CV1727 District Court, Adams County (the "Decrees") and the following Amended Final Permits issued by the Colorado Ground Water Commission: 12123-RFP; 121124-RFP; 14860-RFP: 31526-FP; 31527-FP; 31640-FP; 31643-F-R; 8533 RFP; 8534-FP; 8535-FP; and 31542-FP (collectively, the "Town Water Rights") in Weld County.

D. The Town desires to put the Town's Water Rights to beneficial use and, ultimately, connect the Town Water Rights to the System in accordance with the Town's 2021 Water Resources Strategic Master Plan.

E. Developer is interested in constructing necessary infrastructure and connecting it to the Existing Tallgrass Infrastructure in order to assist the Town in accessing the Town Water Rights in Weld County and to allow Developer to lease the Town's Water Rights for a certain period of time, prior to the Town using the water as part of the System.

F. The Parties have determined that a phased approach is appropriate for the infrastructure improvements, with three distinct phases. This Agreement primarily focuses on completion of Phase 1A, with the intent to engage in further negotiations on Phase 1B and Phase 2, and obligation to purchase the assets procured, designed, and constructed under Phase 1A if no agreement is reached on Phase 1B and Phase 2.

G. Developer also owns substantial water rights within Weld County, and, upon the completion of Phase 1B and Phase 2, Town is interested in purchasing approximately 1,000 acre feet of Developer's groundwater rights represented by Amended Final Permit Nos. 8499-RFP, 31596-FP, 1827-RFP, 11417-RFP, 31560-FP, 7602-FP, 31582-FP, 31583-FP, and 8505-FP issued by the Colorado Ground Water Commission (collectively, the "Tallgrass Water Rights").

H. The Town finds this Agreement to be in the best interests of the Town of Castle Rock's water customers and supports the Town's goal of diversifying and expanding its water portfolio to ensure affordable and adequate water remains available now and in the future.

AGREEMENT

NOW, THEREFORE, in consideration of these mutual promises, the Town and the Developer covenant and agree as follows:

ARTICLE I
DEFINITIONS

1.01 Defined Terms. The following words when capitalized in the text shall have the meanings indicated:

Agreement: This Infrastructure Development and Purchase Option Agreement, inclusive of any future amendments.

Appropriated Fund: As defined in Section 7.14

Assets: As defined in Section 2.10.

Charter: The Home Rule Charter of the Town, as amended.

Code: The Castle Rock Municipal Code, as amended.

County: Weld County, Colorado.

C.R.S.: The Colorado Revised Statutes, as amended.

Easements: As defined in Section 2.03(a).

Effective Date: The date listed in the introductory paragraph of this Agreement.

ECCV Treatment Facility: The East Cherry Creek Valley Water and Sanitation District treatment facility located near Brighton, Colorado.

Final Acceptance: The completion of the Project as evidenced by the issuance of the certificate of final acceptance by the Town.

Developer: Tallgrass Colorado Municipal Water, LLC.

Existing Tallgrass Infrastructure: As defined in Recital B.

Guaranty: As defined in Section 2.09.

OM&R Costs: As defined in Section 2.03(d).

Party(ies): Individually or collectively, the Town and Developer, together with (except as otherwise limited by the terms of this Agreement) their designated successors and assigns.

Phase 1A: All necessary work to design, permit, construct, project-manage, install, and commission water infrastructure required to gather, measure, and transport available water from the Town's eleven (11) wells in the Lost Creek Groundwater Management District to the Existing Tallgrass Infrastructure, including but not limited to (a) approximately 9 miles of raw water gathering pipelines; (b) booster pump; (c) SCADA communications; and (d) redrilling and other improvements of the Wells, all as further set forth in ***Exhibit 1***.

Phase 1B: As defined in Section 5.02.

Phase 2: As defined in Section 5.03.

Plans: The plans, documents, drawings and specifications prepared by or for Developer for the construction, installation or acquisition of the Project, as approved by the Town.

Project: The design and construction of Phase 1A.

Purchase Price: As defined in Section 2.10.

System: As defined in Recital A.

Tallgrass Water Rights: As defined in Recital G.

Town: The Town of Castle Rock, acting by and through the Castle Rock Water Enterprise.

Town Council: The governing body of the Town of Castle Rock, Colorado, constituted under Article II of the Charter.

Town Specifications: The technical criteria required by the Town for the Project, as set forth in this Agreement, the Town Code, and in ***Exhibit 1***.

Town Water Rights: As defined in Recital C.

Trigger: As defined in Section 2.03(a).

Well(s): As defined in 2.03(c) to withdraw the Town Water Rights.

1.02 Cross References. Any reference to an article or section number, without further description, shall mean such article or section in this Agreement.

ARTICLE II
PUBLIC IMPROVEMENTS DEVELOPMENT AND PURCHASE OBLIGATION

2.01 Generally. Developer shall complete the Project in accordance with this Agreement, Town Specifications, and applicable local, state, and federal laws and regulations. Developer shall bear the cost of planning, designing, constructing and financing the Project and all other related and incidental activities, including access rights or easement acquisition as necessary to construct the Project or to connect the Project to Existing Tallgrass Infrastructure.

2.02 Party Representatives. Within fourteen (14) calendar days following the Effective Date, each Party shall designate and shall inform the other Party in writing of its representative who shall have authority to act and communicate for and on behalf of each Party in all matters arising under or related to this Agreement and the successful completion of the Project.

2.03 Phase 1A Development and Operations. Developer shall cause the construction and completion of the Project, and the Parties shall operate the Project, as follows:

(a) Commencement of Construction. As soon as reasonably practicable following the Effective Date, the Town shall convey to Developer an undivided fifty percent interest in the easements listed on ***Exhibit 2*** attached hereto ("Easements") pursuant to a Deed of Easement in Gross and Assignment of Rights in a form substantially similar to that attached as ***Exhibit 3*** attached hereto. The Town shall reserve for itself an undivided fifty percent interest in the Easements. Developer shall commence or cause to be commenced construction of the Project upon the later of: forty-five (45) days following the Town's assignment of the Easements; or fifteen (15) days following the issuance of the applicable permits from Weld County and the Division of Water Resources, including such permits required for the redrilling of the Wells ("Trigger"). Construction will be considered to have commenced on the date that Developer issues a notice to proceed with construction of the Project under its agreement to construct or on the date actual work begins on the Project. Developer shall notify Town in writing of the construction commencement date within two (2) business days of such commencement.

(b) Completion of Construction. Following commencement of the Project in accordance with Section 2.03(a), Developer shall diligently pursue steps, or cause its contractor to diligently pursue steps, to complete the Project on or before six (6) months following the Trigger. The Project shall be deemed to be complete upon issuance by the Town of a notice of Final Acceptance. Developer shall notify Town in writing when Developer believes it has reached substantial completion of the Project in order to initiate the process of Final Acceptance. Upon notice of substantial completion, the Town shall review and inspect the Project to determine if there are punch list items requiring completion prior to Final Acceptance and to confirm there are no outstanding liens or encumbrances on the Project. Notice of Final Acceptance shall not amount to a transfer of any infrastructure or rights, but shall only serve to confirm satisfactory completion of the Project based on the Town's review in accordance with this Agreement.

(c) Construction and Ownership of Wells. The Developer shall act as the Town's general contractor to develop, drill and install or cause to be developed, drilled and installed, wells subject to the Decrees and Permits ("Wells") in conformance with ***Exhibit 1***, and shall provide electricity to the Wells. The cost of such development, drilling and installation of the Wells, the provision of electricity and all general contractor fees/profits are expressly included in the Purchase Price described in Section 2.10. The Town owns and shall, at all times, own the Wells. Developer shall have no ownership interest in the Wells. For clarity, the Town's ownership in each Well and Developer's ownership interest of the Assets as defined in Section 2.10 is depicted on ***Exhibit 4*** with the Town's ownership shaded in blue and Developer's Assets shaded in red.

(d) OM&R. Developer shall operate, maintain, and repair the Wells, the Project and other assets developed as part of Phase 1A. Following the expiration of the Term or earlier termination of this Agreement, Developer shall deliver to the Town a statement with supporting documentation detailing Developer's actual costs and expenses incurred with respect to such operation and maintenance, including, but not limited to, actual costs of insurance and taxes (the "OM&R Costs"). The Town shall reimburse Developer for the actual OM&R Costs within thirty (30) days following receipt of such statement; provided, however, that in the event the OM&R Costs exceed the payments made by the Developer to the Town pursuant to the Water Lease Agreement (such difference, the "Excess Costs"), the Town may defer the payment of the Excess Costs until, as applicable, (a) the closing of the purchase of the Project pursuant to Section 2.10 below, at which time the amount of the Excess Costs shall be added to the Purchase Price; or (b) a later date as provided in the agreement(s) to be entered into between the Parties for the development of Phase 1B and Phase 2, pursuant to Article V below.

2.04 Construction Agreement. The Parties acknowledge that Developer and its selected contractor(s) have entered or shall enter into a construction agreement, which agreement shall obligate the contractor to complete the Project in accordance with this Agreement.

2.05 Inspection and Access to Site. At all times during the Project, Town shall have reasonable access to the Project work site(s), during regular business hours or otherwise when other work is being performed on site, in order to inspect the progress of the Project. Town shall bear all costs associated with its own inspections or monitoring of the Project.

2.06 Indemnification. Developer shall indemnify and hold harmless the Town, its board members, officers, agents, and employees ("Indemnified Parties") from and against losses, costs, expenses, liabilities, damages, fines, and penalties, (including court costs and reasonable attorneys' fees) (collectively, the "Losses") sustained or incurred by the Indemnified Parties as a result of a demand, claim, proceeding, judgment, or settlement by a third party against one or more of the Indemnified Parties ("Third Party Claim"), to the extent the Losses arise out of Developer's or its agents', servants', contractors', consultants', or employees' (i) material breach of the representations, warranties or covenants of this Agreement, (ii) negligence or willful misconduct, or (iii) material failure to comply with applicable law; provided, however, that Lessee's obligations under this Section 2.06 shall not apply, in connection with its performance hereunder, but not to the extent such Losses are caused by any negligent or willful act or omission of, or breach of contract by any Indemnified Parties, their employees, agents, contractors or assigns.

2.07 Standard of Care and Warranty. For all work performed under this Agreement for the Project, Developer shall use commercially reasonable efforts to ensure that such work, including but not limited to design, construction, and inspection work, is performed in an acceptable workmanlike and professional manner, consistent with the professional delivery of such services by qualified contractors in the industry, and consistent with all applicable local, state, and federal laws and regulations. Furthermore, Developer shall ensure that all such work contains a warranty period for one (1) year following the completion of the Project to cover all costs of repair or replacement for the Project within such warranty period.

2.08 Insurance. From the Effective Date to the end of the warranty period described in Section 2.07, at their own cost and expense, Developer and all subcontractors hired by Developer shall provide, or cause to be provided, and shall maintain the following insurance for the Project by a company authorized to do business in and to issue such policies in the State of Colorado. Prior to commencing work under this Agreement, Developer and Developer's subcontractors shall deliver to the Town one or more ACORD certificate(s) of insurance evidencing the existence of insurance described below. The Town shall also be named as an additional insured under all policies, with the exception of the workers' compensation policy, but only as respects the risks and liabilities assumed by Developer under this Agreement. This Agreement shall be an insured contract under the policies. Coverage shall be primary and non-contributory to all other policies of the Town. All of the policies maintained by Developer and Developer's subcontractors shall contain provisions that state: the insurance companies will have no right of recovery or

subrogation against the Town; defense costs shall be outside of the policy limits; and coverage applies separately to each insured entity against whom a claim is made. All insurance policies required to be obtained and maintained must be provided by insurers with an A.M. Best rating of A-VII or higher. Irrespective of the requirements as to insurance to be carried, the insolvency, bankruptcy, or failure of any such insurance company carrying insurance for Developer or Developer's subcontractors or failure of any such insurance company to pay claims occurring shall not be held to waive any of the provisions of this Agreement. To the extent commercially and reasonably available, material modification or cancellation of policies providing coverage Developer or Developer's subcontractors hereunder shall only be effective thirty (30) days after written notice of modification or cancellation (except for ten (10) days' notice for non-payment of premium) is delivered to the Town from the insurance company or an authorized representative. To the extent not commercially and reasonably available, Developer and Developer's subcontractors shall have the obligation to provide such notice.

(a) Commercial General Liability: Minimum limits of $1,000,000 per occurrence and $2,000,000 in the aggregate. Such coverage shall not be subject to any exclusions for "Explosion", "Collapse" and/or "Underground" operations.

(b) Automobile Liability: Minimum limits of $1,000,000, combined single limit.

(c) Professional Liability (only for applicable design professionals): Minimum limits of $2,000,000 per claim and $2,000,000 in the aggregate.

(d) Workers' Compensation and Employee Liability: Workers' compensation insurance, at statutory limits covering contractors and Employee Liability with minimum limits of $1,000,000.

(e) Umbrella Liability: Umbrella Liability coverage in excess of the limits and with terms at least as broad as the coverages outlined in Sections 2.08 (a) through (d) above, with a combined single limit for bodily injury and property damage of at least $10,000,000 for each occurrence.

2.09 Parental Guaranty. As a condition precedent to the efficacy of this Agreement, Developer shall cause Tallgrass Water, LLC, Developer's parent company, to execute and deliver the Parental Guaranty in substantially the same form as included in ***Exhibit 5*** ("Guaranty") simultaneously with the execution of this Agreement.

2.10 Purchase Obligation. As a material term for the Town's inducement to this Agreement, if the Town and Developer have not reached an agreement on completing Phase 1B and Phase 2 within one (1) year of the Effective Date, the Town shall purchase all rights, title, and ownership interest in the assets procured, designed, and constructed pursuant to the Project, including, but not limited to, the assets owned by Developer and set forth in ***Exhibit 1*** and all

easements or other real property rights obtained with respect to such assets, including the Easements assigned to Tallgrass in accordance with Section 2.03(a) above (collectively, the "Assets") for a total purchase price of Fifteen Million Dollars ($15,000,000.00) (the "Purchase Price"). To complete the purchase, the Town and Developer shall mutually agree upon a closing agent as well as date and time for closing, and shall share the costs of closing equally. The Town shall have the right to inspect the Assets prior to closing and shall only be excused from closing on the purchase of the Assets if, in the Town's commercially reasonable judgment, the Assets materially deviate from the Town Specifications. At the time of closing, in addition to conveying all rights, title, and ownership interests of the Project and its Assets to the Town, free and clear of all liens, claims, or encumbrances, the Developer agrees to provide the following in exchange for the purchase price:

(a) The complete Plans for the Project.

(b) "As-built" AutoCAD file and PDF file.

(c) All access or easement rights obtained by Developer for the Project, including the Easements described in Section 2.3(a).

(d) Any and all permits or approvals obtained as part of the Project.

(e) All warranties for the Project of any and all nature.

2.11 Termination After Purchase. If the purchase obligation described in Section 2.10 is triggered, this Agreement shall terminate for all purposes on the date of closing of the purchase.

ARTICLE III
LEASE OF TOWN WATER RIGHTS

3.01 Lease of Town Water Rights. Following completion of components of the Project as the components allow, Developer shall have the right to lease the Town's Water Rights made available by completed components of the Project pursuant to the Water Lease Agreement, in substantially the same form as included in ***Exhibit 6*** (the "Water Lease Agreement"). The Town makes no warranties or guarantees, express or implied, of any specific amount of available water for Developer to lease from the Town's Water Rights, the quality of any such water pumped from the Town's wells and whether the Town's Water Rights are sufficient for Developer's intended purposes. Any such lease shall be based on the "as-is" condition and production of the Town wells. Absent a separate and mutually agreed upon Water Lease Agreement being entered into between the Parties, Town shall have no duty to deliver any water to Developer under this Agreement.

ARTICLE IV
[RESERVED]

ARTICLE V
FUTURE IMPROVEMENTS (PHASES 1B AND 2); PURCHASE OF TALLGRASS WATER

5.01 Future Improvements Generally. The Parties are interested in pursuing possible additional agreements related to Phase 1B and Phase 2. As part of the consideration for this Agreement, the Parties mutually agree to negotiate in good faith to determine if an agreement can be reached for the completion of Phase 1B and Phase 2. Except as expressly provided herein, the failure of the Parties to enter into an agreement on Phase 1B and Phase 2 shall not have any effect on the terms and obligations contained in this Agreement.

5.02 Phase 1B. At the time of this Agreement, the general intent and scope of Phase 1B would include Developer providing all work, at its sole cost, to design, permit, construct, project-manage, install, and commission water infrastructure required to gather and transport up to 4,000 acre feet of raw water to the ECCV Treatment Facility. The Phase 1B infrastructure would include:

(a) A storage pond located at Township 1 North, Range 65 West, Weld County, Colorado, capable of receiving and storing up to 10,500,000 gallons of water (the "West Gathering Pond"), which Town, at its sole cost, would gather and deliver from its freshwater wells in the Box Elder development (the "Box Elder Wells");

(b) A pumping station adjacent to the West Gathering Pond that will be used to transfer water from the pond to the ECCV Treatment Facility.

(c) Approximately 7.1 miles of raw water supply pipeline, commencing at the West Gathering Pond and terminating at the West Gathering Pond ("Supply Pipeline");

(d) SCADA communications; and

(e) Other equipment facilities required for the operation of the Storage Pond and Supply Pipeline.

5.03 Phase 2. At the time of this Agreement, the general intent and scope of Phase 2 would include Developer providing all work, at its sole cost, to design, permit, construct, project-manage, install, and commission water infrastructure required to connect the Project to the West Gathering Pond. The Phase 2 infrastructure would include:

(a) A pumping station located at Township 1 North, Range 64 West, Weld County, Colorado, to which the water from the Project would flow (the "East Pump Station");

(b) Approximately 8 miles of raw water supply pipeline, commencing at a point on the Project and terminating at the ECCV Treatment Facility (the "Connection Pipeline");

(c) SCADA communications;

(d) Other equipment facilities required for the operation of the East Pump Station and Connection Pipeline; and

5.04 Purchase of Tallgrass Water. At the time of this Agreement, the general intent is that following the completion of Phase 1B and Phase 2, the Town would purchase approximately one-thousand (1,000) acre-feet of HCU attributable to the Tallgrass Water Rights upon the terms and conditions mutually agreed to by the Parties in the agreement to be negotiated and executed pursuant to Section 5.01.

ARTICLE VI
DEFAULT AND REMEDIES

6.01 Event of Default. Failure of Town or Developer to perform any covenant, agreement, obligation or provision of this Agreement, constitutes an event of default under this Agreement.

6.02 Default Notice. In the event either Party alleges that the other is in default, the non-defaulting Party shall first notify the defaulting Party in writing of such default, and specify the exact nature of the default in such notice. Except as otherwise provided herein, the defaulting Party shall have twenty (20) days from receipt of such notice within which to cure such default before the non-defaulting Party may exercise any of its remedies hereunder. If such default is not of a type which can be cured within such twenty (20) day period and the defaulting Party commenced the cure within the twenty (20) day period and is actively and diligently pursuing such cure, the defaulting Party shall have a reasonable period of time given the nature of the default following the end of the twenty (20) day period to cure such default, provided that such defaulting Party is at all times within such additional time period actively and diligently pursuing such cure in good faith.

6.03 Remedies. In addition to specific remedies provided elsewhere in this Agreement, upon notice of default and failure to cure in accordance with Section 6.02, the non-defaulting Party shall have the right to take whatever action, at law or in equity, which appears necessary or desirable to enforce performance and observation of any obligation, agreement or covenant of the defaulting Party under this Agreement, or to collect the monies then due and thereafter to become due, or the non-defaulting Party may terminate this Agreement. In any such legal action, the prevailing Party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other Party.

6.04 Limitation of Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO RECEIVE DAMAGES FROM ANY OTHER PARTY BASED ON ANY THEORY OF LIABILITY FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL (INCLUDING LOST PROFITS), EXEMPLARY OR PUNITIVE DAMAGES (EXCEPT TO THE EXTENT THAT ANY SUCH DAMAGES ARE INCLUDED IN INDEMNIFIABLE LOSSES RESULTING FROM A THIRD PARTY CLAIM IN ACCORDANCE WITH SECTION 2.06).

ARTICLE VII
GENERAL PROVISIONS

7.01 Term. This Agreement shall commence upon the Effective Date and shall continue until the earlier of (a) the date on which the agreement described in Section 5.01 is executed, or (b) the date of closing of the purchase described in Section 2.10 (such period, as applicable, the "Term"). The Term may be extended by mutual agreement of the Parties.

7.02 Amendment. Any and all changes to this Agreement, in order to be mutually effective and binding upon the Parties and their successors, must be in writing and duly executed by the signatories or their respective representatives. The Mayor, Director of Castle Rock Water, and Town Attorney and officers on behalf of Developer executing this Agreement are authorized to make corrections and clarifications to this Agreement, so long as the changes are consistent with the intent and understanding of the Parties at the time of approval by the governing bodies, and execution of such amendment will constitute approval of such changes by the Parties.

7.02 Interpretation. In this Agreement, unless the context otherwise requires:

(a) all definitions, terms and words shall include both the singular and the plural;

(b) words of the masculine gender include correlative words of the feminine and neuter genders, and words importing singular number include the plural number and vice versa; and

(c) the captions or headings of this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, article or section of this Agreement.

7.03 Notice. The addresses of the Parties to this Agreement are listed below. Any and all notices allowed or required to be given in accordance with this Agreement may be given personally, sent via nationally recognized overnight carrier service, or by registered or certified mail, return receipt requested, or electronic mail, with delivery receipt. If given by registered or certified mail, the same will be deemed to have been given and received three days after a

registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered or sent via nationally recognized overnight courier service, a notice will be deemed to have been given and received the first to occur of one business day after being deposited with a nationally recognized overnight air courier service or upon delivery to the Party to whom it is addressed. If sent via electronic mail, a notice will be deemed to have been given and received on the next business day following the sender's receipt of a delivery receipt.

If to Developer, addressed to:

Tallgrass Colorado Municipal Water, LLC
370 Van Gordon Street
Lakewood, CO 80228
Attn: Mark Ritchie
Tel: (303) 763-3659
Email: mark.ritchie@tallgrass.com

With a copy to:

Tallgrass Energy, LP
370 Van Gordon Street
Lakewood, CO 80228
Attn: Legal Department
Tel: (303) 763-2950
Email: legal.notices@tallgrass.com

If to the Town, addressed to:

Castle Rock Water
175 Kellogg Court
Castle Rock, CO 80109
Attn: Director of Castle Rock Water
Tel: (720) 733-6001
Email: mmarlowe@crgov.com

With a copy to:

Town of Castle Rock
Town Attorneys' Office
100 Wilcox Street
Castle Rock, CO 80104
Attn: Mike Hyman
Tel: (303) 660-1398
Email: mhyman@crgov.com

7.04 Severability. It is understood and agreed by the Parties hereto that if any part, term, or provision of this Agreement is found by final judicial decree to be illegal or in conflict with any law of the State of Colorado, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Agreement did not contain the particular part, term or provision held to be invalid.

7.05 Conflicts. If the terms and provisions of this Agreement are in conflict with any prior agreement between the Town and the Developer, the terms and provisions of this Agreement, as it may be amended from time to time, shall control.

7.06 Verification. The Town and the Developer shall provide the other written verification regarding the status, performance or completion of any action required of the Town or the Developer under the Agreement or by the terms of any other agreement.

7.07 Additional Documents or Action. The Parties agree to execute any additional documents or take any additional action, including but not limited to estoppel documents requested or required by lenders or the Parties hereto, that is necessary to carry out this Agreement or is reasonably requested by any Party to confirm or clarify the intent of the provisions of this

Agreement and to effectuate the agreements and the intent. If all or any portion of this Agreement, or other agreements approved in connection with this Agreement are asserted or determined to be invalid, illegal or are otherwise precluded, the Parties, within the scope of their powers and duties, will cooperate in the joint defense of such documents and, if such defense is unsuccessful, the Parties will use reasonable, diligent good faith efforts to amend, reform or replace such precluded items to assure, to the extent legally permissible, that each Party substantially receives the benefit that it would have received under this Agreement.

7.08 Days. If the day for any performance or event provided for herein is a Saturday, Sunday or a day on which national banks are not open for regular transactions of business, or a legal holiday pursuant to Section 24-11-101(1), C.R.S, such day will be extended until the next day on which such banks and state offices are open for the transaction of business.

7.09 Controlling Law and Venue; Waiver of Jury Trial. This Agreement shall be subject to and governed by the laws of the State of Colorado, regardless of the laws that might otherwise govern under conflict of law principles. Any legal suit, action, or proceeding arising out of or related to this Agreement or the transactions contemplated hereby that are not resolved pursuant to Section 7.10 below shall be instituted in the District Court of the State of Colorado located in the City and County of Denver, Colorado. Each of the Parties irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated by this Agreement.

7.10 Alternative Dispute Resolution. In the event of any dispute or claim arising under or related to this Agreement, the Parties shall use their best efforts to settle such dispute or claim through good faith negotiations with each other. If such dispute or claim is not settled through negotiations within thirty (30) days after the earliest date on which one Party notifies the other Party in writing of its desire to attempt to resolve such dispute or claim through negotiations, then the Parties agree to attempt in good faith to settle such dispute or claim by mediation conducted under the auspices of the Judicial Arbiter Group (JAG) of Denver, Colorado or, if JAG is no longer in existence, or if the Parties agree otherwise, then under the auspices of a recognized established mediation service within the State of Colorado. Such mediation shall be conducted within sixty (60) days following either Party's written request therefor. The costs of such mediation shall be shared equally by the Parties. If such dispute or claim is not settled through mediation, then either Party may initiate a civil action pursuant to Section 7.09 above.

7.11 Attorneys' Fees. If any action or proceeding is commenced by either party to enforce its rights under this Agreement, the substantially prevailing party in such action or proceeding shall be awarded all reasonable costs and expenses incurred in such action or proceeding, including reasonable attorneys' fees and costs, in addition to any other relief awarded by the court.

7.12 Captions. The paragraph headings are for convenience only and the substantive portions hereof control without regard to the headings.

7.13 Execution Authority. This Agreement has been duly authorized and executed by the Parties and each Party has full power and authority to consummate the aspects of the transaction for which they are responsible, and the person executing this Agreement is fully authorized to do so and has the power to bind the Party for which they are signing.

7.14 Appropriation. This Agreement does not constitute a general obligation or other indebtedness of the Town. This Agreement also does not constitute a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town within the meaning of the Constitution and laws of the State of Colorado. In the event of a default by the Town of any of its obligations under this Agreement, Developer shall have no recourse for any amounts owed to it against any funds or revenues of the Town except for the $15 million appropriated in the Town's 2025 budget (the "Appropriated Fund"), as approved and adopted on September 17, 2024, pursuant to Ordinance No. 2024-016, and available in future fiscal years from the Town's Water Resources Enterprise Fund. The Town represents and warrants the Appropriated Fund is irrevocably pledged to satisfy any debts and/or liabilities that may arise out the Town's default of any term or condition of this Agreement and that execution and delivery of this Agreement has been duly authorized and all requisite actions and other steps necessary to make this Agreement and all the terms hereof a valid and binding obligation of the Town of Castle Rock Water Resources Enterprise have been duly taken.

7.15 Governmental Immunity. No provision of this Agreement shall be construed as a waiver, express or implied, of any immunities or defenses provided to the Town by any applicable law, including but not limited to the Colorado Governmental Immunity Act, § 24-10-101, *et seq.*, C.R.S., as amended.

7.16 Time of Essence. Time is expressly stated to be of the essence of this Agreement. Except as expressly stated herein, any failure to perform the covenants and agreements herein agreed to be performed strictly at the times designated shall operate as an event of default under this Agreement.

7.17 Waiver. The failure of either Party to exercise any right hereunder, or to insist upon strict compliance by the other Party, shall not constitute a waiver of either Party's right to demand strict compliance with the terms and conditions of this Agreement.

7.18 Assignment; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns. Neither party may assign or transfer this Agreement or any of its rights, benefits or obligations hereunder, without the prior written consent of the other party, which shall not be unreasonably withheld. No third-party beneficiary rights are created in favor of any person not a party to this Agreement.

7.18 **No Agency.** Developer is acting as an independent contractor. Developer has no power or authority to assume or create any obligation on behalf of the Town. Developer is not the Town's agent, and Developer's employees are not the Town's employees for any purpose.

7.19 **Entire Agreement.** This instrument embodies the whole agreement of the Parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either verbal or written.

[Signature Page Follows]

ATTEST:

TOWN OF CASTLE ROCK

_____
Lisa Anderson, Town Clerk

_____
Jason Gray, Mayor

Approved as to form:

Approved as to content:

_____
Michael J. Hyman, Town Attorney

_____
Mark Marlowe, Director of Castle Rock Water

COUNTY OF)
) ss.
STATE OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Lisa Anderson as Town Clerk and Jason Gray as Mayor for the Town of Castle Rock, Colorado.

Witness my official hand and seal.

My commission expires: _____.

(S E A L)

_____
Notary Public

DEVELOPER:

TALLGRASS COLORADO MUNICIPAL WATER, LLC

a Delaware limited liability company

By: _____

Mark Ritchie, Segment President – Commercial Operations (Water)

STATE OF Colorado)
) **ss.**
COUNTY OF Jefferson)

The foregoing instrument was acknowledged before me this 26th day of September, 2024 by Mark Ritchie as Segment President – Commercial Operations (Water) for Tallgrass Colorado Municipal Water, LLC, a Delaware limited liability company.

Witness my official hand and seal.

My commission expires: 02/02/27

(SEAL)

DAWNELLE MITCHELL
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20234004344
MY COMMISSION EXPIRES FEBRUARY 2, 2027

_____
Notary Public

EXHIBIT 1

(Phase 1A Detail and Specifications)

Project Summary

Bi-directional system designed to deliver non-potable freshwater from Castle Rock's Lost Creek Wells to Tallgrass Water's Front Range Well Gathering system at a rate of 2,780 gpm. The design consists of 11 rehabilitated irrigation wells and a 9.2-mile HDPE pipeline gathering system with a combination of 12", 20", and 28" diameter pipe. The Project is designed to accommodate Phase 1B and Phase 2 expansion and to comply with Town of Castle Rock 2018 Criteria Manual, Water System Design, dated December 4, 2018 and Town of Castle Rock Construction Methodology and Materials Manual, dated September 14, 2012; provided, however, that the compaction requirements set forth in such manuals shall not apply to the Project and Developer shall comply with the non-structural industry-standard compaction rate of 86%.

Summary of Materials

Gathering Pipeline Installations

- High Density Polyethylene (HDPE) Pipe
    - 12" DR 13.5 IPS Pipe 31,300 ft
        - Maximum Allowed Operating Pressure – 160 psi
            - Pressure based on a water temperature of 72 degF
    - 20" DR 13.5 IPS Pipe 4,900 ft
        - Maximum Allowed Operating Pressure – 160 psi
            - Pressure based on a water temperature of 72 degF
    - 28" DR 13.5 IPS Pipe 10,950 ft
        - Maximum Allowed Operating Pressure – 160 psi
            - Pressure based on a water temperature of 72 degF
    - Pipeline gathering system designed to transport of total volume of 5,000 acre feet.
- Air Vacuum Breakers
    - Quantity, design and location to be determined when agreed upon land easements for pipeline location are finalized.
- Mainline Isolation Valves
    - Carbon Steel 12" Gate Valves (subgrade)
    - Carbon Steel 20" Gate Valves (subgrade)
    - Carbon Steel 28" Gate Valves (subgrade)
    - Quantity, design and location to be determined when agreed upon land easements for pipeline location are finalized.
    - All subgrade valves to be accessed via valve cans
- Tracer Wire
    - Regency Wire and Cable - Blue – AWG 10 Solid Strand Copper – Nominal OD of 0.192 in
    - Pro-Line's Detectable Marking Tape - consists of a minimum 5.0 mil overall thickness. Construction is 0.8 mil clear virgin polypropylene film, reverse printed

and laminated to a 0.35 solid aluminum foil core and then laminated to a 3.75 mil clear virgin polyethylene film.

Well 8533

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole — 110 feet
    - Centrilizers — Qty 3
    - 14” #304 Wire Wrapped SS Screen — 30 feet
    - 14" x .375" Plain Steel Casing — 82 feet
    - 14” x .375” Plain Steel Sump — 5 feet
    - Silica Sand Filter Pack — 82 feet
    - Cement Grout — 18 feet minimum
    - 4” Steel Gravel Tube — 21 feet
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 150S150-7 Pump End
    - Hitachi 15 HP 6-inch 230v Pump Motor
    - Design Pressure (at surface): 50 psi
    - Design Rate: 160 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161

    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 8534

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 100 feet
    - Centrilizers Qty 3
    - 14” #304 Wire Wrapped SS Screen 30 feet
    - 14" x .375" Plain Steel Casing 67 feet

    - 14” x .375” Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 80 feet
    - Cement Grout 18 feet minimum
    - 4” Steel Gravel Tube 21 feet
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 150S150-7 Pump End
    - Hitachi 15 HP 6-inch 230v Pump Motor
    - Design Pressure (at surface): 50 psi
    - Design Rate: 160 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch

        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4" Lift Check Valves – Qty 1
    - Warren Carbon Steel 6" Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1" Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5" MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 8535

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 110 feet
    - Centrilizers Qty 3
    - 14" #304 Wire Wrapped SS Screen 30 feet
    - 14" x .375" Plain Steel Casing 77 feet
    - 14" x .375" Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 82 feet
    - Cement Grout 18 feet minimum
    - 4" Steel Gravel Tube 21 feet
    - 14" x 4" x 5' pitless assembly
- Submersible Pump
    - Grundfos 230S150-5B Pump End
    - Hitachi 15 HP 6-inch 230v Pump Motor
    - Design Pressure (at surface): 50 psi
    - Design Rate: 180 gpm

- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT

        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 12123

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 170 feet
    - Centrilizers Qty 4
    - 14” #304 Wire Wrapped SS Screen 40 feet
    - 14" x .375" Plain Steel Casing 132 feet
    - 14” x .375” Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 150 feet
    - Cement Grout 18 feet minimum
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 230S250-8 Pump End
    - Hitachi 25 HP 6-inch 230v Pump Motor
    - Design Pressure (at surface): 95 psi
    - Design Rate: 300 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30

        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation

        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 12124

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 170 feet
    - Centrilizers Qty 4
    - 14” #304 Wire Wrapped SS Screen 40 feet
    - 14" x .375" Plain Steel Casing 132 feet
    - 14” x .375” Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 150 feet
    - Cement Grout 18 feet minimum
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 230S250-8 Pump End
    - Hitachi 25 HP 6-inch 230v Pump Motor
    - Design Pressure (at surface): 95 psi
    - Design Rate: 200 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1

    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 14860

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 165 feet
    - Centrilizers Qty 4

    - 14” #304 Wire Wrapped SS Screen 40 feet
    - 14" x .375" Plain Steel Casing 121 feet
    - 14” x .375” Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 145 feet
    - Cement Grout 18 feet minimum
    - 4” Steel Gravel Tube 21 feet
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 150S200-9 Pump End
    - Hitachi 20 HP 6-inch 230v Pump Motor
    - Design Pressure (at surface): 90 psi
    - Design Rate: 140 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router

        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 31526

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 150 feet
    - Centrilizers Qty 3
    - 14” #304 Wire Wrapped SS Screen 40 feet
    - 14" x .375" Plain Steel Casing 107 feet
    - 14” x .375” Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 130 feet
    - Cement Grout 18 feet minimum
    - 4” Steel Gravel Tube 21 feet
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 300S30-9B Pump End
    - Hitachi 30 HP 6-inch 230v Pump Motor

    - Design Pressure (at surface): 110 psi
    - Design Rate: 270 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna

        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 31527

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 150 feet
    - Centrilizers Qty 3
    - 14” #304 Wire Wrapped SS Screen 40 feet
    - 14" x .375" Plain Steel Casing 107 feet
    - 14” x .375” Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 130 feet
    - Cement Grout 18 feet minimum
    - 4” Steel Gravel Tube 21 feet
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 230S300-9Pump End
    - Hitachi 30 HP 6-inch 230v Pump Motor
    - Design Pressure (at surface): 105 psi
    - Design Rate: 260 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series

- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve

- Piping/Instruments Insulation
  - Johns Manville – 1.5” MicroLok Fiberglass Insulation
  - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
- Heat Trace
  - Thermon BSX Self-Regulating Heat Tracing
  - Thermon Terminator - Heating Cable Termination Kits

Well 31542

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
  - 28-inch borehole 170 feet
  - Centrilizers Qty 3
  - 14” #304 Wire Wrapped SS Screen 40 feet
  - 14" x .375" Plain Steel Casing 132 feet
  - 14” x .375” Plain Steel Sump 5 feet
  - Silica Sand Filter Pack 150 feet
  - Cement Grout 18 feet minimum
  - 4” Steel Gravel Tube 21 feet
  - 14” x 4” x 5’ pitless assembly
- Submersible Pump
  - Grundfos 385S400-6B Pump End
  - Hitachi 40 HP 6-inch 460v Pump Motor
  - Design Pressure (at surface): 100 psi
  - Design Rate: 360 gpm
- Measurement Instrumentation
  - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 3 inch (DN80)
  - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
  - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
  - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
  - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
  - Cabinet Enclosure
    - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
    - 60”x48”x16”
    - NEMA 3R
  - Circuit breaker, PowerPacT J
    - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
  - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
  - Allen-Bradley Compact Logix analog input module, #1769-IF8

    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 31640

- Well Drilling and Completion (well design to be finalized by licensed engineer or geologist based on test hole results)
    - 28-inch borehole 175 feet
    - Centrilizers Qty 3
    - 14” #304 Wire Wrapped SS Screen 40 feet
    - 14" x .375" Plain Steel Casing 132 feet
    - 14” x .375” Plain Steel Sump 5 feet
    - Silica Sand Filter Pack 155 feet
    - Cement Grout 18 feet minimum
    - 4” Steel Gravel Tube 21 feet
    - 14” x 6” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 7CHC - 4 Stage Pump End
    - Hitachi 75 HP 8-inch 460v Pump Motor
    - Design Pressure (at surface): 95 psi
    - Design Rate: 550 gpm
- Measurement Instrumentation
    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 3 inch (DN80)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3

    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1
    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

Well 31643

- Well Completions
    - 14” x 4” x 5’ pitless assembly
- Submersible Pump
    - Grundfos 230250-8Pump End
    - Hitachi 25 HP 6-inch 460v Pump Motor
    - Design Pressure (at surface): 90 psi
    - Design Rate: 200 gpm
- Measurement Instrumentation

    - Emerson Rosemount 8705 Flanged Magnetic Flow Meter Sensor, 2 inch (DN50)
    - Emerson Rosemount 8732E Magnetic Flow Meter Transmitter (for 8705 Flow Meter)
    - Emerson Rosemount 2088 Gage and Absolute Pressure Transmitter
    - Emerson Rosemount 306 In-Line Manifold (for 2088 Pressure Transmitter)
- VFD
    - Allen Bradley Powerflex 753 Series
- PLC & Controls Cabinet
    - Cabinet Enclosure
        - Saginaw EL Enclosure, #SCE-42EL3012LP & Back Panel #SCE-42P30
        - 60”x48”x16”
        - NEMA 3R
    - Circuit breaker, PowerPacT J
        - 250A, 3 pole, 600VAC, 14kA, lugs, Thermal-Magnetic trip, 80% Continuous Current Rating
    - Allen-Bradley Compact Logix controller, #1769L27ERM-QBFC-1B
    - Allen-Bradley Compact Logix analog input module, #1769-IF8
    - Allen-Bradley Compact Logix end cap, #1769-ECR
    - Maple Systems, HMI Touchscreen, #HMI5043LBv2
    - Real Time Automation Gateway, #460ETCMM-NNA1
    - Square D, 10A Circuit Breaker, #QOU-110
    - Phoenix TRIO-UPS Power Supply, #2907161
    - Phoenix, UPS Battery, #UPS-BAT-PB-24DC-7AH
    - Phoenix, Surge Protector, #PLT-SEC-T3
    - Kooltronics Air Conditioner
- Communications and Networking
    - NEMA 4 Cabinet (30”x16”x12”) Communications Cabinet
    - Modem
        - Cradlepoint R920 - Qty 2
    - Router
        - Cisco IR1101 – Qty 2
    - Switch
        - Cisco IE3100 (8 or 18 port depending on site requirements) – Qty 1
    - LMR195 3' SMA to N
        - Proxicast ANT-140-020 - Qty 4
    - LMR400 25' N to N
        - Proxicast ANT-180-401- Qty 4
    - Lightning Arrestor
        - Proxicast ANT-211-002 – Qty 4
    - 4G MIMO Antenna
        - Proxicast ANT-127-05M – Qty 2
    - Verizon VSAT
        - iDirect ASM1200 1.2M Antenna with De-Ice – Qty 1

    - Remote Programmable Smart RTUs
        - Schneider Electric SCADAPack 479-474 – Qty 1
- Surface Mechanical Installations
    - Warren Carbon Steel 4” Lift Check Valves – Qty 1
    - Warren Carbon Steel 6” Gate Valve – Qty 1
    - Warren Carbon Steel Pressure Vacuum Breaker – Qty 1
    - Warren Carbon Steel 1” Ball Valve
    - Piping/Instruments Insulation
        - Johns Manville – 1.5” MicroLok Fiberglass Insulation
        - Alpha Maritex Style 1700-S Fiberglass Insulation Coated with Dry Silicone Rubber
    - Heat Trace
        - Thermon BSX Self-Regulating Heat Tracing
        - Thermon Terminator - Heating Cable Termination Kits

EXHIBIT 2
(Easements)

Parcel #	Landowner	QQ	Section	Township	Range	Useful Length (ft)	Total Length (ft)	Percentage
147727200023	Dustin Lee Willis	Part W2W2	27	1N	63W	2,900.00	2,900.00	100%
147727300018	Dove Meadow Dairy, Inc.	Part SW4	27	1N	63W	3,021.00	3,021.00	100%
147727200022	Elaine M Martinez	Part NW4	27	1N	63W	2,040.00	2,040.00	100%
147727200021	Jesse A Campbell	E2NW4	27	1N	63W	1,094.00	1,094.00	100%
147727100020	Robert L. Riebschlager	Part W2NE4	27	1N	63W	1,064.00	1,064.00	100%
147727100019	Myra Guillen	Part NE4	27	1N	63W	745.00	745.00	100%
147734200026	Turnpike, LLC	Part NW4	34	1N	63W	5,596.00	6,782.00	83%
147729200003	Darren Dever	Part N2N4	29	1N	63W	747.00	747.00	100%
147734000020	Kevin L Helzer	Part NE4	34	1N	63W	1,268.00	7,828.00	16%
147729300004	Bayside Development, LLC	Part W2	29	1N	63W	6,594.00	6,594.00	100%
147729000011	Steven K Arnold	Part W2W2	29	1N	63W	130.00	130.00	100%

EXHIBIT 3

(Form of Deed of Easement in Gross and Assignment of Rights)

See attached.

DEED OF EASEMENT IN GROSS AND ASSIGNMENT OF RIGHTS

This **DEED OF EASEMENT IN GROSS AND ASSIGNMENT OF RIGHTS** (this "Deed" or this "Agreement") is entered into as of _____, 2024 (the "Effective Date"), by and between **TOWN OF CASTLE ROCK, ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE,** a municipal political subdivision of the State of Colorado (the "Town" or "Grantor") and **TALLGRASS COLORADO MUNICIPAL WATER, LLC,** a Delaware limited liability company ("Developer" or "Grantee**"**) (Town and Developer individually referred to herein as a "Party" and collectively as the "Parties").

BACKGROUND

A. The Town is the owner and operator of a municipal water system, including but not limited to collection points, gathering lines, treatment facilities, and distribution lines within and without the Town boundaries ("System").

B. Developer is the owner and operator of a groundwater gathering and transmission system located in Township 1 North, Range 63 West, Weld County, Colorado (the "Existing Tallgrass Infrastructure").

C. The Town owns the right to divert and use water pursuant to the decrees in Case Nos. 99CV97 and 98CV1727 District Court, Adams County (the "Decrees") and the following Amended Final Permits issued by the Colorado Ground Water Commission: 12123-RFP; 121124-RFP; 14860-RFP: 31526-FP; 31527-FP; 31640-FP; 31643-F-R; 8533 RFP; 8534-FP; 8535-FP; and 31542-FP (collectively, the "Town Water Rights") in Weld County.

D. Developer, pursuant to that certain Infrastructure Development and Purchase Agreement by and Between the Town of Castle Rock and Tallgrass Colorado Municipal Water, LLC dated _____, 2024 (the "Development Agreement"), has agreed to construct necessary infrastructure (the "Water Infrastructure") in order to assist the Town in accessing the Town Water Rights in Weld County, as more specifically set forth in the Development Agreement.

E. The Water Infrastructure will be constructed, at least in part, pursuant to and within easements held by the Town allowing for the construction, maintenance, and operation of the Water Infrastructure, as more particularly described on the attached **Exhibit A** (collectively the "Easements").

F. The Town desires to grant to Developer an undivided fifty percent (50%) interest in and to the Easements for so long as Developer owns the Water Infrastructure.

G. The Town finds this Deed to be in the best interests of the Town of Castle Rock's water customers and supports the Town's goal of diversifying and expanding its water portfolio to ensure affordable and adequate water remains available now and in the future.

NOW THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. **Grant of Easement Interest and Assignment of Rights.** The Town grants to Developer a non-exclusive, undivided one-half (50%) interest in and to the Easements as described on **Exhibit A**, for the limited purpose of the construction, installation, maintenance, and operation of the Water Infrastructure, as set forth in and subject to the provisions of the Development Agreement. To the extent that the Easements, or any of them, are non-transferable, the Town grants to Developer a non-exclusive license and right to use the portions of the Easements necessary for the construction, installation, maintenance and operation of the Water Infrastructure as set forth in and subject to the provisions of the Development Agreement. Nothing in this Deed shall confer upon Developer any right to use the Easements, or any of them, or any purpose not clearly defined in this Deed or the Development Agreement.

2. **Use of Easements.** Except in the event of emergency, prior to any entry upon or use of the Easements as granted hereunder, Developer shall provide reasonable notice to the Town. Nothing in this Deed shall confer upon Developer any right to use the Easements, or any of them, or any purpose not clearly defined in this Deed or the Development Agreement.

3. **Inspection.** Developer agrees that representatives and agents of the Town will be permitted at all reasonable times to inspect the Water Infrastructure and Developer's use of the Easements.

4. **Insurance, Indemnification, and Liens.**

   4.1. Insurance. Developer shall, at all times it maintains any interest in the Easements, maintain insurance as required by Section 2.08 of the Development Agreement, as the same may be amended from time to time.

   4.2. Indemnification. Developer shall indemnify and hold harmless the Town, its board members, officers, agents, and employees ("Indemnified Parties") from and against losses, costs, expenses, liabilities, damages, fines, and penalties, (including court costs and reasonable attorneys' fees) (collectively, the "Losses") sustained or incurred by the Indemnified Parties as a result of a demand, claim, proceeding, judgment, or settlement by a third party against one or more of the Indemnified Parties ("Third Party Claim"), to the extent the Losses arise out of Developer's or its agents', servants', contractors', consultants', or employees' (i) material breach of the representations, warranties or covenants of this Deed or the Development Agreement, (ii) negligence or willful misconduct, or (iii) material failure to comply with applicable law; provided, however, that Developer's obligations under this Section 4.2 shall not apply, in connection with its performance hereunder, but not to the extent such Losses are caused by any negligent or willful act or omission of, or breach of contract by any Indemnified Parties, their employees, agents, contractors or assigns.

   4.3. Mechanic's Liens. Developer shall not permit any mechanics' or materialmen's liens to be enforced against the Easements or any of the properties which the Easements underly in connection with any work performed over, under or across the Easements by or at the direction of any Grantee or materials furnished in connection with such work. If such a lien is filed, Grantee shall cause the lien to be removed of record within thirty (30) days

thereafter, or, if any foreclosure action to enforce the lien actually commences, within five (5) days after commencement of such foreclosure action.

5. **Compliance with Laws**. Developer shall comply with all applicable federal, state and local laws, rules and ordinances in connection with its use of the Easements, shall obtain all permits and approvals required by applicable governmental or quasi-governmental entities in connection with Developer's use of the Easements as permitted hereunder, and shall take all affirmative or remedial actions required by such governmental entities, indemnifying the Town from all expenses and costs which it may incur in connection therewith.

6. **Recordation**. Developer shall record the executed form of this Deed Assignment in the real property records of the County in which the Easements are located.

7. **Assignment; No Third-Party Beneficiaries.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns. Neither party may assign or transfer this Agreement or any of its rights, benefits or obligations hereunder, without the prior written consent of the other party, which shall not be unreasonably withheld. No third-party beneficiary rights are created in favor of any person not a party to this Agreement.

8. **Governmental Immunity.** No provision of this Agreement shall be construed as a waiver, express or implied, of any immunities or defenses provided to the Town by any applicable law, including but not limited to the Colorado Governmental Immunity Act, § 24-10-101, *et seq.*, C.R.S., as amended.

9. **Representations or Warranties**. The Town represents and warrants to Developer that it has provided to Developer true, complete and correct copies of the Easements and that the Town has the full right and title to convey to Developer the rights conveyed herein. Except as otherwise provided in this Section 9, this Deed is granted without any representation or warranty of title of any nature. The Town has made no representation of the quality of its title, and in the event that it shall at any time be determined that the Easements granted hereby is beyond the right or authority of the Town, the rights and interests hereby granted shall be limited to such rights and interests as are within the right and authority of the Town to grant as of the date of this Agreement.

10. **Notice.** The addresses of the Parties to this Agreement are listed below. Any and all notices allowed or required to be given in accordance with this Agreement may be given personally, sent via nationally recognized overnight carrier service, or by registered or certified mail, return receipt requested, or electronic mail, with delivery receipt. If given by registered or certified mail, the same will be deemed to have been given and received three days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered or sent via nationally recognized overnight courier service, a notice will be deemed to have been given and received the first to occur of one business day after being deposited with a nationally recognized overnight air courier service or upon delivery to the Party to whom it is addressed. If sent via electronic

mail, a notice will be deemed to have been given and received on the next business day following the sender's receipt of a delivery receipt.

If to Developer, addressed to:

Tallgrass Colorado Municipal Water, LLC
370 Van Gordon Street
Lakewood, CO 80228
Attn: Mark Ritchie
Tel: (303) 763-3659
Email: mark.ritchie@tallgrass.com

With a copy to:

Tallgrass Energy, LP
370 Van Gordon Street
Lakewood, CO 80228
Attn: Legal Department
Tel: (303) 763-2950
Email: legal.notices@tallgrass.com

If to the Town, addressed to:

Castle Rock Water
175 Kellogg Court
Castle Rock, CO 80109
Attn: Director of Castle Rock Water
Tel: 720.733.6001
Email: mmarlowe@crgov.com

With a copy to:
Town of Castle Rock
Town Attorneys' Office
100 Wilcox Street
Castle Rock, CO 80104
Attn: Mike Hyman
Tel: (303) 660-1398
Email: mhyman@crgov.com

11. **Additional Documents or Action.** The Parties agree to execute any additional documents or take any additional action, including but not limited to estoppel documents requested or required by lenders or the Parties hereto, that is necessary to carry out this Agreement or is reasonably requested by any Party to confirm or clarify the intent of the provisions of this Agreement and to effectuate the agreements and the intent. If all or any portion of this Agreement, or other agreements approved in connection with this Agreement are asserted or determined to be invalid, illegal or are otherwise precluded, the Parties, within the scope of their powers and duties, will cooperate in the joint defense of such documents and, if such defense is unsuccessful, the Parties will use reasonable, diligent good faith efforts to amend, reform or replace such precluded items to assure, to the extent legally permissible, that each Party substantially receives the benefit that it would have received under this Agreement.

12. **Non-Exclusivity**. The Easements are further subject to any previously or subsequently granted rights of way or use of the Easements which arise by or through the Town or which exist by right of use or claim independent of the Town.

13. **Retained Rights**. All rights and interests of the Town that are not expressly granted to Developer pursuant to this Deed shall remain wholly vested in The Town.

14. **Entire Agreement**. This Deed, together with the exhibits attached hereto, contains the entire agreement of the Parties hereto with respect to the subject matter hereof and no prior written or oral agreement shall have any force or effect or be binding upon the Parties hereto. This Deed shall be binding upon, and inure to the benefit of, the Parties, their successors or assigns.

15. Counterparts. This assignment may be executed in any number of counterparts, each of which shall be deemed to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

[signature pages follow]

ATTEST:

TOWN OF CASTLE ROCK

_____
Lisa Anderson, Town Clerk

_____
Jason Gray, Mayor

Approved as to form:

Approved as to content:

_____
Michael J. Hyman, Town Attorney

_____
Mark Marlowe, Director of Castle Rock Water

COUNTY OF)
) ss.
STATE OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024, by Lisa Anderson as Town Clerk and Jason Gray as Mayor for the Town of Castle Rock, Colorado.

Witness my official hand and seal.

My commission expires: _____.

(S E A L)

_____
Notary Public

DEVELOPER:

TALLGRASS COLORADO MUNICIPAL WATER, LLC

a Delaware limited liability company

By: _____
Mark Ritchie, Segment President – Commercial Operations (Water)

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2024 by Mark Ritchie as Segment President – Commercial Operations (Water) for Tallgrass Colorado Municipal Water, LLC, a Delaware limited liability company.

Witness my official hand and seal.

My commission expires: _____

(S E A L)

_____
Notary Public

EXHIBIT A

An undivided fifty (50) percent interest in the enumerated portions of the easements described in the Special Warranty Deed recorded at Reception No. 4290581, on April 3, 2017, and in the Special Warranty Deed (Easements) recorded at Reception No. 4681387, on February 10, 2021, as more particularly described in the following:

1. Easement Deed (PV Property) recorded at Reception No. 3537349, on February 25, 2008, associated with Section 27, Township 1 North, Range 63 West described in Exhibit A-1 in pages 6 to 28

2. Easement Deed (PV Property) re-recorded at 3687443 on April 16, 2010, associated with Section 34, Township 1 North, Range 63 West described in Exhibit A-1 in pages 30 to 41

3. Easement Deed (Parcel A-2) recorded at Reception No. 3694909 on May 21, 2010 associated with Section 29, Township 1 North, Range 63 West

4. Easement Deed recorded at Reception No. 4675576 on January 26, 2021 associated with Section 29, Township 1 North, Range 63 West

RESERVING TO GRANTOR the following:

A. An undivided fifty (50) percent interest in the enumerated easements described in this Exhibit A.

B. A one-hundred (100) percent interest in all easements in any of the above recorded conveyances that are not enumerated described in this Exhibit A.

EXHIBIT 4
(Ownership Demarcation)

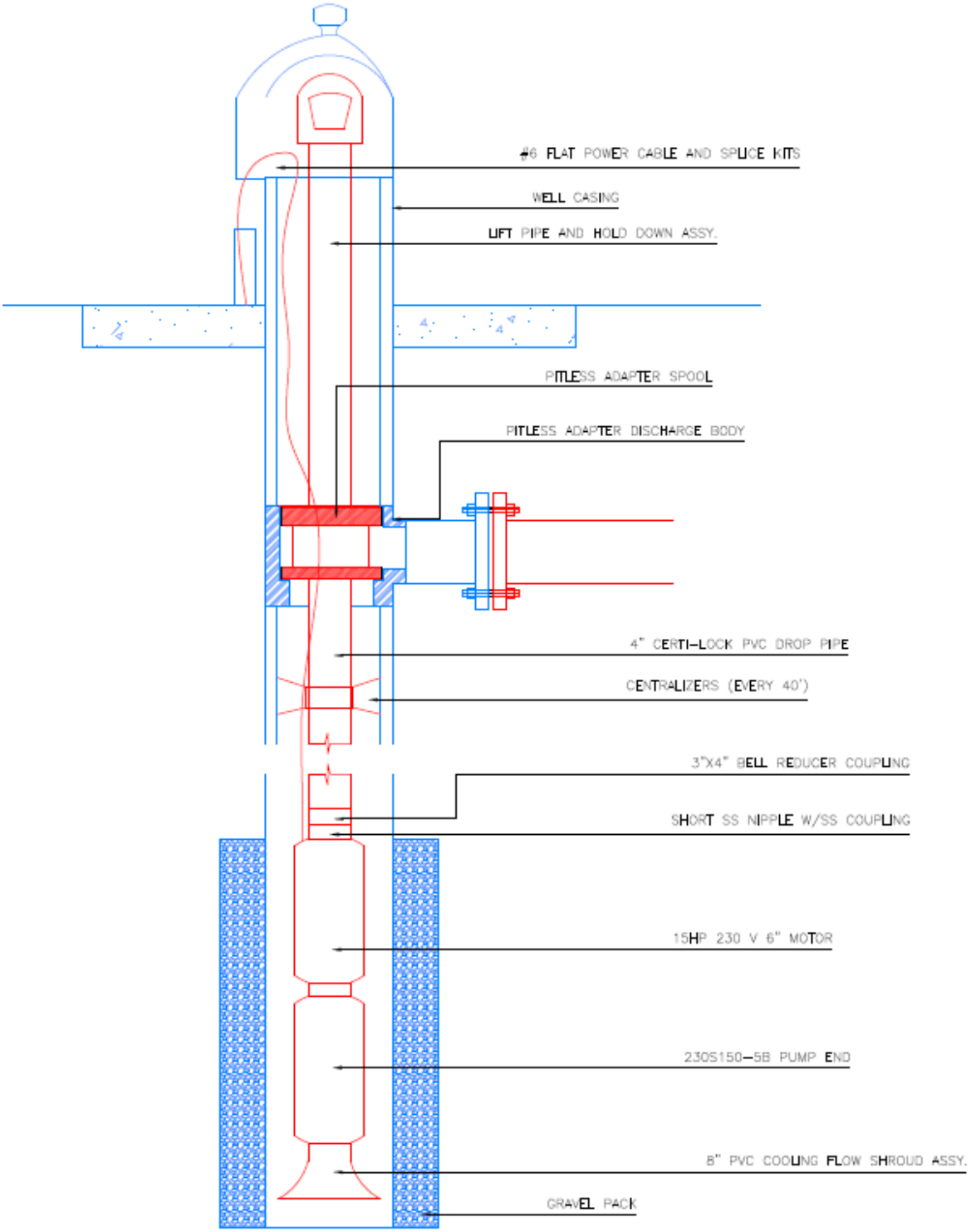


EXHIBIT 5
(Form of Guaranty)

See attached.

PARENTAL GUARANTY

This PARENTAL GUARANTY ("**Guaranty**") is made as of the ____ day of _____, 2024, by **TALLGRASS WATER, LLC,** a Delaware limited liability company ("**Guarantor**"), having a principal office at 370 Van Gordon Street, Lakewood, CO 80228, to and for the benefit of **TOWN OF CASTLE ROCK, ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE,** a municipal political subdivision of the State of Colorado ("**Town**"), with reference to the following.

RECITALS

A. **TALLGRASS COLORADO MUNICIPAL WATER, LLC,** a Delaware limited liability company ("**Developer**"), is wholly owned by Guarantor.

B. Developer and the Town have entered into that certain Infrastructure Development and Purchase Agreement by and between the Town of Castle Rock and Tallgrass Colorado Municipal Water, LLC dated as of _____ ("**Agreement**").

C. To induce the Town to enter into the Agreement, Guarantor is willing to furnish this Guaranty to the Town.

NOW, THEREFORE, for and in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Guarantor covenants and agrees as follows:

1. **Definitions**; **Recitals; Conflicts**. Unless otherwise defined in this Guaranty, all capitalized terms shall have the meanings ascribed to them in the Agreement. All references to the Agreement contained herein shall be construed to mean the Agreement as it may be amended from time to time. The above Recitals are incorporated into and shall constitute part of this Guaranty. If there is a conflict between the terms of the Agreement and the terms of this Guaranty, the terms of this Guaranty shall control.

2. **Guaranty**. Guarantor absolutely, irrevocably and unconditionally guarantees to the Town and its successors and assigns the full and prompt payment and performance when due of all of Developer's warranties, covenants, indebtedness, duties and agreements contained in the Agreement including, but not limited to, all construction and payment obligations under the Agreement. All obligations, representations, warranties, covenants, indebtedness, duties and agreements described above are individually referred to in this Guaranty as an "**Obligation**" and collectively as the "**Obligations**." This Guaranty is in no way conditioned upon any requirement that the Town first attempt to enforce any of the Obligations against Developer. If at any time Developer fails, neglects or refuses to timely, correctly and/or fully perform any of the Obligations referenced in the Agreement, Guarantor shall promptly perform, or cause to be performed, such Obligation upon receipt of written notice of such default and demand for performance from the Town.

Notwithstanding anything set forth in this Guaranty to the contrary, with respect to any claim, action or proceeding against Guarantor in connection with this Guaranty, Guarantor shall be entitled to assert any rights, remedies and defenses that Developer would be able to assert if such claim, action or proceeding were to be asserted or instituted against Developer based upon the Agreement including, but not limited to, any limitations of liability and cure periods set forth in the Agreement; provided, that: (i)

no defense previously raised by Developer arising out of or in connection with an Obligation claimed under this Guaranty that has been settled in the Town's favor may be raised by Guarantor; (ii) no cure period previously used by Developer may be used by Guarantor; and (iii) in no event shall Guarantor be entitled to assert any defenses that arise by operation of law on account of an Event of Bankruptcy (as defined below) or the bankruptcy or insolvency of Developer. Guarantor agrees that this Guaranty is a guaranty of performance including, but not limited to, payment and not merely a guaranty of collection and shall apply regardless of whether recovery of any or all of the Obligations may be, or become, discharged or uncollectible in an Event of Bankruptcy in which Developer is the debtor. All payments made pursuant to this Guaranty shall be made without reduction, whether by set-off or otherwise.

3. **Unconditional Guaranty**. Subject to the second paragraph of Section 2 above, the obligations of Guarantor under this Guaranty are independent, absolute and unconditional irrespective of any genuineness, validity, regularity or enforceability of the Obligations and irrespective of any genuineness, validity, regularity or enforceability of the Agreement or any substitution, release or exchange of any other guarantee of, or security for, any of the Obligations and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. Without limiting the generality of the foregoing, the occurrence of any one or more of the following shall not affect the liability of Guarantor under this Guaranty:

(a) at any time or from time to time, without notice to Guarantor, the time for any performance of, or compliance with, any of the Obligations shall be extended or such performance or compliance shall be waived;

(b) any acts or omissions by Developer with respect to the Obligations;

(c) any of the Obligations shall be modified, supplemented or amended in any respect or any right with respect to the Obligations shall be waived or any other guaranty of any of the Obligations or any security therefore shall be released or exchanged in whole or in part or otherwise modified or dealt with;

(d) any lien or security interest granted to, or in favor of, the Town as security for any of the Obligations shall fail to be valid or perfected;

(e) the voluntary or involuntary liquidation, dissolution, sale or other disposition of the assets and liabilities, or the voluntary or involuntary receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or other similar proceeding affecting Developer, or rejection of the Agreement in any such proceeding, or any action taken by any trustee or receiver in connection therewith (an "**Event of Bankruptcy**");

(f) any lack of authorization, in whole or in part, of the Obligations or any term or provision of this Guaranty or of the Agreement for any reason, or the rejection or purported rejection thereof in any Event of Bankruptcy;

(g) the Town shall have taken or failed to have taken any steps to collect or enforce any obligation or liability from Developer or shall have taken any actions to mitigate its damages;

(h) any applicable law that might, in any manner, cause or permit to be invoked any alteration in the time, amount or manner of payment or performance of any of the Obligations or the obligations of Guarantor under this Guaranty;

(i) any merger or consolidation of Developer or Guarantor into or with any other

person or any sale, lease or transfer of all or any of the assets of Developer or Guarantor to any other person;

(j) any change in the ownership of any of the voting securities of Developer or Guarantor;

(k) to the extent as may be waived by applicable law, the benefit of all principles or provisions of laws, rules and regulations which may be in conflict with the terms of this Guaranty; or

(l) any failure on the part of Developer or Guarantor to comply with any applicable law.

4. **Subordination of Subrogation Rights**. Guarantor subordinates to all claims, rights and remedies that the Town or any of the Town's permitted assigns may have against Developer and any claim, right or remedy that Guarantor may now have or hereafter acquire against Developer that arises under, or in connection with, this Guaranty, including any claim, remedy or right of subrogation, reimbursement, indemnity, exoneration, contribution or participation in any claim, remedy or right against Developer that arises in connection with this Guaranty, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise until the Obligations have been paid and performed in full. If any amount shall erroneously be paid to Guarantor on account of such subrogation, reimbursement, indemnity, exoneration, contribution, and similar rights, such amount shall be held in trust for the benefit of the Town and shall forthwith be paid to the Town to be credited against the payment of the Obligations, whether matured or unmatured.

5. **Remedies**. Guarantor agrees that the Obligations shall be due and payable for purposes of this Guaranty notwithstanding any stay, injunction or other prohibition preventing a declaration of payment as against Developer.

6. **Waivers**. Subject to the second paragraph of Section 2 above, Guarantor hereby unconditionally and irrevocably waives, to the extent permitted by applicable law, (i) notice of any of the matters referred to in Section 3 of this Guaranty; (ii) acceptance of this Guaranty, demand, protest, promptness, diligence, presentment, notice of default or dishonor and any requirement of diligence, notice of intent to accelerate, notice of acceleration and notice of the incurring of the Obligations; (iv) any right to assert against the Town any defense (legal or equitable), counter-claim, set-off, cross-claim or other claim that Guarantor may now or at any time hereafter have (a) against Developer or (b) acquired from any other party to which the Town may be liable; (v) any defense arising by reason of any claim or defense based upon an election of remedies by the Town which in any manner impairs, affects, reduces, releases, destroys or extinguishes Guarantor's subrogation rights, rights to proceed against Developer for reimbursement, or any other rights of the Guarantor to proceed against Developer or against any other person, property or security and (vi) any right to require the Town to marshal, or have recourse to other collateral or surety, before exercising its rights under this Guaranty.

7. **Separate Enforcement**. The obligations of Guarantor under this Guaranty are independent of, and may be enforced separately from, the Obligations in a separate action or actions that may be brought and prosecuted against Guarantor, whether or not action is brought against Developer. Guarantor agrees that payment or performance of any of the Obligations or other acts which toll any statute of limitations applicable to the Obligations or the Agreement shall also toll the statute of limitations applicable to Guarantor's liability under this Guaranty.

8. **Representations and Warranties**. Guarantor additionally represents and warrants to the

Town as follows:

(a) Guarantor is a limited liability company duly organized, validly existing, authorized to do business and in good standing under the laws of the State of Delaware.

(b) Guarantor has the requisite corporate power and authority to own its property and assets, transact the business in which it is engaged and to enter into this Guaranty and carry out its obligations under same. The execution, delivery, and performance of this Guaranty have been duly and validly authorized and no other corporate proceedings on the part of Guarantor or its affiliates are necessary to authorize this Guaranty or the transactions contemplated hereby.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or other regulatory body or third party is required for the due execution, delivery and performance by Guarantor of this Guaranty.

(d) This Guaranty, when executed, shall constitute a valid and binding agreement of Guarantor and is enforceable against Guarantor in accordance with the terms of this Guaranty, except as may be limited by bankruptcy or insolvency or by other laws affecting the rights of creditors generally and except as may be limited by the availability of equitable remedies, and except to the extent that the execution of this Guaranty was induced by fraud, misrepresentation, or fraudulent concealment by or on behalf of the Town.

(e) As of the date of execution of this Guaranty, the execution, delivery, and performance of this Guaranty does not and will not (i) result in a default, breach or violation of the certificate of organization or operating agreement of Guarantor; (ii) constitute an event which would permit any person or entity to terminate rights or accelerate the performance or maturity of any indebtedness or obligation of Guarantor, the effect of which would materially affect Guarantor's ability to meet its obligations under this Guaranty; (iii) constitute an event which would require any consent of a third party or under any agreement to which Guarantor is bound, the absence of which consent would materially and adversely affect Guarantor's ability to meet its obligations under this Guaranty; or (iv) result in any default, breach or violation of any license, permit, franchise, judgment, writ, injunction, decree, order, charter, law, ordinance, rule or regulation applicable to Guarantor and which default, breach or violation would materially and adversely affect Guarantor's ability to meet its obligations under this Guaranty.

(f) Guarantor has delivered to the Town true, correct and complete copies of its balance sheets as of December 31, 2023 and August 31, 2024 (collectively, the "**Financial Statements**"). The Financial Statements fairly present the financial position of Guarantor as of the dates indicated therein and have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered by the Financial Statements. Guarantor does not have any liabilities, whether accrued, absolute, contingent, unliquidated or otherwise, whether due or to become due, whether known or unknown, regardless of when asserted, arising out of transactions or events entered into prior to the execution of this Guaranty except the liabilities reflected in the Financial Statements.

(g) Until the Obligations are completed in full, Guarantor shall not transfer, convey, encumber, hypothecate, pledge or otherwise diminish its assets (each a "**Transfer**," and collectively, "**Transfers**") if such Transfer would cause Guarantor to be unable to complete all of the outstanding Obligations upon demand from the Town according to this Guaranty.

9. **Continuing Guaranty; Inurement**. This Guaranty is a continuing guaranty and (i) shall

apply to all Obligations whenever arising; (ii) shall remain in full force and effect until satisfaction in full of all of the Obligations; (iii) shall be binding upon Guarantor and its successors and permitted assigns; and (iii) shall inure to the benefit of, and be enforceable by, the Town and its successors and assigns permitted under the Agreement. Notwithstanding the foregoing, Guarantor may not assign all or any portion of its rights or delegate all or any portion of its duties under this Guaranty without the prior written consent of the Town, whose consent may be withheld for any reason or no reason. Any assignment by Guarantor without the foregoing consent shall be void.

10. **Payments**. The Town shall have the right from time to time to make demand for Obligations. With respect to payments to be made by Guarantor under this Guaranty, all such payments shall be made in United States dollars by wire transfer into a bank account designated in writing from time to time by the Town promptly following written demand by the Town. All payments required to be made by Guarantor under this Guaranty shall be made without set-off or counterclaim and shall be made without deduction for any withholding or other taxes or charges; provided that notwithstanding anything in this Guarantee to the contrary, Guarantor reserves the right to assert rights, setoffs, counterclaims and other defenses which may at any time be available to or be asserted by Developer against the Town, subject to Section 2 above.

11. **Expenses**. Guarantor shall pay the Town all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Town's legal counsel) in any way relating to the enforcement and/or protection of the rights of the Town under this Guaranty upon written demand by the Town; provided, that the Guarantor shall not be liable for any expenses of the Town if no payment under this Guarantee is due.

12. **Reinstatement**. If, for any reason, the Town (including, but not limited to, bankruptcy preferences or alleged fraudulent transfers) is required to repay or disgorge any amounts received by it in respect of the Obligations, then the liability of Guarantor under this Guaranty with respect to such amounts shall be reinstated.

13. **Legal Action**. This Guaranty and any dispute related to this Guaranty shall be governed by and construed in accordance with the laws of the state of Colorado, excluding rules governing conflicts of laws. Any legal action or proceedings with respect to this Guaranty may be brought in the United States District Court for the District of Colorado or, if such court lacks subject matter jurisdiction, the District Court in the City and County of Denver, Colorado. By execution and delivery of this Guaranty and such other documents executed in connection herewith, each party irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection it may now, or hereafter have to the laying of venue of any action or proceeding with respect to such documents brought in any such court, and further waives, to the fullest extent permitted by law, any claim that any such action or proceeding brought in any such court has been brought in any inconvenient forum. The prevailing party in any action under this Guaranty shall be awarded its reasonable costs and expenses related to such action, including without limitation, reasonable attorneys' fees and costs. **EACH PARTY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF, OR RELATING TO, THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY.** The provisions set forth in this Section shall survive the termination or expiration of this Guaranty.

14. Notices. Any notices or other communication to be given under this Guaranty shall be given in writing and sent by (a) personal delivery, (b) internationally recognized expedited delivery service, (c) registered or certified United States mail, postage prepaid, or (d) electronic mail (followed by registered or certified United States mail, postage prepaid) to the following individuals and addresses or to such other address or individual as shall be designated in writing by the applicable party sent in

accordance with this Section:

To Guarantor:	Tallgrass Water, LLC c/o Mark Ritchie 370 Van Gordon Street Lakewood, CO 80228 mark.ritchie@tallgrass.com
With copy to:	Tallgrass Energy, LP c/o Legal Department 370 Van Gordon Street Lakewood, CO 80228 legal.notices@tallgrass.com
To the Town	Castle Rock Water c/o Mark Marlowe, Director 175 Kellogg Court Castle Rock, CO 80109 mmarlowe@crgov.com
With copy to:	Town of Castle Rock Town Attorney's Office c/o Mike Hyman 100 Wilcox Street Castle Rock, CO 80104 Attn: Mike Hyman Email: mhyman@crgov.com Lyons Gaddis, PC c/o Madoline Wallace-Gross 515 Kimbark Street, Suite 200 P.O. Box 978 Longmont, Colorado 80502 mwg@lyonsgaddis.com

Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of receipt at the address and in the manner provided herein, or in the case of electronic mail, upon receipt.

15. **Severability**. If any of the provisions or portions or applications thereof of this Guaranty are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions or portions or applications of the Guaranty shall not be affected by same.

16. **Duty to Keep Informed**. Guarantor assumes responsibility for keeping itself informed of the financial condition and performance under the Agreement by Developer until the termination of all of the Obligations and other circumstances bearing upon the risk of nonpayment or default under the Obligations which diligent inquiry would reveal. Guarantor agrees that the Town shall have no duty to advise Guarantor of information known to it regarding such condition or any such circumstances.

17. **Entire Agreement**. This Guaranty contains the entire agreement and understanding of Guarantor and the Town with respect to the subject matter of this Guaranty and supersedes all prior agreements and understandings, whether written or oral, of Guarantor and the Town relating to the subject matter of this Guaranty. No oral or written representation, warranty, course of dealing or trade usage not contained or referenced herein shall be binding on either Guarantor or the Town.

18. **Amendments; Waiver**. No amendment or waiver of any provision of this Guaranty shall be effective unless it is in writing and signed by Guarantor and the Town. No delay on the part of the Town in exercising any right, power or privilege under this Guaranty shall operate as a waiver, nor shall any waiver or any partial exercise of any such right, power or privilege preclude any further exercise of such right, power, or privilege or the exercise of any other such right, power or privilege. No waiver of any breach, term or condition of this Guaranty by the Town shall constitute a subsequent waiver of the same or any other breach, term or condition. No notice to, or demand on Guarantor shall entitle Guarantor to any other or further notice or demand in similar or other circumstances or shall constitute a waiver of the rights of the Town to any other or further action in any circumstances without notice or demand. The rights and remedies expressly provided in this Guaranty are cumulative and not exclusive of any rights or remedies which the Town would otherwise have.

19. **Necessary Acts**. Guarantor and the Town shall each, at the request of the other, execute and deliver, or cause to be executed and delivered, such documents and instruments not otherwise specified herein and take, or cause to be taken, all such other reasonable actions as may be necessary or desirable to more fully and effectively carry out the intent and purposes of this Guaranty.

20. **Counterparts**. This Guaranty may be executed in two or more separate counterparts (including by electronic mail), each of which shall be deemed an original and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

21. **Captions**. The captions contained in this Guaranty are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Guaranty.

[remainder of page intentionally left blank; two (2) signature pages follow]

EXECUTED AS OF THE DATE SET FORTH IN THE PREAMBLE ABOVE BY THE TOWN:

ATTEST:

TOWN OF CASTLE ROCK

By: _____
Name: Lisa Anderson
Title: Town Clerk

By: _____
Name: Jason Gray
Title: Mayor

Approved as to form:

By: _____
Name: Michael J. Hyman
Title: Town Attorney

Approved as to content:

By: _____
Name: Mark Marlowe
Title: Director of Castle Rock Water

EXECUTED AS OF THE DATE SET FORTH IN THE PREAMBLE ABOVE BY GUARANTOR:

TALLGRASS WATER, LLC,
a Delaware limited liability company

By: _____
Name: Mark Ritchie
Title: Segment President – Commercial Operations (Water)

EXHIBIT 6
(Form of Water Lease Agreement)

See attached.

WATER LEASE AGREEMENT

This Water Lease Agreement (this "Agreement") dated effective as of the ___ day of _____ 2024 ("Effective Date"), is between the **TOWN OF CASTLE ROCK ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE,** a municipal political subdivision of the State of Colorado ("Lessor"), and **TALLGRASS COLORADO MUNICIPAL WATER, LLC**, a Delaware limited liability company ("Lessee").

RECITALS

A. Lessor owns certain Wells and Water Rights pursuant to the Permits (all as defined in Sections 1.1.b and 1.1.c below).

B. Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, certain amounts of the water pumped from the Wells identified on Exhibit A pursuant to the Permits (the "Water") on the terms and conditions as set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
DELIVERY; WATER RIGHTS; VOLUMES

1.1 **Water Deliveries**. Subject to the terms and conditions set forth herein, Lessor hereby agrees to lease to Lessee certain volumes of the Water on the following terms and conditions:

(a) **Use of Water and Replacement of Depletions**. The parties agree that Lessee will use the Water acquired pursuant to this Agreement in connection with commercial and/or industrial purposes including but not limited the drilling, completion and development of wells for the production of oil and/or natural gas within the State of Colorado (the "Permitted Use"). Lessee shall have the right to resell and fully consume the Water.

(b) **Water Rights**. Lessor's rights to divert and use the Water (the "Water Rights") are pursuant to the decrees in Case Nos. 99CV97 and 98CV1727 District Court, Adams County (the "Decrees") and the following Amended Final Permits issued by the Colorado Ground Water Commission (the "Commission"): 12123-RFP; 121124-RFP; 14860-RFP: 31526-FP; 31527-FP; 31640-FP; 31643-F-R; 8533 RFP; 8534-FP; 8535-FP; and 31542-FP (collectively, the "Permits").

(c) **Receipt of Water**. All Water leased under this Agreement shall be received by Lessee at each wellhead of the Wells subject to the Decrees and Permits (the "Well" or collectively "Wells") at the connection point between each such Well and Lessee's submersible pump installed at each such Well (each, a "Receipt Point"). Title, custody,

control, risk of loss, and possession of the Water shall transfer from Lessor to Lessee at each Receipt Point.

(d) **Available Volume; Minimum Volume Commitment**. Subject to the terms and conditions of this Agreement, Lessor agrees to lease to Lessee, upon written notice from Lessee (a "Request Notice"), up to 1,492-acre feet of historical consumptive use ("HCU") attributable to the Water Rights each year during the Term (as hereinafter defined) (the "Available Volume") pumped from the Lessor's Wells pursuant to the Permits; provided that Lessee shall lease at least two hundred fifty-seven (257) acre-feet of HCU from the Water Rights during the Term (the "Minimum Volume Commitment"). Lessee understands and acknowledges that the actual Available Volume available for lease by Lessee shall be subject to any limitations of the physical condition of each existing Well, and Lessor does not warrant or otherwise guarantee the physical condition of any existing Well during the Term. As such, in the event Lessee requests volumes of Water from Lessor that are not operationally available due to such limitations, the Minimum Volume Commitment shall be reduced by such volume so requested and not delivered. Notwithstanding the foregoing, to the extent Lessee has not previously provided Request Notices to Lessor to acquire the entirety of the Available Volume, Lessor shall have the right to lease all or any portion of such Water for which no Request Notice has previously been given to any third-party, subject to Section 1.1(e) below. However, no lease of Water to third parties may be for the drilling, completion, and development of wells for the production of oil and/or natural gas.

(e) **Right of First Refusal**. Throughout the Term (as hereinafter defined), Lessor shall provide Lessee with written notice of Lessor's desire to lease the Water to a third party as permitted in Section 1.1(d) above (the "ROFR Notice"). Lessee shall have the right to lease all, but not part, of the Water set forth in the ROFR Notice, if Lessee provides written notice to Lessor within seven (7) days from receipt of the ROFR Notice. Lessor shall, subject to the terms and conditions of this Agreement, be obligated to honor Lessee's timely written request to purchase such Water set forth in Lessee's written notice. If Lessee elects, in writing, not to lease all of the Water subject to the ROFR Notice or Lessee fails to deliver notice to Lessor of Lessee's election with respect to the Water subject to the ROFR Notice within seven (7) days, Lessee shall be deemed to have elected not to lease and receive the Water set forth in the ROFR Notice and Lessor shall thereafter be free to contract with third parties for such Water.

ARTICLE II
PURCHASE PRICE; BILLING

2.1 **Lease Rate and Take or Pay**. Lessee shall pay Lessor twenty cents ($0.20) per forty-two (42) gallon barrel (or $1,551.60 per acre-foot) (the "Lease Rate") for all Water leased hereunder during the Term. If at the end of the Term, Lessee has leased an aggregate volume of Water that is less than the Minimum Volume Commitment (as may have been adjusted pursuant to Section 1.1(d)), Lessee shall pay to Lessor an amount equal to (a) the Lease Rate, multiplied by (b) the positive difference between (i) the Minimum Volume Commitment (as may have been adjusted pursuant to Section 1.1(d)), and (ii) the actual volume of Water leased by Lessee during the Term (such amount, the "Deficiency Payment").

2.2 **Billing**. Following the end of each calendar month, Lessor shall furnish Lessee with a statement of Water received by Lessee during the preceding month. Following the end of the last calendar month of the Term, Lessor shall include any Deficiency Payment that may be due and owing pursuant to Section 2.1 above. Lessee shall pay Lessor within thirty (30) days following the date of each statement at Lessor's address specified in this Agreement. To the extent Lessee desires to pay Lessor by wire transfer or other electronic method, Lessor shall provide Lessee with information to permit the electronic funds transfer or other electronic method, and Lessee shall deliver payments in accordance therewith.

ARTICLE III
FACILITIES; MEASUREMENT AND LAND RIGHTS

3.1 **Lessor's Easement Rights and Authorizations**. Lessor shall maintain all existing easements, government authorizations, permits, licenses, or other authorizations necessary to produce and deliver the Available Volume of the Water to Lessee at each Receipt Point.

3.2 **"As Is" Lease**. LESSOR AND LESSEE UNDERSTAND, ACKNOWLEDGE AND AGREE THAT, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, LESSOR'S LEASE OF ANY SPECIFIC VOLUME OF WATER PRODUCTED FROM LESSOR'S WELLS TO LESSEE, THE WATER QUALITY OF THE WATER LEASED TO LESSEE AND THE ABILITY TO USE THE WATER FOR LESSEE'S PERMITTED USE SHALL BE ON AN "AS IS," "WHERE IS" BASIS. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, LESSOR AND LESSEE HAVE NOT MADE, DO NOT MAKE AND SPECIFICALLY DISCLAIM ANY REPRESENTATIONS, WARRANTIES OR COVENANTS OF ANY KIND OR CHARACTER WHATSOEVER OTHER THAN THOSE EXPRESSLY SET FORTH IN ARTICLE V HEREIN.

3.3 **Lessee's Facilities and Easement Rights.** The construction, operation, maintenance, repair and replacement for Lessee's facilities and the easements therefore is governed by the Infrastructure Development and Purchase Agreement by and between the Parties, dated _____, 2024.

3.4 **Measurement**. Lessee, at its sole expense, shall furnish, install, operate, and maintain totalizing flow measurement equipment for accurate measurement of the volume of Water received by Lessee at each Receipt Point. Any meter installed hereunder shall be open to inspection by Lessor or its designee, upon written request, and also by the Commission, its designees, and by the Lost Creek Groundwater Management District (the "District"), all at reasonable times when a representative of Lessee is available to be present for such inspection.

3.5 **Calibration of Measurement**. Lessee shall give at least five (5) days' advance notice to Lessor of the time of any measurement equipment calibrations. Lessor may be present for the calibrations. With respect to any measurement test made hereunder to confirm meter accuracy, a calculation within the then-current standards imposed by the Commission and/or the District ("Standard"). However, if a measurement test shows any discrepancy in measurement that exceeds the Standard, then as soon as reasonably possible thereafter, the tested meter shall be adjusted to meet the Standard. To determine the amount of Water delivered for any period during which the

meter calculation deviates from the Standard, the amount of delivered Water shall be corrected at the rate of inaccuracy for that period of inaccuracy which is definitely known or agreed upon, but in the event such period is not definitely known or agreed upon by the Parties, then for a period of fifteen (15) days prior to the date of said measurement test, the rate of the inaccuracy shall be estimated and agreed upon by the Parties on the basis of the best available data, using the first of the following methods that is feasible:

(a) by using the calculation of any check meter or meters if installed and accurately calculating;

(b) by calibration, test, or mathematical calculation using historical volumes of Water diverted through the facilities and corresponding electric power records during preceding periods under similar conditions when the meter was registering accurately; or

(c) by estimation based on comparison of the quantity of deliveries with deliveries during preceding periods under similar conditions when the meter was calculating accurately.

If the Parties are unable to determine and agree on the correct volume of Water delivered to Lessee for such period, the Parties shall appoint a mutually acceptable independent inspector to determine the correct volume, and the findings of the independent inspector shall be final and binding on the Parties. The Parties shall equally share the cost of the independent inspector.

ARTICLE IV
TERM; DEFAULT AND REMEDIES

4.1 **Term**. The term of this Agreement shall commence on the Effective Date and terminate on December 31, 2027, or such earlier date as this Agreement is terminated pursuant to its terms (the "Term").

4.2 **Default; Remedies**. In the event of default hereunder by any party, the remedies upon default are as set forth below unless otherwise provided in this Agreement. The remedies of the parties shall survive termination of this Agreement.

(a) **Payment Default by Lessee**. In the event Lessee fails to timely pay to Lessor any amount specified in this Agreement ("Payment Default"), Lessor shall notify Lessee in writing of the Payment Default and Lessee shall have fourteen (14) days to pay Lessor the amount due.

(b) **Other Default**. A default other than a Payment Default as described in the foregoing paragraph shall be deemed to have occurred if any party breaches its obligations hereunder and fails to cure such breach within thirty (30) days of receipt of notice specifying the breach; provided that so long as a defaulting Party has initiated and is diligently attempting to effect a cure, the defaulting party's cure period shall extend for an additional sixty (60) days.

(c) **Remedies**. Upon any default described above by any party (not cured within the applicable cure period), the non-defaulting party shall be entitled to terminate this Agreement and/or seek any available remedies under law or equity (including, without limitation, specific performance and/or damages, subject to Section 8.6 hereof) and the substantially prevailing party shall also be entitled to recovery of its reasonable attorneys' fees, expert witness fees, and court costs.

ARTICLE V
REPRESENTATIONS, WARRANTIES, AND COVENANTS

5.1 **Lessor's Representations, Warranties and Covenants**. Lessor makes the following representations, warranties and covenants to Lessee, all of which shall be true, correct and complete as of the Effective Date.

(a) Lessor has the full authority and legal right to withdraw and lease the Available Volume of Water.

(b) Lessor and each person signing this Agreement on behalf of Lessor has the full and unrestricted power and authority to execute and deliver this Agreement.

(c) Lessor is not the subject of any: (i) legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any kind or nature that could be reasonably expected to impact the Water Rights; or (ii) bankruptcy or insolvency proceedings.

(d) There are no agreements with any third parties (including, but not limited to, any leases, use or occupancy agreements, licenses or other rights of possession or any option for any of the foregoing) that would interfere with, conflict with, prohibit or restrict Lessee's use of the Water under this Agreement.

(e) The Water is not subject to any liens, mortgages, deeds of trust, encumbrances, or security interests of any kind, whether or not filed, recorded, or otherwise perfected.

5.2 **Lessee's Representations, Warranties and Covenants.** Lessee represents and warrants to Lessor as of the Effective Date that Lessee and each person signing this Agreement on behalf of Lessee has the full and unrestricted power and authority to execute, perform and deliver this Agreement.

ARTICLE VI
INSURANCE

6.1 **Indemnity**. Lessee shall indemnify and hold harmless Lessor, its board members, officers, agents, and employees (collectively, the "Group"), from and against losses, costs, expenses, liabilities, damages, fines, and penalties, (including court costs and reasonable attorneys' fees) (collectively, the "Losses") sustained or incurred by the Group as a result of a demand, claim, proceeding, judgment, or settlement by a third party against one or more of the members of the Group ("Third Party Claim"), to the extent the Losses arise out of the Lessee's (a) material breach of the representations, warranties or covenants of this Agreement, (b) negligence or willful

misconduct, or (c) material failure to comply with applicable law; provided, however, that Lessee's obligations under this Section 6.1 shall not apply to the extent such Losses are caused by any negligent or willful act or omission of, or breach of contract by Lessor, its board members, officers, agents, employees, contractors or assigns.

6.2 **Insurance Requirements.** Lessee shall maintain, at its own cost and expense, the following types of insurance policies and the minimum limits of insurance coverage during the Term of this Agreement.

(a) Worker's compensation insurance as required by the laws of the State in which the operations under this Agreement are to be conducted and Employer's Liability Insurance with limits of not less than $1,000,000 per occurrence;

(b) Commercial General Liability insurance with a combined single limit of not less than $1,000,000 per occurrence and including coverage for bodily and personal injury, broad form property damage, premises liability, completed operations and products liability with an annual aggregate limit of not less than $2,000,000. Such coverage shall not be subject to any exclusions for "Explosion", "Collapse" and/or "Underground" operations;

(c) Automobile Liability insurance, covering the operation of all owned, hired, rented, or non-owned licensed motor vehicles, with a combined single limit for each occurrence of not less than $1,000,000; and

(d) Umbrella Liability coverage in excess of the limits and with terms at least as broad as the coverages outlined in (a) through (c) above, with a combined single limit for bodily injury and property damage of at least $10,000,000 for each occurrence.

6.3 To the extent commercially and reasonably available, material modification or cancellation of policies providing coverage Lessee hereunder shall only be effective thirty (30) days after written notice of modification or cancellation (except for ten (10) days' notice for non-payment of premium) is delivered to the Lessor from the insurance company or an authorized representative. To the extent not commercially and reasonably available, Lessee shall have the obligation to provide such notice. Prior to commencing work under this Agreement, Lessee shall deliver to Lessor one or more ACORD certificate(s) of insurance evidencing the existence of insurance described above. Lessee shall maintain and upon request, agrees to provide the other with annual renewal certificates evidencing the required coverages so long as this Agreement is in effect.

6.4 Irrespective of the requirements as to insurance to be carried, the insolvency, bankruptcy, or failure of any such insurance company carrying insurance for Lessee, or failure of any such insurance company to pay claims occurring shall not be held to waive any of the provisions of this Agreement. All of the above-described insurance policies, together with all other insurance policies now owned or purchased in the future by Lessee relating to the facilities to be constructed and operated hereunder, shall contain provisions that state: the insurance companies will have no right of recovery or subrogation against the Lessor ; defense costs shall be outside of the policy limits; and coverage applies separately to each insured entity against whom a claim is made. Lessor shall also be named as an additional insured under all policies, with the exception of the

workers' compensation policy, but only as respects the risks and liabilities assumed by Lessor under this Agreement, and coverage shall be primary and non-contributory to all other policies of the additional insured. Any and all deductibles, self-insured retentions or retrospective premium arrangements that may be carried in the above-described insurance policies shall be assumed by, for the account of, and at the sole risk of the respective first named insured party. All insurance policies required to be obtained and maintained must be provided by insurers who are authorized to do business in the State of Colorado with an A.M. Best rating of A-VII or higher.

ARTICLE VII
FORCE MAJEURE

7.1 **Excuse for Non-Performance**. If either party fails to observe or perform any of the covenants or obligations imposed upon it by this Agreement other than failure to timely deliver any payment due under this Agreement, then, to the extent that such failure is occasioned by or results from an event of Force Majeure, such failure is excused and deemed not to be a breach of the covenants or obligations by that Party (the "Affected Party").

7.2 **Notice of Force Majeure Event**. The Affected Party shall promptly notify the other party after the occurrence of an event of Force Majeure. Notice under this section shall be provided as specified in this Agreement and may be oral, followed by written notice pursuant to Section 8.4 below.

7.3 **Force Majeure Resolution**. Upon the occurrence of a Force Majeure event, the Affected Party shall use commercially reasonable efforts to remedy such Force Majeure event and shall resume performance of its obligations hereunder within a reasonable timeframe after the Force Majeure event has been remedied. The Affected Party shall provide prompt notice to the other party when the relevant Force Majeure event has been remedied. Notwithstanding anything in this Agreement to the contrary, if despite the Affected Party's commercially reasonable efforts to remedy a Force Majeure event, such Force Majeure event continues for longer than four (4) calendar months after the date of the written notice delivered pursuant to Section 7.2 above, then at any time before the Affected Party provides Notice that the Force Majeure event has been remedied as set forth in Section 7.2, either Party may terminate this Agreement by written notice to the other party.

7.4 **Definition of Force Majeure**. "Force Majeure" means, in relation to a party, any occurrence, condition, situation, or threat thereof that (directly or indirectly) renders that party unable to perform its obligations under this Agreement; provided that:

(a) such occurrence, condition, situation or threat thereof is not under or within the reasonable control of the party claiming such inability; and

(b) such party could not have prevented or avoided such occurrence, condition, situation or threat thereof by the exercise of reasonable and good industry practice, and, provided that the foregoing requirements have been met, shall include the following:

(i) acts of God, including epidemics, landslides, hurricanes, floods, washouts, drought, lightning, earthquakes, storm warnings, perils of the sea, extreme heat or extreme cold, and other adverse weather conditions and threats of any of the foregoing, and whether preceded by, concurrent with, or followed by acts or omissions of any human agency, whether foreseeable or not;

(ii) acts or omissions of governmental authorities not related to any intentional wrongdoing by the party claiming such inability (or by such Party's affiliates);

(iii) acts of civil disorder, including acts of sabotage, acts of the public enemy, acts of war (declared or undeclared), blockades, insurrections, riots, mass protests, terrorism or demonstrations or threats of any of the foregoing, and police action in connection with or in reaction to any such act of civil disorder; and

(iv) acts of industrial disorder, including strikes, lockouts, picketing, and threats of any of the foregoing, breakage of equipment or facility and decrease in supply of water resources.

ARTICLE VIII
GENERAL PROVISIONS

8.1 **Survival**. All representations, warranties, indemnities, payment obligations, and other provisions of this Agreement that by their nature extend beyond the expiration or termination of this Agreement, shall survive the expiration or termination of this Agreement for any reason.

8.2 **Transaction Expenses**. Except as otherwise provided herein and regardless of whether the transactions contemplated hereby are consummated, each party shall pay its own expenses incident to this Agreement and all action taken in preparation for carrying this Agreement into effect.

8.3 **Notice**. Any notice required or permitted pursuant to this Agreement shall be made by (a) communication by electronic mail, with delivery receipt, or (b) communication by letter mailed pursuant to the national postage system of the party providing the notice, postage prepaid, or (c) letter delivered by a delivery service, with delivery receipt. Notice shall be effective upon delivery to or rejection by the other party. For purposes of this Agreement, the parties agree to provide to each other party (1) electronic mail addresses, including additional electronic mail addresses that shall be included in the notice, and (2) a mailing and delivery address, including additional addresses that shall be included in the notice. The parties may change the electronic mail addresses and mailing and delivery addresses from time-to-time or anytime by notice to the other party. The initial addresses of the parties shall be the following:

If to Lessee, addressed to:

Tallgrass Colorado Municipal Water, LLC
370 Van Gordon Street
Lakewood, CO 80228
Attn: Mark Ritchie
Tel: (303) 763-3659
Email: mark.ritchie@tallgrass.com

With a copy to:

Tallgrass Energy, LP
370 Van Gordon Street
Lakewood, CO 80228
Attn: Legal Department
Tel: (303) 763-2950
Email: legal.notices@tallgrass.com

If to Lessor, addressed to:

Castle Rock Water
175 Kellogg Court
Castle Rock, CO 80109
Attn: Director of Castle Rock Water
Tel: 720.733.6001
Email: mmarlowe@crgov.com

With a copy to:

Town of Castle Rock
Town Attorneys' Office
100 Wilcox Street
Castle Rock, CO 80104
Attn: Mike Hyman
Tel: (303) 660-1398
Email: mhyman@crgov.com

8.4 **Governing Law; Venue; Waiver of Jury Trial**. This Agreement shall be subject to and governed by the laws of the State of Colorado, regardless of the laws that might otherwise govern under conflict of law principles. Any legal suit, action, or proceeding arising out of or related to this Agreement or the transactions contemplated hereby shall be instituted in the District Court of the State of Colorado located in the City and County of Denver, Colorado. Each of the Parties irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated by this Agreement.

8.5 **Limitation on Liability**. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO RECEIVE DAMAGES FROM ANY OTHER PARTY BASED ON ANY THEORY OF LIABILITY FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL (INCLUDING LOST PROFITS), EXEMPLARY OR PUNITIVE DAMAGES (EXCEPT TO THE EXTENT THAT ANY SUCH DAMAGES ARE INCLUDED IN INDEMNIFIABLE LOSSES RESULTING FROM A THIRDPARTY CLAIM IN ACCORDANCE WITH ARTICLE VI).

8.6 **Entire Agreement; Amendment and Waiver**. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. Each party agrees that no other party (including its agents and representatives) has made any representation, warranty, covenant, or agreement to or with such party relating to this Agreement or the transactions contemplated hereby, other than those expressly set forth herein. No supplement, modification, or waiver of this Agreement shall be binding unless executed in writing by each party to be bound thereby. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provisions hereof (regardless of whether similar), nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

8.7 **Assignment; No Third-Party Beneficiaries**. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns. Neither party may assign or transfer this Agreement or any of its rights, benefits or obligations hereunder, without the prior written consent of the other party, which shall not be unreasonably withheld. Nothing in this Agreement, express or implied, is intended to confer upon any person or entity other than the parties hereto and their respective permitted successors and assigns, any rights, benefits or obligations hereunder.

8.8 **Severability**. If any provision of the Agreement is rendered or declared illegal or unenforceable by reason of any existing or subsequently enacted legislation or by decree of a court of last resort, Lessee and Lessor shall promptly meet and negotiate substitute provisions for those rendered or declared illegal or unenforceable, but all of the remaining provisions of this Agreement shall remain in full force and effect.

8.9 **Interpretation**. It is expressly agreed by the parties that this Agreement shall not be construed against any party, and no consideration shall be given or presumption made, on the basis of who drafted this Agreement or any provision hereof or who supplied the form of this Agreement. Each party agrees that this Agreement has been purposefully drawn and correctly reflects its understanding of the transactions contemplated by this Agreement and, therefore, waives the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document. Unless the context requires otherwise, (a) the words "include," "includes," and "including" are deemed to be followed by the words "without limitation," regardless of whether "without limitation" is actually used in the provision, (b) the word "or" is not exclusive, regardless of whether "and/or" is used in the applicable provision, and (c) the words "shall," "will," and "agree" have the same meaning, force, and effect.

8.10 **Headings**. Titles and subtitles of sections or articles contained herein are for convenience only and have no legal or other effect on the terms of this Agreement.

8.11 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.12 **Governmental Immunity**. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to Lessor, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the Lessor and, in particular, governmental immunity afforded or available to the Lessor pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq*., C.R.S.

8.13 **No agency.** Lessee is acting as an independent contractor. Lessee has no power or authority to assume or create any obligation on behalf of Lessor. Lessee is not Lessor's agent and Lessee's employees are not the Lessor's employees for any purpose.

(signature page follows)

The parties have executed this Agreement with effect as of the Effective Date.

Lessor:

TOWN OF CASTLE ROCK

By:_____
Name:_____
Title:_____

Lessee:

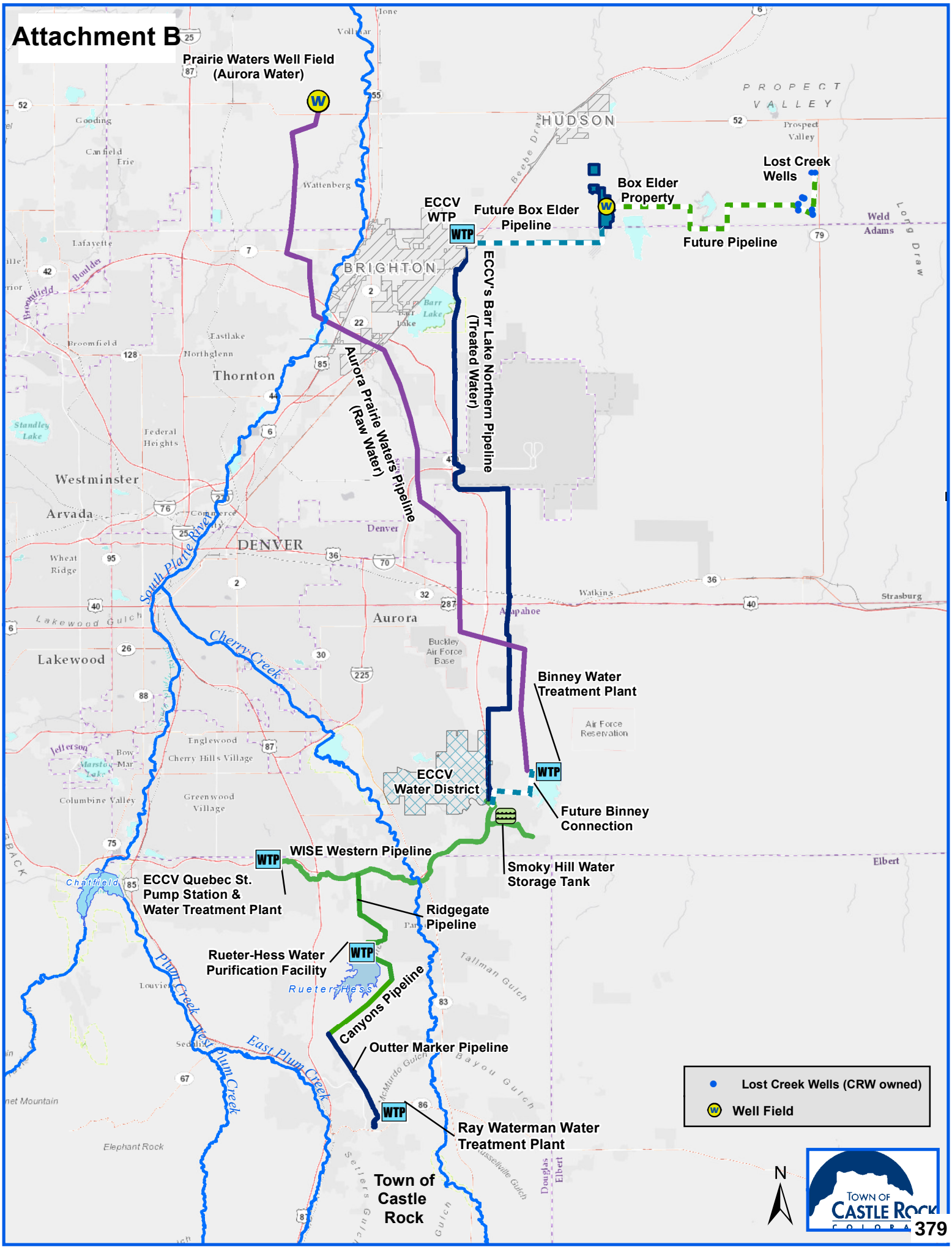
TALLGRASS COLORADO MUNICIPAL WATER, LLC,
a Delaware limited liability company

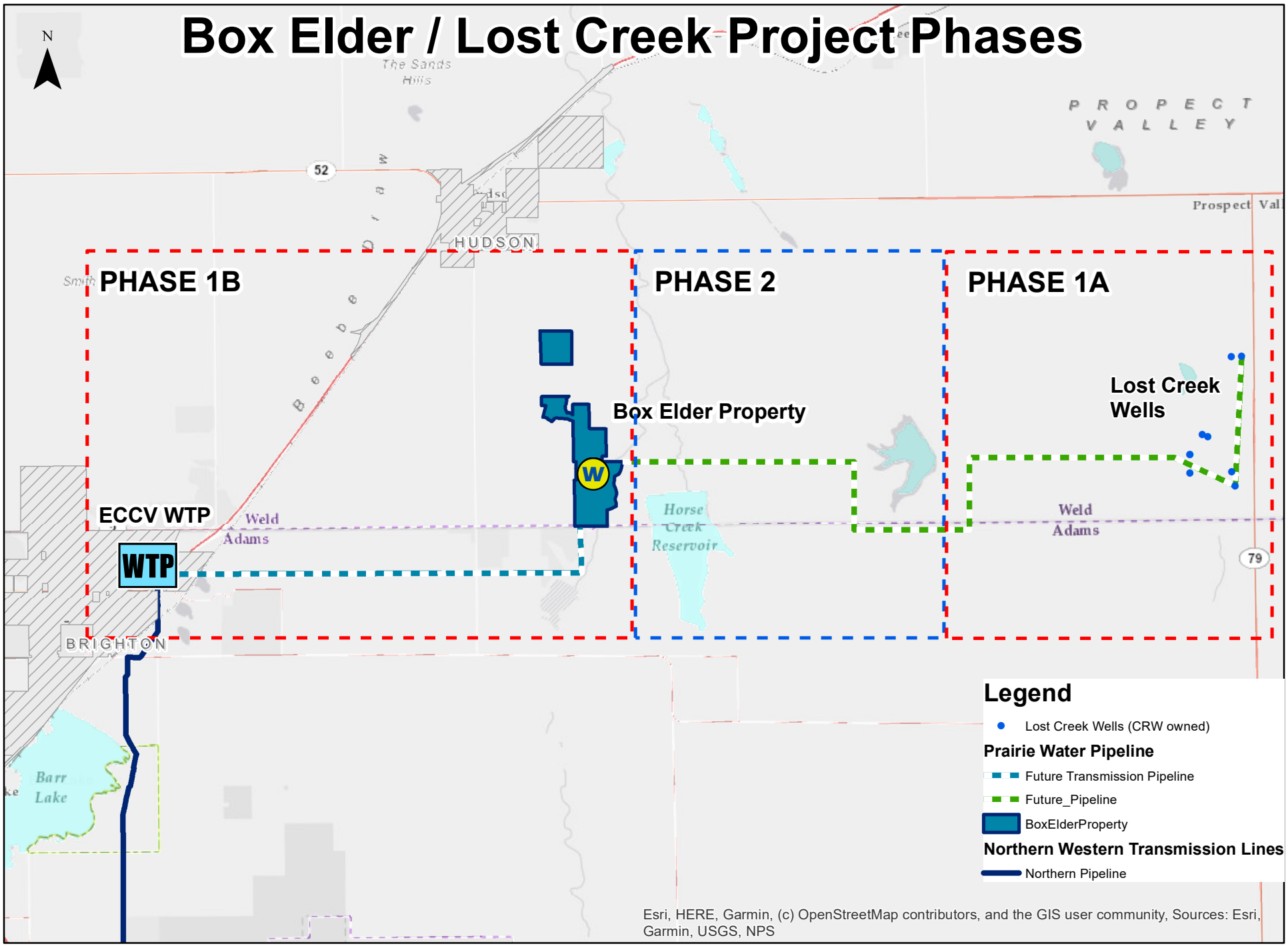
By:_____
Name: Mark Ritchie
Title: Segment President – Commercial Operations (Water)

Exhibit A
(Wells; Available Volume)

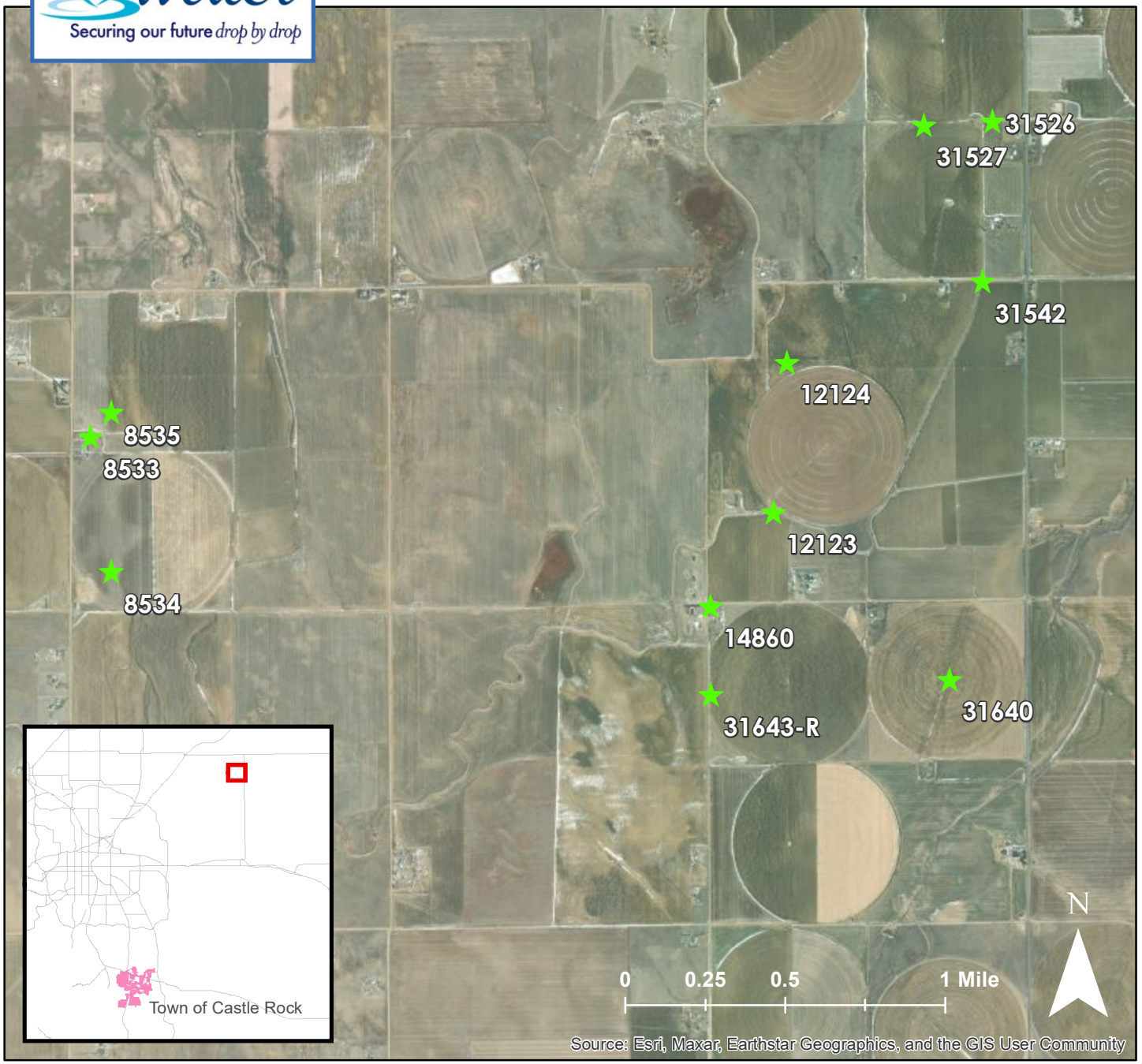
The Available Volume for the Permitted Use shall not exceed 1,492 acre-feet per year which may be supplied from any of Lessor's Wells in up to the following amounts which shall not exceed the limitations set forth in the Permits:

Well Permit #	12123-RFP**	12124-RFP	14860-RFP**	31526-FP	31527-FP	31640-FP	31643-F-R	8533-RFP	8534-FP**	8535-FP	31542-FP	Total
Changed Use Appropriation	163.1	106.4	74.3	144.4	139.1	297.2	111.3	84.0	81.5	96.9	193.3	1492


Attachment B
Prairie Waters Well Field
(Aurora Water)
ECCV
WTP
Future Box Elder
Pipeline
Box Elder
Property
Lost Creek
Wells
Future Pipeline
ECCV's Barr Lake Northern Pipeline
(Treated Water)
Aurora Prairie Waters Pipeline
(Raw Water)
Binney Water
Treatment Plant
ECCV
Water District
Future Binney
Connection
WISE Western Pipeline
Smoky Hill Water
Storage Tank
ECCV Quebec St.
Pump Station &
Water Treatment Plant
Ridgegate
Pipeline
Rueter-Hess Water
Purification Facility
Canyons Pipeline
Outter Marker Pipeline
Ray Waterman Water
Treatment Plant
Town of
Castle
Rock
Lost Creek Wells (CRW owned)
Well Field
N
TOWN OF CASTLE ROCK COLORADO
379

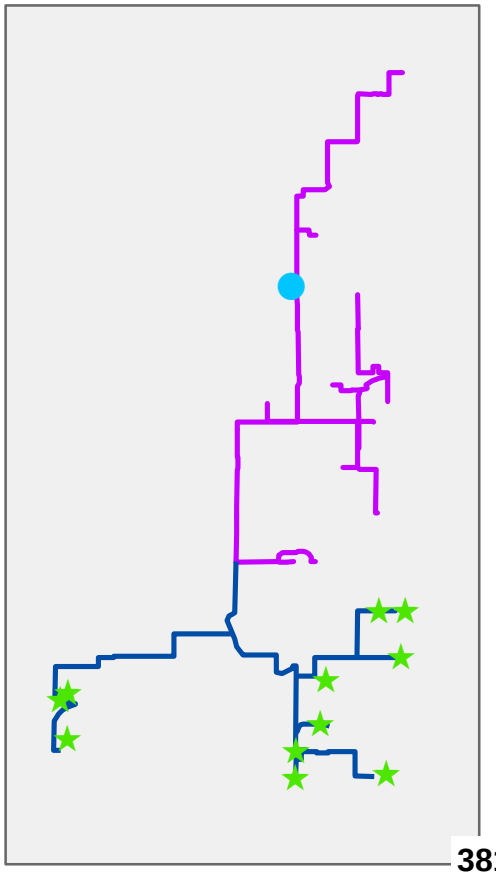

Box Elder / Lost Creek Project Phases
N
PHASE 1B
PHASE 2
PHASE 1A
Box Elder Property
Lost Creek Wells
ECCV WTP
WTP
HUDSON
BRIGHTON
Weld
Adams
Horse Creek Reservoir
Barr Lake
The Sands Hills
PROPECT VALLEY
Prospect Val
52
79
Legend
Lost Creek Wells (CRW owned)
Prairie Water Pipeline
Future Transmission Pipeline
Future_Pipeline
BoxElderProperty
Northern Western Transmission Lines
Northern Pipeline
Esri, HERE, Garmin, (c) OpenStreetMap contributors, and the GIS user community, Sources: Esri, Garmin, USGS, NPS

Lost Creek Wells
Attachment C



Legend

- Castle Rock wells
- Huwa Pond
- Tallgrass water transmission pipeline
- Lost Creek well gathering system (potential route)



CERTIFICATION

In accordance with the Town of Castle Rock, Mun. Code Section 11.02.110, Review of District Financing, we the undersigned members of the Board of Directors of the Bella Mesa Metropolitan District (the "District"), do hereby certify, to the best of our knowledge and belief, that the proposed issuance of indebtedness generally described in the term sheet attached hereto is authorized by and in compliance with the service plan for the District by Resolution No. 2004-120, which service plan was amended by resolution of the District's Board of Directors adopted on May 4, 2006 after publication of a Notice of Amendment to Service Plan in *The Douglas County News-Press* on March 9, 2006, which service plan was amended a second time by Resolution 2018-058 adopted by the Town on June 19, 2018, and which service plan was amended a third time by Resolution 2020-017 adopted by the Town on February 18, 2020.

Date: September 16, 2024

DocuSigned by:
John V. Hill
428748F3ED6F42C...
John V. Hill, President

Signed by:
Maxine Hepfer
171349D63FB6463...
Maxine Hepfer, Treasurer/Secretary

DocuSigned by:
Anna Maria Ray
7CF0C82C274041D...
Ana Maria Ray, Assistant Secretary

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

BELLA MESA METROPOLITAN DISTRICT
SUBORDINATE LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2024B

TERM SHEET – AS SEPTEMBER 12, 2024

FOR DISTRICT USE ONLY
PROSPECTIVE INVESTORS SHOULD REVIEW THE BOND DOCUMENTS

Delivery Date:	October 10, 2024
Sources:	
Par Amount:	**$ 9,780,000 (estimated)**
Uses:	
Project Fund:	$ 8,776,600 (estimated)
Cost of Issuance:	$ 1,003,400 (estimated)
Total Uses:	**$ 9,780,000 (estimated)**
Structure:	
Final Maturity:	December 15, 2054
Interest Rate:	8.25% (estimated rate; 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 12/15/2029 at $103 premium declining (actual redemption provisions determined at pricing)
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 16, 2059.
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. 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.:	Issued to financial institutions or institutional investors
Title 11 exemption:	$500,000 denominations