ANDERSON ANALYTICS, LLC

1516 North Nevada Ave.
Colorado Springs, CO 80907
719 332-2125
andersonanalyticsCO.com

To: Jennifer Jones
Community & Development Services Director
Elbert County, Colorado

Date: July 28, 2026

Subject: Summary and Review of the Financial Plan for the Proposed Service Plan for The Ridge at Spring Valley Metropolitan District Nos. 1-5, in Elbert County, CO

Dear Jennifer,

Per your request, we have reviewed and examined the proposed Service Plan for The Ridge at Spring Valley Metropolitan District Nos. 1-5 and its proposed Financial Plan. The Numerical Plan exhibit in the Service Plan indicates that a total of 1,193 homes, with an average market value of $631,643 (in current values) and ranging from $550,000 to $900,000, are anticipated to be developed in the proposed Districts. The Service Plan authorizes an aggregate debt limit of $128,800,000.00 among all the Districts, payable from property tax and/or fee revenues. Issuance of debt by any or all the five Districts would count towards that aggregate debt limit. Multiple Districts are proposed for formation to facilitate the phased financing and construction of public improvements, and associated issuances of debt, as the community develops. The Service Plan limits the annual mill levy which each District may impose for debt repayment to a maximum of 65.000 mills, adjusted to offset changes in assessment rates and exemptions to taxable market value from baseline assessment rates of 7.15% residential and 29.00% nonresidential, so long as that District's total assessed value is less than double its total outstanding debt. This cap on the mill levy for debt repayment does not apply if a District's total assessed value is more than double its total outstanding debt. The Service Plan also limits the term during which any District may impose a mill levy for debt repayment on any home within its boundaries to a maximum of 40 years, but allows that term limit to be overridden by a vote of that District's Board of Directors only if the Board is majority-comprised of District residents. The Service Plan does not cap the annual mill levy which a District may impose for operations and maintenance expenses. The proposed maximum annual debt mill levy, including the 'convertible-to-unlimited' provision, is equivalent to that established in service plans adopted by Elbert County over the past several years, and most of those service plans have similarly included a 40-year maximum debt levy imposition term. Most service plans adopted by Elbert County over the past couple of years have authorized an uncapped mill levy for operations and maintenance.

The Service Plan includes an estimated total cost of public improvements of about $134,664,180 among all five Districts for the total 1,193 home community. This includes an estimated total of $27,390,000 for water production site and wastewater treatment plant expansion improvements. The Service Plan anticipates that water and sanitation improvements financed and constructed by the Districts will be dedicated to Spring Valley Metropolitan District No. 1, which will own and operate those improvements.

The Numerical Plan exhibit is an example of how the Districts may execute their Financial Plan, and includes a bond sizing model illustrative of the aggregate potential Debt financing capacity among the Districts from the full buildout of 1,193 homes. The Numerical Plan demonstrates an aggregate total amount of $132,130,430 in debt eligible toward the total debt limit, repaid from the maximum debt levy over a 40-year period. The bond interest rate assumptions and debt service escalation factors in the Numerical Plan, which underpin the debt sizing, are generally representative of best-case historic municipal bond market conditions, but those parameters are consistent with those used in service plans adopted by Elbert County over the past several years. Thus, the Numerical Plan demonstrates parameters under which the Districts may issue and repay the total proposed debt authorization amount over 40-year debt levy imposition period(s).

The following provides a summary of key aspects of the proposed Financial Plan for The Ridge at Spring Valley Metropolitan District Nos. 1-5, and of what is shown in its Numerical Plan exhibit. A breakout of the total proposed mill levies in the Districts, based on the estimated/anticipated mill levies shown in the Numerical Plan, as well as an example property tax calculation for a home at the average indicated market value of $631,643, are also included in the following summary. In the course of reviewing the proposed Service Plan, we prepared several questions about the submittal which you provided to the applicant. The applicant prepared thoughtful answers to those questions, and we appreciate the applicant's time, effort, and courtesy in doing so. The applicant's responses were helpful and informative as to what may be anticipated under the Financial Plan, so in addition to excerpting from what is included in the proposed Service Plan, this following report also incorporates a few portions of the applicant's responses to our questions. Additionally, the applicant's underwriter who prepared the Numerical Plan, the Piper Sandler Special District Group, also included a written cover memo in the application describing the bond financing model and its key assumptions and parameters. We recommend anyone reviewing this report to also read their cover memo for the Numerical Plan.

Sincerely,

Graham T. Anderson
Senior Analyst
Anderson Analytics, LLC

Proposed Debt Authorization – District Total Debt Limit:

The Service Plan authorizes the proposed District Nos. 1-5 to issue a maximum amount, collectively, of $128,800,000.00 in general obligation Debt (the "Total Debt Limit") (sec. II). The Debt authorization amount is collective among the five Districts – one or more Districts may issue Debt, which collectively may not exceed $128,800,000. The Districts may issue one or multiple series of bonds or Debt, but they may not issue Debt which, in aggregate, amounts to more than the Total Debt Limit of $128,800,000.

Debt or Bond is defined to mean "bonds, notes, debentures, certificates, contracts, capital leases or other multiple fiscal year obligations for the payment of which the Districts have promised to impose an ad valorem property tax mill levy, and/or impose Fees" (sec. II).

Any bonds or other multiple fiscal year obligations issued to refund Debt previously issued by a District do not constitute new "Debt" and would not count towards the Total Debt Limit amount (sec. II). This provides a district flexibility to refinance its debt for a net present value savings without impacting its remaining debt authorization amount.

"Funding and reimbursement agreements with the developer which are subject to annual appropriations" are also excluded from the definition of Debt or Bond and would not count towards the Total Debt Limit amount (sec. II).

Financial Plan – Schedule of Proposed Indebtedness:

Section VI of the Service Plan is the Financial Plan, and it establishes that "the Districts may issue such Debt on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs" (sec. VI.A).

Exhibit E of the Service Plan is the Numerical Plan, which is "a numerical example of an application of the Financial Plan described herein" (sec. VI.A). It includes estimates of the Districts' revenues available for debt service and for operations and maintenance expenses, which are presented as a collective total among the five Districts. The Numerical Plan also contains an illustrative bond sizing plan based on an assumed buildout schedule and modeled bond parameter assumptions, which serves to provide an illustration of the Districts' potential capacity to issue and repay debt. However, the Districts' eventual bond issuance(s) may differ from the schedule and amounts shown in the Numerical Plan, subject to the Total Debt Limit and other limitations.

The Numerical Plan does not indicate which specific District or Districts may be anticipated to issue Debt. The creation of multiple Districts provides flexibility to issue multiple series of bonds backed by different phases of the project. In multi-district communities, sometimes one district may serve as the issuer of debt paid from property taxes pledged by the other district(s), and sometimes the district levying the pledged property tax itself may also serve as the issuer.

Maximum Debt Mill Levy:

The Service Plan establishes a maximum annual mill levy that each of the five Districts may impose within their boundaries for repayment of Debt (the "Maximum Debt Mill Levy"). The Maximum Debt Mill Levy applies whenever the ratio of the total outstanding Debt of a District to its total Assessed Value is greater than 50%.

The Maximum Debt Mill Levy is 65.000 mills, at a baseline residential assessment rate of 7.15% and nonresidential rate of 29.00% (sec. VI.D).

The Maximum Debt Mill Levy is adjusted (the “Mill Levy Adjustment”) for “changes with respect to the assessment of property for taxation purposes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, or any similar changes” such that the property tax revenue realized by the Maximum Debt Mill Levy is “neither diminished nor enhanced as a result of such changes” (sec. II). The assessment rates in effect on January 1, 2019 – which were a 7.15% residential rate and a 29.00% nonresidential rate – are established as the baseline rates for purposes of the Mill Levy Adjustment.

An example of the Maximum Debt Mill Levy and its Mill Levy Adjustment is shown below, for the most recent tax year 2025 (payable in 2026). The residential assessment rate for all non-school mill levies was 6.25% in tax year 2025. If all property in a District were residential, then the Maximum Debt Mill Levy for tax year 2025 would be adjusted to 74.360 mills:

Maximum Debt Mill Levy = 65.000 mills (at 7.15% residential assessment rate)

= 65.000 X (7.15% / 6.25%)

= 74.360 mills (in tax year 2025)

In addition to assessment rate changes, the Mill Levy Adjustment will also offset statutory exemptions to residential taxable market value which are set to take effect starting in tax year 2026. The Mill Levy Adjustment provides assurance to bondholders and the Districts that future changes in property tax policy will not diminish the revenue raised by the Maximum Debt Mill Levy.

<u>‘Limited, Convertible-to-Unlimited’ Debt Levy</u>:

Whenever the ratio of the aggregate outstanding Debt of a District to its total Assessed Value is less than 50% - (in other words, whenever the District’s total Assessed Value is at least double its outstanding Debt) – then the Debt Mill Levy shall not be subject to the Maximum Debt Mill Levy cap and may be set at “such amount as is necessary to pay the debt service on such Debt” (sec. VI.D). This is often called a ‘limited, convertible-to-unlimited’ debt levy authorization. The Service Plan states this may be either at the time of issuance of any Debt (so long as the District’s total Debt is less than 50% of its Assessed Value), or any time thereafter.

<u>Maximum Debt Mill Levy Imposition Term</u>:

The maximum term that a District may impose its Debt Mill Levy, “for any and all Debt,” on “any single property developed for residential purposes” is no greater than 40 years after the initial imposition of the Debt Mill Levy (sec. VI.C).

However, if the majority of the District’s Board of Directors are “End Users” – meaning “a resident homeowner, renter, commercial property owner, or commercial tenant,” but specifically excluding the developer or homebuilder – then that Board may vote to issue Debt with a repayment term requiring or contemplating imposition of the Debt Mill Levy exceeding the 40-year imposition term limit (sec. II and sec. VI.C).

<u>Operation and Maintenance Mill Levy – no cap</u>:

The Service Plan authorizes an uncapped mill levy for payment of Operation and Maintenance costs. The cap established by the Maximum Debt Mill Levy does not apply to any Operation and Maintenance Mill Levy imposed by a District (sec. VI.I).

Operation and Maintenance Levy – Numerical Plan Exhibit:

The Numerical Plan presents revenues resulting from an Operation and Maintenance Mill Levy set at the equivalent of 15.000 mills adjusted for changes in assessment rates and market value exemptions from baseline rates of 7.15% residential rate and 29.00% nonresidential rate (like the Mill Levy Adjustment). For example, adjusting to a residential assessment rate of 6.25%, the Operation and Maintenance Mill Levy would be around 17.160 mills in tax year 2025.

In response to questions about the submittal, the applicant wrote: “The Operations and Maintenance mill levy necessary will vary based on the costs necessary to own, operate, and/or maintain any Public Improvements that have not been otherwise accepted for ownership, operation, and/or maintenance by another entity consistent with the Approved Development Plan and other applicable provisions of the County Code. Revenue generated from the Operations and Maintenance mill levy also covers costs associated with ongoing administrative, management, accounting, and legal costs, which will vary based on activity of the District, the stage of development, and potential legislative changes.”

Operation and Maintenance Budget – Numerical Plan Revenue Estimate:

The proposed Service Plan indicates that the first year’s operating budget for each District is anticipated to be $50,000, and that District organizational costs are anticipated to total $100,000 (sec. VI.I). The Service Plan states it is anticipated that developer advances to the Districts will be utilized to fund Operation and Maintenance costs until such time as sufficient revenues are generated from their mill levies, which the Districts may reimburse with interest (sec. VI.I). It also states that the Districts’ organizational costs will be eligible for reimbursement from Debt proceeds (sec. VI.I).

At the first year of full buildout, modeled in revenue year 2041, the Numerical Plan shows total annual revenues available for Operation and Maintenance costs of about $1,131,200 among the Districts from a total of 1,193 homes. The Numerical Plan shows total annual Operation and Maintenance revenues, but no further breakout of estimated operating expenditures is included.

District Fees:

The Service Plan authorizes the Districts to “impose and collect Fees for services, programs, or facilities furnished by the Districts,” and to increase or decrease the rate of such Fees (sec. V.A). The Districts are authorized to establish and utilize Fees for Operation and Maintenance expenses as well as for payment of any Debt (sec. V.A).

District Fees – Numerical Plan Exhibit:

The Numerical Plan shows one-time Fees collected by the Districts from the developers or homebuilders for payment of Debt. It includes a Water Tap Fee of $16,200 per home paid at the time of construction, which is utilized as an early-stage source of revenue for debt service on the Districts’ bonds.

The Numerical Plan includes no District Fees for Operation and Maintenance expenses.

HOA(s) Anticipated:

In response to questions submitted, the applicant indicated that HOA(s) are anticipated for the community, and wrote that “it is anticipated that HOA fees would be comparable to those in other Spring Valley communities.” Any homeowner’s association (HOA) is a separate entity from a metropolitan district, and not a part of the proposed Service Plan. However, HOA fees can be another ongoing cost to property owners, in addition to a special district mill levy.

Total Mill Levy and Example Property Tax Bill:

In tax year 2025 (payable 2026), the certified mill levies of existing local governments overlapping the proposed Districts totaled 74.952 mills. The proposed Districts are located in Elizabeth School District, and in Rattlesnake Fire Protection District. The proposed Districts are also located within Elizabeth Park and Recreation District boundaries, meaning the existing agricultural parcels not currently included in the Park and Recreation District will be included and subject to its levy once they change use, pursuant to statute. Elbert County and Elbert County Library District are the other property taxing entities overlapping the proposed Districts.

The Numerical Plan shows, for all property in The Ridge at Spring Valley Metropolitan District Nos. 1-5, an annual Debt Levy at the Maximum Debt Mill Levy (65.000 mills at baseline assessment rates of 7.15% residential and 29.00% nonresidential), which with the Mill Levy Adjustment would be equivalent to about 74.360 mills in tax year 2025. The Numerical Plan shows the Districts' annual Operation and Maintenance Mill Levy at the equivalent of about 17.160 mills in tax year 2025. The total mill levy for the proposed Metropolitan Districts, at tax year 2025 rates, would therefore be about 91.520 mills. With the tax year 2025 mill levies of the existing local governments overlapping the proposed Districts, the total mill levies paid by property owners in the Districts would be equivalent to about 166.472 mills in tax year 2025.

Example Property Tax Bill

in Tax Year 2025 (payable 2026)

	Home Market Value		Assessment Rate		**Assessed Value**	**Property Tax Payment**
local gvt:	**$631,643**	X	6.25%	=	$39,478	
school:			7.05%	=	$44,531	

Elbert County @	28.310	mills	=	$1,118
Elizabeth School District @	30.553	mills	=	$1,361
Elbert County Library @	2.562	mills	=	$101
Elizabeth Park & Recreation District @	2.466	mills	=	$97
Rattlesnake Fire Protection Dist. @	11.061	mills	=	$437
TOTAL EXISTING ENTITIES @	**74.952**	**mills**	**=**	**$3,113**
The Ridge at Spring Valley MD Nos.1-5:				
Bond Levy (at Max. Debt Levy) @	74.360	mills	=	$2,936
O&M Levy (at Numerical Plan) @	17.160	mills	=	$677
METROPOLITAN DISTRICT - TOTAL @	**91.520**	**mills**	**=**	**$3,613**
TOTAL PROPERTY TAX @	**166.472**	**mills**	**=**	**$6,726**
Anticipated HOA Fee			**=**	**yes**

Home Market Value in this example is the average assumed market value per home among all 1,193 homes as included in the Numerical Plan, in current values.

Bond Levy shown at Maximum Debt Levy, which is 65.000 mills at a baseline residential rate of 7.15%, shown adjusted to a 6.25% rate if all property in the District is residential. Operations & Maintenance Levy shown at the rate included in the Numerical Plan, which is 15.000 mills adjusted from a baseline residential rate of 7.15%. **The Service Plan authorizes an uncapped Operations & Maintenance Levy. The total District Mill Levy shown above is based on that shown in the Numerical Plan.**

The table above breaks out the total example/anticipated mill levy in the proposed Districts, and also gives an example calculation of the property taxes paid on a home from those levies. The example property tax above is calculated on an example home market value of $631,643, which is the average anticipated market value among all 1,193 homes shown in the Numerical Plan. The assumed home market values in the Districts shown in the Numerical Plan range from $550,000 to $900,000 (in 2026 values). The taxable assessed value is calculated using the tax year 2025 residential assessment rate of 6.25% for all non-school mill levies, and 7.05% for school district mill levies, to align with the levies shown in the example. The annual property taxes paid to existing local governments would total $3,113, and annual property tax to the proposed Metropolitan District would total $3,613, for a total property tax payment of $6,726.

Attachment A, at the end of this report, provides a summary listing of the total mill levies in the other existing residential metropolitan district communities in Elbert County which impose a debt levy, which in tax year 2025 (payable 2026) ranged from 122.391 mills to 173.673 mills.

The mill levies of The Ridge at Spring Valley Metropolitan District Nos. 1-5, as with any other special district, would only be levied within the boundaries of those proposed Districts, and not on any other property located outside of them.

Public Improvements Cost Estimate:

Exhibit D of the proposed Service Plan is a general description and cost estimate of total public improvements to be constructed by the Districts. The table below summarizes the total public improvements costs by category from the estimates in Exhibit D, totaled among the five Districts. The cost estimate in Exhibit D provides an estimated breakout for each District, with District No. 1 constructing the water production site and wastewater treatment plant expansion improvements. The cost estimate in Exhibit D also provides greater line item detail than the summary below. A total of $112,220,150 in improvement project costs are estimated, plus contingency costs estimated at 20%, which total $134,664,180 in public improvements costs. A total of about $27,390,000 are for the water production site and wastewater treatment plant expansion improvements, and the rest are for improvements associated with the residential District development phases. Calculated at a total of 1,193 homes among the five Districts (as shown in the Numerical Plan), total estimated public improvements costs in the proposed Districts average $112,879 per home.

Summary of
Total Public Improvements Cost Estimate:

	Total District Nos. 1-5
Water Production Site - (Dist. No. 1)	$12,325,000
Sanitary Sewer - (Dist. No. 1)	$10,500,000
Grading & Earthwork and Road & Sidewalk	$31,672,000
Erosion Control	$5,482,500
Water	$15,979,900
Sanitary Sewer	$14,110,150
Storm Sewer / Drainage	$13,037,000
Parks and Landscape	$9,113,600
Total Improvement Project Costs =	$112,220,150
Contingency @ 20%	$22,444,030
TOTAL Public Improvements Costs =	**$134,664,180**

summarized from: Exhibit D, "General Description and Cost Estimate of Public Improvements," summary of probable construction cost estimate by 2N Civil, LLC, prepared July 8, 2026.

The Service Plan anticipates that the water and sanitation improvements will be dedicated to Spring Valley Metropolitan District No. 1, which would operate and maintain those improvements pursuant to intergovernmental agreement with the Districts (sec. V.A).

Buildout Schedule and Home Value Assumptions – Numerical Plan:

The Numerical Plan shows a total buildout of 1,193 homes among the five Districts, with assumed market values (in 2026 values) ranging from $550,000 (for 50' SFD) to $900,000 (for Estate SFD) per home, averaging $631,643 among all 1,193 homes. As summarized below, the Numerical Plan models all homes as delivered between 2028 to 2039, with all home types starting delivery in 2028. It models 2.00% annual inflation in home market values prior to delivery, meaning, for example, a 50' SFD home delivered in 2028 is modeled with a market value of $572,220 and one delivered in 2034 is modeled with a market value of $644,413.

The assessed value resulting from this assumed development underpins the bond sizing amounts shown in the Numerical Plan. The Numerical Plan provides an overall aggregate model of the total bonding capacity among all five Districts, based on this buildout schedule.

	MV per Home ($ 2026)	Total Homes	Delivery Year 2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
50' - SFD	$550,000	310	-	36	48	48	48	48	48	34	-	-	-	-	-
60' - SFD	$600,000	454	-	30	40	40	40	40	40	40	40	40	40	40	24
70' - SFD	$650,000	235	-	24	32	32	32	32	32	32	19	-	-	-	-
85' - SFD	$800,000	80	-	18	24	24	14	-	-	-	-	-	-	-	-
100' - SFD	$800,000	87	-	18	24	24	21	-	-	-	-	-	-	-	-
Estate - SFD	$900,000	27	-	9	12	6	-	-	-	-	-	-	-	-	-
Total	**$631,643**	**1,193**	**0**	**135**	**180**	**174**	**155**	**120**	**120**	**106**	**59**	**40**	**40**	**40**	**24**

2.00% annual inflation in MV before delivery (from 2026)

6.00% biennial inflation in MV after delivery

summarized from: Exhibit E, Numerical Plan.

Modeled Inflation in Home Values After Delivery – Numerical Plan:

The Numerical Plan models 6.00% biennial inflation in all home market values after delivery. This equates to approximately 3% inflation per year. The assumed rate of inflation in property market values underpins the escalation in annual debt service on the bonds in the Numerical Plan, and thus the overall bond sizing amounts. Residential special district municipal bonds are typically underwritten with a residential market value inflation factor between 0% and 6% biennial (the equivalent of 0% to about 3% annual).

For context, Attachment B to this report shows the annual changes in the All-Transactions House Price Index for Elbert County, CO. Through 2025 (the most recent available data year), the 10-year historic average annual inflation in the All-Transactions House Price Index for Elbert County (from 2015) was 6.9%, the 20-year annual average (from 2005) was 4.0%, the 30-year annual average (from 1995) was 4.6%, and the 40-year annual average (from 1985) was 4.5%.

Phasing – Multiple District Structure:

The Service Plan states that multiple districts are proposed to be created to facilitate the financing and construction of public improvements "according to the phasing and pace of development" of the total community (sec. V.A). The actual phasing of development and bond issuances may differ from that shown in the Numerical Plan, which essentially shows one series of bond issuances from the total buildout starting in 2028, for purposes of demonstrating the Districts' aggregate bond financing capacity from the total development of 1,193 homes.

Numerical Plan – Bond Sizing Model – Sources and Uses Summary:

The table below provides a sources and uses summary of the bonds shown in the Numerical Plan. The Numerical Plan is an example of how the Districts may execute their Financial Plan and serves to provide an illustration of the Districts' potential debt financing capacity based on the development assumptions, although any actual bond issuance(s) by the Districts may differ from those shown in the Numerical Plan. The Numerical Plan shows an unrated general obligation bond series with a 30-year term issued on 12/1/2027, prior to delivery of any homes in the Districts. The Numerical Plan also shows an investment-grade rated 30-year general obligation bond series issued ten years later on 12/1/2037, which refunds the remaining principal balance on the Series 2027 Bonds and yields additional net proceeds available to fund eligible public improvements costs. Combined, the Numerical Plan shows a total bonding period of 40 years. Municipal bonds rarely feature a bond term longer than 30 years, which is a reason for this 'refunding and new money' plan structure.

	Series 2027 General Obligation Bonds	Series 2037 Gen. Oblig. Refund. & Impvt. Bonds	TOTAL
annual coupon rate =	**5.000%**	**4.000%**	
issuance date =	12/1/2027	12/1/2037	
maturity date =	12/1/2057	12/1/2067	
Sources:			
Par Amount of Bonds	**$76,240,000**	**$117,115,000**	**$193,355,000**
Series 2028 Surplus on Hand	-	$11,650,430	$11,650,430
Total Sources:	$76,240,000	$128,765,430	$205,005,430
Uses:			
Net Proceeds for Eligible Costs	**$60,134,200**	**$46,263,855**	**$106,398,055**
Refunding Escrow - Refund Series 2027	-	$72,875,000	$72,875,000
Capitalized Interest	$7,624,000	-	$7,624,000
Surplus Fund Deposit	$6,707,000	-	$6,707,000
Debt Service Reserve Fund	-	$8,841,000	$8,841,000
Costs of Issuance Fund	$250,000	$200,000	$450,000
Underwriter's Discount	$1,524,800	$585,575	$2,110,375
Total Uses:	$76,240,000	$128,765,430	$205,005,430

Eligible Debt Counting Toward the Total Debt Limit = $132,130,430

Proposed Service Plan Total Debt Limit = $128,800,000

summarized from: Exhibit E, Numerical Plan.

The Series 2027 Bonds are sized with a par amount of bonds of $76,240,000. A portion of those bond proceeds are utilized for costs of issuance (e.g. legal, market study, etc.) and for the underwriter's discount (which is the compensation to the investment bank for selling the bonds). A portion of those bond proceeds are also shown funding a surplus fund for the bonds, and funding 24 months of capitalized interest (to pay the first 24 months of interest on the bonds). After those costs, the Series 2027 Bonds are shown resulting in $60,134,200 in net proceeds available to fund eligible public improvements costs.

The Series 2037 Bonds are sized with a par amount of bonds of $117,115,000. About $11,650,430 from the surplus fund and additional surplus revenues accumulated on the Series 2027 financing are also shown as a source of funds for the Series 2037 financing. A total of $72,875,000 of those proceeds are used to refund the total outstanding principal balance on the Series 2027 Bonds. After issuance costs and funding of a debt service reserve, the Series 2037 Bonds are shown resulting in an additional $46,263,855 in net proceeds available to fund eligible public improvements costs.

Piper Sandler, the applicant's underwriter who prepared the Numerical Plan, has included a written service plan cover memo describing the Numerical Plan and its key parameters and assumptions.

Numerical Plan – Bond Sizing Model – Net Proceeds for Eligible Costs:

Combined, the Series 2027 and Series 2037 Bonds show a total of $106,398,055 in net bond proceeds available to fund eligible costs. $60,134,200 are shown realized at the end of 2027 prior to the first year of home delivery, and another $46,263,855 are shown realized ten years later with the second bond issuance. For context, the total estimated public improvements costs for the Districts (in Exhibit D) totals $134,644,180, which includes $27,390,000 for water production site and wastewater treatment plant expansion improvements, along with improvements associated with the residential District development phases.

With the multiple District structure, bond proceeds to fund eligible costs may be realized in multiple phases than what is shown in the Numerical Plan.

Numerical Plan – Debt Amount Shown – in Relation to Proposed Total Debt Limit:

The proposed aggregate Total Debt Limit among the Districts is $128,800,000. The Numerical Plan shows, between the Series 2027 and Series 2037 Bonds, a total of $132,130,430 in aggregate Debt counting toward the Total Debt Limit, repaid over a 40-year bonding period.

The principal amount of any outstanding Debt refunded by a subsequent bond issuance does not count as new Debt toward the Total Debt Limit. The full par amount of the Series 2027 Bonds would count toward the Total Debt Limit, but the portion of the Series 2037 Bonds utilized to refund principal on the prior Series 2027 financing would not count toward the Total Debt Limit. The sources and uses summary table on the previous page highlights in gray the amounts that would be eligible Debt counting toward the Total Debt Limit, with the assumption that all of the $11,650,430 in surplus funds on hand used as a source on the Series 2037 financing are applied towards refunding of the $72,875,000 in outstanding Series 2027 principal.

The Numerical Plan demonstrates an aggregate bond financing capacity amount from the full 1,193 home buildout in one series of bond issuances, assuming all construction starting in 2028. In practice, with the multiple District structure, the actual bond issuances may be phased as the Districts develop.

The Numerical Plan demonstrates parameters under which the Districts in aggregate may issue and repay the total requested Debt authorization amount of $128,800,000 over 40-year financing period(s).

Numerical Plan – Modeled at Maximum Debt Mill Levy:

The Numerical Plan models the Maximum Debt Mill Levy every year over the 40-year bond period. By the first year of full buildout, shown in revenue year 2041, the Numerical Plan estimates the Maximum Debt Mill Levy on 1,193 homes to generate $4,897,865 in total annual revenues available for debt service among the Districts.

<u>Numerical Plan – Bond Interest Rate and Debt Service Coverage Ratio Assumptions</u>:
The Numerical Plan sizes the Series 2027 and Series 2037 Bonds with a stabilized annual debt service coverage ratio of only 1.00x, meaning that total annual principal and interest payments on the bonds are just equal to the total annual revenues estimated to result from the Maximum Debt Mill Levy (plus one-time water tap fee revenues during the buildout period). The annual interest (coupon rate) modeled on the unrated Series 2027 Bonds is 5.00%. The annual coupon rate modeled on the investment-grade Series 2037 Bonds is lower at 4.00%, as it would be secured by near-full stabilized buildout.

These assumed bond coupon rates, at an overall debt service coverage ratio of 1.00x, would be generally representative of close to historic best-case municipal bond market conditions. Interest rates have been substantively higher on recent similar general obligation bond issuances in the current bond market environment. However, these modeled coupon rates and debt service coverage ratios are the same as the bond parameter assumptions used in other service plans approved in Elbert County over the past several years.

In their cover memo to the Numerical Plan, Piper Sandler wrote: “The proposed debt issuances in the financial model are structured to align across all kinds of capital market environments. In 2021, improved market conditions allowed for early-stage issuances with interest rates below 5% and no capitalized interest or reserve fund requirements. This model does not represent those aggressive, actual market conditions, but it does provide flexibility in the event market conditions improve from their current state when bonds are ultimately issued, which we cannot predict. The Districts should not be harmed by showing bond structures that are only representing today’s current market conditions.”

Attachment A: Total Mill Levies of Existing Residential Metropolitan District Communities in Elbert County – tax year 2025 (payable 2026) certified levies

tax year 2025 (payable 2026)	Total Mills
Independence No. 2	**173.673**
Independence Metro. Dist. No. 2	**77.414**
Independence Overlay MD	**16.868**
Other Taxing Entities	79.391
	No HOA

tax year 2025 (payable 2026)	Total Mills
Spring Valley Ranch No. 4	**172.637**
Spring Valley Metro. Dist. No. 4	**85.176**
Other Taxing Entities	87.461
HOA Fee:	yes

tax year 2025 (payable 2026)	Total Mills
Independence No. 1	**172.230**
Independence Metro. Dist. No. 1	**75.971**
Independence Overlay MD	**16.868**
Other Taxing Entities	79.391
	No HOA

tax year 2025 (payable 2026)	Total Mills
Legacy Village*	**169.921**
E-86 Metropolitan District	**77.559**
Other Taxing Entities	92.362
HOA Fee:	yes

tax year 2025 (payable 2026)	Total Mills
Gold Creek Valley*	**160.977**
Ritoro Metropolitan District	**68.615**
Other Taxing Entities	92.362
HOA Fee:	yes

tax year 2025 (payable 2026)	Total Mills
Spring Valley Ranch No. 6	**159.652**
Spring Valley Metro. Dist. No. 6	**84.700**
Other Taxing Entities	74.952
HOA Fee:	yes

tax year 2025 (payable 2026)	Total Mills
Spring Valley Ranch No. 3	**150.960**
Spring Valley Metro. Dist. No. 3	**76.008**
Other Taxing Entities	74.952
HOA Fee:	yes

tax year 2025 (payable 2026)	Total Mills
Spring Valley Ranch No. 2	**150.373**
Spring Valley Metro. Dist. No. 2	**75.421**
Other Taxing Entities	74.952
HOA Fee:	yes

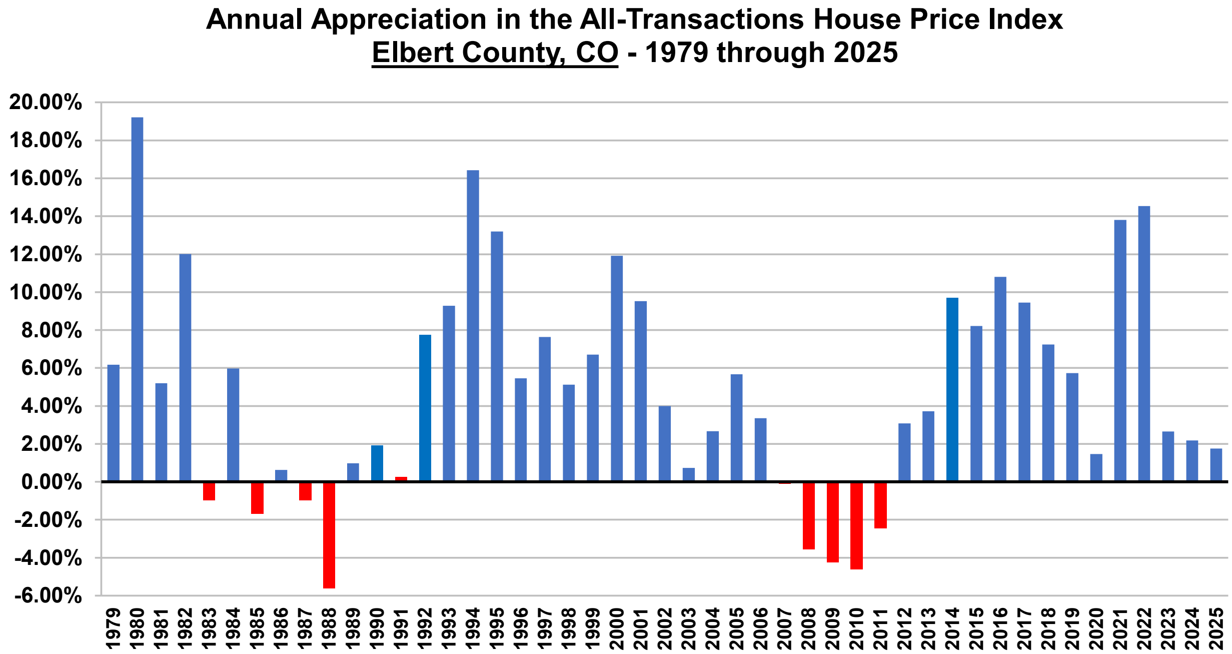
tax year 2025 (payable 2026)	Total Mills
Elkhorn Ranch	**136.461**
Elkhorn Ranch Metro. Dist. No. 1	**49.000**
Other Taxing Entities	87.461
HOA Fee:	yes

tax year 2025 (payable 2026)	Total Mills
Sky Rim	**131.128**
North Pines Metro. Dist.	**43.667**
Other Taxing Entities	87.461
HOA Fee:	yes

tax year 2025 (payable 2026)	Total Mills
Wild Pointe Ranch	**122.391**
Elbert & Hwy 86 Metro. Dist.	**43.000**
Other Taxing Entities	79.391
HOA Fee:	yes

***** indicates district is located in Town of Elizabeth - not unincorporated Elbert County.

<u>Attachment B</u>: Data on Historical Rates of Home Value Appreciation in Elbert County



Source: U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Elbert County, CO [ATNHPIUS08039A].
Data release date of June 30, 2026.

All-Transactions House Price Index for Elbert County, CO	1985: 46.60 2025: 272.10	1995: 70.18 2025: 272.10	2005: 124.50 2025: 272.10	2015: 140.21 2025: 272.10
Avg. Annual Appreciation	**40-Yr: 4.5%**	**30-Yr: 4.6%**	**20-Yr: 4.0%**	**10-Yr: 6.9%**