NEW ISSUE – BOOK ENTRY ONLY **NOT RATED**
BANK QUALIFIED

In the opinion of Kline Alvarado Veio, P.C., Denver, Colorado, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds. The Bonds are being designated by the District as qualified tax-exempt obligations under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the deductibility of a financial institution's interest expenses allocable to tax-exempt interest. See "TAX MATTERS" herein.

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

$4,710,000
SENIOR GENERAL OBLIGATION
LIMITED TAX REFUNDING BONDS
SERIES 2022A

$985,000
SUBORDINATE GENERAL OBLIGATION
LIMITED TAX REFUNDING BONDS
SERIES 2022B

Dated: Date of Delivery **Due: As shown on the inside front cover**

The Series 2022A Senior Bonds and the Series 2022B Subordinate Bonds, referred to herein collectively as the "Bonds," are issued by the District pursuant to separate Indentures of Trust to be entered into by and between the District and UMB Bank, n.a., Denver, Colorado, as trustee, and have different provisions regarding, among other things, maturity, principal and interest payment dates, prior redemption, security and sources and priority of payment. *Capitalized terms used on this cover page have the meanings set forth herein.*

The Bonds are issued for the purpose of refunding the Refunded Obligations, paying the costs of issuing the Bonds and, in the case of the Series 2022A Senior Bonds only, funding a reserve fund for the Series 2022A Senior Bonds as described herein.

The Bonds are issued in fully registered form and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Bonds. Beneficial Ownership Interests in the Bonds, in book-entry only form, may be purchased in minimum denominations of $500,000 and integral multiples of $1,000 in excess thereof by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Bonds by the rules and operating procedures applicable to the DTC book-entry only system as described herein.

The Series 2022A Senior Bonds bear interest from the Issue Date until paid, at the rate per annum set forth on the inside cover hereof, payable on December 1, 2022, and semiannually on each June 1 and December 1 thereafter for so long as the Series 2022A Senior Bonds are outstanding, and mature on the date(s) set forth on the inside front cover hereof, subject to both mandatory sinking fund redemption and optional redemption prior to maturity as described herein.

The Series 2022B Subordinate Bonds bear interest from the Issue Date until paid, at the rate per annum set forth on the inside front cover hereof, payable annually on December 15, commencing December 15, 2022, to the extent of Subordinate Pledged Revenue available therefor, and mature on the date(s) set forth on the inside front cover hereof, subject to mandatory redemption and optional redemption prior to maturity as described herein.

Maturity Schedules on Inside Front Cover

The Series 2022A Senior Bonds constitute limited tax general obligations of the District payable solely from the Senior Pledged Revenue and certain funds and accounts established by the Senior Indenture as described herein. The Series 2022A Senior Bonds constitute an irrevocable lien upon the Senior Pledged Revenue, but not necessarily as exclusive such lien. *The Series 2022A Senior Bonds will be deemed to be paid in full and discharged on May 1, 2062, notwithstanding that any amounts remain unpaid thereon after application of all Senior Pledged Revenue available therefor on such date.*

The Series 2022B Subordinate Bonds also constitute limited tax general obligations of the District payable solely from the Subordinate Pledged Revenue and certain funds and accounts established by the Subordinate Indenture as described herein. The Series 2022B Subordinate Bonds constitute an irrevocable lien on the Subordinate Pledged Revenue, but not necessarily an exclusive such lien. *The Series 2022B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2022B Subordinate Bonds is payable annually to the extent of Subordinate Pledged Revenue available therefor, if any. There are no scheduled payments of principal of the Series 2022B Subordinate Bonds prior to their maturity date, but rather the Series 2022B Subordinate Bonds are subject to mandatory redemption on each December 15 prior to maturity from and to the extent of any available Subordinate Pledged Revenue, as described herein. The Series 2022B Subordinate Bonds will be deemed to be paid in full and discharged on May 1, 2062, notwithstanding that any amounts remain unpaid thereon after application of all Subordinate Pledged Revenue available therefor on such date.*

AN INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISK. This cover page is provided for quick reference only. It is not a summary of this issue. Prospective investors should read this Limited Offering Memorandum in its entirety in order to make an informed investment decision, giving particular attention to the matters discussed in "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

The Bonds will be issued to a limited number of financial institutions and institutional investors within the meaning of Section 32-1-1101(6)(a)(IV), C.R.S., as described herein.

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter named below, subject to prior sale, and certain other conditions. Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Kline Alvarado Veio, P.C., Denver, Colorado, as Bond Counsel. Certain matters will be passed upon for the District by Icenogle Seaver Pogue, P.C., Denver, Colorado, as general counsel to such District. Sherman & Howard L.L.C., Denver, Colorado, is serving as counsel to the Underwriter in connection with this financing. Kline Alvarado Veio, P.C., Denver, Colorado, is also serving as special disclosure counsel in connection with this financing and in such capacity has assisted in the preparation of this Limited Offering Memorandum. Piper Sandler & Co., Denver, Colorado, has acted as municipal advisor to the District in connection with the offering, execution and delivery of the Bonds. It is expected that the Bonds will be available for delivery to the Underwriter through the DTC system on or about May 5, 2022.

WELLS FARGO SECURITIES

Dated: April 22, 2022

MATURITY SCHEDULES

SENIOR GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, SERIES 2022A

$4,710,000 5.250% Term Bonds Due December 1, 2052[1] – Price: 100.000%
CUSIP® No. 94133F AC3

SUBORDINATE GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, SERIES 2022B

$985,000 8.250% Term Bonds Due December 15, 2052[2] – Price: 100.000%
CUSIP® No. 94133F AD1

1 The Series 2022A Senior Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in "THE SERIES 2022A SENIOR BONDS – Redemption Prior to Maturity."

2 The Series 2022B Subordinate Bonds are subject to optional and mandatory redemption prior to maturity as described in "THE SERIES 2022B SUBORDINATE BONDS – Redemption Prior to Maturity."

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ABOVE. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

* * *

® CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, and is provided solely for the convenience of the purchasers of the Bonds and only as of the issuance of the Bonds. None of the District, the Senior Indenture Trustee, the Subordinate Indenture Trustee or the Underwriter has any responsibility for the accuracy of such data now or at any time in the future. The CUSIP numbers for the Bonds may be changed after the issuance of the Bonds as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of the Bonds or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

Boards of Directors and Officers of the District

Kim L. Perry, Chairman and President
Abby Kirkbride, Vice President/ Assistant Secretary
Samantha Salazar, Secretary
Timothy DePeder, Treasurer
Rishi Loona, Assistant Secretary

General Counsel to the District

Icenogle Seaver Pogue, P.C.
Denver, Colorado

District Manager and Accountant

Pinnacle Consulting Group, Inc.
Loveland, Colorado

Trustee, Paying Agent and Registrar

UMB Bank, n.a.
Denver, Colorado

Bond and Disclosure Counsel

Kline Alvarado Veio, P.C.
Denver, Colorado

Underwriter

Wells Fargo Securities, LLC
Denver, Colorado

Municipal Advisor

Piper Sandler & Co.
Denver, Colorado

Counsel to the Underwriter

Sherman & Howard L.L.C.
Denver, Colorado

PRELIMINARY NOTICES

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Limited Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Bonds, nor may the Bonds be sold, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Limited Offering Memorandum has been obtained from sources which are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities 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.

UMB BANK, N.A., BY ACCEPTANCE OF ITS DUTIES AS THE SENIOR INDENTURE TRUSTEE AND THE SUBORDINATE INDENTURE TRUSTEE, HAS NOT REVIEWED THIS LIMITED OFFERING MEMORANDUM AND HAS MADE NO REPRESENTATIONS AS TO THE INFORMATION CONTAINED HEREIN.

The information and expressions of opinion herein speak only as of the date of this Limited Offering Memorandum and are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information contained herein since the date of this Limited Offering Memorandum.

The order and placement of materials in this Limited Offering Memorandum, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Limited Offering Memorandum, including the appendices, must be considered in its entirety. The captions and headings in this Limited Offering Memorandum are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Limited Offering Memorandum. The offering of the Bonds is made only by means of this entire Limited Offering Memorandum.

This Limited Offering Memorandum is submitted in connection with the initial offering and sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership thereof) is not required under applicable federal or Colorado securities laws pursuant to exemptions from registration provided in such laws. The Bonds also have not been registered under or otherwise qualified for sale under the "blue sky" laws and regulations of any other state. The District assumes no responsibility for qualification or registration of the Bonds for sale under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Limited Offering Memorandum.

Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements

This Limited Offering Memorandum, and particularly the Financial Forecast (as defined and discussed herein), contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Limited Offering Memorandum, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" 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.

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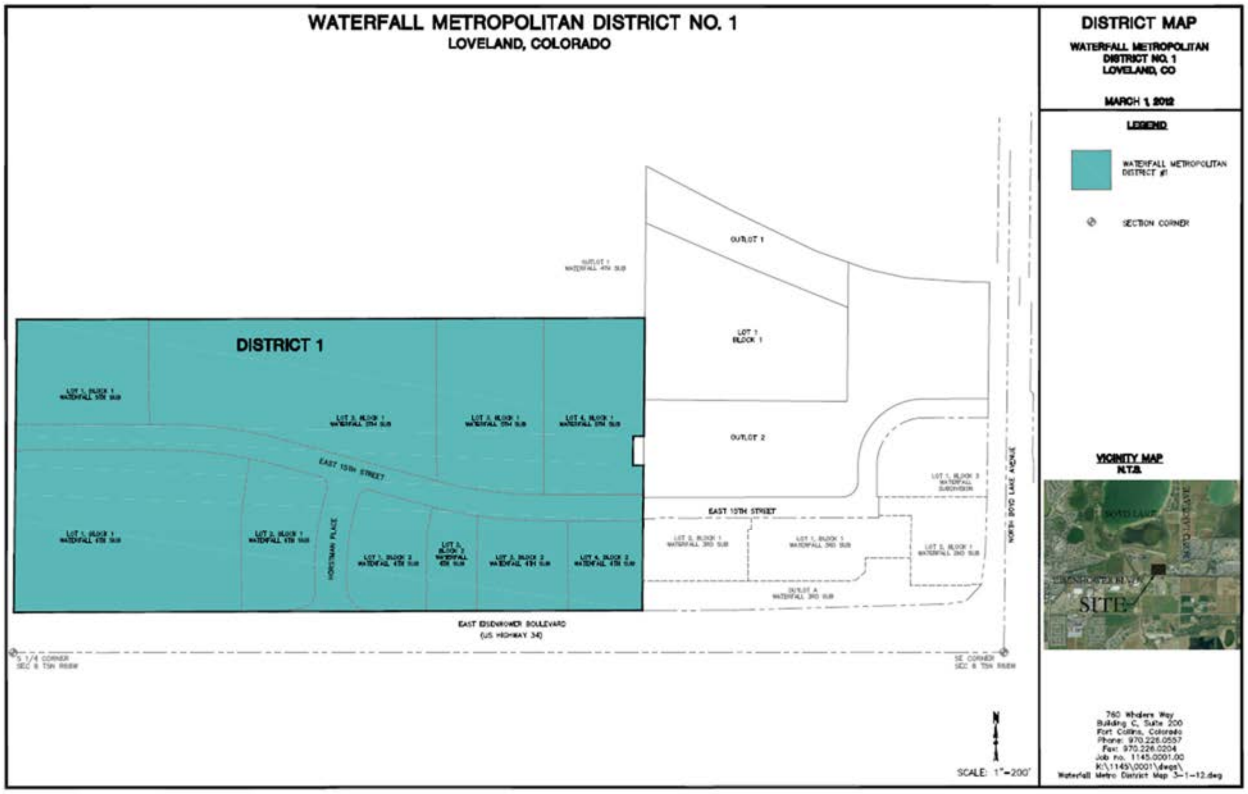
VICINITY MAP

DISTRICT BOUNDARIES MAP



AERIAL VIEW OF THE DISTRICT

An aerial video of the District and the immediate vicinity was created on January 30, 2022, and may be viewed at https://vimeo.com/697031563/6228c3812d. 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.

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LIMITED OFFERING MEMORANDUM

Relating to

WATERFALL METROPOLITAN DISTRICT NO. 1

IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

$4,710,000	**$985,000**
SENIOR GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS SERIES 2022A	**SUBORDINATE GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS SERIES 2022B**

INTRODUCTION

This Limited Offering Memorandum, including the cover page, inside front cover, preliminary notices and appendices, is furnished in connection with the issuance and sale by Waterfall Metropolitan District No. 1, in the City of Loveland, Larimer County, Colorado (the "District" or the "Issuer"), of its Senior General Obligation Limited Tax Refunding Bonds, Series 2022A (the "Series 2022A Senior Bonds"), in the aggregate principal amount of $4,710,000, and its Subordinate General Obligation Limited Tax Refunding Bonds, Series 2022B (the "Series 2022B Subordinate Bonds"), in the aggregate principal amount of $985,000, referred to herein collectively as the "Bonds." The Bonds will be issued by the District solely to financial institutions and institutional investors within the meaning of Section 32-1-1101(6)(a)(IV) of the Colorado Revised Statutes, as amended ("C.R.S."), as described herein. The Bonds are being underwritten by Wells Fargo Securities, LLC (the "Underwriter"). See "Limited Offering" hereafter in this "INTRODUCTION."

This Limited Offering Memorandum contains information that either was not available or differs from that contained in the Preliminary Limited Offering Memorandum dated April 8, 2022 (the "PLOM"), including, without limitation, the aggregate principal amounts, interest rates, prices, CUSIP numbers and redemption provisions of the Bonds, the estimated sources and application of the proceeds of the Bonds, the price paid by the Underwriter for the Bonds and other terms of the Bonds that are dependent on these matters, including the final version of the Financial Forecast described herein. Prospective investors should therefore read this Limited Offering Memorandum in its entirety.

Prospective investors are cautioned that each Series of the Bonds is being issued pursuant a separate Indenture of Trust (the "Senior Indenture" and the "Subordinate Indenture," respectively, and together, the "Indentures") dated as of May 1, 2022, and entered into on the date of issuance and delivery of the Bonds (the "Issue Date") by and between the District and UMB Bank, n.a., Denver, Colorado, as trustee thereunder (the "Senior Indenture Trustee" and the "Subordinate Indenture Trustee," respectively). Moreover, each Series of the Bonds has different provisions regarding, among other things, maturity, principal and interest payment dates, prior redemption, security and sources and priority of payment. Accordingly, prospective investors are advised to read this Limited Offering Memorandum carefully and in its entirety in order to both understand the differences among the Series 2022A Senior Bonds and the Series 2022B Subordinate Bonds and to make an informed investment decision.

THE FOLLOWING SUMMARIZES CERTAIN OF THE INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED BY REFERENCE TO THE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS LIMITED OFFERING MEMORANDUM. PROSPECTIVE INVESTORS SHOULD READ THE LIMITED OFFERING MEMORANDUM IN ITS ENTIRETY, INCLUDING THE COVER PAGE, INSIDE COVER, PRELIMINARY NOTICES, MAPS AND AERIAL PHOTOGRAPHS AND APPENDICES, IN ORDER TO MAKE AN INFORMED INVESTMENT DECISION.

The District

The Bonds will be issued by the District, a quasi-municipal corporation and a political subdivision of the State of Colorado (the "State") that was organized pursuant to an Order and Decree Organizing the District (the "Order and Decree") from the District Court of Larimer County (the "County") dated May 16, 2008 and recorded with the Larimer County Clerk and Recorder on May 29, 2008, pursuant to Article 1 of Title 32, C.R.S. (the "Special District Act"), for the purpose of providing public improvements and services for the benefit of the inhabitants and taxpayers of the District.

The powers and authority of the District are provided by the Special District Act and a Consolidated Service Plan for Waterfall Metropolitan District Nos. 1-2[1] (as amended from time to time, the "Service Plan") approved by the City Council of the City of Loveland (the "City") on April 1, 2008. The Service Plan provides that, subject to the limitations set forth therein, the District has the authority to provide the services and exercise such powers as are expressly or impliedly granted by State law, pursuant to which the District will be permitted to finance, construct, acquire, operate and maintain certain public facilities and improvements necessary to serve the Development (defined below). The Service Plan additionally provides that the District shall, in accordance with the policies of the City, dedicate, or cause to be dedicated on its behalf, all completed public improvements customarily dedicated to the City, though the District will have the power to operate and maintain certain improvements not dedicated to the City including, but not limited to, all neighborhood parks, all recreational improvements, and any potable or non-potable irrigation systems.

Location. The District is located in the eastern portion of the City, which is generally located along the Front Range near the foothills of the Rocky Mountains, approximately 19 miles south of Fort Collins, approximately 37 miles northeast of Boulder, and approximately 50 miles northwest of downtown Denver. The District is located approximately 65 miles northwest of Denver International Airport. The District is located on the north side of U.S. Highway 34 (also known as East Eisenhower Boulevard) approximately one mile west of Interstate 25, which is the primary north-south thoroughfare that runs through the State and connects most of the major Front Range population centers. See "VICINITY MAP," "DISTRICT BOUNDARIES" and "AERIAL VIEW OF THE DISTRICT" at the beginning of this Limited Offering Memorandum.

Assessed Value. All of the property within the boundaries of the District is currently assessed as commercial, vacant, or state assessed property with an aggregate 2021 assessed valuation (for 2022 tax collections) of $9,547,115 and statutory "actual" valuation (being the value from which the assessed valuation is calculated) of $32,921,160. See "DISTRICT FINANCIAL INFORMATION – Property Tax Statistics –*Assessed Valuation and Statutory "Actual" Value of Taxable Property in the District by Property Classification*."

Development Within the District

Generally. The property within the District consists of the Boyd Lake Village development ("Boyd Lake Village" or the "Development"), an approximately 29 acre commercial and office development which currently consists of two medical office buildings. The boundaries of the District and the Development are the same. The Development is being developed by MBL 34, LLC, a Colorado limited liability company (the "Developer"). The Developer is a special purpose entity organized to facilitate the planned

[1] While the Service Plan contemplates a multiple district structure, Waterfall Metropolitan District No. 2, which was formed simultaneously with the District, was dissolved pursuant to an Order and Decree of the District Court of the County dated May 16, 2019 and recorded with the Larimer County Clerk and Recorder on May 17, 2019.

development of Boyd Lake Village. The Developer is an affiliate entity of McWhinney Real Estate Services, Inc., a Colorado corporation and real estate developer based in the City ("McWhinney").

Of the approximately 29 acres within the District, approximately 26 acres are developable, and the remaining approximately three acres are dedicated for use as street rights-of-way. Of the developable property in the District, approximately nine acres are developed, and the remaining property (consisting of approximately 17 acres) is vacant and undeveloped. Current development within the District consists of two medical office buildings, one of which contains the Orthopaedic & Spine Center of the Rockies, an approximately 99,138 square feet orthopedic care and surgical center (which is owned by an entity affiliated with the Developer). The other medical office building contains Urology of the Rockies, Reynolds Oral & Facial Surgery, and Crane & Seager Orthodontics, and consists of approximately 5,500 square feet.

The remaining property within the District is currently vacant. A portion of the vacant property, consisting of approximately 10 acres, is owned by Loveland Church of the Nazarene, a Colorado nonprofit corporation and religious organization. *This property, consisting of approximately 35% of the property in the District, is tax-exempt and is therefore not subject to taxation to pay debt service on the Bonds or is otherwise obligated in any manner to pay the Bonds*. See "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes." The remaining undeveloped property in the District (consisting of approximately 6 acres) is owned by the Developer. The undeveloped portion of the District that is owned by the Developer is subject to a restrictive covenant which prevents the property from being used to operate any facility providing health care services through 2031. See the table titled "Status of Development Activity in the District as of April 14, 2022" hereafter in this section.

The Financial Forecast included as Appendix B hereto assumes that the remaining undeveloped property within the District owned by the Developer will <u>not</u> be developed and projects that repayment of the Bonds will take place irrespective of whether such property is developed or remains vacant. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Developer; No Obligation to Complete Development." Additionally, no absorption studies or appraisals have been done for any of the undeveloped property within the District owned by the Developer since December 2016, and the District makes no representations regarding the current or future development or business plans of any of the owners of property within the District. *There is no assurance that any additional development will occur within the District.*

Platting Status. Boyd Lake Village was approved for development by the City in 2007 with the City's adoption of a "Conceptual Master Plan, J-B First Addition, Waterfall Addition Tracts A, D" (as amended in May 2014 and November 2014, the "Master Plan"), which was last revised by the Third Amendment to Conceptual Master Plan, J-B First Addition, Waterfall Addition Tracts A, D, approved in June, 2017. The Master Plan provides for the general layout of the streets in the Development and established design standards. The property in the Development was platted in 2007 and portions were replatted in 2008, 2009 and 2019. Prior to any additional construction taking place within the District, any new proposed building must receive a building permit and satisfy other requirements of the City and/or other applicable governmental entities.

The status of development activity in the District is summarized in the following table.

Status of Development Activity in the District as of April 7, 2022

Owner	**Description**	**Completed Sq. Footage**	**Acres**	**% of Total (Acreage)**
Loveland Church of the Nazarene[(1)]	Vacant	--	10.42	39.79%
3470 Holdings LLC[(2)]	Orthopaedic & Spine Center of the Rockies	99,138	8.24	31.46
Developer[(3)]	Vacant	--	6.10	23.29
Condo Unit Owners[(4)]	Medical Offices	5,500	1.43	5.46
	TOTAL:	104,638	26.19[(5)]	100%

(1) Loveland Church of the Nazarene is a Colorado nonprofit corporation and is therefore exempt from paying property taxes. *As such, this property, consisting of approximately 35% of the property in the District (and approximately 40% of the developable property in the District), is* <u>*not*</u> *subject to taxation to pay debt service on the Bonds or is otherwise obligated in any manner to pay the Bonds.*

(2) This entity is affiliated with the Developer.

(3) The undeveloped portion of the District that is owned by the Developer is subject to a restrictive covenant which prevents the property from being used to operate any facility providing health care services through 2031.

(4) Includes Callaway Properties Inc., Crane BLV Properties, LLC and Reynolds Property Holdings, LLC. These entities together own the condominium units comprising Urology of the Rockies, Reynolds Oral & Facial Surgery, and Crane & Seager Orthodontics.

(5) Total does not include approximately three acres dedicated for use as street rights-of-way.

Public Improvements. All of the public improvements necessary to serve the existing medical office buildings within the District are complete. Completed public improvements generally consist of grading, streets, sidewalks, sanitary sewer lines, water lines, storm sewer lines, storm water detention ponds, streetlights, street signage, landscaping, and irrigation. As described herein, the Service Plan provides that, with certain exceptions, the District shall dedicate, or cause to be dedicated on its behalf, all completed public improvements customarily dedicated to the City. The Service Plan additionally provides that, in order to minimize the proliferation of new governmental structures and personnel, the District intends to utilize existing entities, to the extent possible for operations and maintenance of public improvements. As such, all completed public improvements have been dedicated to the City, with the exception of landscaping, irrigation, and stormwater structures, which are owned and maintained by the District. See generally "DISTRICT FINANCIAL INFORMATION – Funding of Operations and maintenance Costs."

A portion of the proceeds of the Bonds, consisting of approximately $1,338,587.60, will be applied to reimburse the Developer pursuant to the 2016 Note, which was issued to the Developer for the purpose of financing public improvements within the District. See "THE DISTRICT – Certain Agreements Affecting the District – *Acquisition and Reimbursement Agreement*."

The Bonds Generally

Authorization. The Bonds are issued under authority of the constitution and laws of the State of Colorado, including, without limitation, the Special District Act and Part 2 of Article 57 of Title 11, C.R.S. (the "Supplemental Public Securities Act"), and pursuant to an authorizing resolution (the "Bond Resolution") adopted by the District's Board of Directors and the Indentures. The Bonds have also been authorized by the District's voters at the District's organizational election held on May 6, 2008. See "THE SERIES 2022A SENIOR BONDS – Authorization," "THE SERIES 2022B SUBORDINATE BONDS – Authorization," "DISTRICT FINANCIAL INFORMATION –Revenue and Spending Limitations – *TABOR*" and "DISTRICT DEBT STRUCTURE – Authorization."

Purpose. The Series 2022A Senior Bonds are issued for the purpose of: (i) paying and discharging the District's Limited Tax General Obligation Refunding Bonds, Series 2016A, originally issued in the aggregate principal amount of $1,710,000 (the "Series 2016A Bonds"), paying and discharging the District's Limited Tax General Obligation Bonds, Series 2018, originally issued in the aggregate principal amount of $2,211,000 (the "Series 2018 Bonds"), and paying and discharging a portion of the District's Limited Tax General Obligation Subordinate Promissory Note, originally issued to the Developer in the aggregate principal amount of $2,486,471.25 (the "2016 Note," and together with the Series 2016A Bonds and the Series 2018 Bonds, the "Refunded Obligations"), (ii) funding the Senior Reserve Fund in the amount of the Senior Required Reserve ($357,200); and (iii) paying costs of issuance in connection with the Series 2022A Senior Bonds. The Series 2022B Subordinate Bonds are issued for the purpose of: (i) paying and discharging a portion of the 2016 Note; and (ii) paying costs of issuance in connection with the Series 2022B Subordinate Bonds. See "PLAN OF FINANCING."

General Provisions. The Bonds will be dated as of the Issue Date and will be issued in the amounts, bear interest at the rates and mature on the dates set forth on the inside front cover of this Limited Offering Memorandum and as described below, subject to mandatory redemption and optional redemption prior to maturity as described in "THE SERIES 2022A SENIOR BONDS – Redemption Prior to Maturity" and "THE SERIES 2022B SUBORDINATE BONDS – Redemption Prior to Maturity."

Interest on the Series 2022A Senior Bonds. The Series 2022A Senior Bonds will bear interest from the Issue Date at the rate per annum (computed on the basis of a 360-day year of twelve 30-day months) set forth on the inside front cover of this Limited Offering Memorandum, payable semiannually on each June 1 and December 1, commencing December 1, 2022 (each a "Series 2022A Senior Bonds Interest Payment Date"), to the extent of Senior Pledged Revenue (defined hereafter) available therefor, until the Series 2022A Senior Bonds are paid in full, discharged or are redeemed prior to maturity.

Interest on the Series 2022B Subordinate Bonds. The Series 2022B Subordinate Bonds will bear interest from the Issue Date at the rate per annum (computed on the basis of a 360-day year of twelve 30-day months) set forth on the inside front cover of this Limited Offering Memorandum, payable annually on each December 15, commencing December 15, 2022 (each a "Series 2022B Subordinate Bonds Interest Payment Date"), to the extent of Subordinate Pledged Revenue (defined hereafter) available therefor, until the Series 2022B Subordinate Bonds are (or are deemed to be) paid in full, discharged or are redeemed prior to maturity. See also "Security and Sources of Payment for the Series 2022B Subordinate Bonds – *Termination Date*" hereafter in this section.

Paying Agents and Registrars. The Senior Indenture Trustee and the Subordinate Indenture Trustee will serve as the paying agent and registrar for the Series 2022A Senior Bonds and the Series 2022B Subordinate Bonds, respectively.

Authorized Denominations. The Bonds (including Beneficial Ownership Interests therein as discussed in "*Book-Entry Only Form*" hereafter) may be issued and transferred only in the denominations authorized by the respective Indentures ("Authorized Denominations"), initially being a minimum of $500,000 or any integral multiple of $1,000 in excess thereof (with an exception for partial redemptions) "THE SERIES 2022A SENIOR BONDS – Authorized Denominations" and "THE SERIES 2022B SUBORDINATE BONDS – Authorized Denominations."

Book-Entry Only Form. The Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Bonds. Ownership interests in the Bonds ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased by Qualified Investors (defined in "Limited Offering" hereafter in this section) in Authorized Denominations by or through participants in the DTC system ("DTC Participants"). Beneficial Ownership Interests in the Bonds will be recorded in the name of the purchasers thereof ("Beneficial Owners") on the books of the DTC Participants from whom they are acquired, and will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2022A SENIOR BONDS," "THE SERIES 2022B SUBORDINATE BONDS" and "APPENDIX E – DTC BOOK-ENTRY SYSTEM." References in this Limited Offering Memorandum to the registered owners of the Bonds (the "Owners") mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Security and Sources of Payment for the Series 2022A Senior Bonds

Limited Tax Obligations. The Series 2022A Senior Bonds constitute limited tax general obligations of the District.

The Senior Trust Estate. The Series 2022A Senior Bonds are secured by certain revenues and funds comprising the trust estate under the Senior Indenture (the "Senior Trust Estate"), including, without limitation: (i) the Senior Pledged Revenue described below; and (ii) amounts on deposit from time to time in the following funds established by the Senior Indenture: the "Waterfall Metropolitan District No. 1 Senior General Obligation Limited Tax Refunding Bonds, Series 2022A, Bond Fund" (the "Senior Bond Fund"), and the "Waterfall Metropolitan District No. 1 Senior General Obligation Limited Tax Refunding Bonds, Series 2022A, Reserve Fund" (the "Senior Reserve Fund"). The Series 2022A Senior Bonds constitute an irrevocable lien upon the Senior Pledged Revenue, but not necessarily an exclusive such lien, on parity with any bonds, notes, debentures or other multiple fiscal year financial obligations having a lien upon the Senior Pledged Revenue or any part thereof on parity with the lien thereon of the Series 2022A Senior 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 Senior Indenture (collectively, "Senior Parity Bonds"). See "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Additional Obligations*," "DISTRICT DEBT STRUCTURE – General Obligations – *Debt Limits – Voter-Approved Debt Authorization Available After Issuance of the Bonds*" and "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Additional Obligations Payable From the Senior Pledged Revenue."

Senior Pledged Revenue. The Series 2022A Senior Bonds are payable solely from and to the extent of the following sources of revenue (collectively, the "Senior Pledged Revenue[1]"):

- <u>Senior Property Tax Revenues</u>. The primary source of Senior Pledged Revenue is expected to be the "Senior Property Tax Revenues[2]," consisting of all moneys derived from the imposition by the District of the Senior Required Mill Levy.[3] 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.)

  The Senior Required Mill Levy means:

  (i) Subject to the final paragraph of this definition, an ad valorem mill levy (one mill being equal to 1/10 of 1¢) imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for

[1] Defined as "Pledged Revenue" in the Senior Indenture
[2] Defined as "Property Tax Revenues" in the Senior Indenture.
[3] Defined as "Required Mill Levy" in the Senior Indenture

the relevant Bond Year and pay the Series 2022A Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, in the amount of up to 45 mills, less the amount of the O&M Mill Levy (defined below); provided however, that: in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the minimum and maximum mill levies provided herein shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

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

- As used herein, "O&M Mill Levy" means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to pay the current and annual reasonable operation, maintenance and administrative obligations and reasonable budgetary reserves for the District which such mill levy shall not exceed 9 mills; provided however, that in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the foregoing maximum mill levy shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

- For additional information regarding Senior Property Tax Revenues, see generally "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged Revenue – Senior Property Tax Revenues*" and "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – Property Tax Statistics."

• <u>*Senior Specific Ownership Tax Revenues*</u>. The Senior Pledged Revenue also includes the "Senior Specific Ownership Tax Revenues[1]," consisting of the specific ownership taxes collected by the County and remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition of the Senior Required Mill Levy. See "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged*

[1] Defined as "Specific Ownership Tax" in the Senior Indenture.

Revenue – Senior Specific Ownership Taxes" and "DISTRICT FINANCIAL INFORMATION – Specific Ownership Taxes."

- <u>*Other Available Moneys*</u>. In addition to the Senior Property Tax Revenues and the Senior Specific Ownership Tax Revenues, the Senior Pledged Revenue also includes any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Reserve Fund. The Series 2022A Senior Bonds are also payable, if necessary, from amounts on deposit in the Senior Reserve Fund, which is required to be maintained at all times in the amount of $357,200 (the "Senior Required Reserve") and will be fully funded on the Issue Date from the proceeds of the Series 2022A Senior Bonds. Amounts in the Senior Reserve Fund are to be applied to pay the Series 2022A Senior Bonds in the event of an insufficiency in the amount on deposit in the Senior Bond Fund or to make the final payments in respect of the Series 2022A Senior Bonds. See "PLAN OF FINANCING – Other Uses of Proceeds of the Bonds – Estimated Sources and Uses of Bond Proceeds" and "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Reserve Fund.*"

Consequence of Insufficiency of Senior Pledged Revenue. *The Senior Pledged Revenue and the amounts available in the Senior Bond Fund and the Senior Reserve Fund may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2022A Senior Bonds when due. However, so long as the District neither fails nor refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture, the inability of the District to pay the principal of, premium, if any, or interest on the Series 2022A Senior Bonds when due will not constitute an event of default under the Senior Indenture (a "Senior Indenture Event of Default"). Any principal of a Series 2022A Senior Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2022A Senior Bond that is not paid when due will compound semiannually on each Series 2022A Senior Bonds Interest Payment Date at the interest rate borne by such Series 2022A Senior Bond; provided, however, that the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022A Senior Bonds, and all Series 2022A Senior Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount.*

Termination Date. **Notwithstanding any other provision of the Senior Indenture, in the event that any amount of principal of or interest on the Series 2022A Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on May 1, 2062 (the "Termination Date"), the Series 2022A Senior Bonds and the lien of the Senior Indenture securing payment thereof will be deemed discharged. The District is <u>not</u> required to impose the Senior Required Mill Levy for payment of the Series 2022A Senior Bonds after December 2061 for collection in calendar year 2062. See also "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *General*."**

Agreement and Consent of Owners and Beneficial Owners. By acceptance of the Series 2022A Senior Bonds or any Beneficial Ownership Interests therein, each Owner and Beneficial Owner of the Series 2022A Senior Bonds agrees and consents to all of the limitations in respect of the payment of principal of and interest on the Series 2022A Senior Bonds contained therein and in the Bond Resolution, the Senior Indenture and the Service Plan.

Additional Information. For additional information regarding the security for the payment of the Series 2022A Senior Bonds and the sources of Senior Pledged Revenue, see generally "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – Property Tax Statistics – Specific Ownership Taxes," "DISTRICT DEBT STRUCTURE," and "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE" as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Security and Sources of Payment for the Series 2022B Subordinate Bonds

Limited Tax Obligations. The Series 2022B Subordinate Bonds constitute limited tax general obligations of the District which are payable on a basis that is subordinate to the Series 2022A Senior Bonds.

The Subordinate Trust Estate. The Series 2022B Subordinate Bonds are secured by certain revenues and funds comprising the trust estate under the Subordinate Indenture (the "Subordinate Trust Estate"), including, without limitation, (i) the Subordinate Pledged Revenue described below, and (ii) amounts on deposit from time to time in the "Subordinate General Obligation Limited Tax Refunding Bonds, Series 2022B, Bond Fund" (the "Subordinate Bond Fund") established by the Subordinate Indenture. The Series 2022B Subordinate Bonds constitute an irrevocable lien on the Subordinate Pledged Revenue, but not necessarily an exclusive such lien, on parity with any other 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 2022B 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 Parity Bond within the meaning of the Subordinate Indenture (collectively, "Subordinate Parity Bonds"). See "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Additional Obligations – *Subordinate Parity Bonds*" and "DISTRICT DEBT STRUCTURE – General Obligations – *Debt Limits – Voter-Approved Debt Authorization Available After Issuance of the Bonds*."

The Series 2022B Subordinate Bonds constitute Subordinate Bonds under the Senior Indenture and are junior and subordinate in all respects to the Series 2022A Senior Bonds and any Senior Parity Bonds and Senior Bonds[1] issued or incurred after the issuance of the Bonds in accordance with the Senior Indenture and the Subordinate Indenture, respectively. See "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Additional Obligations – *Senior Bonds*" and "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Additional Obligations – *Senior Bonds*" for a discussion of the ability of the District to issue Senior Parity Bonds under the Senior Indenture and Senior Bonds under the Subordinate Indenture.

Subordinate Pledged Revenue. The Series 2022B Subordinate Bonds are payable solely from and to the extent of the following sources of revenue (collectively, the "Subordinate Pledged Revenue"):

- <u>Subordinate Property Tax Revenues</u>. The primary source of Subordinate Pledged Revenue is expected to be, after application of such amounts to pay amounts due on the Series 2022A Senior Bonds, the "Subordinate Property Tax Revenues," consisting of 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 Subordinate Required Mill Levy means:

  (i) Subject to the final paragraph of this definition, an ad valorem mill levy (one mill being equal to 1/10 of 1¢) imposed upon all taxable property of the District each year in the amount of up to 45 mills, less the amount of the O&M Mill Levy and less the amount of the Senior Required Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the

[1] "Senior Bonds" is defined in the Subordinate Indenture as, generally, the Series 2022A Senior Bonds and any Additional Bonds having a lien upon the District's ad valorem tax revenues, the Specific Ownership Tax, or any part thereof which has a prior claim, in whole or in part, to the claim thereon of the Bonds.

principal of and interest on the Series 2022B Subordinate Bonds in full; provided however, that in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. It is the intent hereof that if the amount of the Senior Bond Mill Levy plus the O&M Mill Levy equals or exceeds 45 mills in any year, adjusted for changes as aforesaid, the Subordinate Required Mill Levy for that year shall be zero.

(ii) 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 its electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

- As used herein, "O&M Mill Levy" means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to pay the current and annual reasonable operation, maintenance and administrative obligations and reasonable budgetary reserves for the District which such mill levy shall not exceed 9 mills; provided however, that in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the foregoing maximum mill levy shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

For additional information regarding Subordinate Property Tax Revenues, see generally "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – *Subordinate Pledged Revenue – Subordinate Property Tax Revenues,*" "Security and Sources of Payment for the Series 2022A Senior Bonds – *Senior Pledged Revenue*" above in this section, "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged Revenue – Senior Property Tax Revenues,*" "REQUIRED AND FORECAST DEBT SERVICE PAYMENTS ON THE BONDS," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – Property Tax Statistics" and "APPENDIX B – FINANCIAL FORECAST."

- *Subordinate Specific Ownership Tax Revenues*. The Subordinate Pledged Revenue also includes "Subordinate Specific Ownership Tax Revenues[1]," consisting of the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any

[1] Defined as "Specific Ownership Tax" in the Subordinate Indenture.

successor statute, as a result of imposition by the District of the Subordinate Required Mill Levy. See "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – *Subordinate Pledged Revenue – Subordinate Specific Ownership Tax Revenues*" and "DISTRICT FINANCIAL INFORMATION – Specific Ownership Taxes."

- <u>Other Available Moneys</u>. In addition to the Subordinate Property Tax Revenues and the Subordinate Specific Ownership Tax Revenues, the Subordinate Pledged Revenue includes any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Subordinate Pledged Revenue credit after application of such amounts to pay amounts due on the Series 2022A Senior Bonds.

Cash Flow Nature of the Series 2022B Subordinate Bonds; Consequence of Insufficiency of Subordinate Pledged Revenue. The Series 2022B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2022B Subordinate Bonds is payable on each Series 2022B Subordinate Bonds Interest Payment Date to the extent of any Subordinate Pledged Revenue available therefor. There are no scheduled payments of principal of the Series 2022B Subordinate Bonds prior to their maturity date, but rather the Series 2022B Subordinate Bonds are subject to mandatory redemption on December 15 of each year, commencing December 15, 2022 (each a "Series 2022B Subordinate Bonds Mandatory Redemption Date"), from and to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 30 days prior to the applicable Series 2022B Subordinate Bonds Mandatory Redemption Date, and subject to any minimum requirements with respect to the principal amount of Series 2022B Subordinate Bonds to be redeemed as provided in the Subordinate Indenture, as more particularly described in "THE SERIES 2022B SUBORDINATE BONDS – Redemption Prior to Maturity – *Mandatory Redemption* – Security and Sources of Payment – *Subordinate Bond Fund*."

The Subordinate Pledged Revenue and the amount available in the Subordinate Bond Fund may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2022B Subordinate Bonds when due. However, so long as the District neither fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture, the inability of the District to pay the principal of, premium, if any, or interest on the Series 2022B Subordinate Bonds when due will not constitute an event of default under the Subordinate Indenture (a "Subordinate Indenture Event of Default"). Any principal of a Series 2022B Subordinate Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2022B Subordinate Bond that is not paid when due will compound annually on each Series 2022B Subordinate Bonds Interest Payment Date at the interest rate borne by such Series 2022B Subordinate Bond; provided, however, that (i) the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022B Subordinate Bonds, and all Series 2022B Subordinate Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount, and (ii) the Series 2022B Subordinate Bonds will be deemed to be discharged on the Subordinate Termination Date as described in the following subsection.

Termination Date. **Notwithstanding any other provision of the Subordinate Indenture, in the event that any amount of principal of or interest on the Series 2022B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on the Termination Date, the Series 2022B Subordinate Bonds and the lien of the Subordinate Indenture securing payment thereof will be deemed discharged. The District is <u>not</u> required to impose the Subordinate Mill Levy for payment of the Series 2022B Subordinate Bonds after December 2061 for collection in calendar year 2062. See also "DISTRICT FINANCIAL – Ad Valorem Property Taxes – *General*."**

Agreement and Consent of Owners and Beneficial Owners. By acceptance of the Series 2022B Subordinate Bonds or any Beneficial Ownership Interests therein, each Owner and Beneficial Owner of the Series 2022B Subordinate Bonds agrees and consents to all of the limitations in respect of the payment of principal of and interest on the Series 2022B Subordinate Bonds contained therein and in the Bond Resolution, the Subordinate Indenture and the Service Plan.

Additional Information. For additional information regarding the security for the payment of the Series 2022B Subordinate Bonds and the sources of Subordinate Pledged Revenue, see generally "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – Property Tax Statistics – Specific Ownership Taxes," "DISTRICT DEBT STRUCTURE," and "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE" as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Financial Forecast

A forecasted statement of sources and uses of cash of the District for calendar years 2022 through 2062 (the "Financial Forecast") has been prepared for the District by Causey Demgen & Moore P.C., Certified Public Accountants, Denver, Colorado, and is appended in its entirety to this Limited Offering Memorandum. The Financial Forecast was prepared for the purpose of providing information to the District regarding the District's ability to meet the debt service requirements of the Series 2022A Senior Bonds when due and the forecasted payments of principal of and interest on the Series 2022B Subordinate Bonds, and, among other things, includes a schedule of the estimated future assessed valuation of the District. The Financial Forecast is based on the specific information, assumptions and limitations stated therein (the "base case" scenario).

In addition, for purposes of additional analysis, the Financial Forecast includes two hypothetical alternative projections that use different assumptions as to the inflation rate of the market value of property in the District and the increase in the Senior Required Mill Levy and the Subordinate Required Mill Levy than those forecast in the base case scenario. Under the first alternative hypothetical projection ("Alternative A"), the Financial Forecast assumes a reduced biennial reassessment rate of 0.80% (instead of 2%, which is the assumption used in the base case scenario). Under Alternative A, principal and interest on the Series 2022A Senior Bonds would still be paid by in full by December 1, 2052, however, principal and interest on the Series 2022B Subordinate Bonds would not be repaid until December 15, 2058 (which is in advance of the Termination Date). Under the second alternative hypothetical projection ("Alternative B"), the Financial Forecast assumes an increased biennial reassessment rate of 3.0% (instead of 2%, which is the assumption used in the base case scenario). Under Alternative B, the Series 2022B Subordinate Bonds would be repaid in full by December 15, 2040. See Note 9 to the Financial Forecast for the hypothetical assumptions made for each alternative projection.

No assurance can be given that the future assessed values or future Senior Required Mill Levies or Subordinate Required Mill Levies will be as presented in the Financial Forecast. The Financial Forecast should be read in its entirety for an understanding of the methodology and the underlying assumptions contained therein. Prospective investors are cautioned that any forecast is subject to uncertainties, and that inevitably some assumptions used to develop the Financial Forecast will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guarantee is made herein that the results of the Financial Forecast will be realized. See "FINANCIAL FORECAST" and "APPENDIX B – FINANCIAL FORECAST," as well as "PRELIMINARY NOTICES – Cautionary Statement Regarding Forecasts, Estimates and Other Forward Looking Statements" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Factors Affecting Increases in Assessed Valuation from Planned Development;" and " – Risks Inherent in Forward-Looking Statements."

Legal Matters

Kline Alvarado Veio, P.C., Denver, Colorado, is serving as bond counsel to the Issuer ("Bond Counsel") in connection with the authorization and issuance of the Bonds and will deliver its opinions substantially in the forms appended to this Limited Offering Memorandum. Certain matters will be passed upon for the District by Icenogle Seaver Pogue, P.C., Denver, Colorado, as general counsel to the District. Sherman & Howard L.L.C., Denver, Colorado, is serving as counsel to the Underwriter in connection with this financing. Kline Alvarado Veio, P.C., Denver, Colorado, is also serving as special disclosure counsel in connection with this financing and in such capacity has assisted in the preparation of this Limited Offering Memorandum. See "LITIGATION," "LEGAL MATTERS" and "TAX MATTERS."

Tax Matters

In the opinion of Kline Alvarado Veio, P.C., Denver, Colorado, Bond Counsel, interest on the Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds. The Bonds are being designated by the District as qualified tax-exempt obligations under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the deductibility of a financial institution's interest expenses allocable to tax-exempt interest. See "TAX MATTERS" herein. See "TAX MATTERS" herein and "APPENDIX G – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022A SENIOR BONDS" and "APPENDIX H – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022B SUBORDINATE BONDS."

Investment Considerations

THE PURCHASE AND OWNERSHIP OF THE BONDS INVOLVES SIGNIFICANT RISK. Prospective investors should read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed in "RISKS AND OTHER INVESTMENT CONSIDERATIONS."

Limited Offering

The Bonds will be issued solely to financial institutions and institutional investors within the meaning of Section 32-1-1101(6)(a)(IV), C.R.S. ("Qualified Investors"). Beneficial Ownership Interests in the Bonds will be sold by the Underwriter to no more than 35 Qualified Investors each of whom the Underwriter reasonably believes (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment, and (ii) is not purchasing for more than one account or with a view to distributing such Bonds. Transfers of Beneficial Ownership Interests in the Bonds are not limited to Qualified Investors, although transfers may be made only in Authorized Denominations and otherwise in compliance with the applicable Indenture. See "UNDERWRITING," "LIMITED OFFERING," "THE SERIES 2022A SENIOR BONDS – Book-Entry Only Form," "THE SERIES 2022B SUBORDINATE BONDS – Book-Entry Only Form" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Restrictions on Transfer; No Assurance of Secondary Market."

Continuing Disclosure

The Underwriter has determined that the Bonds are <u>not</u> subject to Securities and Exchange Commission Rule 15c2-12. However, the District will execute a Continuing Disclosure Certificate in which the Issuer will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system, certain information concerning the District and the Bonds on an annual basis, as well as contemporaneous notice of the occurrence of certain events affecting the Bonds. See "CONTINUING DISCLOSURE – Continuing Disclosure Certificate for the Bonds" and "APPENDIX F – FORM OF CONTINUING DISCLOSURE

CERTIFICATE" for a description of the periodic information and the notices of events to be provided and other terms of the Continuing Disclosure Certificate.

2018 Undertaking. The District previously entered into a continuing disclosure undertaking in 2018 (the "2018 Undertaking") in connection with the issuance of the Series 2018 Bonds. Pursuant to the 2018 Undertaking, the District agreed to provide notices of certain material events, and agreed to provide certain information on an annual basis to the MSRB. During the previous five years, the District has complied in all material respects with the 2018 Undertaking.

2016 Undertaking. The District also previously entered into a continuing disclosure undertaking in 2016 (the "2016 Undertaking") in connection with the issuance of the Series 2016A Bonds. Pursuant to the 2016 Undertaking, the District agreed to provide notices of certain material events, and agreed to provide certain information on an annual basis to the MSRB. During the previous five years, the District has complied in all material respects with the 2016 Undertaking.

Additional Information

Brief descriptions of the District, the Bonds, the Indentures, and various other agreements, documents, statutes, reports and other instruments are included in this Limited Offering Memorandum and the appendices hereto. These descriptions do not purport to be comprehensive or definitive, and all such descriptions or other references herein to such agreements, documents, statutes, reports or other instruments are qualified in the entirety by reference to each such agreement, document, statute, report or other instrument. During the offering period of the Bonds, copies of such documents may be obtained from the Underwriter at Wells Fargo Securities, LLC, 1700 Lincoln Street, 12th Floor, Denver, Colorado 80203, telephone (303) 863-6008; or from the District at c/o Pinnacle Consulting Group, Inc., 550 West Eisenhower Boulevard, Loveland, Colorado 80537, telephone (970) 669-3611.

Miscellaneous

The cover page, inside front cover, preliminary notices, maps and aerial photographs and appendices to this Limited Offering Memorandum are integral parts hereof and must be read together with all other parts of this Limited Offering Memorandum.

Information contained in this Limited Offering Memorandum has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness. 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 made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the District since the date of this Limited Offering Memorandum. So far as any statements made in this Limited Offering Memorandum involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

UMB BANK, N.A., BY ACCEPTANCE OF ITS DUTIES AS THE SENIOR INDENTURE TRUSTEE AND THE SUBORDINATE INDENTURE TRUSTEE, HAS NOT REVIEWED THIS LIMITED OFFERING MEMORANDUM AND HAS MADE NO REPRESENTATIONS AS TO THE INFORMATION CONTAINED HEREIN.

This Limited Offering Memorandum is not to be construed as a contract or agreement between the Issuer and any Owners or Beneficial Owners of the Bonds.

LIMITED OFFERING

The Bonds will be issued solely to Qualified Investors. Beneficial Ownership Interests in the Bonds will be sold by the Underwriter to no more than 35 Qualified Investors each of whom the Underwriter reasonably believes (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment and (ii) is not purchasing for more than one account or with a view to distributing the Bonds.

Qualified Investors are comprised of financial institutions, institutional investors or other qualified investors within the meaning of Section 32-1-1101(6)(a)(IV), C.R.S., including any of the following financial institutions or institutional investors, whether acting for itself or others in a fiduciary capacity: (a) a depository institution; (b) an insurance company; (c) a separate account of an insurance company; (d) an investment company registered under the federal "Investment Company Act of 1940"; (e) a business development company as defined in the Investment Company Act of 1940; (f) any private business development company as defined in the Investment Company Act of 1940; (g) an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5 million or its investment decisions are made by a named fiduciary, as defined in the federal "Employee Retirement Income Security Act of 1974," that is a broker-dealer registered under the federal "Securities Exchange Act of 1934," an investment adviser registered or exempt from registration under the federal "Investment Advisers Act of 1940," a depository institution or an insurance company; (h) an entity, but not an individual, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of $5 million as of the end of its last fiscal year; or (i) a small business investment company licensed by the federal small business administration under the federal "Small Business Investment Act of 1958."

Transfers of Beneficial Ownership Interests in the Bonds are not limited to Qualified Investors, although transfers may be made only in Authorized Denominations and otherwise in compliance with the related Indenture. See "THE SERIES 2022A SENIOR BONDS – Book-Entry Only Form," "THE SERIES 2022B SUBORDINATE BONDS – Book-Entry Only Form" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Restrictions on Transfer; No Assurance of Secondary Market."

PLAN OF FINANCING

The Bonds are issued for the purpose of refunding the Refunded Obligations, paying the costs of issuing the Bonds and, in the case of the Series 2022A Senior Bonds only, funding a debt service reserve for the Series 2022A Senior Bonds.

Refunding Project

The Refunded Obligations were originally issued by the District to pay the costs of public improvements within the District. As of March 31, 2022, the outstanding principal balance of the Series 2016A Bonds was $1,660,000, the outstanding principal balance of the Series 2018 Bonds was $2,180,000, and the outstanding principal balance of the 2016 Note was $1,539,659.78. It is anticipated that proceeds of the Series 2022A Senior Bonds in the entirety of the amount outstanding on the Series 2016A Bonds and the Series 2018 Bonds as of the date of issuance of the Bonds (including additional accrued interest) will be applied towards refunding the Series 2016A Bonds and the Series 2018 Bonds and that both the Series 2016A Bonds and the Series 2018 Bonds will be paid and discharged in full on the date of issuance of the Bonds. It is additionally anticipated that proceeds of the Series 2022A Senior Bonds in a portion of the amount outstanding on the 2016 Note will be applied towards refunding the 2016 Note. It is further anticipated that proceeds of the Series 2022B Subordinate Bonds in a portion of the amount outstanding on the 2016 Note (including additional accrued interest) will be applied towards refunding the 2016 Note.

Other Uses of Proceeds of the Bonds

Proceeds of the Series 2022A Senior Bonds will also be used to fund the Senior Reserve Fund in the amount of the Senior Required Reserve, and proceeds of the Series 2022A Senior Bonds and the Series 2022B Subordinate Bonds will also be used to pay the costs of issuing the Bonds, including the Underwriter's discount (see "UNDERWRITING"), legal fees, the initial fees of the Senior Indenture Trustee and the Subordinate Indenture Trustee, the fees of the various experts described herein, certain regulatory and administrative fees, printing costs and various other costs of issuing the Bonds. The proceeds of the Bonds allocated to pay the costs of issuing the Series 2022A Senior Bonds, other than the Underwriter's discount, will be deposited to the "Waterfall Metropolitan District No. 1 Senior General Obligation Limited Tax Refunding Bonds, Series 2022A, Costs of Issuance Fund" (the "Series 2022A Costs of Issuance Fund") created by the Senior Indenture and held by the Senior Indenture Trustee pursuant thereto, and are to be disbursed by the Senior Indenture Trustee, at the direction of the Issuer, to pay such costs and the proceeds of the Bonds allocated to pay the costs of issuing the Series 2022B Subordinate Bonds, other than the Underwriter's discount, will be deposited to the "Waterfall Metropolitan District No. 1 Senior General Obligation Limited Tax Refunding Bonds, Series 2022B, Costs of Issuance Fund" (the "Series 2022B Costs of Issuance Fund") created by the Subordinate Indenture and held by the Subordinate Indenture Trustee pursuant thereto, and are to be disbursed by the Subordinate Indenture Trustee, at the direction of the Issuer, to pay such costs. Any amounts remaining in the Series 2022A Costs of Issuance Fund on the date that is 60 days after the Issue Date are to be transferred by the Senior Indenture Trustee to the Senior Bond Fund. Any amounts remaining in the Series 2022B Costs of Issuance Fund on the date that is 30 days after the Issue Date are to be transferred by the Subordinate Indenture Trustee to the Subordinate Bond Fund.

Estimated Sources and Uses of Bond Proceeds

The following table sets forth the estimated sources and uses of the proceeds of the Bonds.

Estimated Sources and Uses of Bond Proceeds

(Rounded)

	Series 2022A Senior Bonds	Series 2022B Subordinate Bonds	Total Bonds
Sources:			
Principal amount of the Bonds	$4,710,000.00	$985,000.00	$5,695,000.00
Existing debt service reserve fund contribution[1]	340,000.00	--	340,000.00
Existing surplus fund contribution[1]	136,687.03	--	136,687.03
	$5,186,687.03	$985,000.00	$6,171,687.03
Uses:			
Refunding Deposit[2]	$4,485,012.61	$908,554.15	$5,393,566.76
Deposit to the Senior Reserve Fund[3]	357,200.00	--	357,200.00
Costs of issuance[4]	344,474.42	76,445.85	420,920.27
	$5,186,687.03	$985,000.00	$6,171,687.03

(1) Represents amounts on deposit in the reserve fund and surplus fund which secure the Series 2016A Bonds and the Series 2018 Bonds.

(2) These amounts will be used to pay and discharge all of the Series 2016A Bonds, the Series 2018 Bonds, and a portion of the 2016 Note, as discussed in "Refunding Project" above.

(3) See "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Reserve Fund*."

(4) See "Other Uses of Proceeds of the Bonds" above.

Source: The Underwriter

THE SERIES 2022A SENIOR BONDS

The following is a summary of certain general provisions of the Series 2022A Senior Bonds during such time as the Series 2022A Senior Bonds are subject to the DTC book-entry system. Reference is hereby made to the Senior Indenture for the detailed provisions pertaining to the Series 2022A Senior Bonds, including provisions applicable in the event of discontinuance of participation in the DTC book-entry system. See also "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE."

Authorization

The Series 2022A Senior Bonds are issued under authority of the constitution and laws of the State, including, without limitation, the Special District Act and the Supplemental Public Securities Act, and pursuant to the Bond Resolution and the Senior Indenture. The Series 2022A Senior Bonds have also been authorized, as necessary, by the District's voters at the District's organizational election. See "DISTRICT FINANCIAL INFORMATION – Tax, Revenue and Spending Limitations – *TABOR*" and "DISTRICT DEBT STRUCTURE – Authorization."

General Provisions

The Series 2022A Senior Bonds will be issued as of the Issue Date in the aggregate principal amount, and will mature on the date, set forth on the inside front cover of this Limited Offering Memorandum, subject to mandatory sinking fund redemption and optional redemption prior to maturity as described in "Redemption Prior to Maturity" below. The Series 2022A Senior Bonds will bear interest at the rate per annum set forth on the inside front cover of this Limited Offering Memorandum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date payable on December 1, 2022, and semiannually on each June 1 and December 1 thereafter until the Series 2022A Senior Bonds mature, are discharged or are redeemed prior to maturity. See "Security and Sources of Payment – *Consequence of Insufficiency of Senior Pledged Revenue*" hereafter. Payments of principal, premium, if any, and interest in connection with the Series 2022A Senior Bonds will be made by the Senior Indenture Trustee to Cede & Co. (or subsequent nominee of DTC), as the Owner of the Series 2022A Senior Bonds, for subsequent credit to the accounts of the Beneficial Owners of the Series 2022A Senior Bonds as discussed "Book-Entry Only Form" below and in "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

Any principal of a Series 2022A Senior Bond that is not paid when due will remain outstanding until the Termination Date discussed hereafter and will continue to bear interest at the rate borne by such Series 2022A Senior Bond; and any interest on a Series 2022A Senior Bonds that is not paid when due will compound on each Series 2022A Senior Bonds Interest Payment Date at the interest rate borne by such Series 2022A Senior Bond. However, the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022A Senior Bonds, including all payments of principal, premium, if any, and interest, and all Series 2022A Senior Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. **In addition, in the event that any amount of principal or interest in respect of the Series 2022A Senior Bond remains unpaid after the application of all Senior Pledged Revenue available therefor on the Termination Date, the Series 2022A Senior Bonds will be deemed to be discharged.** See also "Security and Sources of Payment – *Result of Insufficiency of Senior Pledged Revenue –Termination Date*" in this section.

Authorized Denominations

The Series 2022A Senior Bonds will be issued in Authorized Denominations of $500,000 or any integral multiple of $1,000 in excess thereof; provided, however, that: (i) no individual Series 2022A Senior Bond may be in an amount which exceeds the principal amount coming due on any maturity date; and (ii) in the event a Series 2022A Senior Bond is partially redeemed and the unredeemed portion is less than

$500,000, such unredeemed portion of such Series 2022A Senior Bond may be issued in the largest possible denomination of less than $500,000, in integral multiples of not less than $1,000 each or any integral multiple thereof. See also "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – General Covenants."

Book-Entry Only Form

The Series 2022A Senior Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2022A Senior Bonds. Beneficial Ownership Interests in the Series 2022A Senior Bonds, in non-certificated book-entry only form, may be purchased in Authorized Denominations of the Series 2022A Senior Bonds by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and transfers of such Beneficial Ownership Interests (which may be made only in Authorized Denominations of the Series 2022A Senior Bonds) will be accomplished by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References in the Senior Indenture to the Owners of the Series 2022A Senior Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners of the Series 2022A Senior Bonds.

Beneficial Ownership Interests in the Series 2022A Senior Bonds will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Series 2022A Senior Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

None of the District, the Senior Indenture Trustee or the Underwriter has any responsibility or obligation to any Beneficial Owner of the Series 2022A Senior Bonds with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) any notice that is permitted or required to be given to the Owners of the Series 2022A Senior Bonds under the Senior Indenture, (3) the selection by DTC or any DTC Participant of the recipient of payment in the event of a partial redemption of the Series 2022A Senior Bonds, (4) the payment by DTC or any DTC Participant of any amount with respect to the principal, premium or interest due with respect to the Owners of the Series 2022A Senior Bonds, (5) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2022A Senior Bonds or (6) any other related matter.

Redemption Prior to Maturity

Mandatory Sinking Fund Redemption. The Series 2022A Senior Bonds maturing in the year 2052 are also subject to mandatory sinking fund redemption prior to the maturity date of such Series 2022A Senior Bonds, in part, by lot, upon payment of par and accrued interest, without redemption premium, on the dates and in the amounts set forth below:

Mandatory Sinking Fund Redemption Schedule
for the Series 2022A Senior Bonds Maturing December 1, 2052

Redemption Date	Principal Amount	Redemption Date	Principal Amount
2022	$120,000	2038	$125,000
2023	25,000	2039	135,000
2024	35,000	2040	150,000
2025	35,000	2041	155,000
2026	45,000	2042	170,000
2027	45,000	2043	180,000
2028	55,000	2044	195,000
2029	55,000	2045	205,000
2030	65,000	2046	225,000
2031	70,000	2047	235,000
2032	80,000	2048	255,000
2033	80,000	2049	270,000
2034	95,000	2050	290,000
2035	100,000	2051	305,000
2036	110,000	2052[1]	685,000
2037	115,000		

[1] Maturity, not a sinking fund redemption date.

On or before 45 days prior to each sinking fund installment date as set forth above, the Senior Indenture Trustee shall select for redemption, by lot in such manner as the Senior Indenture Trustee may determine, from the Outstanding Bonds, a principal amount of such Series 2022A Senior Bonds equal to the applicable sinking fund installment. The amount of the applicable sinking fund installment for any particular date shall be reduced by the principal amount of any Series 2022A Senior Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled and not theretofore applied as a credit against a sinking fund installment. Such reductions shall be applied in such year or years as may be determined by the District. In the event that there are not sufficient moneys in the Senior Bond Fund to pay the full amount due in accordance with the foregoing on any sinking fund installment date, the Senior Indenture Trustee shall redeem as many Series 2022A Senior Bonds as possible on such date in integral multiples of $1,000, and any redemption amount for which funds are not available to redeem Series 2022A Senior Bonds shall be added to the redemption amount for the immediately succeeding sinking fund installment date.

Optional Redemption. The Series 2022A Senior Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2027, and on any date thereafter, upon payment of par, accrued interest and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2027, to November 30, 2028	3.00%
December 1, 2028, to November 30, 2029	2.00
December 1, 2029, to November 30, 2030	1.00
December 1, 2030, and thereafter	0.00

Redemption Procedure and Notice. If less than all of the Series 2022A Senior Bonds within a maturity are to be redeemed on any prior redemption date, the Series 2022A Senior Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Senior Indenture Trustee shall determine. The Series 2022A Senior Bonds shall be redeemed only in integral multiples of $1,000. In the event a Series 2022A Senior Bond is of a denomination larger than $1,000, a portion of such Series

2022A Senior Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Series 2022A Senior Bond shall be treated for the purpose of redemption as that number of Series 2022A Senior Bonds which results from dividing the principal amount of such Series 2022A Senior Bond by $1,000. In the event a portion of any Series 2022A Senior Bond is redeemed, the Senior Indenture Trustee shall, without charge to the Owner of such Series 2022A Senior Bond, authenticate and deliver a replacement Series 2022A Senior Bond or Bonds for the unredeemed portion thereof.

In the event any of the Series 2022A Senior Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Series 2022A Senior Bonds or portions thereof to be redeemed will be given by the Senior Indenture Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than thirty (30) days prior to the date fixed for redemption, to the Owner of each Series 2022A Senior Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the District by the Senior Indenture Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Series 2022A Senior Bonds as to which no such failure or defect exists. The redemption of the Series 2022A Senior 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 Senior Indenture Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice shall be specifically subject to the deposit of funds by the District. All Series 2022A Senior Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

So long as the Series 2022A Senior Bonds are subject to the DTC book-entry system, the Senior Indenture Trustee is required to send notice of redemption of the Series 2022A Senior Bonds to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests in the Series 2022A Senior Bonds to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as discussed in "APPENDIX E – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests in the Series 2022A Senior Bonds and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2022A Senior Bonds.

Security and Sources of Payment

Limited Tax Obligations. The Series 2022A Senior Bonds constitute limited tax general obligations of the District.

Source of Payment of the Series 2022A Senior Bonds; Senior Lien. The Series 2022A Senior Bonds are secured by and payable solely from and to the extent of certain revenues and funds comprising the Senior Trust Estate, including: (i) the Senior Pledged Revenue; and (ii) amounts on deposit from time to time in the Senior Bond Fund and the Senior Reserve Fund. The Series 2022A Senior Bonds constitute an irrevocable lien on the Senior Pledged Revenue, but not necessarily an exclusive such lien. See "*Additional Obligations*" hereafter.

The creation, perfection, enforcement and priority of the pledge of the Senior Pledged Revenue to secure or pay the Series 2022A Senior Bonds are governed by the Supplemental Public Securities Act and the Senior Indenture. The Senior Pledged Revenue is subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge on the Senior Pledged Revenue will be on parity with any Senior Parity Bonds, will have the priority provided in the Senior Indenture and will be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the District irrespective of whether such persons have notice of such liens.

***Termination Date.* Notwithstanding any other provision of the Senior Indenture, in the event that any amount of principal of or interest on the Series 2022A Senior Bonds remains unpaid after the application of all Senior Pledged Revenue available therefor on May 1, 2062 (the "Termination Date"), the Series 2022A Senior Bonds and the lien of the Senior Indenture securing payment thereof will be deemed discharged. The District is <u>not</u> required to impose the Senior Required Mill Levy for payment of the Series 2022A Senior Bonds after December 2061 for collection in calendar year 2062. See also "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *General*."**

***Consequence of Insufficiency of Senior Pledged Revenue**. The Senior Pledged Revenue and the amounts available in the Senior Bond Fund and the Senior Reserve Fund may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2022A Senior Bonds when due. However, so long as the District neither fails or refuses to impose the Senior Required Mill Levy or to apply the Senior Pledged Revenue as required by the Senior Indenture, the inability of the District to pay the Series 2022A Senior Bonds when due will not, of itself, constitute a Senior Indenture Event of Default. Any principal of a Series 2022A Senior Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2022A Senior Bond that is not paid when due will compound semiannually on each Series 2022A Senior Bonds Interest Payment Date at the interest rate borne by such Series 2022A Senior Bond; provided, however, that (i) the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022A Senior Bonds, and all Series 2022A Senior Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount, and (ii) the Series 2022A Senior Bonds will be deemed to be discharged on the Termination Date as described in the following subsection.*

Senior Pledged Revenue. The Senior Pledged Revenue pledged to the payment of the Series 2022A Senior Bonds consists of the following: (i) the Senior Property Tax Revenues, (ii) the portion of the Senior Specific Ownership Tax which is collected as a result of imposition of the Senior Required Mill Levy, and (iii) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Senior Indenture Trustee for application as Senior Pledged Revenue, each of which is discussed in detail below. The District covenants in the Senior Indenture that in the event the Senior Pledged Revenue and other moneys available under the Senior Indenture for the payment of the Series 2022A Senior Bonds is insufficient or is anticipated to be insufficient to pay the principal of, premium, if any, and interest on the Series 2022A Senior Bonds when due, the District will use its reasonable efforts to refinance, refund or otherwise restructure the Series 2022A Senior Bonds so as to avoid such insufficiency. See "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – General Covenants."

***Senior Property Tax Revenues**.* A primary source of Senior Pledged Revenue is expected to be the "Senior Property Tax Revenues[1]", consisting of all moneys derived from imposition by the District of the Senior Required Mill Levy[2]. 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.)

> <u>*Senior Required Mill Levy*</u>. Subject to the final paragraph of this definition, an ad valorem mill levy (one mill being equal to 1/10 of 1¢) imposed upon all taxable property of the District each year in an amount sufficient to fund the Bond Fund for the relevant Bond Year and pay the Series 2022A Senior Bonds as they come due, and if necessary, an amount sufficient to replenish the Senior Reserve Fund to the amount of the Senior Required Reserve, in the amount of up to 45 mills, less the amount of the O&M Mill Levy (defined below); provided however, that: in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the minimum and maximum mill levies provided herein shall be increased or decreased to reflect such changes, such

[1] Defined in the Senior Indenture as "Property Tax Revenues."
[2] Defined in the Senior Indenture as "Required Mill Levy."

increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

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

- As used herein, "O&M Mill Levy" means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to pay the current and annual reasonable operation, maintenance and administrative obligations and reasonable budgetary reserves for the District which such mill levy shall not exceed 9 mills; provided however, that in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the foregoing maximum mill levy shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Covenant to Impose the Senior Required Mill Levy. The Series 2022A Senior Bonds are not secured directly by any lien on property located within the District, but rather by the covenants and obligations of the District pursuant to the Senior Indenture, as applicable, to levy taxes on all property in the District each year while the Series 2022A Senior Bonds are outstanding, in addition to other taxes, in the amount of the Senior Required Mill Levy (subject to the limitations discussed above in this section), for the purpose of paying the principal of, premium, if any, and interest on the Series 2022A Senior Bonds and, if necessary, funding the Senior Reserve Fund to the amount of the Senior Required Reserve. The District is neither required nor may be compelled to levy an ad valorem property tax for such purpose in excess of the Senior Required Mill Levy. When collected, the taxes levied for the foregoing purposes are to be deposited with the Senior Indenture Trustee in accordance with the Senior Indenture.

For additional information concerning the Senior Required Mill Levy and the Senior Property Tax Revenues, see "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – Property Tax Statistics."

Senior Specific Ownership Taxes. The Senior Pledged Revenue also includes the Senior Specific Ownership Taxes[1], constituting the specific ownership taxes remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as the result of imposition of the Senior Required Mill Levy. See also "DISTRICT FINANCIAL INFORMATION – Specific Ownership Taxes."

[1] Defined in the Senior Indenture as "Specific Ownership Tax."

Other Available Moneys. The Senior Pledged Revenue includes any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Application of Senior Pledged Revenue; Flow of Funds. The Senior Indenture provides that the District is to transfer all amounts comprising Senior Pledged Revenue to the Senior Indenture Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 20th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District; provided, however, that in the event that the total amount of Senior Pledged Revenue received by the District in a calendar month is less than $50,000, the Senior Pledged Revenue received in such calendar month may instead be remitted to the Senior Indenture Trustee no later than the 20th 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 20th for Senior Pledged Revenue received in January, February or March, no later than July 20th for Senior Pledged Revenue received in April, May or June, no later than October 20th for Senior Pledged Revenue received in July, August or September and no later than January 20th for Senior Pledged Revenue received in October, November or December). IN NO EVENT IS THE DISTRICT PERMITTED TO APPLY ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE SENIOR PLEDGED REVENUE. In addition, in order to assure the proper application of moneys constituting Senior Pledged Revenue, on and after the date of issuance of any Additional Bonds, the District shall also transfer to the Senior Indenture Trustee all moneys pledged to the payment of such Additional Bonds which are derived from ad valorem taxes of the District, or Specific Ownership Taxes, and any such moneys shall constitute part of the Senior Trust Estate. The Senior Indenture Trustee is to apply the Senior Pledged Revenue and such other moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered "waterfall" structure in which no Senior Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided in the Senior Indenture; (ii) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank *pari passu* with each other and, in the event that Senior Pledged Revenue is not sufficient to fully fund all amounts required at any single priority level, credits shall be made pro rata, in accordance with the relative amounts required to be deposited to such funds or accounts or, in the case of SECOND below, the relative outstanding principal amounts of the obligations secured by the applicable funds and (iii) when credits are required to go to funds or accounts which are not held by the Senior Indenture Trustee under the Senior Indenture, the Senior Indenture Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

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

SECOND: To the credit of the Bond Fund the amounts required by "*Senior Bond Fund*" below, and to the credit of any other similar fund or account established for the current payment of the principal of, premium if any, and interest on any other Senior Parity Bonds, the amounts required by the documents pursuant to which the Senior Parity Bonds are issued;

THIRD: To the credit of the Senior Reserve Fund, the amounts required by "*Reserve Fund*" below, and to the credit of any reserve fund or similar fund or account established in connection with any other Senior Parity Bonds to secure the payment of the principal of, premium if any, and interest on such Senior Parity Bonds and fully funded as of the date of issuance of such Senior Parity Bonds, the amounts required by the documents pursuant to which such other Senior Parity Bonds are issued;

FOURTH: To the credit of any other fund or account established for the payment of the principal of, premium if any, and interest on Subordinate Bonds, including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the documents pursuant to which the Subordinate Bonds are issued;

FIFTH: To the credit of any other fund or account established for the payment of the principal of, premium if any, and interest on Junior Lien Bonds, including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the documents pursuant to which the Junior Lien Bonds are issued; and

SIXTH: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose, any Senior Pledged Revenue remaining 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 SIXTH, shall be released from the lien hereof and shall thereafter no longer constitute "Senior Pledged Revenue" under the Senior Indenture).

In the event that any Senior Pledged Revenue is available to be disbursed in accordance with clause SIXTH 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 Senior Pledged Revenue available for disbursement pursuant to SIXTH above, the Senior Pledged Revenue applied in FIRST and SECOND above shall be deemed to be funded, first, from Senior Property Tax Revenues resulting from imposition of the Senior Required Mill Levy, and second, from Senior Specific Ownership Tax revenues resulting from imposition of the Senior Required Mill Levy.

The District covenants in the Senior Indenture that all property tax revenue collected by the District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as Senior Property Tax Revenues in any Bond Year to pay annual debt service on the Series 2022A Senior Bonds and any Senior Parity Bonds and to fund such funds and accounts as are required in accordance with the terms of the Indenture and the resolution, indenture or other enactment authorizing such Senior Parity Bonds, and only after the funding of such payments and accumulations required in such Bond Year, can property tax revenue be applied to pay Subordinate Bonds or Junior Lien Bonds. The debt service property tax levy imposed for the payment of any Subordinate Bonds or Junior Lien Bonds shall be deemed reduced to the number of mills (if any) available for payment of Subordinate Bonds or Junior Lien Bonds in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Series 2022A Senior Bonds and any Senior Parity Bonds in such Bond Year.

Senior Bond Fund. The Series 2022A Senior Bonds are payable from the Senior Bond Fund to be maintained by the Senior Indenture Trustee pursuant to the Senior Indenture. Subject to the receipt of sufficient Senior Pledged Revenue, there shall be credited to the Senior Bond Fund each Bond Year an amount of Senior Pledged Revenue which, when combined with other legally available moneys in the Senior Bond Fund (but not including moneys deposited thereto from other funds pursuant to the terms of the Senior Indenture), will be sufficient to pay the principal of, premium if any, and interest on the Series 2022A Senior Bonds which has or will become due in the Bond Year in which the credit is made.

Moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms of the Senior Indenture) shall be used by the Senior Indenture Trustee solely to pay the principal of, premium if any, and interest on the Series 2022A Senior Bonds, in the following order:

- First, to the payment of interest due in connection with the Series 2022A Senior Bonds (including without limitation current interest, accrued but unpaid interest, and interest due as a result of compounding, if any); and

- Second, to the extent any moneys are remaining in the Senior Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the Series 2022A Senior Bonds, whether due at maturity or upon prior redemption.

In the event that available moneys in the Senior Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms of the Senior Indenture) are insufficient for the payment of the principal of, premium if any, and interest due on the Series 2022A Senior Bonds on any due date, the Senior Indenture Trustee shall apply such amounts on such due date as follows:

- First, the Senior Indenture Trustee shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each Series 2022A Senior Bond.

- Second, the Senior Indenture Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many Series 2022A Senior Bonds as can be paid with such remaining amounts, such payments to be in increments of $1,000 or any integral multiple thereof, plus any premium. Series 2022A Senior Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the Series 2022A Senior Bonds the principal of which is due and owing on the due date.

Moneys credited to the Senior Bond Fund may be invested or deposited only in Permitted Investments, but in all cases subject to the requirements of, and the tax covenants made by the District in, the Senior Indenture. See "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Tax Covenants," as well as "TAX MATTERS." Subject to these covenants, interest income derived from the investment and reinvestment of any moneys in the Senior Bond Fund is to remain in the Senior Bond Fund.

Senior Reserve Fund. The Series 2022A Senior Bonds are also payable, if necessary, from the Senior Reserve Fund to be maintained by the Senior Indenture Trustee pursuant to the Senior Indenture. The Senior Reserve Fund serves as security solely for the Series 2022A Senior Bonds, and may not be pledged as security for any other financial obligations of the District.

The Senior Reserve Fund shall be maintained in the amount of the Senior Required Reserve ($357,200) as provided in the Senior Indenture for so long as any Series 2022A Bond is Outstanding. Amounts in the Senior Reserve Fund are to be applied to pay the Series 2022A Bonds in the event of an insufficiency in the amount on deposit in the Senior Bond Fund are insufficient for such purpose or to make the final payments in respect of the Series 2022A Bonds.

Moneys in the Senior Reserve Fund shall be used by the Senior Indenture Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the Series 2022A Senior Bonds, and the Senior Reserve Fund is pledged in the Senior Indenture to the payment of the Series 2022A Senior Bonds. In the event the amounts credited to the Senior Bond Fund are insufficient to pay the principal of, premium if any, or interest on the Series 2022A Senior Bonds when due, the Senior Indenture Trustee shall transfer from the Senior Reserve Fund to the Senior Bond Fund an amount which, when combined with moneys in the Senior Bond Fund, will be sufficient to make such payments when due. In the event that moneys in the Senior Bond Fund and the Senior Reserve Fund are together insufficient to make such payments when due, the Senior Indenture Trustee will nonetheless transfer all moneys in the Senior Reserve Fund to the Senior Bond Fund.

If at any time the Senior Reserve Fund is drawn upon or valued so that the amount of the Senior Reserve Fund is less than the Senior Required Reserve, then the Senior Indenture Trustee is to apply Senior Pledged Revenue to the credit of the Senior Reserve Fund in amounts sufficient to bring the amount credited to the Senior Reserve Fund to the Senior Required Reserve. Such deposits and payments are to be made at the earliest practicable time, but in accordance with and subject to the limitations provided in "*Application of Senior Pledged Revenue; Flow of Funds*" above. Nothing in the Senior Indenture is to be construed as requiring the District to impose an ad valorem mill levy for the purpose of funding the Senior Reserve Fund in excess of the Senior Required Mill Levy. Investments credited to the Senior Reserve Fund shall be valued on the basis of their current market value, as reasonably determined by the District, which value shall be determined at least annually, and any deficiency resulting from such evaluation shall be replenished as aforesaid. The amount credited to the Senior Reserve Fund shall never exceed the amount of the Senior Required Reserve.

Notwithstanding the foregoing, Permitted Refunding Bonds issued to partially refund the Series 2022A Senior Bonds may be secured by the Senior Reserve Fund in the same fashion as the Series 2022A Senior Bonds remaining Outstanding after issuance of such Permitted Refunding Bonds, and if so secured, such Permitted Refunding Bonds shall have a claim upon the Senior Reserve Fund which ranks *pari passu* with the claim of the Series 2022A Senior Bonds remaining Outstanding after issuance of such Permitted Refunding Bonds.

Moneys credited to the Senior Reserve Fund may be invested or deposited only in Permitted Investments, but in all cases subject to the requirements of, and the tax covenants made by the District in, the Senior Indenture. See "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Tax Covenants," as well as "TAX MATTERS."

Additional Bonds

In General – The Senior Indenture provides that after issuance of the Bonds, no Additional Bonds may be issued except in accordance with the provisions described in this section. Nothing in the Senior Indenture shall affect or restrict the right of the District to issue or incur obligations which are not Additional Bonds under the Senior Indenture; provided that notwithstanding the foregoing or anything in the Senior Indenture to the contrary, the District is not to create, incur, assume, or suffer to exist any liens or encumbrances upon the ad valorem tax revenues of the District or the Senior Pledged Revenue or any part thereof superior to the lien thereon of the Series 2022A Senior Bonds.

Series 2022B Subordinate Bonds – Pursuant to the Senior Indenture, the District may issue the Series 2022B Subordinate Bonds at such time or times and on such terms and conditions as may be determined by the District without compliance with any of the other terms and conditions of the Senior Indenture.

Permitted Refunding Bonds – Pursuant to the Senior Indenture, the District may issue Permitted Refunding Bonds at such time or times and in such amounts as may be determined by the District in its absolute discretion without compliance with any of the other terms and conditions of the Senior Indenture.

Parity Bonds – Pursuant to the Senior Indenture, the District may issue additional Parity Bonds if such issuance is consented to by the Consent Parties with respect to a majority in aggregate principal amount of the Series 2022A Senior Bonds then Outstanding, provided that, with or without such consent, the District may issue additional Parity Bonds if each of the following conditions are met as of the date of issuance of such additional Parity Bonds:

(a) No Event of Default has occurred and is continuing and no amounts of principal or interest on the Bonds or any other Parity Bonds are due but unpaid, unless: (A) such Event of

Default or failure to pay principal or interest on the Series 2022A Senior Bonds will be cured upon issuance of the Parity Bonds, or (B) the conditions of clause (iv)(B) below are satisfied.

(b) The amount of the Senior Reserve Fund is not less than the Senior Required Reserve.

(c) Upon issuance of the additional Parity Bonds, the Debt to Assessed Ratio of the District will be 50% or less.

(d) A separate reserve fund is created for the security of the additional Parity Bonds in an amount not less than 10% of the issue price of such Parity Bonds or such lesser amount as may be permitted to be used for deposits of the proceeds of tax-exempt obligations to reasonably required reserve or replacement funds under then-existing federal income tax rules and regulations, such separate reserve fund to function in substantially the same fashion as the Senior Reserve Fund for the Bonds, which separate reserve fund shall be fully funded as of the date of issuance of the Parity Bonds from the proceeds of the Parity Bonds or from any other source other than Pledged Revenue, and which may be replenished from Pledged Revenue in accordance with the Section hereof entitled "Flow of Funds."

Subordinate Bonds – Pursuant to the Senior Indenture, the District may issue Additional Bonds constituting Subordinate Bonds if such issuance is consented to by the holders of the Subordinate Bonds.

Junior Lien Bonds – Pursuant to the Senior Indenture, the District may issue Additional Bonds constituting Junior Lien Bonds if the following condition is met as of the date of issuance of such Junior Lien Bonds: the maximum mill levy which the District promises to impose for payment of the Junior Lien Bonds is not higher than the maximum Subordinate Required Mill Levy, and subject to the same deductions and adjustments as the Subordinate Required Mill Levy.

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

The Service Plan currently limits the District to the issuance of an aggregate of $12,000,000 of general obligation debt. Upon issuance of the Bonds, the District will have an aggregate of $6,098,776 of capacity remaining under such debt limit, although the District will have available voter-approved indebtedness of $105,789,000 for the purpose of funding public improvements, and $54,055,961 for various other purposes, including operations and maintenance, intergovernmental agreements, reimbursement agreements, construction management agreements, and refunding debt. See also "DEBT STRUCTURE OF THE DISTRICT – Authorization – *Voter-Approved Debt Authorization Available After Issuance of the Bonds* – General Obligations – *Debt Limits.*"

Events of Default and Remedies

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 shall constitute an Event of Default under the Senior Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default under the Senior Indenture except as described below:

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

(b) The District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the District in the Senior Indenture or the Bond Resolution, other than as described in (a) above, and fails to remedy the same after notice thereof pursuant to the Senior 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 2022A Senior Bonds.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SENIOR INDENTURE, THE DISTRICT ACKNOWLEDGES AND AGREES IN THE SENIOR INDENTURE THAT THE APPLICATION OF ANY PORTION OF THE SENIOR PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE SENIOR INDENTURE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS OF THE SENIOR INDENTURE CONSTITUTES A VIOLATION OF THE TERMS OF THE SENIOR INDENTURE AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE OWNERS OF THE SERIES 2022A SENIOR BONDS, WHICH SHALL ENTITLE THE SENIOR INDENTURE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE SERIES 2022A SENIOR BONDS, ALL AVAILABLE ACTIONS AGAINST THE DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE SENIOR INDENTURE. THE DISTRICT FURTHER ACKNOWLEDGES AND AGREES IN THE SENIOR INDENTURE THAT THE APPLICATION OF PLEDGED REVENUE IN VIOLATION OF THE COVENANTS THEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE SERIES 2022A SENIOR BONDS. IN NO EVENT SHALL ANY PROVISION OF THE SENIOR INDENTURE BE INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SENIOR PLEDGED REVENUE.

It is acknowledged that due to the limited nature of the Senior Pledged Revenue, the failure to pay the principal of or interest on the Series 2022A Senior Bonds when due shall not, of itself, constitute an Event of Default under the Senior Indenture.

IN ADDITION, IT IS ACKNOWLEDGED THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SENIOR REQUIRED MILL LEVY PURSUANT TO THE TERMS OF THE SENIOR INDENTURE FOR PAYMENT OF THE BONDS AFTER DECEMBER 2061 (FOR COLLECTION IN CALENDAR YEAR 2062). FURTHERMORE, PURSUANT TO THE SENIOR INDENTURE, IN THE EVENT THAT ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON ANY BOND REMAINS UNPAID AFTER THE APPLICATION OF ALL SENIOR PLEDGED REVENUE AVAILABLE THEREFOR ON THE TERMINATION DATE (MAY 1, 2062) THE BONDS AND THE LIEN OF THE SENIOR INDENTURE SECURING PAYMENT THEREOF SHALL BE DEEMED DISCHARGED. IN SUCH EVENT 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 BOND REMAINING UNPAID.

Remedies on Occurrence of Event of Default. Upon the occurrence and continuance of an Event of Default, the Senior Indenture Trustee shall have the following rights and remedies under the Senior Indenture 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 Senior Indenture Trustee and of the Owners, the Senior Indenture Trustee shall be entitled under the Senior Indenture 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 Senior Indenture Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of the Senior Indenture to, the Senior Indenture Trustee.

(b) *Suit for Judgment*. The Senior Indenture Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Series 2022A Senior Bonds, the Bond Resolution, the Senior Indenture, and any provision of law by such suit, action, or special proceedings as the Senior Indenture Trustee, being advised by Counsel, shall deem appropriate.

(c) *Mandamus or Other Suit*. The Senior Indenture 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 Senior Indenture Trustee shall in any manner or to any extent affect the lien of the Senior Indenture or any rights, powers, or remedies of the Senior Indenture Trustee thereunder, or any lien, rights, powers, and remedies of the Owners of the Series 2022A Senior Bonds, but such lien, rights, powers, and remedies of the Senior Indenture Trustee and of the Owners shall continue unimpaired as before.

If any Event of Default described under paragraph (a) under " – Events of Default" above shall have occurred and if requested by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2022A Senior Bonds then Outstanding, the Senior Indenture Trustee shall be obligated under the Senior Indenture to exercise such one or more of the rights and powers described in this section as the Senior Indenture Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners; provided that the Senior Indenture Trustee at its option shall be indemnified as provided in the Senior Indenture.

Notwithstanding anything in the Senior Indenture to the contrary, acceleration of the Series 2022A Senior Bonds shall not be an available remedy for an Event of Default.

Any amount of outstanding principal and/or accrued interest that remains unpaid upon the Termination Date shall be deemed to be forever discharged and satisfied in full.

Control of Proceedings. The Consent Parties with respect to a majority in aggregate principal amount of the Series 2022A Senor Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Senior Indenture Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Senior Indenture, or for the appointment of a receiver, and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of the Senior Indenture; and provided further that at its option the Senior Indenture Trustee shall be indemnified as provided in the Senior Indenture.

Rights and Remedies of Owners. No Owner of any Series 2022A Senior Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Senior Indenture or for the execution of any trust of the Senior Indenture or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Senior Indenture Trustee has been notified as provided in the Senior Indenture, or of which under the Senior Indenture it is deemed to have notice, and unless such default shall have become an Event of Default and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Series 2022A Senior Bonds then Outstanding shall have made written request to the Senior Indenture Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit, or proceedings in their own name, nor unless they have also offered to the Senior Indenture Trustee indemnity as provided in the Senior Indenture, nor unless the Senior Indenture Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name; and such notification, request, and offer of indemnity are declared in every case at the option of the Senior Indenture Trustee to be conditions precedent to any action or cause of action for the enforcement of the Senior Indenture, or for the appointment of a receiver or for any other remedy under the Senior Indenture; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the Senior Indenture by his, her, its, or their action, or to enforce any right under the Senior Indenture except in the manner therein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner provided in the Senior Indenture and for the equal benefit of the Owners of all Series 2022A Senior Bonds then Outstanding.

Waivers of Events of Default. The Senior Indenture Trustee may in its discretion waive any Event of Default under the Senior Indenture and its consequences, and shall do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of the Series 2022A Senior Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Consent Parties with respect to one hundred percent (100%) of the Series 2022A Senior Bonds then Outstanding as to which the Event of Default exists any Event of Default described under paragraph (a) under "—Events of Default" above. In case of any such waiver, or in case any proceedings taken by the Senior Indenture Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Senior Indenture Trustee, then in every such case the District, the Senior Indenture Trustee, and the Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Notice of Default; Opportunity to Cure Defaults. The Senior Indenture Trustee shall give to the Owners of all Series 2022A Senior Bonds notice by mailing to the address shown on the registration books maintained by the Senior Indenture Trustee, of all Events of Default known to the Senior Indenture Trustee (as determined pursuant to the Senior Indenture), within ninety (90) days after the Senior Indenture Trustee has knowledge of the occurrence of such Event of Default unless such Event of Default shall have been cured before the giving of such notice; provided that, the Senior Indenture Trustee shall 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 described under paragraph (b) in "—Events of Default" above shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Senior Indenture Trustee, or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Series 2022A Senior Bonds Outstanding to the District, and the District shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not 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 shall not constitute an Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

Additional Provisions of the Senior Indenture

Included herein as "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE" are selected additional provisions of the Senior Indenture, including those pertaining to, among other things, tax covenants and other general covenants of the District, amendments and supplements to the Senior Indenture, defeasance and the Senior Indenture Trustee.

Agreement and Consent of Owners and Beneficial Owners

By acceptance of the Series 2022A Senior Bonds or any Beneficial Ownership Interests therein, each Owner and Beneficial Owner of the Series 2022A Senior Bonds agrees and consents to all of the limitations in respect of the payment of principal of and interest on the Series 2022A Senior Bonds contained therein and in the Bond Resolution, the Senior Indenture and the Service Plan.

THE SERIES 2022B SUBORDINATE BONDS

The following is a summary of certain general provisions of the Series 2022B Subordinate Bonds during such time as the Series 2022B Subordinate Bonds are subject to the DTC book-entry system. Reference is hereby made to the Subordinate Indenture for the detailed provisions pertaining to the Series 2022B Subordinate Bonds, including provisions applicable in the event of discontinuance of participation in the DTC book-entry system. See also "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE."

Authorization

The Series 2022B Subordinate Bonds are issued under authority of the constitution and laws of the State, including, without limitation, the Special District Act and the Supplemental Public Securities Act, and pursuant to the Bond Resolution and the Subordinate Indenture. The Series 2022B Subordinate Bonds have also been authorized as necessary by the District's voters at the District's organizational election. See "DISTRICT FINANCIAL INFORMATION – Tax, Revenue and Spending Limitations – *TABOR*" and "DISTRICT DEBT STRUCTURE – Authorization."

General Provisions

The Series 2022B Subordinate Bonds will be issued on the Issue Date in the aggregate principal amount, bear interest at the rate and mature on the date set forth on the cover page and inside cover of this Limited Offering Memorandum. Interest on the Series 2022B Subordinate Bonds (computed on the basis of a 360-day year of twelve 30-day months) will accrue from the Issue Date and will be payable annually on each Series 2022B Subordinate Bonds Interest Payment Date (each December 15, commencing December 15, 2022), to the extent of available Subordinate Pledged Revenue until the Series 2022B Subordinate Bonds are (or are deemed to be) paid in full or are redeemed in advance of maturity. See also "Security and Sources of Payment – *Termination Date*" hereafter in this section. Payments of principal and interest in connection with the Series 2022B Subordinate Bonds will be made by the Subordinate Indenture Trustee to Cede & Co. (or subsequent nominee of DTC), as the Owner of the Series 2022B Subordinate Bonds, for subsequent credit to the accounts of the Beneficial Owners of the Series 2022B Subordinate Bonds as discussed "Book-Entry Only Form" below and in "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

Any principal of a Series 2022B Subordinate Bond that is not paid when due will remain outstanding until the Termination Date discussed hereafter and will continue to bear interest at the rate borne by such Series 2022B Subordinate Bond; and any interest on a Series 2022B Subordinate Bond that is not paid when due will compound on each Subordinate Bonds Interest Payment Date at the interest rate borne by such Series

2022B Subordinate Bond. However, the District will not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022B Subordinate Bonds, including all payments of principal, premium, if any, and interest, and all Series 2022B Subordinate Bonds will be deemed defeased and no longer outstanding upon the payment by the District of such amount. **In addition, in the event that any amount of principal or interest in respect of the Series 2022B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on the Termination Date, the Series 2022B Subordinate Bonds will be deemed to be discharged.** See also "Security and Sources of Payment – *Cash Flow Nature of the Series 2022B Subordinate Bonds; Result of Insufficiency of Subordinate Pledged Revenue –Termination Date*" in this section.

Authorized Denominations

The Series 2022B Subordinate Bonds will be issued in Authorized Denominations of $500,000 or any integral multiple of $1,000 in excess thereof; provided, however, that (i) no individual Series 2022B Subordinate Bond may be in an amount which exceeds the principal amount coming due on any maturity date; and (ii) in the event a Series 2022B Subordinate Bond is partially redeemed and the unredeemed portion is less than $500,000, the unredeemed portion of such Series 2022B Subordinate Bond may be issued in the largest possible denomination of less than $500,000, in integral multiples of not less than $1,000 each or any integral multiple thereof. See also "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – General Covenants."

Book-Entry Only Form

The Series 2022B Subordinate Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2022B Subordinate Bonds. Beneficial Ownership Interests in the Series 2022B Subordinate Bonds, in non-certificated book-entry only form, may be purchased in Authorized Denominations by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and transfers of such Beneficial Ownership Interests (which may be made only in Authorized Denominations) will be accomplished by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2022B Subordinate Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners of the Series 2022B Subordinate Bonds.

Beneficial Ownership Interests in the Series 2022B Subordinate Bonds will be governed as to payment, receipt of notices and other communications, prior redemption, transfers and various other matters with respect to the Series 2022B Subordinate Bonds by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX E – DTC BOOK-ENTRY SYSTEM."

None of the District, the Subordinate Indenture Trustee or the Underwriter has any responsibility or obligation to any Beneficial Owner of the Series 2022B Subordinate Bonds with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) any notice that is permitted or required to be given to the Owners of the Series 2022B Subordinate Bonds under the Subordinate Indenture, (3) the selection by DTC or any DTC Participant of the recipient of payment in the event of a partial redemption of the Series 2022B Subordinate Bonds, (4) the payment by DTC or any DTC Participant of any amount with respect to the principal of, premium, if any, or interest due with respect to the Owners of the Series 2022B Subordinate Bonds, (5) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2022B Subordinate Bonds or (6) any other related matter.

Redemption Prior to Maturity

Mandatory Redemption. The Series 2022B Subordinate Bonds are subject to mandatory redemption, in part by lot on December 15 of each year, commencing December 15, 2022 (each being a Series 2022B Subordinate Bonds Mandatory Redemption Date), to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 30 days prior to the applicable Series 2022B Subordinate Bonds Mandatory Redemption Date, and subject to any minimum requirements with respect to the principal amount of Series 2022B Subordinate Bonds to be redeemed as provided in the Subordinate Indenture, at a redemption price (the "Series 2022B Subordinate Bonds Mandatory Redemption Price") equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date. 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 2022B Subordinate Bonds as described in this paragraph. See also "Security and Sources of Payment – *Subordinate Bond Fund*" hereafter.

Optional Redemption. The Series 2022B Subordinate Bonds are subject to optional redemption prior to maturity, at the option of the District, as a whole or in integral multiples of $1,000, in any order of maturity, and in whole or partial maturities (and if in part in such order of maturities as the District shall determine and by lot within maturities), on December 1, 2027, and on any date thereafter, upon payment of par, accrued interest and a redemption premium of a percentage of the principal amount so redeemed, as follows.

Date of Redemption	Redemption Premium
December 1, 2027, to November 30, 2028	3.00%
December 1, 2028, to November 30, 2029	2.00
December 1, 2029, to November 30, 2030	1.00
December 1, 2030, and thereafter	0.00

Redemption Procedure and Notice. If less than all of the Series 2022B Subordinate Bonds within a maturity are to be redeemed on any prior redemption date, the Series 2022B Subordinate Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Subordinate Indenture Trustee shall determine. The Series 2022B Subordinate Bonds shall be redeemed only in integral multiples of $1,000. In the event a Series 2022B Subordinate Bond is of a denomination larger than $1,000, a portion of such Series 2022B Subordinate Bond may be redeemed, but only in the principal amount of $1,000 or any integral multiple thereof. Such Series 2022B Subordinate Bond shall be treated for the purpose of redemption as that number of Series 2022B Subordinate Bonds which results from dividing the principal amount of such Series 2022B Subordinate Bond by $1,000. In the event a portion of any Series 2022B Subordinate Bond is redeemed, the Subordinate Indenture Trustee shall, without charge to the Owner of such Series 2022B Subordinate Bond, authenticate and deliver a replacement Series 2022B Subordinate Bond or Bonds for the unredeemed portion thereof.

In the event any of the Series 2022B Subordinate Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Series 2022B Subordinate Bonds or portions thereof to be redeemed is to be given by the Subordinate Indenture Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid), not less than thirty (30) days prior to the date fixed for redemption, to the Owner of each Series 2022B 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 Subordinate Indenture Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, will not affect the validity of any proceeding for the redemption of other Series 2022B Subordinate Bonds as to which no such failure or defect exists. The redemption of the Series 2022B 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 Subordinate Indenture 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 2022B 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.

So long as the Series 2022B Subordinate Bonds are subject to the DTC book-entry system, the Subordinate Indenture Trustee is required to send notice of redemption of the Series 2022B Subordinate Bonds to Cede & Co. (or subsequent nominee of DTC) as the Owner thereof. Receipt of such notice initiates DTC's standard call. In the event of a partial call, the Beneficial Ownership Interests in the Series 2022B Subordinate Bonds to be redeemed will be determined in accordance with the rules and procedures of the DTC book-entry system as discussed in "APPENDIX E – DTC BOOK-ENTRY SYSTEM." DTC Participants are responsible for notifying the Beneficial Owners of the redemption of their Beneficial Ownership Interests in the Series 2022B Subordinate Bonds and for remitting the redemption price thereof to such Beneficial Owners. Any failure by DTC or DTC Participants to notify a Beneficial Owner of the Series 2022B Subordinate Bonds of any such notice of redemption and its content or effect will not affect the validity of the redemption of the Series 2022B Subordinate Bonds.

Security and Sources of Payment

Limited Tax Obligations. The Series 2022B Subordinate Bonds constitute limited tax general obligations of the District which are payable on a basis that is subordinate to the Series 2022A Senior Bonds.

Source of Payment of the Series 2022B Subordinate Bonds; Subordinate Lien. The Series 2022B Subordinate Bonds are secured by and payable solely from and to the extent of certain revenues and funds comprising the Subordinate Trust Estate, including the Subordinate Pledged Revenue and amounts on deposit from time to time in the Subordinate Bond Fund. The Series 2022B Subordinate Bonds constitute an irrevocable lien on the Subordinate Pledged Revenue, but not necessarily an exclusive such lien. See "*Additional Obligations*" hereafter.

The creation, perfection, enforcement and priority of the pledge of the Subordinate Pledged Revenue to secure or pay the Series 2022B Subordinate Bonds are governed by the Supplemental Public Securities Act and the Subordinate Indenture. The Subordinate Pledged Revenue is subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge on the Subordinate Pledged Revenue will be on parity with any Subordinate Parity Bonds, will have the priority provided in the Subordinate Indenture and will be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the District irrespective of whether such persons have notice of such liens.

Cash Flow Nature of the Series 2022B Subordinate Bonds; Consequence of Insufficiency of Subordinate Pledged Revenue. The Series 2022B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2022B Subordinate Bonds is payable on each Series 2022B Subordinate Bonds Interest Payment Date solely from and to the extent of any Subordinate Pledged Revenue available therefor. There are no scheduled payments of principal of the Series 2022B Subordinate Bonds prior to their maturity date, but rather the Series 2022B Subordinate Bonds are subject to mandatory redemption in part on each Series 2022B Subordinate Bonds Mandatory Redemption Date to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 30 days prior to the applicable Series 2022B Subordinate Bonds Mandatory Redemption Date, as more particularly described in "Redemption Prior to Maturity – *Mandatory Redemption*" and "*Subordinate Bond Fund.*"

The Financial Forecast forecasts that there will be no Subordinate Pledged Revenue available to pay principal on the Series 2022B Subordinate Bonds in 2028 and from 2030 to 2055 (inclusive)

under Alternative A. Prospective investors are cautioned that the Financial Forecast is based on various assumptions specified therein and that actual results could differ materially from those contained in the Financial Forecast. See "REQUIRED AND FORECAST DEBT SERVICE PAYMENTS ON THE BONDS," "FINANCIAL FORECAST," "APPENDIX B – FINANCIAL FORECAST" and "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Determination of Assessed Value*," as well as "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Risks Inherent in Forward-Looking Statements" and "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements."

The Subordinate Pledged Revenue and the amount available in the Subordinate Bond Fund may not necessarily be sufficient to pay the principal of, premium, if any, and interest on the Series 2022B Subordinate Bonds when due. However, so long as the District neither fails or refuses to impose the Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by the Subordinate Indenture, the inability of the District to pay the Series 2022B Subordinate Bonds when due will not, of itself, constitute a Subordinate Indenture Event of Default. Any principal of a Series 2022B Subordinate Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2022B Subordinate Bond that is not paid when due will compound annually on each Series 2022B Subordinate Bonds Interest Payment Date at the interest rate borne by such Series 2022B Subordinate Bond; provided, however, that (i) the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022B Subordinate Bonds, and all Series 2022B Subordinate Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount, and (ii) the Series 2022B Subordinate Bonds will be deemed to be discharged on the Termination Date as described in the following subsection.

Termination Date. **Notwithstanding any other provision of the Subordinate Indenture, in the event that any amount of principal of or interest on the Series 2022B Subordinate Bonds remains unpaid after the application of all Subordinate Pledged Revenue available therefor on the Termination Date, the Series 2022B Subordinate Bonds and the lien of the Subordinate Indenture securing payment thereof will be deemed discharged. The District is <u>not</u> required to impose the Subordinate Mill Levy for payment of the Series 2022B Subordinate Bonds after December 2061 for collection in calendar year 2062. See also "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *General*."**

Subordinate Pledged Revenue. The Subordinate Pledged Revenue pledged to the payment of the Series 2022B Subordinate Bonds consists of the following: (i) after application of such amounts to pay amounts due on the Series 2022A Senior Bonds, the Subordinate Property Tax Revenues, (ii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy, and (iii) after application of such amounts to pay amounts due on the Series 2022A Senior Bonds, any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Subordinate Indenture Trustee for application as Subordinate Pledged Revenue, each of which is discussed in detail below.

Subordinate Property Tax Revenues. The primary source of Subordinate Pledged Revenue is expected to be the "Subordinate Property Tax Revenues," consisting of 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.)

<u>*Subordinate Required Mill Levy*</u>. Subject to the final paragraph of this definition, an ad valorem mill levy (one mill being equal to 1/10 of 1¢) imposed upon all taxable property of the

District each year in the amount of up to 45 mills, less the amount of the O&M Mill Levy and less the amount of the Senior Required Mill Levy, or such lesser mill levy which will fund the Subordinate Bond Fund in an amount sufficient to pay all of the principal of and interest on the Series 2022B Subordinate Bonds in full; provided however, that in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the mill levy provided herein will be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. It is the intent hereof that if the amount of the Senior Required Mill Levy plus the O&M Mill Levy equals or exceeds 45 mills in any year, adjusted for changes as aforesaid, the Subordinate Required Mill Levy for that year shall be zero.

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 its electoral authorization, and if the Subordinate Required Mill Levy as calculated pursuant to the foregoing would cause the, amount of taxes collected in any year to exceed the maximum tax increase permitted by the District's electoral authorization, the Subordinate Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

- As used herein, "O&M Mill Levy" means an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year in an amount sufficient to pay the current and annual reasonable operation, maintenance and administrative obligations and reasonable budgetary reserves for the District which such mill levy shall not exceed 9 mills; provided however, that in the event the method of calculating assessed valuation is or was changed after April 1, 2008, the foregoing maximum mill levy shall be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Covenant to Impose the Subordinate Required Mill Levy. The Series 2022B Subordinate Bonds are not secured directly by any lien on property located within the District, but rather by the covenants and obligations of the District pursuant to the Subordinate Indenture to levy taxes on all property in the District each year while the Series 2022B Subordinate Bonds are outstanding, in addition to other taxes, in the amount of the Subordinate Required Mill Levy (subject to the limitations discussed above in this section), for the purpose of paying the principal of, premium, if any, and interest on the Series 2022B Subordinate Bonds. The District is neither required nor may be compelled to levy an ad valorem property tax for such purpose in excess of the Subordinate Required Mill Levy. When collected, the taxes levied for the foregoing purposes are to be deposited with the Subordinate Indenture Trustee in accordance with the Subordinate Indenture.

Notwithstanding any other provision in the Subordinate Indenture, the District is not to be required to impose the Subordinate Required Mill Levy for payment of the Series 2022B Subordinate Bonds after December 2061 (for collection in calendar year 2062).

For additional information concerning the Subordinate Required Mill Levy and the Subordinate Property Tax Revenues, see "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Property Tax Statistics*."

Specific Ownership Taxes. The Subordinate Pledged Revenue also includes "Subordinate Specific Ownership Tax Revenues[1]," consisting of the portion of the Specific Ownership Tax remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition by the District of the Subordinate Required Mill Levy. See "DISTRICT FINANCIAL INFORMATION – Specific Ownership Taxes."

Other Available Moneys. The Subordinate Pledged Revenue includes any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Application of Subordinate Pledged Revenue; Flow of Funds. The Subordinate Indenture provides that the District is to cause all Subordinate Pledged Revenue to be deposited with the Subordinate Indenture Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 20th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the District, subject to the last paragraph of this section; 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 Subordinate Indenture Trustee no later than the 20th 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 20th for Subordinate Pledged Revenue received in January, February or March, no later than July 20th for Subordinate Pledged Revenue received in April, May or June, no later than October 20th for Subordinate Pledged Revenue received in July, August or September and no later than January 20th 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. In addition, in order to assure the proper application of moneys constituting Subordinate Pledged Revenue, on and after the date of issuance of any Additional Bonds, the District shall also transfer or make available to the Subordinate Indenture Trustee all moneys pledged to the payment of such Additional Bonds which are derived from ad valorem taxes of the District, or Subordinate Specific Ownership Taxes, and any such moneys shall constitute part of the Subordinate Trust Estate. The Subordinate Trustee shall apply the Subordinate Pledged Revenue and such other moneys in the following order of priority. For purposes of the following: (i) the priorities established below are intended to create a tiered "waterfall" structure in which no Subordinate Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided in the Subordinate Indenture; (ii) when credits to more than one fund, account, or purpose are required at any single priority level, such credits shall rank *pari passu* with each other, and (iii) when credits are required to go to funds or accounts which are not held by the Subordinate Indenture Trustee under the Subordinate Indenture, the Subordinate Indenture Trustee may rely upon the written instructions of the District with respect to the appropriate funds or accounts to which such credits are to be made.

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

SECOND: To the credit of the Subordinate Bond Fund, the amounts required by "*Subordinate Bond Fund; Mandatory Redemption*" above, and to the credit of any other similar fund or account established for the payment of the principal of, premium if any, and interest

[1] Defined as "Specific Ownership Tax" in the Subordinate Indenture.

on any additional Subordinate Bonds, including any sinking fund, reserve fund, or similar fund or account established in connection with such additional Subordinate Bonds, the amounts required by the resolution or other enactment authorizing issuance of such additional Subordinate Bonds; and

THIRD: To the credit of any other fund or account established for the payment of the principal of, premium if any, and interest on Junior Lien Bonds, including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the documents pursuant to which the Junior Lien Bonds are issued; and

FOURTH: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose, any Subordinate Pledged Revenue remaining after the payments and accumulations set forth above (which revenues, upon disbursement to or at the direction of the District in accordance with this clause FOURTH, shall be released from the lien hereof and shall thereafter no longer constitute " Subordinate Pledged Revenue" under the Subordinate Indenture).

In the event that any Subordinate Pledged Revenue is available to be disbursed in accordance with clause FOURTH 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 FOURTH above, the Subordinate Pledged Revenue applied in FIRST and SECOND above shall be deemed to be funded, first, from Subordinate Property Tax Revenues resulting from imposition of the Subordinate Required Mill Levy, and second, from Subordinate Specific Ownership Tax Revenues resulting from imposition of the Subordinate Required Mill Levy.

The District covenants in the Subordinate Indenture that the debt service property tax levy imposed for the payment of any Subordinate Bonds or Junior Lien Bonds shall be deemed reduced to the number of mills (if any) available for payment of Subordinate Bonds or Junior Lien Bonds in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Series 2022B Subordinate Bonds and any Parity Bonds in such Bond Year.

Subordinate Bond Fund; Mandatory Redemption. The Subordinate Indenture establishes the Subordinate Bond Fund, including therein the Subordinate Interest Account and the Subordinate Mandatory Redemption Account. Moneys in the Subordinate Bond Fund are to be used by the Subordinate Indenture Trustee solely to pay the principal of and interest on the Series 2022B Subordinate Bonds.

Subordinate Pledged Revenue required to be credited to the Subordinate Bond Fund as provided in "*Application of Subordinate Pledged Revenue; Flow of Funds*" above is to be credited each Subordinate Bond Year as received as follows:

FIRST: To the credit of the Subordinate Interest Account of the Subordinate Bond Fund, the amount required for amounts on deposit therein to equal the interest due and payable on the Series 2022B Subordinate Bonds in such Subordinate Bond Year; and

SECOND: To the credit of the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund, all remaining Subordinate Pledged Revenue credited to the Subordinate Bond Fund for such Subordinate Bond Year.

On each Series 2022B Subordinate Bonds Interest Payment Date, the Subordinate Indenture Trustee is to apply amounts on deposit in the Subordinate Interest Account of the Subordinate Bond Fund to the payment of interest on the Series 2022B Subordinate Bonds (including current interest, accrued but unpaid interest and unpaid compound interest, and including the accrued interest portion of any Series 2022B Subordinate Bonds Mandatory Redemption Price) then due.

On the 30th day prior to each Series 2022B Subordinate Bonds Mandatory Redemption Date, the Subordinate Indenture Trustee is to determine the amounts on deposit in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund available for application to redemption of the Series 2022B Subordinate Bonds as described in "Redemption Prior to Maturity – *Mandatory Redemption*" above in this section, taking into account any requirements of the Subordinate Indenture with respect to the amount to be redeemed. The Subordinate Indenture Trustee is to provide notice of the mandatory redemption to occur on each Series 2022B Subordinate Bonds Mandatory Redemption Date as a result of amounts credited to the Subordinate Mandatory Redemption Account as provided in "Redemption Prior to Maturity – *Notice of Redemption*" above in this section, and on each Series 2022B Subordinate Bonds Mandatory Redemption Date, the Subordinate Indenture Trustee is to apply amounts on deposit in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund to the payment of the principal portion of any Series 2022B Subordinate Bonds Mandatory Redemption Price.

Moneys credited to the Subordinate Bond Fund may be invested or deposited only in Permitted Investments, but in all cases subject to the requirements of, and the tax covenants made by the District in, the Subordinate Indenture. See "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Tax Covenants," as well as "TAX MATTERS." Except to the extent otherwise required by such covenants, all earnings from the investment or reinvestment of moneys on deposit in the Subordinate Bond Fund are to remain in the Subordinate Bond Fund.

The District acknowledges and agrees in the Subordinate Indenture 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 2022B Subordinate Bonds pursuant to the mandatory redemption provisions of the Subordinate Indenture.

Additional Obligations

In General - After issuance of the Series 2022B Subordinate Bonds, no Additional Bonds may be issued except as described in this section. Nothing herein shall affect or restrict the right of the District to issue or incur obligations which are not Additional Bonds under the Subordinate Indenture.

The Series 2022A Senior Bonds – Pursuant to the Subordinate Indenture, the District may issue the Series 2022A Senior Bonds at such time or times and on such terms and conditions as may be determined by the District without compliance with any of the other terms and conditions of the Subordinate Indenture.

Senior Bonds – Pursuant to the Subordinate Indenture, the District may issue Additional Bonds constituting Senior Bonds in accordance with the requirements of the Senior authorizing the Series 2022A Senior Bonds.

Permitted Refunding Bonds – Pursuant to the Subordinate Indenture, the District may issue Permitted Refunding Bonds at such time or times, in such amounts, and on such terms and conditions as may be determined by the District in its absolute discretion.

Subordinate Bonds – The District is not to issue Additional Bonds constituting Subordinate Bonds without the consent of the registered owners of the Series 2022B Subordinate Bonds.

Junior Lien Bonds – Pursuant to the Subordinate Indenture, the District may issue Junior Lien Bonds if the following condition is met as of the date of issuance of such Junior Lien Bonds: the maximum mill levy which the District promises to impose for payment of the Junior Lien Bonds is not higher than the maximum Subordinate Required Mill Levy, and subject to the same deductions and adjustments as the Subordinate Required Mill Levy.

Issuance by Consent - Except as described above, the District may issue Additional Bonds only if the Consent Parties with respect to 100% in aggregate principal amount of the Series 2022B Subordinate Bonds then Outstanding consent to the issuance of such Additional Bonds.

Events of Default and Remedies

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 shall constitute an Event of Default under the Subordinate Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall 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 of the covenants, agreements, or conditions on the part of the District in the Subordinate Indenture or the Bond Resolution, other than as described in (a) above, 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 2022B Subordinate Bonds.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE SUBORDINATE INDENTURE, THE DISTRICT ACKNOWLEDGES AND AGREES IN THE SUBORDINATE INDENTURE THAT THE APPLICATION OF ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE SUBORDINATE INDENTURE TRUSTEE IN ACCORDANCE WITH THE PROVISIONS OF THE SUBORDINATE INDENTURE 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 2022B SUBORDINATE BONDS, WHICH SHALL ENTITLE THE SUBORDINATE INDENTURE TRUSTEE TO PURSUE, ON BEHALF OF THE OWNERS OF THE SERIES 2022B 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 IN THE SUBORDINATE INDENTURE THAT THE APPLICATION OF PLEDGED REVENUE IN VIOLATION OF THE COVENANTS THEREOF WILL RESULT IN IRREPARABLE HARM TO THE OWNERS OF THE SERIES 2022B SUBORDINATE BONDS. IN NO EVENT SHALL ANY PROVISION OF THE SUBORDINATE INDENTURE BE

INTERPRETED TO PERMIT THE DISTRICT TO RETAIN ANY PORTION OF THE SUBORDINATE PLEDGED REVENUE.

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 2022B Subordinate Bonds when due shall not, of itself, constitute an Event of Default under the Senior Indenture.

IN ADDITION, IT IS ACKNOWLEDGED IN THE SUBORDINATE INDENTURE THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY PURSUANT TO THE TERMS OF THE SUBORDINATE INDENTURE FOR PAYMENT OF THE SERIES 2022B SUBORDINATE BONDS AFTER DECEMBER 2061 (FOR COLLECTION IN CALENDAR YEAR 2062). FURTHERMORE, PURSUANT TO THE SUBORDINATE INDENTURE, IN THE EVENT THAT ANY AMOUNT OF PRINCIPAL OF OR INTEREST ON ANY SERIES 2022B SUBORDINATE BOND REMAINS UNPAID AFTER THE APPLICATION OF ALL SUBORDINATE PLEDGED REVENUE AVAILABLE THEREFOR ON THE TERMINATION DATE (MAY 1, 2062), THE SERIES 2022B SUBORDINATE BONDS AND THE LIEN OF THE SUBORDINATE INDENTURE SECURING PAYMENT THEREOF SHALL BE DEEMED DISCHARGED. IN SUCH EVENT 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 2022B SUBORDINATE BOND REMAINING UNPAID.

Remedies on Occurrence of Event of Default. Upon the occurrence and continuance of an Event of Default, the Subordinate Indenture Trustee shall have the following rights and remedies under the Subordinate Indenture 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 Subordinate Indenture Trustee and of the Owners, the Subordinate Indenture Trustee shall be entitled under the Senior Indenture 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 Subordinate Indenture Trustee shall 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 Subordinate Indenture Trustee.

(b) *Suit for Judgment*. The Subordinate Indenture Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Series 2022B Subordinate Bonds, the Bond Resolution, the Subordinate Indenture, and any provision of law by such suit, action, or special proceedings as the Subordinate Indenture Trustee, being advised by Counsel, shall deem appropriate.

(c) *Mandamus or Other Suit*. The Subordinate Indenture 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 Subordinate Indenture Trustee shall in any manner or to any extent affect the lien of the Subordinate Indenture or any rights, powers, or remedies of the Subordinate Indenture Trustee thereunder, or any lien, rights, powers, and remedies of the Owners of the Series 2022B

Subordinate Bonds, but such lien, rights, powers, and remedies of the Subordinate Indenture Trustee and of the Owners shall continue unimpaired as before.

If any Event of Default described under paragraph (a) under "—Events of Default" above shall have occurred and if requested by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2022B Subordinate Bonds then Outstanding, the Subordinate Indenture Trustee shall be obligated under the Subordinate Indenture to exercise such one or more of the rights and powers described in this section as the Subordinate Indenture Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners; provided that the Subordinate Indenture Trustee at its option shall be indemnified as provided in the Subordinate Indenture.

Notwithstanding anything in the Subordinate Indenture to the contrary, acceleration of the Series 2022B Subordinate Bonds shall not be an available remedy for an Event of Default.

Control of Proceedings. The Consent Parties with respect to a majority in aggregate principal amount of the Series 2022B Subordinate Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Subordinate Indenture 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 hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of the Subordinate Indenture; and provided further that at its option the Subordinate Indenture Trustee shall be indemnified as provided in the Subordinate Indenture.

Notwithstanding any other provision in the Subordinate Indenture to the contrary, if an Event of Default occurs and shall be continuing while an Event of Default exists and is continuing with respect to the Series 2022A Senior Bonds, the Owners of the Series 2022A Senior Bonds shall control all proceedings and directions to be taken in connection with the exercise of any remedies and taking of any actions by the Subordinate Indenture Trustee under the Senior Indenture and under the Subordinate Indenture.

Rights and Remedies of Owners. No Owner of any Series 2022B Subordinate Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Subordinate Indenture or for the execution of any trust of the Subordinate Indenture or for the appointment of a receiver or any other remedy under the Subordinate Indenture, unless a default has occurred of which the Subordinate Indenture Trustee has been notified as provided in the Subordinate Indenture, or of which under the Subordinate Indenture it is deemed to have notice, and unless such default shall have become an Event of Default and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Series 2022B Subordinate Bonds then Outstanding shall have made written request to the Subordinate Indenture Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers described above or to institute such action, suit, or proceedings in their own name, nor unless they have also offered to the Subordinate Indenture Trustee indemnity as provided in the Subordinate Indenture, nor unless the Subordinate Indenture Trustee shall thereafter fail or refuse to exercise the powers described in the Subordinate Indenture, or to institute such action, suit, or proceeding in its own name; and such notification, request, and offer of indemnity are declared in every case at the option of the Subordinate Indenture 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 under the Subordinate Indenture; it being understood and intended that no one or more Owners of Series 2022B Subordinate Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the Subordinate Indenture by his, her, its, or their action, or to enforce any right under the Subordinate Indenture except in the manner therein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner provided in the Subordinate Indenture and for the equal benefit of the Owners of all Series 2022B Subordinate Bonds then Outstanding.

Waivers of Events of Default. The Subordinate Indenture Trustee may in its discretion waive any Event of Default under the Subordinate Indenture and its consequences, and shall do so upon the written request of the Consent Parties with respect to a majority in aggregate principal amount of the Series 2022B Subordinate Bonds then Outstanding; provided however, that there shall not be waived without the consent of the Consent Parties with respect to one hundred percent (100%) of the Series 2022B Subordinate Bonds then Outstanding as to which the Event of Default exists any Event of Default described under paragraph (a) under "—Events of Default" above. In case of any such waiver, or in case any proceedings taken by the Subordinate Indenture Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Subordinate Indenture Trustee, then in every such case the District, the Subordinate Indenture Trustee, and the Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Notice of Default; Opportunity to Cure Defaults. The Subordinate Indenture Trustee shall give to the Owners of all Series 2022B Subordinate Bonds notice by mailing to the address shown on the registration books maintained by the Subordinate Indenture Trustee, of all Events of Default known to the Subordinate Indenture Trustee (as determined pursuant to the Subordinate Indenture), within ninety (90) days after the Subordinate Indenture Trustee has knowledge of the occurrence of such Event of Default unless such Event of Default shall have been cured before the giving of such notice; provided that, the Subordinate Indenture Trustee shall 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 described under paragraph (b) in "—Events of Default" above shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Subordinate Indenture Trustee, or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Series 2022B Subordinate Bonds Outstanding to the District, and the District shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not 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 shall not constitute an Event of Default if corrective action is instituted within the applicable period and diligently pursued thereafter until the default is corrected.

Additional Provisions of the Subordinate Indenture

Included herein as "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE" are selected additional provisions of the Subordinate Indenture, including those pertaining to, among other things, tax covenants and other general covenants of the District, amendments and supplements to the Subordinate Indenture, defeasance and the Subordinate Indenture Trustee.

Agreement and Consent of Owners and Beneficial Owners

By acceptance of the Series 2022B Subordinate Bonds or any Beneficial Ownership Interests therein, each Owner and Beneficial Owner of the Series 2022B Subordinate Bonds agrees and consents to all of the limitations in respect of the payment of principal of and interest on the Series 2022B Subordinate Bonds contained therein and in the Bond Resolution, the Subordinate Indenture and the Service Plan.

REQUIRED AND FORECAST DEBT SERVICE PAYMENTS ON THE BONDS

The following table sets forth the scheduled debt service requirements to maturity for the Series 2022A Senior Bonds and the forecasted debt service payments for the Series 2022B Subordinate Bonds under the base case scenario.

Debt Service Requirements for the Series 2022A Senior Bonds and Forecast Debt Service Payments on the Series 2022B Subordinate Bonds

(Totals may not add due to rounding)

	Series 2022A Senior Bonds			Series 2022B Subordinate Bonds[1]			Annual
Year	**Principal[2]**	**Interest[3]**	**Total**	**Principal[4]**	**Interest[3]**	**Total**	**Total**
2022	$120,000	$141,496.25	$261,496.25	$31,000	$49,660	$80,660	$342,156.25
2023	25,000	240,975.00	265,975.00	10,000	78,705	88,705	354,680.00
2024	35,000	239,662.50	274,662.50	8,000	77,880	85,880	360,542.50
2025	35,000	237,825.00	272,825.00	11,000	77,220	88,220	361,045.00
2026	45,000	235,987.50	280,987.50	11,000	76,313	87,313	368,300.50
2027	45,000	233,625.00	278,625.00	15,000	75,405	90,405	369,030.00
2028	55,000	231,262.50	286,262.50	15,000	74,168	89,168	375,430.50
2029	55,000	228,375.00	283,375.00	20,000	72,930	92,930	376,305.00
2030	65,000	225,487.50	290,487.50	21,000	71,280	92,280	382,767.50
2031	70,000	222,075.00	292,075.00	22,000	69,548	91,548	383,623.00
2032	80,000	218,400.00	298,400.00	25,000	67,733	92,733	391,133.00
2033	80,000	214,200.00	294,200.00	32,000	65,670	97,670	391,870.00
2034	95,000	210,000.00	305,000.00	31,000	63,030	94,030	399,030.00
2035	100,000	205,012.50	305,012.50	33,000	60,473	93,473	398,485.50
2036	110,000	199,762.50	309,762.50	40,000	57,750	97,750	407,512.50
2037	115,000	193,987.50	308,987.50	44,000	54,450	98,450	407,437.50
2038	125,000	187,950.00	312,950.00	52,000	50,820	102,820	415,770.00
2039	135,000	181,387.50	316,387.50	52,000	46,530	98,530	414,917.50
2040	150,000	174,300.00	324,300.00	58,000	42,240	100,240	424,540.00
2041	155,000	166,425.00	321,425.00	65,000	37,455	102,455	423,880.00
2042	170,000	158,287.50	328,287.50	72,000	32,093	104,093	432,380.50
2043	180,000	149,362.50	329,362.50	77,000	26,153	103,153	432,515.50
2044	195,000	139,912.50	334,912.50	86,000	19,800	105,800	440,712.50
2045	205,000	129,675.00	334,675.00	94,000	12,705	106,705	441,380.00
2046	225,000	118,912.50	343,912.50	60,000	4,950	64,950	408,862.50
2047	235,000	107,100.00	342,100.00	-	-	-	342,100.00
2048	255,000	94,762.50	349,762.50	-	-	-	349,762.50
2049	270,000	81,375.00	351,375.00	-	-	-	351,375.00
2050	290,000	67,200.00	357,200.00	-	-	-	357,200.00
2051	305,000	51,975.00	356,975.00	-	-	-	356,975.00
2052	685,000	35,962.50	720,962.50	-	-	-	720,962.50
	$4,710,000	$5,322,721.25	$10,032,721.25	$985,000	$1,364,958	$2,349,958	$12,382,679.25

[1] *Principal and interest on the Series 2022B Subordinate Bonds are payable solely from and to the extent of Subordinate Pledged Revenue. There are no scheduled payments of principal of the Series 2022B Subordinate Bonds until maturity. The amounts set forth in this table are the projected payments of principal of and interest on the Series 2022B Subordinate Bonds as set forth in the Financial Forecast for the base case scenario based upon the assumptions stated 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 2022B Subordinate Bonds will be paid as set forth in this table. Failure to pay the amounts set forth above with respect to the Series 2022B Subordinate Bonds will not necessarily constitute a Subordinate Indenture Event of Default. See "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – Cash Flow Nature of Series 2022B Subordinate Bonds; Consequence of Insufficiency of Subordinate Pledged Revenue" and "APPENDIX B – FINANCIAL FORECAST."*

[2] See "THE SERIES 2022A SENIOR BONDS – Redemption Prior to Maturity – *Mandatory Sinking Fund Redemption.*"

[3] See the inside front cover of this Limited Offering Memorandum for the interest rates on the Bonds.

[4] See "THE SERIES 2022B SUBORDINATE BONDS – Redemption Prior to Maturity – *Mandatory Redemption.*"

Sources: The Underwriter (for Series 2022A Senior Bonds debt service only) and the Financial Forecast (for the forecast debt service payments on the Series 2022B Subordinate Bonds using the base case scenario).

FINANCIAL FORECAST

A forecasted statement of sources and uses of cash of the District for calendar years 2022 through 2062 (the "Financial Forecast") has been prepared for the District by Causey Demgen & Moore P.C., Certified Public Accountants, Denver, Colorado, and is appended in its entirety to this Limited Offering Memorandum. The Financial Forecast was prepared for the purpose of providing information to the District regarding the District's ability to meet the debt service requirements of the Series 2022A Senior Bonds when due and the projected payments of principal of and interest on the Series 2022B Subordinate Bonds, and, among other things, includes a schedule of the estimated future assessed valuation of the District. The Financial Forecast is based on the specific information, assumptions and limitations stated therein (the "base case" scenario).

In addition, for purposes of additional analysis, the Financial Forecast includes two hypothetical alternative projections that use different assumptions as to the inflation rate of the market value of property in the District and the increase in the Senior Required Mill Levy and the Subordinate Required Mill Levy than those forecast in the base case scenario. Under the first alternative hypothetical projection ("Alternative A"), the Financial Forecast assumes a reduced biennial reassessment rate of 0.80% (instead of 2%, which is the assumption used in the base case scenario). Under Alternative A, principal and interest on the Series 2022A Senior Bonds would still be paid by in full by December 1, 2052, however, principal and interest on the Series 2022B Subordinate Bonds would not be repaid until December 15, 2058 (which is in advance of the Termination Date). Under the second alternative hypothetical projection ("Alternative B"), the Financial Forecast assumes an increased biennial reassessment rate of 3.0% (instead of 2%, which is the assumption used in the base case scenario). Under Alternative B, the Series 2022B Subordinate Bonds would be repaid in full by December 15, 2040. See Note 9 to the Financial Forecast for the hypothetical assumptions made for each alternative projection.

No assurance can be given that the future assessed values or future Senior Required Mill Levies or Subordinate Required Mill Levies will be as presented in the Financial Forecast. The Financial Forecast should be read in its entirety for an understanding of the methodology and the underlying assumptions contained therein. Prospective investors are cautioned that any forecast is subject to uncertainties, and that inevitably some assumptions used to develop the Financial Forecast will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guarantee is made herein that the results of the Financial Forecast will be realized. See "FINANCIAL FORECAST" and "APPENDIX B – FINANCIAL FORECAST," as well as "PRELIMINARY NOTICES – Cautionary Statement Regarding Forecasts, Estimates and Other Forward Looking Statements" and "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Factors Affecting Increases in Assessed Valuation from Planned Development;" and " – Risks Inherent in Forward-Looking Statements."

RISKS AND OTHER INVESTMENT CONSIDERATIONS

The following is a discussion of certain risks and other factors to be considered in connection with a prospective investment in the Bonds. Prospective investors should fully understand and evaluate these risks and other factors, as well as the information set forth elsewhere in this Limited Offering Memorandum, in order to make an informed investment decision. Each prospective investor is urged to consult with its own legal, financial and tax advisors to determine whether an investment in the Bonds is appropriate for such prospective investor.

This section is not intended to be an exhaustive list of all risks associated with an investment in the Bonds, nor are the risks set forth in this section necessarily presented in order of relevance, materiality or importance.

Risks Related to the COVID-19 (Coronavirus) Pandemic

The ongoing and ever evolving COVID-19 pandemic continues to alter the behavior of individuals and businesses in a manner that is having significant negative effects on global, national and local economies, including, among other things, labor shortages in certain economic sectors and supply chain disruptions, which in turn has contributed to a significant increase in short term inflation and created uncertainty over more permanent inflationary concerns.

Numerous actions have been taken at the federal level in an attempt to address the epidemiological and economic impacts of the pandemic, including, without limitation, the financing of, distribution of and access to vaccines and testing supplies, as well as the provision of stimulus payments and other fiscal and monetary relief to citizens and eligible businesses. In addition, numerous actions have also been taken by Colorado Governor Polis to implement measures designed to mitigate the spread of COVID-19 within the State and protect against overwhelming the State's health care resources. These executive orders also required that public health orders be issued by the Colorado Department of Public Health and Environment ("CDPHE") to implement the Governor's executive orders. The CDPHE provides information relating to COVID-19 and related developments in the State on its website, https://colorado.gov/cdphe/.[*]

As the result of the economic impact of COVID-19, Governor Polis issued an executive order, which was followed by the adoption of legislation by the Colorado legislature which authorized the waiver or suspension of interest accrued on delinquent property tax payments due that year. It is not possible to predict whether similar executive or legislative action could be taken in the future or the extent of the impact that any such actions may have on the receipt of the property taxes that constitute the primary source of the Senior Pledged Revenue and the Subordinate Pledged Revenue.

It is unknown how long or extensive the spread of the COVID-19 will continue to be in the nation or the State, how long the current restrictions will remain in place or whether new restrictions will be put in place, and these things may change rapidly. There can be no assurance that the continuation of the COVID-19 pandemic and the implementation or continuation of restrictions on a local, State and national level will not materially impact the local, State and national economies or that such events will not materially adversely affect the amount or timing of receipt of the Senior Pledged Revenue or the Subordinate Pledged Revenue available for payment of the Bonds. In particular, it is possible that the economic impact of COVID-19 could cause the assessed value of property in the District to decrease and/or could materially impair the development of property in the District.

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[*] References to website addresses presented herein are for informational purposes only. Such websites and the information or links contained therein are not incorporated into, and are not part of, this Limited Offering Memorandum.

Furthermore, national and global financial markets may experience significant volatility in connection with the ongoing COVID-19 pandemic, which in turn may have a material impact on the price of the Bonds in the secondary market. The District cannot predict how or to what extent the continuation of the COVID-19 pandemic will impact short term and long term economic conditions locally, nationally or globally, the construction industry in general, the demand for the type of commercial development planned for the District, the short term or long term financial condition of the District, the future assessed value of property in the District, the amount of the Senior Pledged Revenue and the Subordinate Pledged Revenue available to pay the Bonds or an investment in the Bonds.

The assumptions, information and conclusions in the Financial Forecast must be read and considered in the context of the matters described above, which may materially and adversely affect the assumptions, information and conclusions set forth in such report. See "FINANCIAL FORECAST," "DEVELOPMENT INFORMATION," "APPENDIX B – FINANCIAL FORECAST" and "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements."

Risk of Investment; Offering Limited to Qualified Investors

AN INVESTMENT IN THE BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS SPECULATIVE IN NATURE, AND CONSEQUENTLY THE BONDS ARE BEING OFFERED SOLELY TO AND MAY BE PURCHASED ONLY BY QUALIFIED INVESTORS AS DISCUSSED IN "LIMITED OFFERING." The Bonds do not have a credit rating from any source and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Bonds and must be able to bear the economic risk of such investment in the Bonds for an indefinite period of time. By purchasing the Bonds, each purchaser represents that it is a Qualified Investor and 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 Bonds. Each purchaser of the Bonds or a Beneficial Ownership Interest therein also agrees for the benefit of the District to the matters discussed in "THE SERIES 2022A SENIOR BONDS – Authorized Denominations – Book-Entry Only Form – Agreement and Consent of Owners and Beneficial Owners" and "THE SERIES 2022B SUBORDINATE BONDS – Authorized Denominations – Book-Entry Only Form – Agreement and Consent of Owners and Beneficial Owners," as applicable. See also "Restrictions on Transfer; No Assurance of Secondary Market" hereafter in this section.

Factors Affecting the Series 2022A Senior Bonds Only

Series 2022A Senior Bonds Constitute Limited Tax Obligations. The Series 2022A Senior Bonds constitute limited tax general obligations of the District payable solely from and to the extent of the Senior Pledged Revenue, which is expected to consist primarily of the property tax revenues derived from an ad valorem mill levy imposed on taxable property of the District. Other sources of Senior Pledge Revenue include Senior Specific Ownership Taxes and any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund. The Series 2022A Senior Bonds are also payable, if necessary, from amounts on deposit in the Senior Reserve Fund. The Series 2022A Senior Bonds are not secured by any lien or mortgage on or security interest in any property other than the Senior Pledged Revenue and the moneys and investments held in the Senior Bond Fund and the Senior Reserve Fund to the extent provided in the Senior Indenture. See generally "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment."

Inability to Pay the Series 2022A Senior Bonds Not Necessarily a Senior Indenture Event of Default. So long as the District does not fail or refuse to impose the Senior Required Mill Levy or to apply the other components of the Senior Pledged Revenue as required by the Senior Indenture, the inability of the District to pay the Series 2022A Senior Bonds when due will not, of itself, constitute a Senior Indenture Event of Default. Any principal of a Series 2022A Senior Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2022A Senior Bond that is not paid when due will compound semiannually on each Series 2022A Senior Bonds Interest Payment Date at the interest rate borne by such Series 2022A Senior Bond; provided, however, that the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022A Senior Bonds, and all Series 2022A Senior Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. See "THE SERIES 2022A SENIOR BONDS – General Provisions – Security and Sources of Payment – *Senior Pledged Revenue – Consequence of Insufficiency of Senior Pledged Revenue,*" "FINANCIAL FORECAST" and "APPENDIX B – FINANCIAL FORECAST."

Factors Affecting the Series 2022B Subordinate Bonds Only

Series 2022B Subordinate Bonds Constitute Limited Tax Obligations. The Series 2022B Subordinate Bonds constitute limited tax general obligations of the District payable solely from and to the extent of the Subordinate Pledged Revenue, which is expected to consist primarily of property tax revenues derived from an ad valorem mill levy imposed on taxable property of the District. Other sources of Subordinate Pledged Revenue include the Subordinate Specific Ownership Tax Revenues and any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund. The Series 2022B Subordinate Bonds are not secured by any lien or mortgage on or security interest in any property other than the Subordinate Pledged Revenue and the moneys and investments held in the Subordinate Bond Fund to the extent provided in the Subordinate Indenture. See generally "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment."

Subordinate Required Mill Levy Subordinate to the Obligation to Impose the Senior Required Mill Levy. The obligation of the District to impose the Subordinate Required Mill Levy is subordinate to the obligation of the District to impose the Senior Bond Mill Levy, and as such the Subordinate Required Mill Levy that may be imposed by the District in any year is to be reduced by the amount of the Senior Bond Mill Levy (including the Senior Required Mill Levy) imposed by the District in that year. Thus, if the Senior Required Mill Levy in any year is 45 mills (as adjusted), the Subordinate Required Mill Levy for that year will be zero. See "APPENDIX B – FINANCIAL FORECAST." See also "*Cash Flow Nature of the Series 2022B Subordinate Bonds*" hereafter, "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – *Subordinate Pledged Revenue – Subordinate Property Tax Revenues,*" "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged Revenue – Senior Property Tax Revenues,*" "REQUIRED AND FORECAST DEBT SERVICE PAYMENTS ON THE BONDS," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Determination of Assessed Value* – Property Tax Statistics" and "FINANCIAL FORECAST," as well as "Risks Inherent in Forward Looking Statements" in this section and "PRELIMINARY NOTICES – Cautionary Statement Regarding Forecasts, Estimates and Other Forward Looking Statements."

Cash Flow Nature of the Series 2022B Subordinate Bonds. The Series 2022B Subordinate Bonds are structured as "cash flow" bonds. Interest on the Series 2022B Subordinate Bonds is payable on each Series 2022B Subordinate Bonds Interest Payment Date to the extent of any Subordinate Pledged Revenue available therefor. There are no scheduled payments of principal of the Series 2022B Subordinate Bonds prior to their maturity date, but rather the Series 2022B Subordinate Bonds are subject to mandatory redemption on each Series 2022B Subordinate Bonds Mandatory Redemption Date to the extent of moneys on deposit, if any, in the Subordinate Mandatory Redemption Account of the Subordinate Bond Fund 30 days prior to the applicable Series 2022B Subordinate Bonds Mandatory Redemption Date and subject to any minimum requirements with respect to the principal amount of Series 2022B Subordinate Bonds to be redeemed as provided in the Subordinate Indenture, as more particularly described in "THE SERIES 2022B SUBORDINATE BONDS – Redemption Prior to Maturity – *Mandatory Redemption* – Security and Sources of Payment – *Subordinate Bond Fund*." See also "THE SERIES 2022B SUBORDINATE BONDS – General

Provisions," as well as "*Inability to Pay the Series 2022B Subordinate Bonds Not Necessarily a Subordinate Indenture Event of Default*" hereafter.

Prospective investors are cautioned that the Financial Forecast is based on various assumptions specified therein, and that actual results could differ materially from those contained in the Financial Forecast. See "REQUIRED AND FORECAST DEBT SERVICE PAYMENTS ON THE BONDS," "FINANCIAL FORECAST," "APPENDIX B – FINANCIAL FORECAST" and "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Determination of Assessed Value*," as well as "Risks Inherent in Forward-Looking Statements" hereafter in this section and "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements."

Inability to Pay the Series 2022B Subordinate Bonds Not Necessarily a Subordinate Indenture Event of Default. So long as the District does not fail or refuse to impose the Subordinate Required Mill Levy or to apply the other components of the Subordinate Pledged Revenue as required by the Subordinate Indenture, the inability of the District to pay the Series 2022B Subordinate Bonds when due will not, of itself, constitute a Subordinate Indenture Event of Default. Any principal of a Series 2022B Subordinate Bond that is not paid when due will remain outstanding until paid, and any interest on a Series 2022B Subordinate Bond that is not paid when due will compound annually on each Series 2022B Subordinate Bonds Interest Payment Date at the interest rate borne by such Series 2022B Subordinate Bond; provided, however, that the District is not obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Series 2022B Subordinate Bonds, and all Series 2022B Subordinate Bonds will be deemed to be defeased and no longer outstanding upon the payment by the District of such amount. See "THE SERIES 2022B SUBORDINATE BONDS – General Provisions – Security and Sources of Payment – *Cash Flow Nature of the Series 2022B Subordinate Bonds; Consequence of Insufficiency of Subordinate Pledged Revenue,*" "FINANCIAL FORECAST" and "APPENDIX B – FINANCIAL FORECAST."

Discharge on the Termination Date

Notwithstanding any other provision of the Indentures, in the event that any amount of principal of or interest on the Bonds remains unpaid after the application of all Senior Pledged Revenue and Subordinate Pledged Revenue available therefor on the Termination Date (May 1, 2062), the Bonds and the liens of the Indentures securing payment thereof will be deemed discharged. The District is not required to impose the Senior Required Mill Levy or the Subordinate Mill Levy after December 2061 for collection in calendar year 2062. See also "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *General*."

Taxpayer Concentration

The District has a 2021 certified assessed valuation of $9,547,115. The largest owner of property by acreage is Loveland Church of the Nazarene, which owns approximately 35% of the acreage in the District. As described herein, however, this property is tax-exempt. The largest owner of property in the District measured by assessed valuation is 3470 Holdings LLC, which owns approximately 66% of the District's assessed valuation and is the largest taxpayer. This entity is affiliated with the Developer and McWhinney and owns the Orthopaedic & Spine Center of the Rockies site. The Developer owns an additional approximately 4% of the District's assessed valuation, which consists of vacant property. Therefore, it is anticipated that entities affiliated with the Developer and/or McWhinney will bear a disproportionate responsibility for paying the property tax revenues pledged to the payment of the Bonds throughout the term of the Bonds. See also "Financial Condition of the Development Entities; No Obligation to Complete Development" and "Dependence Upon Timely Payment of Property Taxes; Marketability of Property" in this section. Additional information concerning the largest taxpayers in the District is provided in "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes."

Past Draws on Surplus Fund

In 2018 and 2020, the Trustee filed three notices on the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board ("EMMA") stating that the Trustee withdrew funds from the surplus fund which secures the Series 2016A Bonds and the Series 2018 Bonds in order to have sufficient funds to pay interest due on such bonds. The withdrawals were as follows:

Date of Withdrawal	Amount of Withdrawal	Series of Bonds to Which Withdrawal was Applied	Date of EMMA Notice
December 1, 2018	$13,015.07	Series 2016A Bonds	November 27, 2018
June 1, 2020	27,921.82	Series 2016A Bonds	June 1, 2020
June 1, 2020	25,702.17	Series 2018 Bonds	June 1, 2020

The Series 2016A Bonds and the Series 2018 Bonds will be refunded in their entirety with the net proceeds of the Bonds, and the current balance of the surplus fund will be used to accomplish the refunding of the Series 2016A Bonds and the Series 2018 Bonds. See "PLAN OF FINANCING." The Series 2022A Senior Bonds will be secured in part by the Senior Reserve Fund. Although future draws on the Senior Reserve Fund are not anticipated, there is no guarantee that such draws will occur.

Environmental Matters

To the knowledge of the District, no recent environmental, geotechnical, biological or cultural assessments or studies have been conducted on the property in the District. There can be no assurance that hazardous materials, adverse environmental conditions, threatened or endangered species or their critical habitat and/or archaeological or historic sites will not be discovered which may require environmental remediation or could otherwise adversely affect the property within the District.

Fire Risks and Other Disasters

In recent years, the State has experienced numerous significant wildfires. According to the Rocky Mountain Area Coordination Center, in 2020 (which represents latest data available), more than 625,000 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, a major fire known as the "Marshall Fire" burned approximately 6,000 acres and destroyed over 1,000 homes and businesses. The Marshall Fire was located in a suburban area centered in Superior, Colorado, between Boulder and Denver. The fire area is located approximately 40 miles southwest of the District.

The fires have been attributed to, among other things, severe weather conditions such as drought, high winds and rising temperatures. Experts state that the State will continue to be subject to wildfire conditions in the future as a result of changing weather patterns due to climate change. Climate change may cause additional extreme weather events such as drought, floods and heat waves, which may impact the assessed value of property within the District and/or the development of the remaining undeveloped property in the District.

Approximately 63% of the developable property in the District is currently vacant, and additional vacant property and open space exists in the immediate proximity of the District. In the event a fire or other natural or man-made disaster destroys all or any portion of the District, the Senior Pledged Revenue and/or 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.

Dependence Upon Timely Payment of Property Taxes; Marketability of Property

Delinquency in the payment of property taxes by the owners of taxable property in the District may impair the District's ability to pay the Bonds in a timely manner. Generally, property taxes do not constitute a personal obligation of the property owner, but rather constitute a lien against the taxed property until paid, although in the case of taxes due on oil and gas leaseholds and lands, such taxes constitute a debt due from the owner or the unit operator, as the case may be, and are recoverable by the county treasurer either by direct action in debt or as if the property were personal property. To enforce the payment of delinquent property taxes, the applicable county treasurer has the power to foreclose upon and sell the property subject to a tax lien in the manner provided by law. However, this remedy can be time consuming, and any such tax sale may be only for the amount of taxes and fees due and unpaid for the particular tax year. Regardless of the level at which property is assessed for ad valorem tax purposes, the ability of the District to enforce and collect the Senior Property Revenues and Subordinate Property Revenues generated by the Senior Required Mill Levy and the Subordinate Required Mill Levy is dependent upon such property having a sufficient market value to support the taxes that are imposed against it. No assurance can be given as to the future market values of property in the District. See also "Foreclosures" in this section, as well as "FINANCIAL FORECAST," "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Property Tax Receipts* – Property Tax Statistics" and "APPENDIX B – FINANCIAL FORECAST."

Risks Inherent in Forward-Looking Statements

The Financial Forecast appended to this Limited Offering Memorandum contain various forecasts based on the assumptions specified therein. The Financial Forecast constitutes a "forward-looking statement" as defined in the Private Securities Litigation Reform Act of 1995, and as such may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statement. *Prospective investors are cautioned that actual results could differ materially from those contained in the Financial Forecast.* See "FINANCIAL FORECAST," "DISTRICT FINANCIAL INFORMATION – Projection of Future Assessed Valuation," "DEVELOPMENT INFORMATION," "APPENDIX B – FINANCIAL FORECAST," and "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward Looking Statements."

Potential Conflicts of Interest

The current members of the Governing Board of the District are employees of McWhinney and therefore may have actual or potential conflicts of interest from time to time with respect to matters that come before such Governing Boards. State law requires a director to disqualify himself or herself from voting on any issue in which the director has a conflict of interest unless the director has disclosed such conflict of interest in a certificate filed with the Secretary of State and the Governing Board at least 72 hours in advance of any meeting in which such conflict may arise. However, compliance with this State law does not provide absolute certainty that contracts between the District and entities related to its directors will not be subject to defenses or challenge on the basis of alleged conflicts. It is expected that any interested members of the Governing Board of the District will comply with State law by making advance disclosure of their conflicts, if any, with respect to matters affecting the Bonds, and that they will not disqualify themselves from voting. See also "THE DISTRICT – Governing Board."

Legal Constraints on District Operations; Future Changes in Law

Various Colorado laws and constitutional provisions govern the assessment and collection of ad valorem property taxes, the imposition of fees and charges, limit revenues and spending of the State and its local governments, such as the District, and govern generally the operations of the District. Colorado laws and constitutional provisions, as well as federal laws and regulations, also apply to the obligations created by the issuance of the Bonds. There can be no assurance that there will not be changes in such constitutional provisions, laws or regulations, or judicial or administrative interpretations thereof, which would have a material adverse effect, directly or indirectly, on the affairs of the District or the ability of the District to pay the Bonds. See generally "THE DISTRICT," "DISTRICT FINANCIAL INFORMATION" and "DISTRICT DEBT STRUCTURE."

Authority to Issue Additional Obligations

The Indentures permit the District to issue Additional Obligations, including subordinate lien and junior lien obligations, subject to the conditions discussed in "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Additional Obligations Payable From the Senior Pledged Revenue" and "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Additional Obligations Payable From the Subordinate Pledged Revenue" and the limitations discussed in "DISTRICT FINANCIAL INFORMATION – Tax, Revenue and Spending Limitations – *TABOR*" and "DISTRICT DEBT STRUCTURE – Authorization – *Voter-Approved Debt Authorization Available After Issuance of the Bonds* – General Obligations – *Debt Limits.*"

Enforceability of Remedies Upon the Occurrence of an Event of Default Under the Indentures

Acceleration of maturity is not an available remedy upon the occurrence of a Senior Indenture Event of Default or a Subordinate Indenture Event of Default. Consequently, following a Senior Indenture Event of Default or a Subordinate Indenture Event of Default, the remedies of the Owners, consisting primarily of a writ of mandamus requiring the District to perform the terms of the applicable Indenture, as well as receivership, a suit for judgment or any other suit, action or proceeding available at law or in equity, may have to be enforced from time to time. The remedies available to the Owners of the Bonds upon the occurrence of a Senior Indenture Event of Default or a Subordinate Indenture Event of Default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law and judicial decisions, including specifically the U.S. Bankruptcy Code[*], and the obligations incurred by the District in issuing the Bonds may also be subject to the reasonable and necessary exercise of the sovereign police power of the State and its political subdivisions. Bankruptcy proceedings, or the exercise of the police power of the State or its political subdivisions, if initiated, could subject the Owners and Beneficial Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modifications of these rights. See "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Defaults and Remedies" and "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Defaults and Remedies," as well as "Factors Affecting the Series 2022A Senior Bonds Only – *Inability to Pay the Series 2022A Senior Bonds Not Necessarily a Senior Indenture Event of Default,*" "Factors Affecting the Series 2022B Subordinate Bonds Only – *Inability to Pay the Series 2022B Subordinate Bonds Not Necessarily a Subordinate Indenture Event of Default*" and "*Financial Condition of the Developer; No Obligation to Complete Development*" in this section.

[*] The Special District Act provides that a special district may not seek protection under the U.S. Bankruptcy Code unless it is unable to discharge its obligations as they become due by means of a mill levy of not less than 100 mills.

The legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization and insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles that may limit the specific enforcement under state law of certain remedies; to the exercise by the United States of America of the powers delegated to it by the U.S. 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. See "LEGAL MATTERS," "APPENDIX G – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022A SENIOR BONDS" and "APPENDIX H – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022B SUBORDINATE BONDS."

Loss of Tax Exemption; Other Tax Matters

As discussed in "TAX MATTERS," the interest on the Bonds could become includible in gross income or alternative minimum taxable income for federal and/or State of Colorado income tax purposes as a result of a failure of the District to comply with certain covenants contained in the Indentures.

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 Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be finally 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 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

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

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

Prospective purchasers of the Bonds should consult their own tax advisors regarding any potential, proposed or pending legislation, regulatory initiatives or litigation.

Restrictions on Transfer; No Assurance of Secondary Market

The Bonds may not be sold, transferred or otherwise disposed of by the Owners and Beneficial Owners of the Bonds except in Authorized Denominations and otherwise in accordance with the respective Indentures. Further, there can be no assurance that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or adverse history or economic prospects connected with a particular issue or industry, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase prices. Consequently, Owners and Beneficial Owners may be required to bear the financial risks of this investment for an indefinite period of time. See also "THE SERIES 2022A SENIOR BONDS – Book-Entry Only Form" and "THE SERIES 2022B SUBORDINATE BONDS – Book-Entry Only Form."

THE DISTRICT

Organization and General Description

The Bonds will be issued by the District, a quasi-municipal corporation and a political subdivision of the State of Colorado (the "State") that was organized pursuant to an Order and Decree Organizing the District (the "Order and Decree") from the District Court of Larimer County (the "County") dated May 16, 2008 and recorded with the Larimer County Clerk and Recorder on May 29, 2008, pursuant to Article 1 of Title 32, C.R.S. (the "Special District Act"), for the purpose of providing public improvements and services for the benefit of the inhabitants and taxpayers of the District.

The powers and authority of the District are provided by the Special District Act and a Consolidated Service Plan for Waterfall Metropolitan District Nos. 1-2[1] (as amended from time to time, the "Service Plan") approved by the City Council of the City of Loveland (the "City") on April 1, 2008. The Service Plan provides that, subject to the limitations set forth therein, the District has the authority to provide the services and exercise such powers as are expressly or impliedly granted by State law, pursuant to which the District will be permitted to finance, construct, acquire, operate and maintain certain public facilities and improvements necessary to serve the Development (defined below). The Service Plan additionally provides that the District shall, in accordance with the policies of the City, dedicate, or cause to be dedicated on its behalf, all completed public improvements customarily dedicated to the City, though the District will have the power to operate and maintain certain improvements not dedicated to the City including, but not limited to, all neighborhood parks, all recreational improvements, and any potable or non-potable irrigation systems.

Location. The District is located in the eastern portion of the City, which is generally located along the Front Range near the foothills of the Rocky Mountains, approximately 19 miles south of Fort Collins,

[1] While the Service Plan contemplates a multiple district structure, Waterfall Metropolitan District No. 2, which was formed simultaneously with the District, was dissolved pursuant to an Order and Decree of the District Court of the County dated May 16, 2019 and recorded with the Larimer County Clerk and Recorder on May 17, 2019.

approximately 37 miles northeast of Boulder, and approximately 50 miles northwest of downtown Denver. The District is located approximately 65 miles northwest of Denver International Airport. The District is located on the north side of U.S. Highway 34 (also known as East Eisenhower Boulevard) approximately one mile west of Interstate 25, which is the primary north-south thoroughfare that runs through the State and connects most of the major Front Range population centers. See "VICINITY MAP," "DISTRICT BOUNDARIES" and "AERIAL VIEW OF THE DISTRICT" at the beginning of this Limited Offering Memorandum.

Assessed Value. All of the property within the boundaries of the District is currently assessed as commercial, vacant, or state assessed property with an aggregate 2021 assessed valuation (for 2022 tax collections) of $9,547,115 and statutory "actual" valuation (being the value from which the assessed valuation is calculated) of $32,921,160. See "DISTRICT FINANCIAL INFORMATION – Property Tax Statistics –*Assessed Valuation and Statutory "Actual" Value of Taxable Property in the District by Property Classification*."

Governing Board

The District is governed by a Board of Directors (the "Governing Board") consisting of five members ("Directors") who are required by State law to be eligible electors of the District. Directors are elected to staggered four-year terms of office at successive biennial elections held in May of even numbered years. However, pursuant to State law, all special districts are required to move their biennial elections from even years to odd years beginning in 2023. Accordingly, the terms commencing in 2020 and 2022 will be three-year terms and then will reset to four-year terms commencing in 2023 and 2025, respectively. Vacancies occurring on a Governing Board are to be filled by appointment of the remaining Directors, the appointee to serve until the next regular election, at which time the vacancy is to be filled by election for any remaining unexpired portion of the term. With certain exceptions, no nonjudicial elected official of any political subdivision of the State may serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated with voter approval. At the organizational election of the District, the electors authorized the members of the Governing Board of the District to serve without term limits.

The Governing Board holds regular meetings, as well as special meetings as and when needed. Directors are entitled to one vote on all questions before the Governing Board when a quorum is present. Directors may receive a maximum of $1,600 per year (increasing to $2,400 per year for Directors serving a term of office commencing on or after January 1, 2018) as compensation for service to the District, payable not in excess of $100 per meeting attended, including study sessions at which a quorum of the Governing Board is in attendance and notice of the meetings has been given in accordance with the Special District Act or Section 24-6-402(2)(c), C.R.S., and at which information is presented but no official action can be taken by the Governing Board. The members of the Governing Board receive compensation in the amount of $100 per meeting attended. State law prohibits members of a Governing Board from receiving any other form of compensation from the District as employees thereof.

The present members of the Governing Board of the District are set forth in the following table.

Members of the Governing Board of the District

Director	**Office**	**Principal Occupation**	**Tenure on the Board**	**Current Term Expires (May)**
Kim L. Perry	President and Chairman	Vice President, Community Design and Neighborhood Development at McWhinney	11 yrs.	2022[(1)]
Abby Kirkbride	Vice President/ Assistant Secretary	Vice President, Community Development at McWhinney	5 mos.	2023
Samantha Salazar	Secretary	Senior Product Administrator at McWhinney	6 mos.	2023
Timothy DePeder	Treasurer	Vice President, Finance, Master Planned Communities at McWhinney	6 mos.	2022[(1)]
Rishi Loona	Assistant Secretary	Vice President, Capital Markets at McWhinney	6 mos.	2023

(1) These Directors submitted self-nomination and acceptance forms to run as director candidates for the District at an election to be held on May 3, 2022. Because there were not more candidates for director than offices to be filled at the election as of March 1, 2022, the election was canceled pursuant to State law and these Directors were declared elected by acclamation to a term that expires in May 2025.

Each of the five current members of the Governing Board are employees of McWhinney and therefore may from time to time have actual or potential conflicts of interest with respect to matters that come before the Governing Board. State law permits Directors to disclose to the Colorado Secretary of State and the Governing Board on which they serve potential conflicts of interest or personal or private interests which are proposed or pending before such Governing Board. Additionally, no contract for work or material, including a contract for services, regardless of the amount, may be entered into between the District and a member of its Governing Board, or between a District and the owner of 25% or more of the territory within the District, unless a notice is published for bids and such Director or owner submits the lowest responsible and responsive bid.

Administration

The Governing Board is responsible for the overall management and administration of the affairs of the District. The District has no employees, and has engaged various professionals for the provision of specialized services, including Icenogle Seaver Pogue, P.C., Denver, Colorado, which serves as general counsel to the District. Pinnacle Consulting Group, Inc., Loveland, Colorado, currently provides management and accounting services to the District.

Powers

General Powers. The rights, powers, privileges, authority, functions and duties of the District are established by the constitution and laws of the State, specifically the Special District Act. The Special District Act sets forth the powers available to the District, which include, among others, the following: to enter into contracts and agreements; to sue and be sued; to incur indebtedness with an election and to issue bonds; to issue revenue bonds without an election; to fix, and from time to time, increase or decrease fees, rates or charges for services or facilities furnished by or available from the District and to pledge such revenues for the payment of any indebtedness of the District; to levy and collect general ad valorem property taxes; to acquire, dispose of and encumber real and personal property, including leases and easements; to have the management, control and supervision of all the business affairs of the District and over the construction, installation, operation and maintenance of the District's improvements therein; and to exercise the power of eminent domain for certain purposes.

Boundary Changes. Subject to compliance with statutory procedures and an order of the Larimer County District Court, the Governing Board of the District may approve the inclusion or exclusion of real property to or from the District, as the case may be, thereby modifying the boundaries of the District. Such included or excluded property is obligated to the same extent as all other property within the District for the payment of general obligation indebtedness of the District existing at the time of the inclusion or exclusion, or any refinancing thereof. Inclusions or exclusions that occur prior to May 1st are reflected in the District's assessed valuation and are subject to the ad valorem property tax levy of the District for that assessment year, while inclusions or exclusions that occur after May 1st are reflected in the District's assessed valuation for the following assessment year. There have been no inclusions and exclusions of property since the organization of the District, and the District does not anticipate including or excluding any additional property therefrom prior to the issuance of the Bonds.

Consolidation With Other Districts. Two or more special districts may consolidate into a single district upon the approval of the 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. At the present time, no consolidations with other districts are pending or expected.

Dissolution of the District. The Special District Act allows a special district board of directors to file a dissolution petition with the 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. Pursuant to the Service Plan, the District may consider dissolution at the time the District's debts have been paid and adequate provision has been made for operation of the District's facilities. Also pursuant to the Service Plan, at any time after the District's debt obligations have been discharged, the City may file an application with the Board, and the District is thereupon required to dissolve.

The Service Plan provides that, after all debt instruments have been issued by the District and Waterfall Metropolitan District No. 2, which was formed simultaneously with the District ("District No. 2") and adequate provisions have been made for payment of all of debt of the District and District No. 2, the electorate of the District and District No. 2 will have the opportunity to consider either the consolidation of the District and District No. 2 into a single entity, or the dissolution of one or both of the District and District No. 2 in accordance with State law. District No. 2 was dissolved pursuant to an Order and Decree of the District Court of the County dated May 16, 2019 and recorded with the Larimer County Clerk and Recorder on May 17, 2019.

Operations and Maintenance. The Service Plan provides the District with the authority to operate and maintain certain public improvements not dedicated to the City or other appropriate governmental entities. See "DEVELOPMENT INFORMATION – Development Within the District – *Public Improvements*."

Covenant Enforcement. The Special District Act provides that a special district may provide such services if the special district and the governing body of a master association or similar body contract for such services, or if the declaration, rules and regulations or any similar document containing the covenants to be enforced for the area within the special district name such special district as the enforcement or design review entity. The special district may provide covenant enforcement and design review services only if revenues used to provide such services are derived from the area in which the service is furnished. The Service Plan provides that the District shall have the power to provide covenant enforcement and design review services therein if the District and the governing body of a master association or similar body contract for such services, or if the declaration, rules and regulations, or any similar document containing the covenants to be enforced for the area within the District names the District as the enforcement or design review entity. The Service Plan further specifies that the District shall have the power to provide covenant enforcement and design review services only if revenues used to provide such services are derived from the area in which the service is furnished. Pursuant to the Amended Covenants (defined herein), the District currently provides covenant enforcement and design review services. See "DEVELOPMENT INFORMATION – Restrictive Covenants."

Other. The Service Plan states that it has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate certain limitations set forth in the Service Plan may be deemed to be material modifications to the Service Plan and the City will be entitled to all remedies available under State and local law to enjoin such actions. The District may issue notices to the City of potential actions that might be considered material modifications as permitted in Section 32-l-207(3)(b), C.R.S., and any such actions that are made the subject of such notices will not be considered material modifications unless the City objects as provided in the statute. See also "Organization and General Description" above in this Section.

Certain Agreements Affecting the District

The District has entered into several agreements in furtherance of their purposes and this financing. The following summarizes certain of the agreements not otherwise described elsewhere in this Limited Offering Memorandum. All such descriptions are only brief summaries of the agreements, which are not intended to constitute an exhaustive discussion of all terms and provisions of such agreements and are qualified in their entirety by reference to the actual agreements, copies of which may be obtained from the sources specified in "INTRODUCTION – Additional Information."

Acquisition and Reimbursement Agreement. The District and Boyd Lake Village, LLC, the original developer of the property in the District (the "Original Developer"), are parties to an Amended and Restated Improvement Acquisition and Reimbursement Agreement dated as of January 1, 2010 (the "Reimbursement Agreement"). In the Reimbursement Agreement, the Original Developer agreed to cause the public improvements described in the Service Plan to be constructed, and the District agreed to reimburse the Original Developer for an amount equal to no more than the actual construction costs, with no developer overhead or profit. In lieu of payment, the Reimbursement Agreement authorizes the District to issue a subordinate note to the Original Developer, bearing interest at the rate of 2% plus Prime, not to exceed 12%. The District issued a note to the Original Developer in 2010 which was assigned to the Developer in its acquisition of the Development (the "2010 Note"). The 2010 Note was partially refunded with proceeds of a loan issued by the District in 2011 (the "2011 Loan"). As part of the 2011 Loan, the District and the Developer entered into a First Addendum to the Reimbursement Agreement. The remainder of the 2010 Note was refunded in 2011 by the issuance of another note to the Developer (the "2011 Subordinate Developer Note").

On December 26, 2016, the District issued the Series 2016A Bonds for the purpose of refunding the 2011 Loan. In connection with the Series 2016A Bonds, the District and the Developer entered into a Second Addendum to the Reimbursement Agreement (the "Second Addendum") that stated that the Reimbursement Agreement and the notes issued thereunder (including the 2016 Note) are subordinate to the Series 2016A Bonds, the Bonds and certain other bonds that may be issued in the future.

On December 27, 2016, the District issued the 2016 Note to the Developer in order to refund the 2011 Subordinate Developer Note. As of March 15, 2022 (unaudited), the balance of the 2016 Note was approximately $1,539,659.78 (including accrued interest). Pursuant to the 2016 Note and the Second Addendum, net proceeds of the Bonds will be applied to the cost of refunding a portion of the 2016 Note. It is anticipated that proceeds of the Bonds in the entirety or a portion of the amount outstanding on the

2016 Note (including additional accrued interest between March 15, 2022, and the closing date) will be applied towards refunding the 2016 Note. See "PLAN OF FINANCING."

Service Agreements. The District is party to various agreements with its manager and with various contractors to provide snow removal, landscaping maintenance, pest control and other services.

Risk Management; Sovereign Immunity

The District may be exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool"), an organization created by an intergovernmental agreement to provide property, liability, public official liability, boiler and machinery and workers compensation coverage to its members. The District pays annual premiums to the Pool for various insurance coverages applicable to the operations of the District. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. See also "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – General Covenants" and "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – General Covenants."

The District does not have unlimited sovereign immunity, although by statute they do enjoy immunity from suit for injuries resulting from all except for a specified list of causes. The Governmental Immunity Act of 1972, Title 24, Article 10, Part 1, C.R.S. (the "Government 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 Government Immunity Act provides that sovereign immunity does not apply to injuries occurring as a result of certain specified actions or conditions. 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 Government Immunity Act for injuries occurring on or after January 1, 2022 and before January 1, 2026, whether from one or more public entities and public employees, are $424,000 for any injury to one person in any single occurrence and $1,195,000 for an injury to two or more persons in any single occurrence, except in such instance no person may recover in excess of $424,000. Suits against both the District and a public employee do not increase such maximum amounts which may be recovered. Lower maximum amounts are recoverable for injuries accruing prior to January 1, 2018, lower maximum amounts are recoverable for injuries accruing after January 1, 2018 but prior to January 1, 2022, and the maximum recoverable amounts will increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. The District may, by resolution, increase any maximum amount that may be recovered from the District for the type of injury described in the resolution. The District has ever adopted such a resolution. The District may not be held liable either directly or by indemnification for punitive or exemplary damages. In the event the District is required to levy an ad valorem property tax to discharge a settlement or judgment, such tax may not exceed a total of ten mills per annum for all outstanding settlements or judgments.

The District may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the District may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

DISTRICT FINANCIAL INFORMATION

Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. By State law, the fiscal year of the District (the "Fiscal Year") is the calendar year.

The accounts of the District are organized on the basis of self-balancing funds, each of which is considered a separate accounting entity. The funds currently utilized by the District include a general fund, a capital projects fund and/or a debt service fund. The general fund is the District's primary operating fund and is used to account for all financial resources of the District except those required to be accounted for in another fund. The capital projects fund is used to account for the acquisition and construction of capital assets, and the debt service fund is used to account for the District's debt activities.

Financial Statements

State law requires that an annual audit be made of the District's financial statements at the end of each Fiscal Year. 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 30 days thereafter. Failure to comply with the audit requirement may result in the withholding of the District's property tax revenue by the Larimer County Treasurer (the "County Treasurer") pending compliance. Exemptions from the audit requirement are provided for local governments with *de minimis* revenues and expenditures. The District has covenanted in the Indentures to have its annual financial statements audited each year notwithstanding any State law audit exemptions that may exist. See "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – General Covenants," "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – General Covenants," and "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE" regarding the covenants and continuing disclosure obligations of the District with respect to future annual financial statements, as well as "Historical Operating Results of the District" hereafter in this section.

Revenue and Spending Limitations

TABOR. Article X, Section 20 to the State constitution, referred to therein as the Taxpayer's Bill of Rights and commonly referred to as "TABOR," applies to the State and any local governments, including the District (but excluding government-owned enterprises as defined in TABOR discussed below), and among other things contains restrictions regarding taxes, spending, revenue increases and borrowing. The applicable limitations established pursuant to TABOR may be exceeded with prior voter approval. At the District's organizational election, the voters of the District exempted all revenue sources of the District from the limitations of TABOR, often referred to as "de-Brucing."

With certain exceptions, TABOR requires that the District obtain voter approval prior to the imposition of any new tax, tax rate increase, mill levy above that for the prior year, assessed valuation ratio increase, extension of an expiring tax or a tax policy change directly causing a net revenue gain to the District. Exceptions to this requirement include tax increases required to meet debt service requirements on general obligation debt outstanding at the time TABOR was adopted or general obligation debt subsequently issued to refinance such outstanding bonds. Exceptions are also provided for tax increases imposed when annual district revenue is less than annual payments on general obligation bonds, pensions and final court judgments, and emergency taxes. At the District's organizational election, the eligible electors of the District who voted at such election authorized District taxes to be increased $1,000,000 annually, or such lesser amount as necessary to pay the District's administration, operations and maintenance expenses by the imposition of ad valorem property taxes levied in any year, without limitation as to rate or amount or any other condition to pay such expenses, with the proceeds of such taxes and any investment income thereon collected and spent by the District as a voter-approved revenue change without regard to any limitations under TABOR, Section 29-1-301, C.R.S. (discussed in "Property Tax Revenue Limitations" hereafter), or any other law which purports to limit the District's revenues or expenditures, as it currently exists or as it may be amended in the future, all without limiting in any year the amount of other revenues that may be collected and spent by the District.

Prior voter approval also is required for the 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, except for refinancing at a lower interest rate or adding new employees to existing pension plans. The Bonds have been duly authorized by the District's voters. See also "DISTRICT DEBT STRUCTURE – Authorization."

Unless otherwise approved by the voters, TABOR also limits the annual percentage increases in both property tax revenue and local government "fiscal year spending," with certain adjustments, to inflation (defined as the Denver-Boulder consumer price index) in the prior calendar year plus "local growth." Local growth is defined as the net percentage change in actual value of all real property in the District from construction of improvements and additions to taxable real property less destruction of improvements and deletions to taxable real property. Fiscal year spending includes all District expenditures and reserve increases and excludes reserve transfers or expenditures, refunds made in the current or next fiscal year, gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, damage awards and property sales.

Any revenue collected in excess of the limit on spending and property tax revenue is to be refunded during the next fiscal year. The District may use any reasonable method for refunds and refunds need not be proportional when prior payments are impracticable to identify or return. Debt service changes, reductions, refunds and voter-approved revenue changes are dollar amounts that are exceptions to, and not part of, the District base.

TABOR requires the District to establish emergency reserves that must equal at least 3% of fiscal year spending (as defined in TABOR) excluding bonded debt service; however, the District may not use its emergency reserves to compensate for economic conditions, revenue shortfalls or salary or fringe benefit increases.

"Enterprises," defined in TABOR as government-owned businesses authorized to issue their own revenue bonds and receiving less than 10% of their annual revenues in grants from all State and local governments combined, are exempt from the restrictions and limitations of TABOR. The District has not created any enterprises.

Many of the provisions of TABOR are ambiguous and have and will continue to require judicial interpretation. There have been numerous lawsuits regarding TABOR. Other litigation regarding TABOR may be filed in the future, and questions may be raised in such litigation affecting the operations and financial condition of governmental entities such as the District.

Property Tax Revenue Limitations. Subject in all cases to compliance with TABOR, Title 29, Article 1, Part 3, C.R.S., provides, subject to certain exceptions, that the District may not impose a property tax levy or levies that will generate revenue that exceeds the amount received in the preceding year plus 5.5% plus the amount of revenue abated or refunded by the District by August 1 of the current year less the amount of revenue received by the District by August 1 of the current year as taxes paid on any taxable property that had previously been omitted from the assessment roll of any year. The District is permitted to request authority from its electorate to impose a levy in excess of the 5.5% limit, subject to compliance with TABOR. The District submitted such a question to and received approval thereof from its electorate as discussed in "*TABOR*" above. The Colorado Attorney General, in AGO 99-5, dated July 30, 2000, has opined that, assuming no provision of TABOR is otherwise violated, the District's electorate may authorize the District to exceed the 5.5% limit for any of its needs, with no restriction as to purpose, and for the period of time specified in the ballot question.

Other. The District may not levy any property tax for purposes that are exempt from the 5.5% limit in an amount that is greater than the amount of revenues required to be raised for such purposes during any year as specified by the provisions of any contract entered into by the District or any schedule of payments established for the payment of any obligation incurred by the District. Where bonds, contractual obligations or capital expenditures have been approved but actual revenues required for such purposes are not known at the time the levy is set, the District may base its levy on the estimated revenues that are so required for one year only and in subsequent years the levy is to be based on the actual revenues that are so required.

Sources of Revenue

The primary source of revenue to the District is and is expected to continue to be the general ad valorem property tax levied on and against all of the taxable property within the District. The District also receive a proportionate share of specific ownership taxes imposed by the State in connection with the registration of certain motor vehicles, collected by the County Treasurer and allocated among taxing entities in the County based on the amount of taxes levied, as well as interest earnings on investments. Each of these revenue sources is described in more detail hereafter.

Ad Valorem Property Taxes

General. The primary source of revenue to pay the Series 2022A Senior Bonds is expected to be the Senior Property Tax Revenues to be derived from an ad valorem mill levy imposed by the District on taxable property of the District to the extent of the Senior Required Mill Levy as discussed in "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged Revenue – Senior Property Tax Revenues,*" and the primary source of revenue to pay the Series 2022B Subordinate Bonds is expected to be the Subordinate Property Tax Revenues to be derived from a mill levy imposed by the District on taxable property of the District to the extent of the Subordinate Required Mill Levy as discussed in "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – *Subordinate Pledged Revenue – Subordinate Property Tax Revenues.*" The following is a discussion of the ad valorem property taxation procedure in the State and selected statistics regarding property taxes of the District.

The Service Plan provides that the maximum mill levy the District may impose for the payment of debt and operations and maintenance expenses shall be 45 mills (defined therein as the "Mill Levy Cap"). The Mill Levy Cap shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. In any of these events, the Mill Levy Cap shall be automatically adjusted so that the collective tax liability of property owners within the District neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the District and overall tax payments from property owners. The District shall not impose or attempt to impose a mill levy on any of the property conveyed or dedicated to the City as provided in this Service Plan. Except as otherwise provided in the Service Plan, the Mill Levy Cap shall not be increased unless first approved in writing by the City Council and as permitted by statute. Any such increase in the Mill Levy Cap shall be considered a material modification of the Service Plan.

Property Subject to Taxation. Subject to the limitations discussed in "Revenue and Spending Limitations – *TABOR*" above in this section, the District's Governing Board has the power to certify to Larimer County 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 of the District. Both real and personal property located within the District are subject to taxation, although there are certain classes of property which are exempt, including, without limitation, property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; and 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; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

The Service Plan additionally provides that all debt instruments entered into by the District shall provide that the District's obligations thereunder shall be discharged 40 years after the date such debt is issued regardless of whether the obligations under such debt instruments are paid in full.

Statutory "Actual" Value. For most types of taxable property, the County Assessor annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within the County as of January 1st. The statutory actual value of a property is not intended to represent current market value, but, with the exceptions described below, is determined by the County Assessor utilizing a "level of value" ascertained for each two year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily defined period preceding the assessment date. The statutory actual value is based on the level of value for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two year reassessment cycle (adjusted to the final day of the data-gathering period). This period advances two years with the start of each reassessment cycle. For the 2016 and 2017 tax levy years (2017 and 2018 tax collection years), the level of value for the determination of statutory "actual" value was as of July 1, 2015, based on the period of January 1, 2014, to June 30, 2015; for the 2018 and 2019 tax levy years (2019 and 2020 tax collection years), the level of value for the determination of statutory "actual" value was as of July 1, 2017, based on the period of January 1, 2016, to June 30, 2017; and for the 2020 and 2021 tax levy years (2021 and 2022 tax collection years), the level of value for the determination of statutory "actual" value is as of July 1, 2019, based on the period of January 1, 2018, to June 30, 2019.

Exceptions to the foregoing include oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals, which are valued annually by the County Assessor based on prior year's production levels; oil and gas equipment, which is valued as personal property in the manner provided by State law; and public utilities as defined by statute, which are valued annually by the State Property Tax Administrator in the manner provided by State law utilizing unitary valuation procedures, which value is then apportioned to the appropriate counties based on the location of public utility's operating property or business activity and in turn allocated by the applicable county assessors to the appropriate tax areas throughout their respective county.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of the "actual" value of such taxable property as determined above. All taxable property in the State, other than residential real property, producing mines and lands or leaseholds producing oil or gas, is required to be assessed as 29% of the actual value thereof.

Residential real property currently is assessed as 7.15% of statutory "actual" value. However, to avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the State legislature to adjust the ratio of valuation for assessment of residential property for each year in which a change in the base year level of value occurs based on an estimated target percentage. This adjustment is mandated in order to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year. The State constitution also prohibits any valuation for assessment ratio increase for a property class without prior voter approval. See "Revenue and Spending Limitations – *TABOR*" above in this section. The ratio of valuation for assessment of residential property was 7.96% of statutory "actual" value for the 2003-2016 levy years. However, such ratio was reduced to 7.20% for assessment years commencing in 2017 and to 7.15% for assessment years commencing in 2019. See also "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged Revenue – Senior Property Tax Revenues*" and "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – *Subordinate Pledged Revenue – Subordinate Property Tax Revenues*").

Oil and gas leaseholds and lands are assessed at 87.5% of the prior year's production value of the oil or gas produced as determined by statute (75% in the case of properties that employ secondary recovery, tertiary recovery or recycling projects), and producing mines are generally assessed at 25% of the gross proceeds from the production of ore or the amount of such net proceeds if the net proceeds of such production exceed 25% of the gross proceeds.

At the November 3, 2020, general election, the State's voters repealed the provisions of the State constitution (commonly known as the "Gallagher Amendment") that had (i) provided a mechanism for the mandatory periodic adjustment of the ratio of valuation for assessment of residential real property, and (ii) froze the ratio of valuation for assessment of all other property at 29% of statutory "actual" value, the result being that any future changes to the ratio of valuation for assessment for any class of property are to be made in the discretion of the State legislature. As part of such repeal, the State's voters also approved the enactment of Section 39-1-103.8, C.R.S., which provides that beginning with the property tax year that commences January 1, 2020, there is a moratorium on changing the ratio of valuation for assessment for any class of property. This moratorium could be repealed by the State legislature at any time. However, any future increase in the ratio of valuation for assessment for any class of property would require prior statewide voter approval as discussed in "Revenue and Spending Limitations – TABOR" above in this section. See "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged Revenue*."

Senate Bill 21-293 ("SB 21-293"), which was signed by the Governor on June 23, 2021, among other things, designates multi-family residential real property (defined in SB 21-293, generally, as property that is a duplex, triplex or multi-structure of four or more units) as a new subclass of residential real property and temporarily reduces the residential assessment rates. Pursuant to SB 21-293, the assessment rate for multi-family residential property will be temporarily reduced from 7.15% to 6.8% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024. Furthermore, pursuant to SB 21-293, the assessment rate for all residential real property, other than multi-family residential real property, will be temporarily reduced from 7.15% to 6.95% for levy years 2022 and 2023, and then return to 7.15% in levy year 2024.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with certain statutory deadlines. Property owners are given the opportunity to object to increases in the actual value of such property, and may petition for a hearing thereon before the Board of Assessment Appeals. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment from such data. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the Board of Assessment Appeals, the State courts or by arbitrators appointed by the applicable Board of County Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Board of County Commissioners; however, 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 in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The State legislature is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the legislature and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the State Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. The District's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Exemption. The State constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and thereafter, the exemption is equal to 50% of the first $200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least ten years. The exemption for disabled veterans provides that for property tax collection years 2008 and thereafter, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions. Therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property within the District no later than August 25th of each year, and which value is subject to adjustment until December 10th of such year. Subject to the limitations of the State constitution, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of taxable property within the District, and together with other legally available District revenues, will raise the amount required by the District in its ensuing fiscal year. The District subsequently certifies to the County the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year.

The County levies the tax on all taxable property within the District. By December 22nd of each year, the Board of County Commissioners is required to certify to the County Assessor the levy for all taxing entities within the County. If such certification is not made, it is the duty of the County Assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessor of the tax list and warrant to the County Treasurer.

Property Tax Receipts. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2021 are payable and will be collected in 2022. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and the 15th day of June) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the District on a monthly basis.

Generally, all taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. However, taxes due on oil and gas leaseholds and lands constitute a debt due from the owner or the unit operator, as the case may be, and are recoverable by the County Treasurer either by direct action in debt or as if the property were personal property.

Property tax liens are on parity with the tax liens of other general taxes. It is the County Treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Delinquent personal property taxes are enforceable by distraint, seizure and sale of the taxpayer's personal property. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale.

Tax liens may not necessarily be bid on and sold, and the proceeds of tax liens sold may not necessarily be sufficient to produce the amount required with respect to property taxes levied by the District and property taxes levied by overlapping taxing authorities, as well as any interest or costs due thereon. If a tax lien is not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to the county and there has been no subsequent purchase, the taxes on such property may be determined to uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the County after that time.

Property Tax Statistics

Assessed Valuation and Statutory "Actual" Value. The following tables set forth the total assessed valuation and statutory "actual" value of taxable property in the District, since the District was organized, determined as discussed in "Ad Valorem Property Taxes – *Statutory "Actual" Value – Determination of Assessed Value*" above. See also "Projection of Future Assessed Valuation" hereafter.

Assessed Valuation and Statutory "Actual" Value
of Taxable Property in the District

Assessment Year/ Collection Year	Assessed Valuation	Statutory "Actual" Valuation
2017/2018	$4,497,019	$15,506,960
2018/2019	4,577,280	15,783,720
2019/2020	8,417,557	29,026,060
2020/2021	8,412,271	29,007,830
2021/2022	9,547,115	32,921,160

Source: Larimer County Assessor's Office

Assessed Valuation and Statutory "Actual" Value of Taxable Property in the District by Property Classification. The following table sets forth the total assessed valuation and total statutory "actual" value of taxable property in the District by property classification for the 2021 assessment year.

Assessed Valuation and Statutory "Actual" Value
of Classes of Taxable Property in the District[1]

Property Class	Total Assessed Valuation	Total Statutory "Actual" Value
Commercial	$9,116,820	$31,437,310
State Assessed	3,719	12,900
Vacant	426,576	1,470,950
Total	$9,547,115	$32,921,160

(1) See "Ad Valorem Property Taxes – *Statutory "Actual" Value – Determination of Assessed Value*" above in this section.

Source: Larimer County Assessor's Office

Tax Levies and Collections. The following table sets forth the property tax levies and collections of the District since it was organized.

Historical Mill Levies and Property Tax
Collections for the District

	Mill Levies(1)				Property Taxes Levied and Collected		
Levy Year/ Collection Year	General Fund	Bond Redemption	Contractual Obligation	Total Levy	Amount Levied	Amount Collected(2)	Percent
2017/2018	15.585	29.415	0.000	45.000	$202,366	$202,366	100%
2018/2019	15.663	29.337	0.000	45.000	205,978	205,978	100%
2019/2020	9.927	35.073	0.000	45.000	378,790	378,790	100%
2020/2021	10.006	34.994	0.000	45.000	378,552	378,552	100%
2021/2022	10.000	35.000	0.000	45.000	429,620	--	--

(1) One mill equals 1/10 of 1¢.

(2) Collections are rounded. They include current taxes and both current year and prior year delinquent taxes, but not interest or the deduction of County Treasurer's fees, and therefor may exceed the amount levied.

Sources: Colorado Department of Local Affairs, Division of Property Taxation, Annual Reports; and the Larimer County Treasurer's Office.

Taxpayers in the District. Set forth in the following table are the largest parcel assessments in the District based upon the 2021 certified assessed value of property in the District as provided by the Larimer County Assessor. The mill levies are uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties. No independent investigation has been made of and consequently 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.

Taxpayers in the District

Property Owner[1]	Property Type	2021 Assessed Valuation	Percentage
3470 Holdings LLC[2]	Real Property	$6,347,622	66.5%
OCR Loveland Asc & CCC LLC	Real Property	1,086,378	11.4
Calloway Properties Inc.	Real Property	609,000	6.4
Crane BLV Properties LLC	Real Property	519,970	5.5
Reynolds Property Holdings LLC	Real Property	429,200	4.5
Developer	Real Property	390,630	4.1
Oral and Facial Surgery of Loveland LLC	Personal Property	82,174	0.9
Crane and Seager Orthodontics LLP	Personal Property	41,783	0.4
Orthopaedic Center of the Rockies	Personal Property	36,639	0.3
TOTAL		$9,543,396[3]	100.0%[3]

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(1) See "Ad Valorem Property Taxes – *Statutory "Actual" Value – Determination of Assessed Value*" above.
(2) This entity is affiliated with the Developer.
(3) Total does not include certain State-assessed property within the District. The total assessed valuation of all property within the District is $9,547,115. See the table titled "Assessed Valuation and Statutory "Actual" Value of Taxable Property in the District" above in this section.

Source: Larimer County Assessor's Office

Tax Levies of Overlapping Taxing Entities. In addition to the District's ad valorem property tax levy, owners of property within the District are obligated to pay property taxes to other taxing entities in which their property is located. Properties having the same aggregation of taxing entities are grouped into one or more tax districts. For the 2020 levy year (2021 tax collection year), taxable property in the District is within the tax districts set forth in the following table.

2021 Mill Levies Applicable Within the District[1]

Taxing Entity/Tax District	
Thompson R2-J School District	44.588
Larimer County	22.425
City of Loveland	9.564
Thompson Valley Health Services District	1.757
Larimer County Pest Control	0.142
Little Thompson Water District	0.000
Northern Colorado Water Conservancy District	1.000
The District	45.000
Total:	124.476

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(1) One mill equals 1/10 of 1¢. These mill levies are for the collection of ad valorem property taxes in 2022.

Source: Larimer County Assessor's Office

Projection of Future Assessed Valuation

The Financial Forecast includes schedules of the estimated future assessed valuation of taxable property in the District. See "APPENDIX B – FINANCIAL FORECAST." The Financial Forecast is based on specific information and assumptions stated therein and should be read in its entirety for an understanding of the methodology and the underlying assumptions contained therein. Prospective investors are cautioned that any projection is subject to uncertainties, and inevitably some assumptions used to develop the Financial Forecast will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projected and actual results, and such differences may be material. No representation or guarantee is made herein that the conclusions of the Financial Forecast will be realized. See also "RISKS AND OTHER INVESTMENT CONSIDERATIONS" generally and "PRELIMINARY NOTICES – Cautionary Statement Regarding Forecasts, Estimates and Other Forward Looking Statements."

Specific Ownership Taxes

The District also receives a portion of the specific ownership tax imposed by the State, collected by the County Treasurer and remitted to the District pursuant to Article 3 of Title 42, C.R.S., in connection with the registration of certain motor vehicles and other personal property. The amount of specific ownership taxes collected by the County Treasurer is apportioned among all political and governmental subdivisions located within the County on the basis of the amount of ad valorem property taxes levied by such entities within the County during the preceding calendar year.

The Senior Pledged Revenue and the Subordinate Pledged Revenue include the portion of the specific ownership taxes remitted to the District as a result of the imposition of the Senior Required Mill Levy and the Subordinate Required Mill Levy, respectively, as discussed in "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Senior Pledged Revenue – Senior Specific Ownership Taxes*" and "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – *Subordinate Pledged Revenue – Subordinate Specific Ownership Tax Revenues.*" The other specific ownership tax revenue received by the District is used to fund operation and maintenance expenses of the District and is not pledged to the payment of the Bonds. See also "Historical Operating Results of the District" hereafter.

Rates, Fees and Charges

Pursuant to the Special District Act, Colorado special districts have the authority to fix, and from time to time, increase or decrease fees, rates or charges for services or facilities furnished by or available from the districts and to pledge such revenues for the payment of any indebtedness of thereof. Such fees, rates and charges, together with any and all late fees, interest, penalties and costs of collection, constitute a statutory perpetual lien on and against the property served until paid, and any such lien may be foreclosed in the manner provided by State law for the foreclosure of mechanic's liens, pursuant to Section 32 1 1001(1)(j)(1), C.R.S. Such lien may be foreclosed at such time as the District, in its sole discretion, may determine.

The Service Plan provides in addition to ad valorem property taxes, and in order to offset the expenses of the anticipated construction as well as operations and maintenance, the District will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in§ 32-1-lO0l(j), C.R.S., as amended from time to time. The District currently does not impose any fees, rates, tolls, penalties or charges.

On May 5, 2015, the District adopted an amended and restated resolution (the "Fee Resolution") which imposes a Grounds Maintenance Fee and an On-Site Grounds Maintenance Charge (together, the "Grounds Fees"). The Fee Resolution states that, generally, the District will provide grounds maintenance of public improvements on District-owned property and will impose a "Grounds Maintenance Fee" to defray the District's costs of providing this service. The amount of the fee is a "Per Acre Charge" determined based on the acreage of each parcel, excluding drainage and utility easements. The Per Acre Charge is determined annually by dividing the District's grounds maintenance budget by the total developable acres. In addition, the District will provide grounds maintenance on each lot (the "On-Site

Grounds Maintenance Charge") and will bill each property owner for the actual costs. The Fee Resolution provides that the Grounds Fees constitute a perpetual lien on and against the property which may be foreclosed upon in accordance with the Special District Act.

The Grounds Fees as well as the revenue derived by the District from any such fees, rates, tolls, penalties or charges that may be imposed by the District in the future are not pledged to the payment of the Bonds. See "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment" and "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment."

Funding of Operations and Maintenance Costs

Pursuant to the Special District Act, the Service Plan and its organizational election, the District is authorized to impose ad valorem property taxes as well as rates, fees and charges to defray administrative, operation and maintenance expenses, subject to the current limitation in the Service Plan as discussed in "Ad Valorem Property Taxes – *General*" in this section. To date, operation and maintenance expenses have been funded primarily with property tax revenue, specific ownership tax revenue, and certain fees as described herein, and it is expected that in the future such expenses will continue to be funded primarily from these sources. See "Fees, Rates and Charges" above in this section and "THE DISTRICT – Certain Agreements Affecting the District – *Operations Funding Agreement*."

Deposit and Investment of District Funds

State statutes set forth requirements for the deposit of District funds in eligible depositories and for the collateralization of such deposited funds. The District also may invest available funds in accordance with applicable State statutes. The investment of the proceeds of the Bonds also is subject to the provisions of the Tax Code and the Indentures. See "TAX MATTERS," "APPENDIX C – SELECTED PROVISIONS OF THE SENIOR INDENTURE – Tax Covenants" and "APPENDIX D – SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE – Tax Covenants."

Historical Operating Results of the District

Set forth in the following tables are the revenues and expenditures of the District for the Fiscal Years 2016-2020 presented in conformance with regulations issued by the State Auditor. (See "Financial Statements" above in this section.

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund

	2016	2017	2018	2019	2020
Revenues					
Charges for Services	$ 54,050[1]	$ 40,275	$ 69,024	$ 80,219	$ 75,803
Property Taxes	-	79,983	70,100	71,701	83,561
Specific Ownership Taxes	-	7,434	6,087	6,203	5,989
Interest	301	639	3,540	207	331
Total revenues	$ 54,351	$ 128,331	$ 148,751	$ 158,330	$ 165,684
Expenditures					
General Government	62,698	90,366	118,287	148,821	132,218
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	$ 62,698	$ 90,366	$ 118,287	$ 148,821	$ 132,218
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,347)	37,965	30,464	9,509	33,466
OTHER FINANCING SOURCES (USES)					
Transfers	-	(10,581)	-	(10,003)	(5,623)
Total Other Financing Sources (Uses)	$ -	$ (10,581)	$ -	$ (10,003)	$ (5,623)
Net Change in Fund Balance	(8,347)	27,384	30,464	(524)	27,843
Fund Balance, Beginning	14,698	6,351	33,735	64,199	63,675
Fund Balance, Ending	$ 6,351	$ 33,735	$ 64,199	$ 63,675	$ 91,518

[1] Constitutes the Grounds Fees described in “Rates, Fees and Charges” above in this section.

Source: The District’s audited financial statements Fiscal Years ending December 31, 2016-2020.

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Fund

	2016	2017	2018	2019	2020
REVENUES					
Charges for Services	$ -	$ -	$ -	$ -	$ -
Property Taxes	181,619	100,973	132,267	134,276	295,229
Specific Ownership Taxes	14,583	9,385	11,485	11,616	21,160
Interest	270	1,583	8,555	12,636	3,311
Total revenues	$ 196,472	$ 111,941	$ 152,307	$ 158,528	$ 319,700
EXPENDITURES					
General Government	21,425	15,602	2,652	9,186	12,405
Bond Issuance Costs	216,088	-	167,165	-	-
Debt Service					
Principal	-	-	10,000	10,000	30,000
Interest	31,872	103,131	196,611	237,633	236,983
Total expenditures	$ 269,385	$ 118,733	$ 376,428	$ 256,819	$ 279,388
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(72,913)	(6,792)	(224,121)	(98,291)	40,312
OTHER FINANCING SOURCES (USES)					
Transfers	-	10,581	-	10,033	-
Proceeds from the Issuance of Debt	1,710,000	-	2,211,000	-	-
Payments to Escrow Agent	(1,534,381)	-	(1,641,946)	-	-
Total Other Financing Sources (Uses)	$ 175,619	$ 10,581	$ 569,054	$ 10,033	$ -
Net Change in Fund Balance	102,706	3,789	344,933	(88,258)	40,312
Fund Balance, Beginning	63,817	166,523	170,312	515,245	426,987
Fund Balance, Ending	$ 166,523	$ 170,312	$ 515,245	$ 426,987	$ 467,299

Source: The District's audited financial statements Fiscal Years ending December 31, 2016-2020.

Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund

	2016	2017	2018	2019	2020
REVENUES					
Charges for Services	$ -	$ -	$ -	$ -	$ -
Property Taxes	-	-	-	-	-
Specific Ownership Taxes	-	-	-	-	-
Interest	-	-	-	-	-
Total revenues	$ -	$ -	$ -	$ -	$ -
EXPENDITURES					
General Government	-	-	-	-	5,623
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	$ -	$ -	$ -	$ -	$ 5,623
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(5,623)
OTHER FINANCING SOURCES (USES)					
Transfers	-	-	-	-	5,623
Total Other Financing Sources (Uses)	$ -	$ -	$ -	$ -	$ 5,623
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning	-	-	-	-	-
Fund Balance, Ending	$ -	$ -	$ -	$ -	$ -

Source: The District's audited financial statements Fiscal Years ending December 31, 2016-2020.

Budgets and Appropriations

Procedure. State law requires that the District prepare and adopt an annual budget. The budget is to 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. In estimating the anticipated revenues, consideration must be given to any unexpended surpluses and the historical percentage of tax collections. Further, the budget must show a balanced relationship between the total proposed expenditures and the total anticipated revenues and other financing sources. In addition, the budget must set forth a supplemental schedule showing the District's obligations with respect to any outstanding lease-purchase agreements.

Annual budgets are required to be prepared either on a cash basis, a modified accrual basis or an encumbrance basis. The District uses the modified accrual basis in preparing its budgets.

On or before October 15th of each year, the District's budget officer is required to submit to the Board a proposed budget for the ensuing 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.

Before the beginning of the fiscal year, the Board is required to enact an appropriation resolution that corresponds with the budget. The income of the District must be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution. District expenditures may not exceed the amounts appropriated, except in the case of an emergency or a contingency which was not reasonably foreseeable. Under such circumstances, the Board may authorize the expenditure of funds in excess of the budget by a resolution adopted by a majority vote of the Board following proper notice. If the District receives revenues which were unanticipated or unassured at the time of adoption of the budget, the Board may authorize the expenditure thereof by adopting a supplemental budget and appropriation resolution after proper notice and a hearing thereon. The transfer of budgeted and appropriated moneys within a fund or between funds may be accomplished only in accordance with State law.

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. See also "Revenue and Spending Limitations" above.

District Budget. Set forth below is the adopted budgets of the District for Fiscal Year 2022 as well as the District's unaudited financial statements for the Fiscal Year ending December 31, 2021, which are prepared as prescribed by State law.

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Waterfall Metropolitan District No. 1
2021 Actuals and 2022 Adopted Budgets

	General Fund		Capital Projects Fund		Debt Service Fund	
	2021 Actuals[1]	2022 Adopted Budget	2021 Actuals[1]	2022 Adopted Budget	2021 Actuals[1]	2022 Adopted Budget
Revenue						
O&M Fees	$ 128,054[2]	$ 63,144	$ -	$ -	$ -	$ -
Property Taxes	84,152	95,471	-	-	294,400	334,149
Specific Ownership Taxes	6,397	6,683	-	-	22,381	23,390
Interest & Other Income	92	500	-	-	193	10,000
Transfer from General Fund			-	-	-	-
Total Revenue	**$ 218,695**	**$ 165,798**	**$ -**	**$ -**	**$ 316,974**	**$ 367,539**
Expenditures						
Accounting and Finance	18,960	22,490	-	-	-	-
Audit	5,500	5,500	-	-	-	-
District Management	35,760	39,000	-	-	-	-
District Engineer	-	-	-	-	-	-
Director's Fees	438	1,000	-	-	-	-
Elections	-	1,000	-	-	-	-
Insurance	3,490	3,839	-	-	-	-
Landscape Maintenance	21,882	25,092	-	-	-	-
Hardscape Maintenance	2,135	5,000	-	-	-	-
Storm Water Facility Maintenance	160	1,500	-	-	-	-
Misc Services	-	500	-	-	-	-
Repairs and Replacements	25,752	17,250	-	-	-	-
Utilities	13,234	13,802	-	-	-	-
Legal	15,526	15,000	-	-	-	-
Office, Dues and Other	1,902	2,800	-	-	-	-
Treasurer's Fees	1,683	1,909	-	-	5,888	6,683
Transfer to Capital Projects Funds	-	-	-	-	-	-
Contingency	-	-	-	-	-	10,000
Bond Principal – 2016/2018 Bonds	-	-	-	-	31,000	3,840,000
Bond Interest – 2016/2018 Bonds	-	-	-	-	235,145	58,313
Bond Principal – 2022 Bonds	-	-	-	-	-	150,000
Bond Interest – 2022 Bonds	-	-	-	-	-	188,625
Custodian Fees	-	-	-	-	6,500	6,500
Total expenditures	**$ 146,422**	**$ 155,682**	**$ -**	**$ -**	**$ 278,533**	**$ 4,260,121**
Other Sources/(Uses) of Funds						
Transfer from Debt Service	-	-	-	1,900,310	-	-
Capital Advance Repayment	-	-	-	(1,900,310)	-	-
Bonds Proceeds	-	-	-	-	-	6,190,168
Cost of Issuance	-	-	-	-	-	(426,543)
Transfer to Capital Projects Fund	-	-	-	-	-	(1,900,310)
Net Other Sources/(Uses) of Funds	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,863,315**
Revenues Over/(Under) Expenditures	72,273	10,116	-	-	**38,411**	(29,267)
Beginning Fund Balance	**91,519**	**168,251**	-	-	467,298	504,051
Ending Fund Balance	**$ 163,792**	**$ 178,367**	**$ -**	**$ -**	**$ 505,739**	**$ 474,785**

(1) Unaudited.
(2) Constitutes the Grounds Fees described in "Rates, Fees and Charges" above in this section.

Sources: The District's 2022 adopted budget and the District's unaudited financial statements for Fiscal Year ending December 31, 2021.

DISTRICT DEBT STRUCTURE

Authorization

Generally. As discussed above in "DISTRICT FINANCIAL INFORMATION – Revenue and Spending Limitations – *TABOR*," prior voter approval is required for the 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, except for refinancing at a lower interest rate or adding new employees to existing pension plans. In addition, the State constitution and the Special District Act provide that no general obligation debt by loan in any form, whether individually or by contract, may be created by the District unless the question of incurring the same is first submitted to and approved by a majority of the qualified "taxpaying electors" (as defined by statute) of the District. Certain obligations, such as revenue obligations of an "enterprise" (as defined in TABOR) and obligations that do not extend beyond the fiscal year in which incurred, do not require prior voter approval.

Voter-Approved Debt Authorization Prior to the Issuance of the Bonds. At the organizational election of the District, which occurred on May 6, 2008, the District was authorized to incur the following debt:

Voter-Approved Debt
Authorized for the District

Purpose	Principal Amount Authorized
Street improvements	$ 12,000,000
Water improvements	12,000,000
Storm and sanitation improvements	12,000,000
Park and recreation improvements	12,000,000
Traffic and safety improvements	12,000,000
Transportation improvements	12,000,000
Security services improvements	12,000,000
Mosquito control improvements	12,000,000
Television relay improvements	12,000,000
Total indebtedness for improvements	$108,000,000
Operations and maintenance debt	1,000,000
Intergovernmental agreements	13,000,000
Reimbursement agreements	12,000,000
Construction management agreements	13,000,000
Refunding debt	24,000,000
Total authorized other indebtedness	$63,000,000

The voter-approved debt authorization of the District will be allocated as necessary to the Bonds based upon the actual expenditure of the proceeds of the Bonds. See "General Obligations – *Debt Limits*" hereafter.

Voter-Approved Debt Authorization Available After Issuance of the Bonds. Upon the issuance of the Bonds, the District will have available voter-approved indebtedness of $105,789,000 for the purpose of funding public improvements and $54,055,961 for various other purposes, including operations and maintenance, intergovernmental agreements, reimbursement agreements, construction management agreements, and refunding debt. See, however, "General Obligations – *Debt Limits*" hereafter in this section, as well as "THE SERIES 2022A SENIOR BONDS – Security and Sources of Payment – *Additional*

Obligations" and "THE SERIES 2022B SUBORDINATE BONDS – Security and Sources of Payment – *Additional Obligations*."

General Obligations

Debt Limits. The Special District Act provides that, with certain exceptions, the total principal amount of general obligation debt issued by a special district may not at the time of issuance exceed the greater of $2,000,000 or 50% of the special district's assessed valuation. Exceptions to this statutory debt limit include obligations that are issued solely to financial institutions or institutional investors as defined in Section 32-1-103, C.R.S., investment grade rated obligations, obligations that are secured by certain types of credit enhancements, obligations payable from an ad valorem property tax of not more than 50 mills (not subject to adjustment for changes in the method of determining assessed valuation), obligations which are refundings or restructurings of outstanding obligations and certain obligations of an insolvent special district. It is anticipated that the issuance of the Bonds will exceed the District's current debt limit, although the Bonds will constitute exceptions to the statutory debt limit.

In addition to the statutory debt limit, the Service Plan currently limits the District to the issuance of an aggregate of $12,000,000 of general obligation debt. Debt for purposes of the Service Plan generally means the principal on general obligation or revenue bonds, notes, contracts, agreements, certificates of indebtedness, interim certificates or receipts, or other documents or instruments evidencing loans or advances to the District. Upon the issuance of the Bonds, the District will have an aggregate of $6,098,776 of capacity remaining under such debt limit (which represents the issuance of the Refunded Obligations). See also "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *General*."

Outstanding General Obligation Debt. Upon the issuance of the Bonds, the Bonds as well as any portion of the 2016 Note that may remain outstanding after the issuance of the Bonds will constitute the only outstanding general obligation debt of the District.

Estimated Overlapping General Obligation Debt. A number of other public entities encompass all or a portion of the property in the District. The properties in the District that are within such other public entities are liable for an allocable portion of any general obligation debt which such entities may have outstanding from time to time. The following table sets forth the estimated overlapping general obligation debt chargeable to properties within the District as of the date of this Limited Offering Memorandum.

Estimated Overlapping General Obligation Debt

Overlapping Entity[1,2]	2021 Assessed Valuation	Outstanding General Obligation Debt	Estimated District Portion[2] Percent	Estimated District Portion[2] Amount
Thompson R2-J School District	$2,572,861,659	$207,455,000	0.25%	$518,638
Total:				$518,638

(1) Other public entities also overlap the District but currently have no general obligation debt outstanding. See "DISTRICT FINANCIAL INFORMATION – Property Tax Statistics – *Levies of Overlapping Taxing Entities*."

(2) The percentage of an overlapping entity's outstanding debt chargeable to properties in the District is calculated by comparing the current assessed valuation of the overlapping property to the total current assessed valuation of the overlapping entities. This percentage is subject to fluctuation in accordance with future changes in assessed valuations.

Sources: Larimer County Assessor's Office and overlapping entities

General Obligation Debt Ratios. The following table presents selected general obligation debt ratios for the District on an aggregate basis following the issuance of the Bonds.

Selected General Obligation Debt Ratios of the District

	2022A Debt	Total Debt
General Obligation Debt Outstanding	$4,710,000	$5,695,000
Estimated Overlapping Debt[1]	$518,638	$518,638
Direct Plus Overlapping Debt	$5,228,638	$6,213,638
2021 Assessed Valuation[2,3]	$9,547,115	$9,547,115
2021 Statutory "Actual" Value[2]	$32,921,160	$32,921,160
Ratio of Direct Debt to:		
2021 Assessed Valuation	49.33%	59.65%
2021 Statutory "Actual" Value	14.31%	17.30%
Ratio of Direct and Overlapping Debt to:		
2021 Assessed Valuation	54.77%	65.08%
2021 Statutory "Actual" Value	15.88%	18.87%

(1) See "Estimated Overlapping General Obligation Debt" above.
(2) See "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes – *Statutory "Actual" Value – Determination of Assessed Value.*
(3) Represents the 2021 aggregate assessed valuation of the District. See "DISTRICT FINANCIAL INFORMATION – Property Tax Statistics – *Assessed Valuation and Statutory "Actual" Value."*
Sources: Larimer County Assessor's Office, the District, and information obtained from individual overlapping entities.

Revenue and Other Financial Obligations

The District also has the authority to issue or incur obligations that are payable from the net revenue of any revenue producing facilities, to enter into obligations that do not extend beyond the current Fiscal Year and to incur certain other obligations, none of which constitute indebtedness for purposes of Article XI, Section 6 of the State constitution but may require prior voter approval in accordance with TABOR. See "Authorization" in this section and "DISTRICT FINANCIAL INFORMATION – Revenue and Spending Limitations – *TABOR.*"

DEVELOPMENT INFORMATION

The information contained in this section contains important information concerning the Development and the District. Prospective investors are urged to review this information carefully before making an investment in the Bonds. Neither the District nor the Underwriter makes any representation regarding the future development of property in the District (if any). See "RISKS AND OTHER INVESTMENT CONSIDERATIONS" for a discussion of some of the primary development risks associated with the development of property in the District. Future development within the District depends upon market activity, governmental regulations, general local, regional and national economic conditions and other significant factors over which the District and/or the Developer may have no control.

Planned Development in the District

Generally. The property within the District consists of the Boyd Lake Village development ("Boyd Lake Village" or the "Development"), an approximately 29 acre commercial and office development which currently consists of two medical office buildings. The boundaries of the District and the Development are the same. The Development is being developed by MBL 34, LLC, a Colorado limited liability company (the "Developer"). The Developer is a special purpose entity organized to facilitate the planned development of Boyd Lake Village. The Developer is an affiliate entity of McWhinney Real Estate Services, Inc., a Colorado corporation and real estate developer based in the City ("McWhinney").

Of the approximately 29 acres within the District, approximately 26 acres are developable, and the remaining approximately three acres are dedicated for use as street rights-of-way. Of the developable property in the District, approximately nine acres are developed, and the remaining property (consisting of approximately 17 acres) is vacant and undeveloped. Current development within the District consists of two medical office buildings, one of which contains the Orthopaedic & Spine Center of the Rockies, an approximately 99,138 square feet orthopedic care and surgical center (which is owned by an entity affiliated with the Developer). The other medical office building contains Urology of the Rockies, Reynolds Oral & Facial Surgery, and Crane & Seager Orthodontics, and consists of approximately 5,500 square feet.

The remaining property within the District is currently vacant. A portion of the vacant property, consisting of approximately 10 acres, is owned by Loveland Church of the Nazarene, a Colorado nonprofit corporation and religious organization. *This property, consisting of approximately 35% of the property in the District, is tax-exempt and is therefore not subject to taxation to pay debt service on the Bonds or is otherwise obligated in any manner to pay the Bonds*. See "DISTRICT FINANCIAL INFORMATION – Ad Valorem Property Taxes." The remaining undeveloped property in the District (consisting of approximately 6 acres) is owned by the Developer. The undeveloped portion of the District that is owned by the Developer is subject to a restrictive covenant which prevents the property from being used to operate any facility providing health care services through 2031. See the table titled "Status of Development Activity in the District as of April 14, 2022" hereafter in this section.

The Financial Forecast included as Appendix B hereto assumes that the remaining undeveloped property within the District owned by the Developer will <u>not</u> be developed and projects that repayment of the Bonds will take place irrespective of whether such property is developed or remains vacant. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Developer; No Obligation to Complete Development." Additionally, no absorption studies or appraisals have been done for any of the undeveloped property within the District owned by the Developer since December 2016, and the District makes no representations regarding the current or future development or business plans of any of the owners of property within the District. *There is no assurance that any additional development will occur within the District.*

Platting Status. Boyd Lake Village was approved for development by the City in 2007 with the City's adoption of a "Conceptual Master Plan, J-B First Addition, Waterfall Addition Tracts A, D" (as amended in May 2014 and November 2014, the "Master Plan"), which was last revised by the Third Amendment to Conceptual Master Plan, J-B First Addition, Waterfall Addition Tracts A, D, approved in June, 2017. The Master Plan provides for the general layout of the streets in the Development and established design standards. The property in the Development was platted in 2007 and portions were replatted in 2008, 2009 and 2019. Prior to any additional construction taking place within the District, any new proposed building must receive a building permit and satisfy other requirements of the City and/or other applicable governmental entities.

The status of development activity in the District is summarized in the following table.

Status of Development Activity in the District as of April 7, 2022

Owner	Description	Completed Sq. Footage	Acres	% of Total (Acreage)
Loveland Church of the Nazarene(1)	Vacant	--	10.42	39.79%
3470 Holdings LLC(2)	Orthopaedic & Spine Center of the Rockies	99,138	8.24	31.46
Developer(3)	Vacant	--	6.10	23.29
Condo Unit Owners(4)	Medical Offices	5,500	1.43	5.46
	TOTAL:	104,638	26.19(5)	100%

(1) Loveland Church of the Nazarene is a Colorado nonprofit corporation and is therefore exempt from paying property taxes. *As such, this property, consisting of approximately 35% of the property in the District (and approximately 40% of the developable property in the District), is not subject to taxation to pay debt service on the Bonds or is otherwise obligated in any manner to pay the Bonds.*

(2) This entity is affiliated with the Developer.

(3) The undeveloped portion of the District that is owned by the Developer is subject to a restrictive covenant which prevents the property from being used to operate any facility providing health care services through 2031.

(4) Includes Callaway Properties Inc., Crane BLV Properties, LLC and Reynolds Property Holdings, LLC. These entities together own the condominium units comprising Urology of the Rockies, Reynolds Oral & Facial Surgery, and Crane & Seager Orthodontics.

(5) Total does not include approximately three acres dedicated for use as street rights-of-way.

Public Improvements. All of the public improvements necessary to serve the existing medical office buildings within the District are complete. Completed public improvements generally consist of grading, streets, sidewalks, sanitary sewer lines, water lines, storm sewer lines, storm water detention ponds, streetlights, street signage, landscaping, and irrigation. As described herein, the Service Plan provides that, with certain exceptions, the District shall dedicate, or cause to be dedicated on its behalf, all completed public improvements customarily dedicated to the City. The Service Plan additionally provides that, in order to minimize the proliferation of new governmental structures and personnel, the District intends to utilize existing entities, to the extent possible for operations and maintenance of public improvements. As such, all completed public improvements have been dedicated to the City, with the exception of landscaping, irrigation, and stormwater structures, which are owned and maintained by the District. See generally "DISTRICT FINANCIAL INFORMATION – Funding of Operations and maintenance Costs."

A portion of the proceeds of the Bonds, consisting of approximately $1,338,587.60, will be applied to reimburse the Developer pursuant to the 2016 Note, which was issued to the Developer for the purpose of financing public improvements within the District. See "THE DISTRICT – Certain Agreements Affecting the District – *Acquisition and Reimbursement Agreement*."

Amenities

Amenities existing within the District include parking areas and various natural and landscaped open space areas. The District is located approximately three miles east of the Loveland Downtown District, the City's historic main street, which contains various shopping and dining establishments. The District is also located within driving distance of Boulder, Broomfield, Fort Collins, Windsor, Westminster, Louisville, Longmont, Greeley and the greater Denver metropolitan area, as well as various shopping, dining, sports, entertainment, and recreational venues, including the nearby Rocky Mountains.

Covenants, Conditions and Restrictions

The property within the Development is subject to an Amended and Restated Declaration of Protective Covenants for Boyd Lake Village dated October 3, 2019 recorded at Reception No. 20200023701 and re-recorded at Reception No. 20200031201 (the "Covenants"). The Covenants set forth the applicable limitations upon the development of property in Boyd Lake Village and the requirements regarding design review, landscape maintenance and other matters. Further, the Covenants provide that the District will enforce the Covenants.

The remaining vacant portion of the District which is owned by the Developer is also subject to an additional restrictive covenant which generally prevents the property from being used to operate any facility providing health care services through 2031.

Zoning and Land Entitlements

Boyd Lake Village is zoned pursuant to a General Development Plan, which was first approved by the City on April 7, 2005. The General Development Plan permits the current uses of the property within the Development.

Environmental and Geotechnical Matters

To the knowledge of the Developer, no recent environmental, geotechnical, biological or cultural assessments or studies have been conducted on the property in the District. There can be no assurance that during the future development of the property in the District, hazardous materials, adverse environmental conditions, threatened or endangered species or their critical habitat and/or archaeological or historic sites will not be discovered which could delay, hinder or prohibit the remaining development of Boyd Lake Village and/or require environmental remediation, any of which could adversely affect the costs and timing of development as described in this Limited Offering Memorandum and the Financial Forecast. See also, "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Environmental Matters."

Competition

The Development is subject to competitive factors in the area, including other developments which are in near proximity to the District. impact of this competition on future development within the District cannot be assessed at the present time because future demand cannot be predicted with accuracy and the factors influencing the success of each development are speculative.

Public Services and Utilities

Police protection, water service, electricity and sanitary sewer service are provided by the City. Fire protection is provided by the Loveland Fire Rescue Authority. Natural gas service is provided by Xcel Energy. The Development is located in Thompson School District R2-J. The District provides landscape and irrigation maintenance, snow removal, storm water maintenance, covenant enforcement and weed management services for the District's facilities.

The Developer

Neither the Developer nor any of the entities or individuals participating in the Development has guaranteed the payment of debt service on the Bonds, or are otherwise responsible for the payment of the Bonds.

The developer of Boyd Lake Village is MBL 34, LLC (the "Developer"). The Developer is a Colorado limited liability company owned primarily by McWhinney Holding Company, LLLP ("McWhinney Holding"). McWhinney Holding and the Developer are managed by McWhinney Real Estate Services, Inc. ("McWhinney"). McWhinney is a privately-held company founded in 1991 which has offices in Denver and Loveland. Chad McWhinney and Troy McWhinney, both principals of McWhinney, are the primary personnel involved in the development of Boyd Lake Village. McWhinney and its affiliated entities have created several master-planned communities consisting of approximately 6,000 acres of land, developed approximately 6.5 million square feet of office, industrial, medical, hospitality and retail projects, and completed approximately 1,700 apartment units throughout the Rocky Mountain region and the west coast. McWhinney has offices in Denver and Loveland.

Approximately 48% of the property in the Development is collectively owned by the Developer and 3470 Holdings LLC, a Colorado limited liability company which is affiliated with the Developer. The property owned by the Developer (consisting of approximately 6 acres) is vacant, whereas the property owned by 3470 Holdings LLC (consisting of approximately 8 acres) consists of the Orthopaedic & Spine Center of the Rockies.

The remaining undeveloped property in the District that is owned by the Developer is not subject to any liens, though its property is subject to a restrictive covenant which prohibits the Developer's property from being used to operate any facility providing health care services through 2031. See "Property Ownership, Financing and Encumbrances" below. The Developer is currently marketing the remaining vacant property in Boyd Lake Village owned by the Developer, however, to date, no prospective purchasers have been identified in connection with such property. Vertical development on the Developer's property within the District is expected to be undertaken, if at all, by third party purchasers. Such purchasers, if and when identified, may or may not be affiliated with the Developer. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS – Financial Condition of the Developer; No Obligation to Complete Development."

NO RATING

No application has been or is intended to be made for a rating of the Bonds.

LITIGATION

There is no litigation now pending or, to the knowledge of the officials of the District threatened, which questions the validity of the Bonds, the Indentures, or of any proceedings of the District taken with respect thereto.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to approval by Kline Alvarado Veio, P.C., Denver, Colorado, as Bond Counsel, whose opinions are expected to be delivered in substantially the forms set forth in "APPENDIX G – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022A SENIOR BONDS" and "APPENDIX H – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022B SUBORDINATE BONDS." Kline Alvarado Veio, P.C., represents the Underwriter from time to time on matters unrelated to the District or the Bonds. With respect to the issuance of the Bonds, Kline Alvarado Veio, P.C., solely represents the Issuer and does not represent the Underwriter or any other party. Certain matters will be passed upon for the District by Icenogle Seaver Pogue, P.C., Denver, Colorado, as general counsel to the District. Sherman & Howard L.L.C., Denver, Colorado, is serving as counsel to the Underwriter in connection with this financing. Kline Alvarado Veio, P.C., Denver, Colorado, is also serving as special disclosure counsel in connection with this financing and in such capacity has assisted in the preparation of this Limited Offering Memorandum. The legal fees to be paid to Bond Counsel, the District's general counsel, and counsel to the Underwriter are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization and insolvency or other similar laws affecting the rights of creditors generally, now or hereafter in effect; to usual equity principles that may limit the specific enforcement under state law of certain remedies; to the exercise by the United States of America of the powers delegated to it by the U.S. 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.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal Tax Matters

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Bonds for the investors described below and is based on the advice of Kline Alvarado Veio, P.C., as Bond Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Bonds.

General

In the opinion of Kline Alvarado Veio, P.C., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds

(a) is excluded from gross income for federal income tax purposes and (b) is exempt from federal alternative minimum tax.

The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal tax purposes. The opinions set forth above are subject to continuing compliance by the District and others with such covenants. Failure to comply with such covenants could cause interest on the Bonds to be included in gross income retroactive to the date of issue of such Bonds.

Bank Qualified. The District has represented that it does not reasonably anticipate issuing greater than $10,000,000 of tax-exempt obligations in calendar year 2022 (excluding certain private activity and refunding bonds) and that it has designed the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Federal Tax Code. Accordingly, assuming the accuracy of such representations, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80% of that portion of such institutions' interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

Exemption Under State Tax Law

In Bond Counsel's further opinion, interest on the Bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

See also "APPENDIX G – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022A SENIOR BONDS" and "APPENDIX H – FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022B SUBORDINATE BONDS."

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE FEDERAL TAX CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

EXPERTS

The Financial Forecast have been included in this Limited Offering Memorandum in reliance upon the knowledge and experience of Causey Demgen & Moore P.C., as experts in such matters.

UNDERWRITING

Wells Fargo Securities, LLC, Denver, Colorado (the "Underwriter") has agreed to purchase the Series 2022A Senior Bonds from the District under a Bond Purchase Agreement at a purchase price equal to $4,635,720.28 (which is equal to the par amount of the Series 2022A Senior Bonds of $4,710,000.00, less Underwriter's discount of $74,279.72). The Underwriter has agreed to purchase the Series 2022B Subordinate Bonds from the District under a Bond Purchase Agreement at a purchase price equal to $964,540.92 (which is equal to the par amount of the Series 2022B Subordinate Bonds of $985,000.00, less Underwriter's discount of $20,459.08).

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as "CIB," "Wells Fargo Securities" or "WFS") is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, and a member of NYSE, FINRA, NFA, and SIPC.

Wells Fargo Securities, LLC ("WFSLLC"), the sole underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA") for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFSLLC will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFSLLC and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MUNICIPAL ADVISOR

Piper Sandler & Co., Denver, Colorado, is acting as municipal advisor (the "Municipal Advisor") to the District in connection with the offering, execution and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Limited Offering Memorandum. The Municipal Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Bonds.

INDEPENDENT AUDITORS

The financial statements of the District as of December 31, 2020, included herein as Appendix A, have been audited by John Cutler & Associates, Certified Public Accountants, Denver, Colorado, as stated in their reports appearing herein. John Cutler & Associates has not been engaged to perform and has not performed, since the dates of their reports included herein, any procedures on the financial statements addressed in such reports, nor has John Cutler & Associates performed any procedures relating to this Limited Offering Memorandum.

CONTINUING DISCLOSURE

The Underwriter has determined that the Bonds are not subject to Securities and Exchange Commission Rule 15c2-12. However, the District will enter into a Continuing Disclosure Certificate, in which the Issuer will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system, certain information concerning the District and the Bonds on an annual basis, as well as contemporaneous notice of the occurrence of certain events affecting the Bonds. See "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE" for a description of the periodic information and the notices of events to be provided and other terms of the Continuing Disclosure Certificate.

2018 Undertaking. The District previously entered into a continuing disclosure undertaking in 2018 (the "2018 Undertaking") in connection with the issuance of the Series 2018 Bonds. Pursuant to the 2018 Undertaking, the District agreed to provide notices of certain material events, and the District and the Developer agreed to provide certain information to the trustee for the Series 2018 Bonds (acting as dissemination agent) on a quarterly and annual basis for dissemination to EMMA. During the previous five years, the District has complied in all material respects with the 2018 Undertaking.

2016 Undertaking. The District also previously entered into a continuing disclosure undertaking in 2016 (the "2016 Undertaking") in connection with the issuance of the Series 2016A Bonds. Pursuant to the 2016 Undertaking, the District agreed to provide notices of certain material events, and the District and the Developer agreed to provide certain information to the trustee for the Series 2016A Bonds (acting as dissemination agent) on a quarterly and annual basis for dissemination to EMMA. During the previous five years, the District has complied in all material respects with the 2016 Undertaking.

MISCELLANEOUS

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, the Colorado Securities Act, as amended, or the Colorado Municipal Bond Supervision Act pursuant to exemptions from registration provided in such acts. THE ISSUER ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

The Colorado Municipal Bond Supervision Act 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 from registration under the provisions of the Act. The Bonds are exempt from registration under the Colorado Municipal Bond Supervision Act.

There can be no assurance that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the Bonds or adverse history or economic prospects connected with a particular issue or industry, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price. Consequently, Owners may be required to bear the financial risks of this investment for an indefinite period of time.

The appendices to this Limited Offering Memorandum are integral parts hereof and must be read together with all other parts of this Limited Offering Memorandum.

Brief descriptions of the District, the Bonds, the Indentures, and various other agreements, documents, statutes, reports and other instruments are included in this Limited Offering Memorandum and the appendices hereto. These descriptions do not purport to be comprehensive or definitive, and all such descriptions or other references herein to such agreements, documents, statutes, reports or other instruments are qualified in the entirety by reference to each such agreement, document, statute, report or other instrument. Copies of documents, 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 specified in "INTRODUCTION – Additional Information."

So far as any statements made in this Limited Offering Memorandum involve matters of opinion, projections, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

The information contained in this Limited Offering Memorandum has been obtained from sources deemed to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities 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.

UMB BANK, N.A., BY ACCEPTANCE OF ITS DUTIES AS THE SENIOR INDENTURE TRUSTEE AND THE SUBORDINATE INDENTURE TRUSTEE, HAS NOT REVIEWED THIS LIMITED OFFERING MEMORANDUM AND HAS MADE NO REPRESENTATIONS AS TO THE INFORMATION CONTAINED HEREIN.

LIMITED OFFERING MEMORANDUM CERTIFICATION

The preparation and distribution of this Limited Offering Memorandum has been authorized by the Board of Directors of the Issuer. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Issuer and any purchaser, Owner, Beneficial Owner or other holder of any Bond or any interest therein.

WATERFALL METROPOLITAN DISTRICT NO. 1

By /s/ Kim L. Perry
President

APPENDIX A

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020

(Page numbers reflect the pagination of the original document)

WATERFALL METROPOLITAN DISTRICT NO. 1

BASIC FINANCIAL STATEMENTS

December 31, 2020

TABLE OF CONTENTS

FINANCIAL SECTION

Board of Directors
Waterfall Metropolitan District No. 1
Loveland, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Waterfall Metropolitan District No. 1 as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Waterfall Metropolitan District No. 1, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

600 17TH STREET SUITE 2800 SOUTH • DENVER, COLORADO 80202 •TEL 303.634.2259 •FAX 303.496.4631

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 18 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedule is fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

July 27, 2021

BASIC FINANCIAL STATEMENTS

WATERFALL METROPOLITAN DISTRICT NO. 1

STATEMENT OF NET POSITION
As of December 31, 2020

	Governmental Activities 2020	Governmental Activities 2019
ASSETS		
Cash and Investments	$ 92,736	$ 4,716
Restricted Cash and Investments	467,299	493,478
Accounts Receivable	2,206	1,503
Property Taxes Receivable	378,552	378,790
Prepaid Expenses	3,490	3,232
Capital Assets, depreciated, net of accumulated depreciation	246,600	264,032
TOTAL ASSETS	1,190,883	1,145,751
LIABILITIES		
Accounts Payable	6,914	12,136
Accrued Expenses	-	131
Accrued Interest	279,816	194,207
Noncurrent Liabilities		
Due within One Year	31,000	30,000
Due in more than One Year	5,379,660	5,410,660
TOTAL LIABILITIES	5,697,390	5,647,134
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	378,552	378,790
NET POSITION		
Net Investment in Capital Assets	(5,164,060)	(5,176,628)
Restricted for Emergencies	5,000	10,000
Restricted for Debt Service	467,299	426,987
Unrestricted	(193,298)	(140,532)
TOTAL NET POSITION	$ (4,885,059)	$ (4,880,173)

The accompanying notes are an integral part of the financial statements.

WATERFALL METROPOLITAN DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues Charges for Services	Net (Expense) Revenues and Changes in Net Position 2020	2019
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 167,678	$ 75,803	$ (91,875)	$ (64,532)
Interest on Long-Term Debt	322,592	-	(322,592)	(349,743)
Total Governmental Activities	$ 490,270	$ 75,803	(414,467)	(414,275)
GENERAL REVENUES				
Taxes			405,939	223,796
Interest			3,642	12,843
TOTAL GENERAL REVENUES			409,581	236,639
CHANGE IN NET POSITION			(4,886)	(177,636)
NET POSITION, Beginning			(4,880,173)	(4,702,537)
NET POSITION, Ending			$ (4,885,059)	$ (4,880,173)

The accompanying notes are an integral part of the financial statements.

WATERFALL METROPOLITAN DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2020

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS 2020	TOTALS 2019
ASSETS					
Cash and Investments	$ 92,736	$ -	$ -	$ 92,736	$ 4,716
Restricted Cash and Investments	-	467,299	-	467,299	493,478
Accounts Receivable	2,206	-		2,206	1,503
Property Taxes Receivable	84,173	294,379	-	378,552	378,790
Prepaid Expenses	3,490	-	-	3,490	3,232
TOTAL ASSETS	$ 182,605	$ 761,678	$ -	$ 944,283	$ 881,719
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY					
LIABILITIES					
Accounts Payable	$ 6,914	$ -	$ -	$ 6,914	$ 12,136
Other Liabilities	-	-	-	-	131
TOTAL LIABILITIES	6,914	-	-	6,914	12,267
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Tax Revenue	84,173	294,379	-	378,552	378,790
FUND EQUITY					
Fund Balance					
Nonspendable	3,490	-	-	3,490	3,232
Restricted for Emergencies	5,000	-	-	5,000	10,000
Restricted for Debt Service	-	467,299	-	467,299	493,478
Unassigned	83,028	-	-	83,028	(16,048)
TOTAL FUND EQUITY	91,518	467,299	-	558,817	490,662
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY	$ 182,605	$ 761,678	$ -		

	2020	2019
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	246,600	264,032
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include bonds payable ($3,871,000), developer advances ($1,539,660) and accrued interest ($279,816).	(5,690,476)	(5,634,867)
Net position of governmental activities	$ (4,885,059)	$ (4,702,537)

The accompanying notes are an integral part of the financial statements.

WATERFALL METROPOLITAN DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTALS 2020	TOTALS 2019
REVENUES					
Charges for Services	$ 75,803	$ -	$ -	$ 75,803	$ 80,219
Property Taxes	83,561	295,229	-	378,790	205,977
Specific Ownership Taxes	5,989	21,160	-	27,149	17,819
Interest	331	3,311	-	3,642	12,843
TOTAL REVENUES	165,684	319,700	-	485,384	316,858
EXPENDITURES					
Current					
General Government	132,218	12,405	5,623	150,246	158,007
Debt Service					
Principal	-	30,000	-	30,000	10,000
Interest	-	236,983	-	236,983	237,633
TOTAL EXPENDITURES	132,218	279,388	5,623	417,229	405,640
EXCESS OF REVENUES OVER (UNDER) EXPENSES	33,466	40,312	(5,623)	68,155	(88,782)
OTHER FINANCING SOURCES (USES)					
Transfers	(5,623)	-	5,623	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,623)	-	5,623	-	-
NET CHANGE IN FUND BALANCES	27,843	40,312	-	68,155	(88,782)
FUND BALANCES, Beginning	63,675	426,987	-	490,662	579,444
FUND BALANCES, Ending	$ 91,518	$ 467,299	$ -	$ 558,817	$ 490,662

The accompanying notes are an integral part of the financial statements.

WATERFALL METROPOLITAN DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Changes in Fund Balances - Total Governmental Funds	$	68,155
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is depreciation expense for the year.		(17,432)
Repayment of long-term debt principal and proceeds from borrowing are recorded as expenditures and revenues in the governmental funds, but the repayment reduces or increases long-term liabilities in the statement of net position. This amount includes principal payment of $30,000 and increase of accrued interest ($85,609).		(55,609)
Change in Net Position of Governmental Activities	$	(4,886)

The accompanying notes are an integral part of the financial statements.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Waterfall Metropolitan District No. 1 was established to provide financing for the construction, acquisition, and operation and maintenance of water, wastewater, streets, and other public improvements. The District is governed by a five-member Board of Directors elected by the eligible electors.

The accounting policies of the Waterfall Metropolitan District No. 1 (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the Waterfall Metropolitan District No. 1 has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the District reports the following major governmental funds:

> The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
>
> The *Debt Service Fund* accounts for the accumulation of resources to service the debt of the District.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method, landscaping and signage 25 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net position. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes

The District certifies its property taxes expressed as a mill levy, on or before December 15. Property taxes attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. At December 31, 2020, the District reports nonspendable fund balance in the form of prepaid expenses.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The District has also classified the balance of the Debt Service Fund and restricted as its use is restricted for the repayment of long-term debt.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2020.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

NOTE 3: ***CASH AND INVESTMENTS***

A summary of deposits and investments as of December 31, 2020 follows:

Deposits	$ 11,677
Investments	548,358
Total	**$ 560,035**

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Cash and investments are reported in the financial statements as follows:

Cash and Investments	$	92,736
Restricted Cash and Investments		467,299
Total	**$**	**560,035**

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District has no policy regarding custodial credit risk for deposits.

At December 31, 2020, the District had deposits with financial institutions with a carrying amount of $11,677. The bank balances with the financial institutions were $11,677. These balances were covered by federal depository insurance.

Investments

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

NOTE 3: *CASH AND INVESTMENTS* (Continued)

Investments (Continued)

- Guaranteed investment contracts

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. The District does not have any investments requiring categorization as of December 31, 2020.

Local Government Investment Pools

The District had invested $548,358 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using Level 2 inputs.

Restricted Cash

At December 31, 2020, the District had $467,299 in a bond reserve fund as a requirement of the 2016 General Obligation Refunding Bonds.

NOTE 4: ***CAPITAL ASSETS***

Capital assets activity for the year ended December 31, 2020, is summarized below:

Governmental Activities	Balances 12/31/19	Additions	Deletions	Balances 12/31/20
Capital Assets, depreciated				
Landscaping and Signage	$ 428,345	$ -	$ -	$ 428,345
Accumulated Depreciation				
Landscaping and Signage	164,313	17,432	-	181,745
Total Capital Assets	**$ 264,032**	**$ (17,432)**	**$ -**	**$ 246,600**

Depreciation expense was charged to the General Government activity.

NOTE 5: ***LONG-TERM DEBT***

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2020.

	Balance 12/31/19	Additions	Payments	Balance 12/31/20	Due In One Year
2016 GO Refunding Bonds	$ 1,690,000	$ -	$ 15,000	$ 1,675,000	$ 15,000
Notes Payable – MBL34, LLC	1,539,660	-	-	1,539,660	-
Accrued Interest on Notes	194,207	85,609	-	279,816	279,816
2018 GO Bonds	2,211,000	-	15,000	2,196,000	16,000
Total	**$ 5,634,867**	**$ 85,609**	**$ 30,000**	**$ 5,690,476**	**$ 310,816**

Series 2016A Limited Tax General Obligation Refunding Bonds

In December 2016, the District issued its Series 2016A Limited Tax General Obligation Refunding Bonds ("Series 2016A Bonds") in the amount of $1,710,000 to fully refund the 2011 Loan. Principal payments are due annually on December 1 and interest payments are due semi-annually on December 1 and June 1, through December 1, 2046. Interest accrues at 6.50%.

The bonds are subject to redemption prior to maturity, at the option of the District, either in whole or multiples of $1,000 on December 1, 2021 or thereafter. The bonds are also subject to mandatory sinking fund redemption in part, by lot, on December 1, 2018, and on each December 1 thereafter without a redemption premium.

NOTE 5: *LONG-TERM DEBT* (Continued)

Series 2018 Limited Tax General Obligation Refunding Bonds

In March 2018, the District issued its Series 2018 Limited Tax General Obligation Refunding Bonds ("Series 2018 Bonds") in the amount of $2,211,000. Principal payments are due annually on December 1 and interest payments are due semi-annually on December 1 and June 1, through December 1, 2046. Interest accrues at 5.75%.

The bonds are subject to redemption prior to maturity, at the option of the District, either in whole or multiples of $1,000 on December 1, 2021 or thereafter. The bonds are also subject to mandatory sinking fund redemption in part, by lot, on December 1, 2018, and on each December 1 thereafter without a redemption premium.

Future debt service requirements are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	$ 31,000	$ 235,145	$ 266,145
2022	39,000	233,250	272,250
2023	41,000	230,895	271,895
2024	49,000	228,425	277,425
2025	51,000	225,458	276,458
2026 - 2030	365,000	1,072,015	1,437,015
2031 - 2035	569,000	937,778	1,506,778
2036 - 2040	852,000	732,823	1,584,823
2041 - 2045	1,229,000	430,980	1,659,980
2046	645,000	39,225	684,225
Total	$ 3,871,000	$ 4,365,994	$ 8,236,994

Notes Payable – MBL34, LLC

On January 1, 2010, the District entered into an Amended and Restated Improvement Acquisition and Reimbursement Agreement, as subsequently amended ("2010 Acquisition and Reimbursement Agreement"), with Boyd Lake Village, LLC ("BLV") pursuant to which BLV constructed certain public improvements and conveyed the same to the District in exchange for the District's issuance to BLV of a Revenue and Limited Tax Obligation Subordinate Promissory Note dated January 1, 2010 ("2010 Subordinate Note"). On September 30, 2010, BLV assigned all its rights, title and interest in the 2010 Acquisition and Reimbursement Agreement and the 2010 Subordinate Note to MBL 34, LLC ("MBL"). A portion of the proceeds from the 2011 Loan was used to pay down principal on the 2010 Subordinate Note, which note was refunded and a new Revenue and Limited Tax Obligation Subordinate Promissory Note dated June 28, 2011, issued to MBL ("2011 Subordinate Note").

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Notes Payable – MBL34, LLC (Continued)

With the issuance of the District's 2016A Bonds, the District refunded the 2011 Subordinate Note and issued a new Revenue and Limited Tax Obligation Subordinate Promissory Note to MBL, dated December 27, 2016 ("2016 Subordinate Note"). The interest rate on the 2016 Subordinate Note is at the Prime Rate plus two percentage points not to exceed 12%. At December 21, 2016, this rate was 5.75%. This note matures on January 1, 2050.

Authorized Debt

Per the Consolidated Service Plan for Waterfall Metropolitan Districts Nos. 1 and 2 (approved by the City of Loveland Council on April 1, 2008) the maximum amount of debt that Waterfall Metropolitan District No. 1 and 2 may incur is $18,000,000; provided, however, District No. 1 shall not incur debt in excess of $12,000,000 and District No. 2 shall not incur debt in excess of $6,000,000. On May 17, 2019, District No. 2 was dissolved, and the maximum amount of debt that District No. 1 may incur remains at $12,000,000.

NOTE 6: ***RELATED PARTIES***

The members of the Board of Directors are employees of McWhinney Real Estate Services, Inc., Manager of MBL 34, LLC, owners, or are otherwise associated with the developer, MBL34, LLC, individually, and may have conflicts of interest in dealing with the District. The above named developer is the current developer of the property within the District and the current holder of the 2016 Subordinate Note dated December 27, 2016.

NOTE 7: ***RISK MANAGEMENT***

The District is exposed to various risks of loss related to torts; thefts of, damage, to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool) as of December 31, 2020. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers compensation coverage to its members. Settled claims have not exceeded this coverage in the past three years.

The District pays annual premiums to the Pool for liability, property, and public officials' coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 8: ***COMMITMENTS AND CONTINGENCIES***

TABOR Amendment

TABOR Amendment - Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment.

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2020, the emergency reserve of $14,600 was recorded in the General Fund.

REQUIRED SUPPLEMENTAL INFORMATION

WATERFALL METROPOLITAN DISTRICT NO. 1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020

	2020				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019 ACTUAL
REVENUES					
O & M Fee	$ 75,803	$ 75,803	$ 75,803	$ -	$ 80,219
Specific Ownership	5,849	5,849	5,989	140	6,203
Property Taxes	83,561	83,561	83,561	-	71,701
Interest	1,500	175	331	156	207
TOTAL REVENUES	166,713	165,388	165,684	296	158,330
EXPENDITURES					
Current					
General Government					
Accounting and Administration	24,220	24,220	24,220	-	22,940
Director's Fees	1,080	1,080	761	319	316
District Management	33,240	33,240	33,240	-	31,855
District Engineer	600	600	-	600	-
Elections	750	750	741	9	-
Insurance	3,565	3,232	3,232	-	2,816
Landscape Maintenance	26,814	24,871	20,210	4,661	18,611
Repairs and Replacements	38,331	39,328	17,033	22,295	40,081
Legal Expenses	15,000	15,000	11,975	3,025	9,078
Office, Dues and Other	2,515	2,515	1,896	619	1,635
Treasurer's Fees	1,671	1,671	1,671	-	1,434
Utilities	8,158	13,000	16,977	(3,977)	12,496
Storm Water Facilities	2,250	1,500	250	1,250	3,860
Other Expenses	250	250	12	238	3,699
Contingency	5,000	5,000	-	5,000	-
TOTAL EXPENDITURES	163,444	166,257	132,218	34,039	148,821
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,269	(869)	33,466	34,335	9,509
OTHER FINANCING (USES)					
Transfers Out	(3,000)	(5,500)	(5,623)	(123)	(10,033)
NET CHANGE IN FUND BALANCE	3,269	(6,369)	27,843	34,212	(524)
FUND BALANCE, Beginning	47,287	63,676	63,675	(1)	64,199
FUND BALANCE, Ending	$ 50,556	$ 57,307	$ 91,518	$ 34,211	$ 63,675

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULE

WATERFALL METROPOLITAN DISTRICT NO. 1

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020

	2020			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019 ACTUAL
REVENUES				
Property Taxes	$ 295,229	$ 295,229	$ -	$ 134,276
Specific Ownership Taxes	20,666	21,160	494	11,616
Interest Income	10,000	3,311	(6,689)	12,636
TOTAL REVENUES	325,895	319,700	(6,195)	158,528
EXPENDITURES				
Current				
General Government				
Fees	12,405	12,405	-	9,186
Contingency	10,000	-	10,000	-
Debt Service				
Principal	30,000	30,000	-	10,000
Interest	236,983	236,983	-	237,633
			-	
TOTAL EXPENDITURES	289,388	279,388	10,000	256,819
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	10,033
TOTAL OTHER FINANCING SOURCES AND (USES)	-	-	-	10,033
NET CHANGE IN FUND BALANCE	36,507	40,312	3,805	(88,258)
FUND BALANCE, Beginning	414,795	426,987	(12,192)	515,245
FUND BALANCE, Ending	$ 451,302	$ 467,299	$ 15,997	$ 426,987

See the accompanying independent auditors' report.

WATERFALL METROPOLITAN DISTRICT NO. 1

CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020

	2020				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019 ACTUAL
REVENUES					
Transfers from Debt Service Fund	$ 3,000	$ 5,623	$ 5,623	$ -	$ -
TOTAL REVENUES	3,000	5,623	5,623	-	-
EXPENDITURES					
Current					
Capital Outlay	3,000	5,623	5,623	-	-
TOTAL EXPENDITURES	3,000	5,623	5,623	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
OTHER FINANCING SOURCES					
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ -	$ -	$ -

See the accompanying independent auditors' report.

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APPENDIX B

FINANCIAL FORECAST

(Page numbers reflect the pagination of the original document)

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEARS ENDING DECEMBER 31, 2022 THROUGH 2052

Causey
DEMGEN & MOORE P.C.

Certified Public Accountants
and Consultants

1099 Eighteenth Street - Suite 2300
Denver, Colorado 80202
Telephone: (303) 296-2229
Facsimile: (303) 296-3731
www.causeycpas.com

April 22, 2022

Board of Directors
Waterfall Metropolitan District No. 1
Loveland, Colorado

Management (as defined herein) is responsible for the accompanying forecast of surplus cash balances, cash receipts and disbursements of Waterfall Metropolitan District No. 1 (herein referred to as the "District") for the years ending December 31, 2022 through 2052, and the related summaries of significant assumptions and accounting policies. Such forecast was prepared in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the assumptions and information provided by Management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

The accompanying presentation of projected surplus cash balances and cash receipts and disbursements for the years ending December 31, 2022 through 2062 under the hypothetical assumptions described in Note 9 are presented as an alternative to the forecast and are not part of the forecast. The projections are provided for additional analysis only and should not be used for any other purpose. We express no assurance of any kind on the projections.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Causey Demgen & Moore P.C.

Waterfall Metropolitan District No. 1
Summary of Significant Assumptions and Accounting Policies

NOTE 1

Purpose and limitations of forecast: The following forecast is based on information provided by representatives of the Board of Directors of the District, collectively referred to herein as "Management". The forecast was prepared for the purpose of showing the amount of funds available to pay the debt service requirements of the Senior General Obligation Limited Tax Refunding Bonds, Series 2022A (herein referred to as the "2022A Senior Bonds") and the Subordinate General Obligation Limited Tax Refunding Bonds, Series 2022B (herein referred to as the "2022B Subordinate Bonds", and collectively with the 2022A Senior Bonds, the "Bonds") to be issued by the District. The Bonds will be secured by and payable from moneys derived by the District from ad valorem property taxes more specifically described in Note 3 below. The forecast displays how the proposed Bonds will be repaid from forecasted cash receipts and disbursements. The forecast presents, to the best of Management's knowledge and belief, the expected cash receipts and disbursements for the forecast period for the Debt Service Fund and the applicable property tax revenue activity of the General Fund of the District. Accordingly, the forecast reflects Management's judgement as of April 22, 2022 of the expected conditions within the District and the District's expected course of action.

The assumptions disclosed herein are those that Management believes are significant to the forecast, however, they are not all-inclusive. There will usually be differences between forecasted and actual results because circumstances and events frequently do not occur as planned and those differences may be material. Certain assumptions relating to the market values of property, and the rate of inflation for property values are particularly sensitive. A small variation in these assumptions could have a large effect on the forecasted results and there is a high probability that the forecasted assessed values derived from these assumptions will differ from the actual future assessed values.

The spread of the coronavirus disease 2019 ("COVID-19") is currently altering the behavior of businesses and people in a manner that is having significant negative effects on global, national, and local economies. With regards specifically to the District, the full impact of COVID-19 on future development and growth in assessed valuations and collection of taxes as presented in this forecast is unknown.

The forecast assumes all construction in the Development to have been completed and no further absorption of property will occur. The market values of property are assumed to increase at a rate of 2% biennially pursuant to biennial reassessment of property required by State statute.

NOTE 2

The District Service Plan and The Development: The District is a quasi-municipal corporation and a political subdivision pursuant to Title 32, Article 1, Colorado Revised Statutes, formed pursuant to an Order and Decree entered by the District Court of Larimer County, Colorado (herein referred to as the "County") on May 16, 2008, and recorded in the real property records of the County on May 29, 2008. The District is authorized to furnish certain public facilities and services in accordance with the Special District Act and a Consolidated Service Plan for Waterfall Metropolitan District No. 1-2 which was approved by the governing body of the City of Loveland, Colorado (herein referred to as the "City") on April 1, 2008 (as amended or restated from time to time, herein referred to as the "Service Plan"). Under governing documents the District has the authority to provide the services and exercise such powers as are expressly or impliedly granted by State law.. The Service Plan additionally provides that the District shall, in accordance with the policies of the City, dedicate, or cause to be dedicated on its behalf, all completed public improvements customarily dedicated to the City, though the District will have the power to operate and maintain certain improvements. The District is subject to pay debt service on the Bonds.

The District was formed for the purpose of financing public improvements related to the development of a mixed use community to be known as the Boyd Lake Village development (herein referred to as the "Development"). Boyd Lake Village consists of 29 acres of commercial and office buildings. Approximately ten acres are developed and currently occupied, while the remaining 16 acres is vacant and undeveloped. Construction of Boyd Lake Village commenced in 2007, and all public improvements necessary to serve the existing commercial and office buildings are complete. For calendar year 2021, of the 16 acres within the boundaries of the District that was assessed as vacant, ten acres are owned by Loveland Church of the Nazarene and are therefore tax-exempt and not subject to taxation to pay debt service on the Bonds, The remaining undeveloped property is owned by the Developer and is assumed to remain undeveloped during the forecast period. The taxable assessed value of property in the District for 2021 was $9,547,115.

NOTE 3
Ad Valorem Taxes: The primary source of revenue pledged for payment of debt service is the collection of ad valorem property taxes. Specifically, the Bonds are secured by the Senior Pledged Revenues and Subordinate Pledged Revenues as described in the Indentures (as defined herein). The Senior Pledged Revenue is comprised of (i) property tax revenues derived from imposition by the District of the Required Mill Levy of a maximum of 45 mills less the amount of the O&M Mill Levy (as described in Note 6) (adjusted for changes occurring in the method of calculating assessed valuation as described below), which is required to be imposed by the District pursuant to the Indenture, and (ii) the specific ownership taxes allocable to the Senior Required Mill Levy. The Subordinate Pledged Revenue is comprised of (i) property tax revenues derived from the Required Mill Levy of a maximum of 45 mills, less the amount of the Senior Required Mill Levy and O&M Mill Levy, and (ii) the specific ownership taxes allocable to the Subordinate Required Mill Levy. Taxes are levied by the District Board of Directors. The levy is based upon assessed values of property as determined by the County Assessor. Commercial property is assessed at 29.00% of its market value. Vacant land and State Assessed property is assessed at 29.00% of its market value.

The Senior Required Mill Levy and Subordinate Required Mill Levy will be increased or decreased in the event the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement has or is changed on or after April 1, 2008, as more particularly described in the Service Plan. As adjusted, the Required Mill Levy is currently 45 mills for the District. The forecast assumes 35 mills of the Required Mill Levy will be allocated for debt service in collection year 2022 and 36 mills for each year thereafter (herein referred to as the "Debt Service Mill Levy").

To avoid an increase or decrease in tax revenues resulting from a change in the method of calculating assessed valuations, the Service Plan allows the District to adjust the mill levy for changes in the method of calculating assessed valuation occurring after April 1, 2008. The forecast includes the assessment ratio of 29.00% throughout the forecast period since in the event the assessment rate changes in the future, Management will increase or decrease the mill levy as required by the Indenture and permitted under the Service Plan so that the actual tax revenues generated by the mill levies, as adjusted, are neither diminished or enhanced.

Specific ownership taxes (herein referred to as "Specific Ownership Taxes") are set by the State and collected by the County Treasurer, primarily on vehicle registration fees within the County as a whole. The Specific Ownership Taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share of Specific Ownership Taxes collected will be 7.00% of calculated collected property taxes for both the General Fund and Debt Service Fund.

Property within the District is assumed to be assessed annually as of January 1st and the related tax revenue is assumed to be received in the subsequent year. Thus, the assessed values for collection year 2022 are assumed to be equal to the actual assessed value for the District for calendar year 2021.

The County Treasurer currently charges a fee for the collection of property taxes. The forecast assumes the revenues from mill levy property taxes will be reduced for the County Treasurer's 2.0% fee. It is assumed an additional 0.5% of taxes will be uncollectable.

NOTE 4
Trustee Fees: The District will pay Trustee fees in the amount of $4,000 for the 2022A Senior Bonds and $3,000 for the 2022B Subordinate Bonds beginning in 2022 and annually each year thereafter until the respective Bonds are repaid in full.

NOTE 5
Bond Assumptions: The 2022A Senior Bonds are assumed to be issued on May 5, 2022 in the principal amount of $4,710,000. Concurrently with the issuance of the 2022A Senior Bonds, the District anticipates issuing the 2022B Subordinate Bonds in the principal amount of $985,000.

Proceeds of the 2022A Senior Bonds will be used to (i) pay and discharge the District's Limited Tax General Obligation Refunding Bonds, Series 2016A (the "2016 Bonds"), pay and discharge the District's Limited Tax General Obligation Bonds, Series 2018 (the "Series 2018 Bonds"), and to pay and discharge a portion of the District's Limited Tax General Obligation Subordinate Promissory Note (the "2016 Note") originally issued to the Developer, (ii) fund a deposit to the 2022A Senior Bonds debt service reserve fund; and (iii) pay other costs in connection with the issuance of the 2022A Senior Bonds. The net proceeds of the 2022B Subordinate Bonds will be used (i) pay and discharge a portion of the 2016 Note and (ii) pay other costs in connection with the issuance of the 2022B Subordinate Bonds.

The 2022A Senior Bonds are secured by the ad valorem taxes described in Note 3, as well as a debt service reserve fund. The debt service reserve fund, in an amount of approximately $357,200, will be funded from proceeds of the 2022A Senior Bonds. The 2022A Senior Bonds are assumed to bear interest at a rate of 5.25% per annum from the issuance date until December 1, 2052, which is the scheduled final maturity date of the 2022A Senior Bonds. Interest is payable semi-annually on June 1 and December 1 (each herein referred to as a "Senior Interest Payment Date") beginning on December 1, 2022. Annual payments of principal are due on December 1 of each year beginning December 1, 2022 until the 2022A Senior Bonds are repaid in full. The 2022A Senior Bonds are subject to prepayment beginning on December 1, 2027. The forecast assumes no such prepayment to occur. To the extent any interest payment on the 2022A Senior Bonds is not paid when due, such unpaid interest will compound semiannually on each Senior Interest Payment Date at the rate then borne by the 2022A Senior Bonds. The final discharge date for the 2022A Senior Bonds is May 1, 2062.

The Series 2022B Subordinate Bonds are assumed to bear interest at a rate of 8.25% per annum from the issuance date until the 2022B Subordinate Bonds are repaid in full. Interest is payable annually on each December 15, (each herein referred to as a "Subordinate Interest Payment Date") beginning December 15, 2022. Interest on the 2022B Subordinate Bonds is payable on each Subordinate Interest Payment Date to the extent of any available pledged revenue. To the extent any interest payment on the 2022B Subordinate Bonds is not paid when due, such unpaid interest will compound annually on each Subordinate Interest Payment Date. The 2022B Subordinate Bonds are structured as "cash flow" bonds, meaning there are no regularly scheduled principal payments due on the 2022B Subordinate Bonds prior to their scheduled maturity date, but rather the 2022B Subordinate Bonds are subject to mandatory redemption on December 15 of each year, commencing December 15, 2022, to the extent of available pledged revenues. The 2022B Subordinate Bonds are subject to optional redemption beginning December 1, 2027. The forecast assumes no such optional redemption to occur and the 2022B Subordinate Bonds are forecasted to be paid in full on December 15, 2046. The final discharge date for the 2022B Subordinate Bonds is May 1, 2062.

The 2022A Senior Bonds are secured by the Pledged Revenues pursuant to that certain Trust Indenture dated as of May 1, 2022 (herein referred to as the "Senior Indenture") between the District and UMB Bank, N.A., as trustee. The 2022B Subordinate Bonds are being issued pursuant to that certain Trust Indenture (Subordinate) dated as of May 1, 2022 by and between the District and UMB Bank, N.A., as trustee (herein referred to as the "Subordinate Indenture" and collectively with the Senior Indenture as the "Indentures"). The Subordinate Bonds constitute "Subordinate Bonds" as defined under the Indentures. Accordingly, to the extent any revenues are pledged under the Indentures to both the Senior Bonds and the Subordinate Bonds, the lien of the Subordinate Bonds is junior and subordinate in all respects to the lien of the Senior Bonds and any other bonds issued hereafter under the Senior Indenture. Users of this forecast are encouraged to read the Indentures in conjunction with such use.

NOTE 6
<u>Operating Costs:</u> Operating costs are assumed to be paid from the imposition of an operations and maintenance levy of 9.00 mills (herein referred to as the "O&M Mill Levy") on property located within the boundaries of the District plus the Specific Ownership Taxes allocable to the O&M Mill Levy calculated at a rate of 7.00% of the collected property taxes. Operating costs are transferred to the District's General Fund.

NOTE 7
Interest Earnings: The forecast assumes the debt service reserve fund established in connection with the 2022A Senior Bonds will earn interest at a rate of 0.50% per annum through the forecast period. No interest income earnings are assumed on any other fund balances.

NOTE 8
Basis of Accounting: The basis of accounting for this forecast is a modified accrual basis, which is a basis of accounting different from that required by generally accepted accounting principles under which the District will prepare its financial statements.

NOTE 9
Hypothetical Alternative Scenario A: Under the Alternative Scenario A, the projection assumes a reduced biennial reassessment rate of 0.80%. The debt service fund reflects less pledged revenues available to pay the Bonds. The 2022B Subordinate Bonds are projected to be repaid in full on December 15, 2058. The projected cash flows under Alternative Scenario A are presented in Exhibits E through E-4 attached hereto.

Hypothetical Alternative Scenario B: Under the Alternative Scenario B, the projection assumes an increased biennial reassessment rate of 3.0%. The debt service fund reflects greater pledged revenues available to pay the Bonds. The 2022B Subordinate Bonds are projected to be repaid in full in December 15, 2040. The projected cash flows under Alternative Scenario B are presented in Exhibits F through F-4 attached hereto.

EXHIBIT A

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2052

SUMMARY OF GENERAL FUND ACTIVITY

		Cash Receipts					Cash Disbursements		Cash Balances	
Collection Year	Assessed Value (Exhbit B)	O&M Mill Levy	Net Property Taxes	Treasurer Collection Fees	Specific Ownership Taxes	Total Receipts	Transfers to Service District	Total Disbursements	Annual Surplus (Deficit)	Cumulative Surplus Cash Balance
2022	$9,547,115	9.0000	$85,494	($1,710)	$5,985	$89,769	$89,769	$89,769	-	-
2023	9,547,115	9.0000	85,494	(1,710)	5,985	89,769	89,769	89,769	-	-
2024	9,738,079	9.0000	87,204	(1,744)	6,104	91,564	91,564	91,564	-	-
2025	9,738,079	9.0000	87,204	(1,744)	6,104	91,564	91,564	91,564	-	-
2026	9,932,840	9.0000	88,949	(1,779)	6,226	93,396	93,396	93,396	-	-
2027	9,932,840	9.0000	88,949	(1,779)	6,226	93,396	93,396	93,396	-	-
2028	10,131,497	9.0000	90,728	(1,815)	6,351	95,264	95,264	95,264	-	-
2029	10,131,497	9.0000	90,728	(1,815)	6,351	95,264	95,264	95,264	-	-
2030	10,334,127	9.0000	92,542	(1,851)	6,478	97,169	97,169	97,169	-	-
2031	10,334,127	9.0000	92,542	(1,851)	6,478	97,169	97,169	97,169	-	-
2032	10,540,810	9.0000	94,393	(1,888)	6,608	99,113	99,113	99,113	-	-
2033	10,540,810	9.0000	94,393	(1,888)	6,608	99,113	99,113	99,113	-	-
2034	10,751,626	9.0000	96,281	(1,926)	6,740	101,095	101,095	101,095	-	-
2035	10,751,626	9.0000	96,281	(1,926)	6,740	101,095	101,095	101,095	-	-
2036	10,966,659	9.0000	98,206	(1,964)	6,874	103,116	103,116	103,116	-	-
2037	10,966,659	9.0000	98,206	(1,964)	6,874	103,116	103,116	103,116	-	-
2038	11,185,992	9.0000	100,171	(2,003)	7,012	105,180	105,180	105,180	-	-
2039	11,185,992	9.0000	100,171	(2,003)	7,012	105,180	105,180	105,180	-	-
2040	11,409,712	9.0000	102,174	(2,043)	7,152	107,283	107,283	107,283	-	-
2041	11,409,712	9.0000	102,174	(2,043)	7,152	107,283	107,283	107,283	-	-
2042	11,637,906	9.0000	104,217	(2,084)	7,295	109,428	109,428	109,428	-	-
2043	11,637,906	9.0000	104,217	(2,084)	7,295	109,428	109,428	109,428	-	-
2044	11,870,664	9.0000	106,302	(2,126)	7,441	111,617	111,617	111,617	-	-
2045	11,870,664	9.0000	106,302	(2,126)	7,441	111,617	111,617	111,617	-	-
2046	12,108,077	9.0000	108,428	(2,169)	7,590	113,849	113,849	113,849	-	-
2047	12,108,077	9.0000	108,428	(2,169)	7,590	113,849	113,849	113,849	-	-
2048	12,350,240	9.0000	110,596	(2,212)	7,742	116,126	116,126	116,126	-	-
2049	12,350,240	9.0000	110,596	(2,212)	7,742	116,126	116,126	116,126	-	-
2050	12,597,244	9.0000	112,808	(2,256)	7,897	118,449	118,449	118,449	-	-
2051	12,597,244	9.0000	112,808	(2,256)	7,897	118,449	118,449	118,449	-	-
2052	12,849,188	9.0000	115,064	(2,301)	8,054	120,817	120,817	120,817	-	-
			$3,072,050	($61,441)	$215,044	$3,225,653	$3,225,653	$3,225,653		

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

EXHIBIT A-1

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2052

SUMMARY OF DEBT SERVICE FUND ACTIVITY

		Cash Receipts				Cash Disbursements						Cash Balances		
							DSRF Fund							
Collection Year	Assessed Valuation (Exhibit B)	Commercial Net Tax Revenue (Exhibit B)	Annual Trustee Fees $ 7,000	Debt Service Reserve Fund Earnings 0.50%	Net Revenue Receipts	Senior Bonds Debt Service (Exhibit C)	Transfers to (from) Fund	Cumulative Fund Balance	Cash Available for Subordinate Debt	Subordinate Bonds Debt Service (Exhibit C-1)	Total Disbursements	Annual Surplus (Deficit)	Cumulative Surplus Cash Balance	Senior Bonds Debt Service Coverage
2022	$9,547,115	$349,101	($7,000)	$1,022	$343,123	$261,496		$357,200	$81,627	$80,660	$342,157	967	967	131.2%
2023	9,547,115	359,076	(7,000)	1,786	353,862	265,975	-	357,200	87,887	88,705	354,680	(818)	148	133.0%
2024	9,738,079	366,259	(7,000)	1,786	361,045	274,663	-	357,200	86,383	85,880	360,543	503	651	131.5%
2025	9,738,079	366,259	(7,000)	1,786	361,045	272,825	-	357,200	88,220	88,220	361,045	0	651	132.3%
2026	9,932,840	373,584	(7,000)	1,786	368,370	280,988	-	357,200	87,383	87,313	368,300	70	721	131.1%
2027	9,932,840	373,584	(7,000)	1,786	368,370	278,625	-	357,200	89,745	90,405	369,030	(660)	61	132.2%
2028	10,131,497	381,056	(7,000)	1,786	375,842	286,263	-	357,200	89,580	89,168	375,430	412	473	131.3%
2029	10,131,497	381,056	(7,000)	1,786	375,842	283,375	-	357,200	92,467	92,930	376,305	(463)	11	132.6%
2030	10,334,127	388,678	(7,000)	1,786	383,464	290,488	-	357,200	92,976	92,280	382,768	696	707	132.0%
2031	10,334,127	388,678	(7,000)	1,786	383,464	292,075	-	357,200	91,389	91,548	383,623	(159)	548	131.3%
2032	10,540,810	396,451	(7,000)	1,786	391,237	298,400	-	357,200	92,837	92,733	391,133	104	653	131.1%
2033	10,540,810	396,451	(7,000)	1,786	391,237	294,200	-	357,200	97,037	97,670	391,870	(633)	19	133.0%
2034	10,751,626	404,381	(7,000)	1,786	399,167	305,000	-	357,200	94,167	94,030	399,030	137	156	130.9%
2035	10,751,626	404,381	(7,000)	1,786	399,167	305,013	-	357,200	94,154	93,473	398,485	682	838	130.9%
2036	10,966,659	412,467	(7,000)	1,786	407,253	309,763	-	357,200	97,491	97,750	407,513	(260)	578	131.5%
2037	10,966,659	412,467	(7,000)	1,786	407,253	308,988	-	357,200	98,266	98,450	407,438	(185)	394	131.8%
2038	11,185,992	420,717	(7,000)	1,786	415,503	312,950	-	357,200	102,553	102,820	415,770	(267)	126	132.8%
2039	11,185,992	420,717	(7,000)	1,786	415,503	316,388	-	357,200	99,115	98,530	414,918	585	711	131.3%
2040	11,409,712	429,131	(7,000)	1,786	423,917	324,300	-	357,200	99,617	100,240	424,540	(623)	88	130.7%
2041	11,409,712	429,131	(7,000)	1,786	423,917	321,425	-	357,200	102,492	102,455	423,880	37	126	131.9%
2042	11,637,906	437,714	(7,000)	1,786	432,500	328,288	-	357,200	104,213	104,093	432,380	120	246	131.7%
2043	11,637,906	437,714	(7,000)	1,786	432,500	329,363	-	357,200	103,138	103,153	432,515	(15)	231	131.3%
2044	11,870,664	446,468	(7,000)	1,786	441,254	334,913	-	357,200	106,342	105,800	440,713	542	773	131.8%
2045	11,870,664	446,468	(7,000)	1,786	441,254	334,675	-	357,200	106,579	106,705	441,380	(126)	647	131.8%
2046	12,108,077	455,398	(7,000)	1,786	450,184	343,913	-	357,200	106,271	64,950	408,863	41,321	41,968	130.9%
2047	12,108,077	455,398	(4,000)	1,786	453,184	342,100	-	357,200	111,084	-	342,100	111,084	153,052	132.5%
2048	12,350,240	464,505	(4,000)	1,786	462,291	349,763	-	357,200	112,528	-	349,763	112,528	265,580	132.2%
2049	12,350,240	464,505	(4,000)	1,786	462,291	351,375	-	357,200	110,916	-	351,375	110,916	376,496	131.6%
2050	12,597,244	473,794	(4,000)	1,786	471,580	357,200	-	357,200	114,380	-	357,200	114,380	490,877	132.0%
2051	12,597,244	473,794	(4,000)	1,786	471,580	356,975	-	357,200	114,605	-	356,975	114,605	605,482	132.1%
2052	12,849,188	483,271	(4,000)	1,786	481,057	720,963	(357,200)	-	117,295	-	363,763	117,295	722,777	132.2%
	$ 343,054,370	$ 12,892,654	$ (199,000)	$ 54,602	$ 12,748,256	$ 10,032,721	$ (357,200)			$ 2,349,958	$ 12,025,479			

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

EXHIBIT B

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2052

SCHEDULE OF ESTIMATED ASSESSED VALUATION - COMMERCIAL

Collection Year	Estimated Biennial Valuation Increases 2.00%	Cumulative Market Value of Commercial Property	Assessment Ratio 29.00%	Commercial Assessed Valuation	Estimated Biennial Valuation Increases 2.00%	Cumulative Market Value of Vacant Land	Assessed Value of Vacant and State Assessed at 29.00% of Market	Total Assessed Value	Debt Mill Levy 36.0000	Debt Mill Levy Collections 99.50%	Specific Ownership Taxes 7.00%	County Treasurer Fee 2.00%	Net Tax Revenue
2022		$31,437,310	29.00%	9,116,820		$1,483,850	$430,295	$9,547,115	35.0000	$332,478	$23,273	($6,650)	$349,101
2023		31,437,310	29.00%	9,116,820		1,483,850	430,295	9,547,115	36.0000	341,978	23,938	(6,840)	359,076
2024	$628,746	32,066,056	29.00%	9,299,156	$29,677	1,513,527	438,923	9,738,079	36.0000	348,818	24,417	(6,976)	366,259
2025		32,066,056	29.00%	9,299,156		1,513,527	438,923	9,738,079	36.0000	348,818	24,417	(6,976)	366,259
2026	641,321	32,707,377	29.00%	9,485,139	30,271	1,543,798	447,701	9,932,840	36.0000	355,794	24,906	(7,116)	373,584
2027		32,707,377	29.00%	9,485,139		1,543,798	447,701	9,932,840	36.0000	355,794	24,906	(7,116)	373,584
2028	654,148	33,361,525	29.00%	9,674,842	30,876	1,574,674	456,655	10,131,497	36.0000	362,910	25,404	(7,258)	381,056
2029		33,361,525	29.00%	9,674,842		1,574,674	456,655	10,131,497	36.0000	362,910	25,404	(7,258)	381,056
2030	667,231	34,028,756	29.00%	9,868,339	31,493	1,606,167	465,788	10,334,127	36.0000	370,169	25,912	(7,403)	388,678
2031		34,028,756	29.00%	9,868,339		1,606,167	465,788	10,334,127	36.0000	370,169	25,912	(7,403)	388,678
2032	680,575	34,709,331	29.00%	10,065,706	32,123	1,638,290	475,104	10,540,810	36.0000	377,572	26,430	(7,551)	396,451
2033		34,709,331	29.00%	10,065,706		1,638,290	475,104	10,540,810	36.0000	377,572	26,430	(7,551)	396,451
2034	694,187	35,403,518	29.00%	10,267,020	32,766	1,671,056	484,606	10,751,626	36.0000	385,124	26,959	(7,702)	404,381
2035		35,403,518	29.00%	10,267,020		1,671,056	484,606	10,751,626	36.0000	385,124	26,959	(7,702)	404,381
2036	708,070	36,111,588	29.00%	10,472,361	33,421	1,704,477	494,298	10,966,659	36.0000	392,826	27,498	(7,857)	412,467
2037		36,111,588	29.00%	10,472,361		1,704,477	494,298	10,966,659	36.0000	392,826	27,498	(7,857)	412,467
2038	722,232	36,833,820	29.00%	10,681,808	34,090	1,738,567	504,184	11,185,992	36.0000	400,683	28,048	(8,014)	420,717
2039		36,833,820	29.00%	10,681,808		1,738,567	504,184	11,185,992	36.0000	400,683	28,048	(8,014)	420,717
2040	736,676	37,570,496	29.00%	10,895,444	34,771	1,773,338	514,268	11,409,712	36.0000	408,696	28,609	(8,174)	429,131
2041		37,570,496	29.00%	10,895,444		1,773,338	514,268	11,409,712	36.0000	408,696	28,609	(8,174)	429,131
2042	751,410	38,321,906	29.00%	11,113,353	35,467	1,808,805	524,553	11,637,906	36.0000	416,870	29,181	(8,337)	437,714
2043		38,321,906	29.00%	11,113,353		1,808,805	524,553	11,637,906	36.0000	416,870	29,181	(8,337)	437,714
2044	766,438	39,088,344	29.00%	11,335,620	36,176	1,844,981	535,044	11,870,664	36.0000	425,207	29,765	(8,504)	446,468
2045		39,088,344	29.00%	11,335,620		1,844,981	535,044	11,870,664	36.0000	425,207	29,765	(8,504)	446,468
2046	781,767	39,870,111	29.00%	11,562,332	36,900	1,881,881	545,745	12,108,077	36.0000	433,712	30,360	(8,674)	455,398
2047		39,870,111	29.00%	11,562,332		1,881,881	545,745	12,108,077	36.0000	433,712	30,360	(8,674)	455,398
2048	797,402	40,667,513	29.00%	11,793,579	37,638	1,919,519	556,661	12,350,240	36.0000	442,386	30,967	(8,848)	464,505
2049		40,667,513	29.00%	11,793,579		1,919,519	556,661	12,350,240	36.0000	442,386	30,967	(8,848)	464,505
2050	813,350	41,480,863	29.00%	12,029,450	38,390	1,957,909	567,794	12,597,244	36.0000	451,233	31,586	(9,025)	473,794
2051		41,480,863	29.00%	12,029,450		1,957,909	567,794	12,597,244	36.0000	451,233	31,586	(9,025)	473,794
2052	829,617	42,310,480	29.00%	12,270,039	39,158	1,997,067	579,149	12,849,188	36.0000	460,258	32,218	(9,205)	483,271
	$10,873,170				$ 513,217			-		$12,278,714	$859,513	($245,573)	$12,892,654

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2052

SCHEDULE OF ESTIMATED 2022A SENIOR BONDS DEBT SERVICE REQUIREMENTS
ASSUMING A SETTLEMENT OF MAY 5, 2022

Payment Date	Rate	Payment For Principal	Payment For Interest	Total Debt Payment	Reoffering Price	Total Production	Principal Outstanding	Annual Debt Service
01-Jun-22							$4,710,000	
01-Dec-22	5.25%	$120,000	$141,496	$261,496	100.000%	$120,000	4,590,000	$261,496
01-Jun-23			120,488	120,488			4,590,000	
01-Dec-23	5.25%	25,000	120,488	145,488	100.000%	25,000	4,565,000	265,975
01-Jun-24			119,831	119,831			4,565,000	
01-Dec-24	5.25%	35,000	119,831	154,831	100.000%	35,000	4,530,000	274,663
01-Jun-25			118,913	118,913			4,530,000	
01-Dec-25	5.25%	35,000	118,913	153,913	100.000%	35,000	4,495,000	272,825
01-Jun-26			117,994	117,994			4,495,000	
01-Dec-26	5.25%	45,000	117,994	162,994	100.000%	45,000	4,450,000	280,988
01-Jun-27			116,813	116,813			4,450,000	
01-Dec-27	5.25%	45,000	116,813	161,813	100.000%	45,000	4,405,000	278,625
01-Jun-28			115,631	115,631			4,405,000	
01-Dec-28	5.25%	55,000	115,631	170,631	100.000%	55,000	4,350,000	286,263
01-Jun-29			114,188	114,188			4,350,000	
01-Dec-29	5.25%	55,000	114,188	169,188	100.000%	55,000	4,295,000	283,375
01-Jun-30			112,744	112,744			4,295,000	
01-Dec-30	5.25%	65,000	112,744	177,744	100.000%	65,000	4,230,000	290,488
01-Jun-31			111,038	111,038			4,230,000	
01-Dec-31	5.25%	70,000	111,038	181,038	100.000%	70,000	4,160,000	292,075
01-Jun-32			109,200	109,200			4,160,000	
01-Dec-32	5.25%	80,000	109,200	189,200	100.000%	80,000	4,080,000	298,400
01-Jun-33			107,100	107,100			4,080,000	
01-Dec-33	5.25%	80,000	107,100	187,100	100.000%	80,000	4,000,000	294,200
01-Jun-34			105,000	105,000			4,000,000	
01-Dec-34	5.25%	95,000	105,000	200,000	100.000%	95,000	3,905,000	305,000
01-Jun-35			102,506	102,506			3,905,000	
01-Dec-35	5.25%	100,000	102,506	202,506	100.000%	100,000	3,805,000	305,013
01-Jun-36			99,881	99,881			3,805,000	
01-Dec-36	5.25%	110,000	99,881	209,881	100.000%	110,000	3,695,000	309,763
01-Jun-37			96,994	96,994			3,695,000	
01-Dec-37	5.25%	115,000	96,994	211,994	100.000%	115,000	3,580,000	308,988
01-Jun-38			93,975	93,975			3,580,000	
01-Dec-38	5.25%	125,000	93,975	218,975	100.000%	125,000	3,455,000	312,950
01-Jun-39			90,694	90,694			3,455,000	
01-Dec-39	5.25%	135,000	90,694	225,694	100.000%	135,000	3,320,000	316,388
01-Jun-40			87,150	87,150			3,320,000	
01-Dec-40	5.25%	150,000	87,150	237,150	100.000%	150,000	3,170,000	324,300
01-Jun-41			83,213	83,213			3,170,000	
01-Dec-41	5.25%	155,000	83,213	238,213	100.000%	155,000	3,015,000	321,425
01-Jun-42			79,144	79,144			3,015,000	
01-Dec-42	5.25%	170,000	79,144	249,144	100.000%	170,000	2,845,000	328,288
01-Jun-43			74,681	74,681			2,845,000	
01-Dec-43	5.25%	180,000	74,681	254,681	100.000%	180,000	2,665,000	329,363
01-Jun-44			69,956	69,956			2,665,000	
01-Dec-44	5.25%	195,000	69,956	264,956	100.000%	195,000	2,470,000	334,913
01-Jun-45			64,838	64,838			2,470,000	
01-Dec-45	5.25%	205,000	64,838	269,838	100.000%	205,000	2,265,000	334,675
01-Jun-46			59,456	59,456			2,265,000	
01-Dec-46	5.25%	225,000	59,456	284,456	100.000%	225,000	2,040,000	343,913
01-Jun-47			53,550	53,550			2,040,000	
01-Dec-47	5.25%	235,000	53,550	288,550	100.000%	235,000	1,805,000	342,100
01-Jun-48			47,381	47,381			1,805,000	
01-Dec-48	5.25%	255,000	47,381	302,381	100.000%	255,000	1,550,000	349,763
01-Jun-49			40,688	40,688			1,550,000	
01-Dec-49	5.25%	270,000	40,688	310,688	100.000%	270,000	1,280,000	351,375
01-Jun-50			33,600	33,600			1,280,000	
01-Dec-50	5.25%	290,000	33,600	323,600	100.000%	290,000	990,000	357,200
01-Jun-51			25,988	25,988			990,000	
01-Dec-51	5.25%	305,000	25,988	330,988	100.000%	305,000	685,000	356,975
01-Jun-52			17,981	17,981			685,000	
01-Dec-52	5.25%	685,000	17,981	702,981	100.000%	685,000	0	720,963
		$ 4,710,000	$ 5,322,721	$ 10,032,721		$ 4,710,000		$ 10,032,721

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2052

SCHEDULE OF ESTIMATED 2022B SUBORDINATE BONDS DEBT SERVICE REQUIREMENTS
ASSUMING A SETTLEMENT OF MAY 5, 2022

Payment Date	Rate	Principal	Accrued Interest	Interest Paid	Cumulative Unpaid Interest	Total Debt Payment	Principal Outstanding	Outstanding Balance
								$985,000
15-Dec-22	8.25%	$31,000	$49,660	$49,660	$0	$80,660	$954,000	954,000
15-Dec-23	8.25%	10,000	78,705	78,705	-	88,705	944,000	944,000
15-Dec-24	8.25%	8,000	77,880	77,880	-	85,880	936,000	936,000
15-Dec-25	8.25%	11,000	77,220	77,220	-	88,220	925,000	925,000
15-Dec-26	8.25%	11,000	76,313	76,313	-	87,313	914,000	914,000
15-Dec-27	8.25%	15,000	75,405	75,405	-	90,405	899,000	899,000
15-Dec-28	8.25%	15,000	74,168	74,168	-	89,168	884,000	884,000
15-Dec-29	8.25%	20,000	72,930	72,930	-	92,930	864,000	864,000
15-Dec-30	8.25%	21,000	71,280	71,280	-	92,280	843,000	843,000
15-Dec-31	8.25%	22,000	69,548	69,548	-	91,548	821,000	821,000
15-Dec-32	8.25%	25,000	67,733	67,733	-	92,733	796,000	796,000
15-Dec-33	8.25%	32,000	65,670	65,670	-	97,670	764,000	764,000
15-Dec-34	8.25%	31,000	63,030	63,030	-	94,030	733,000	733,000
15-Dec-35	8.25%	33,000	60,473	60,473	-	93,473	700,000	700,000
15-Dec-36	8.25%	40,000	57,750	57,750	-	97,750	660,000	660,000
15-Dec-37	8.25%	44,000	54,450	54,450	-	98,450	616,000	616,000
15-Dec-38	8.25%	52,000	50,820	50,820	-	102,820	564,000	564,000
15-Dec-39	8.25%	52,000	46,530	46,530	-	98,530	512,000	512,000
15-Dec-40	8.25%	58,000	42,240	42,240	-	100,240	454,000	454,000
15-Dec-41	8.25%	65,000	37,455	37,455	-	102,455	389,000	389,000
15-Dec-42	8.25%	72,000	32,093	32,093	-	104,093	317,000	317,000
15-Dec-43	8.25%	77,000	26,153	26,153	-	103,153	240,000	240,000
15-Dec-44	8.25%	86,000	19,800	19,800	-	105,800	154,000	154,000
15-Dec-45	8.25%	94,000	12,705	12,705	-	106,705	60,000	60,000
15-Dec-46	8.25%	60,000	4,950	4,950	-	64,950	-	-
		$985,000	$1,364,958	$1,364,958		$2,349,958		

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

EXHIBIT D

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2052

ESTIMATED SOURCES AND USES OF FUND

	2022A Senior Bonds	2022B Subordinate Bonds	Total
Sources of Funds:			
Par Value of Bonds	$ 4,710,000	$ 985,000	$ 5,695,000
Existing Debt Service Reserve Fund Contribution	340,000		340,000
Existing Surplus Fund Contribution	136,687		136,687
Total Sources of Funds	$ 5,186,687	$ 985,000	$ 6,171,687
Uses of Funds:			
2016 Note Reimbursement to Developer	$ 430,033	$ 908,554	$ 1,338,588
Refunding Escrow Fund Deposit	4,054,979		4,054,979
Debt Service Reserve Fund	357,200		357,200
Underwriter's Discount	74,280	20,459	94,739
Issuance Costs	270,195	55,987	326,181
	$ 5,186,687	$ 985,000	$ 6,171,687

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

ALTERNATIVE A

EXHIBIT E

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO A

SUMMARY OF GENERAL FUND ACTIVITY

			Cash Receipts				Cash Disbursements		Cash Balances	
Collection Year	Assessed Value (Exhbit E-2)	O&M Mill Levy	Net Property Taxes	Treasurer Collection Fees	Specific Ownership Taxes	Total Receipts	Transfers to Service District	Total Disbursements	Annual Surplus (Deficit)	Cumulative Surplus Cash Balance
2022	$9,547,115	9.0000	$85,494	($1,710)	$5,985	$89,769	$89,769	$89,769	-	-
2023	9,547,115	9.0000	85,494	(1,710)	5,985	89,769	89,769	89,769	-	-
2024	9,623,513	9.0000	86,179	(1,724)	6,033	90,488	90,488	90,488	-	-
2025	9,623,513	9.0000	86,179	(1,724)	6,033	90,488	90,488	90,488	-	-
2026	9,700,501	9.0000	86,868	(1,737)	6,081	91,212	91,212	91,212	-	-
2027	9,700,501	9.0000	86,868	(1,737)	6,081	91,212	91,212	91,212	-	-
2028	9,778,106	9.0000	87,563	(1,751)	6,129	91,941	91,941	91,941	-	-
2029	9,778,106	9.0000	87,563	(1,751)	6,129	91,941	91,941	91,941	-	-
2030	9,856,331	9.0000	88,263	(1,765)	6,178	92,676	92,676	92,676	-	-
2031	9,856,331	9.0000	88,263	(1,765)	6,178	92,676	92,676	92,676	-	-
2032	9,935,181	9.0000	88,970	(1,779)	6,228	93,419	93,419	93,419	-	-
2033	9,935,181	9.0000	88,970	(1,779)	6,228	93,419	93,419	93,419	-	-
2034	10,014,662	9.0000	89,681	(1,794)	6,278	94,165	94,165	94,165	-	-
2035	10,014,662	9.0000	89,681	(1,794)	6,278	94,165	94,165	94,165	-	-
2036	10,094,780	9.0000	90,399	(1,808)	6,328	94,919	94,919	94,919	-	-
2037	10,094,780	9.0000	90,399	(1,808)	6,328	94,919	94,919	94,919	-	-
2038	10,175,538	9.0000	91,122	(1,822)	6,379	95,679	95,679	95,679	-	-
2039	10,175,538	9.0000	91,122	(1,822)	6,379	95,679	95,679	95,679	-	-
2040	10,256,942	9.0000	91,851	(1,837)	6,430	96,444	96,444	96,444	-	-
2041	10,256,942	9.0000	91,851	(1,837)	6,430	96,444	96,444	96,444	-	-
2042	10,338,998	9.0000	92,586	(1,852)	6,481	97,215	97,215	97,215	-	-
2043	10,338,998	9.0000	92,586	(1,852)	6,481	97,215	97,215	97,215	-	-
2044	10,421,710	9.0000	93,326	(1,867)	6,533	97,992	97,992	97,992	-	-
2045	10,421,710	9.0000	93,326	(1,867)	6,533	97,992	97,992	97,992	-	-
2046	10,505,083	9.0000	94,073	(1,881)	6,585	98,777	98,777	98,777	-	-
2047	10,505,083	9.0000	94,073	(1,881)	6,585	98,777	98,777	98,777	-	-
2048	10,589,123	9.0000	94,826	(1,897)	6,638	99,567	99,567	99,567	-	-
2049	10,589,123	9.0000	94,826	(1,897)	6,638	99,567	99,567	99,567	-	-
2050	10,673,837	9.0000	95,584	(1,912)	6,691	100,363	100,363	100,363	-	-
2051	10,673,837	9.0000	95,584	(1,912)	6,691	100,363	100,363	100,363	-	-
2052	10,759,227	9.0000	96,349	(1,927)	6,744	101,166	101,166	101,166	-	-
2053	10,759,227	9.0000	96,349	(1,927)	6,744	101,166	101,166	101,166		
2054	10,845,301	9.0000	97,120	(1,942)	6,798	101,976	101,976	101,976		
2055	10,845,301	9.0000	97,120	(1,942)	6,798	101,976	101,976	101,976		
2056	10,932,064	9.0000	97,897	(1,958)	6,853	102,792	102,792	102,792	-	-
2057	10,932,064	9.0000	97,897	(1,958)	6,853	102,792	102,792	102,792	-	-
2058	11,019,520	9.0000	98,680	(1,974)	6,908	103,614	103,614	103,614	-	-
2059	11,019,520	9.0000	98,680	(1,974)	6,908	103,614	103,614	103,614	-	-
2060	11,107,676	9.0000	99,469	(1,989)	6,963	104,443	104,443	104,443	-	-
2061	11,107,676	9.0000	99,469	(1,989)	6,963	104,443	104,443	104,443	-	-
2062	11,196,537	9.0000	100,265	(2,005)	7,019	105,279	105,279	105,279	-	-
			$3,792,865	($75,857)	$265,501	$3,982,509	$3,982,509	$3,982,509		

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO A

SUMMARY OF DEBT SERVICE FUND ACTIVITY

		Cash Receipts				Cash Disbursements						Cash Balances		
							DSRF Fund							
Collection Year	Assessed Valuation (Exhibit E-2)	Commercial Net Tax Revenue (Exhibit E-2)*	Annual Trustee Fees Various	Debt Service Reserve Fund Earnings 0.50%	Net Revenue Receipts	Senior Bonds Debt Service (Exhibit E-3)	Transfers to (from) Fund	Cumulative Fund Balance	Cash Available for Subordinate Debt	Subordinate Bonds Debt Service (Exhibit E-4)	Total Disbursements	Annual Surplus (Deficit)	Cumulative Surplus Cash Balance	Senior Bonds Debt Service Coverage
2022	$9,547,115	$349,101	($7,000)	$1,022	$343,123	$261,496		$357,200	$81,627	$80,660	$342,157	967	967	131.2%
2023	9,547,115	359,076	(7,000)	1,786	353,862	265,975	-	357,200	87,887	88,705	354,680	(818)	148	133.0%
2024	9,623,513	361,950	(7,000)	1,786	356,736	274,663	-	357,200	82,073	81,880	356,543	193	341	129.9%
2025	9,623,513	361,950	(7,000)	1,786	356,736	272,825	-	357,200	83,911	83,550	356,375	361	702	130.8%
2026	9,700,501	364,846	(7,000)	1,786	359,632	280,988	-	357,200	78,644	79,055	360,043	(411)	292	128.0%
2027	9,700,501	364,846	(7,000)	1,786	359,632	278,625	-	357,200	81,007	80,890	359,515	117	408	129.1%
2028	9,778,106	367,765	(7,000)	1,786	362,551	286,263	-	357,200	76,288	76,560	362,823	(272)	137	126.6%
2029	9,778,106	367,765	(7,000)	1,786	362,551	283,375	-	357,200	79,176	78,560	361,935	616	753	127.9%
2030	9,856,331	370,707	(7,000)	1,786	365,493	290,488	-	357,200	75,005	75,758	366,246	(753)	-	125.8%
2031	9,856,331	370,707	(7,000)	1,786	365,493	292,075	-	357,200	73,418	73,418	365,493	-	-	125.1%
2032	9,935,181	373,673	(7,000)	1,786	368,459	298,400	-	357,200	70,059	70,059	368,459	-	-	123.5%
2033	9,935,181	373,673	(7,000)	1,786	368,459	294,200	-	357,200	74,259	74,259	368,459	-	-	125.2%
2034	10,014,662	376,661	(7,000)	1,786	371,447	305,000	-	357,200	66,447	66,447	371,447	-	-	121.8%
2035	10,014,662	376,661	(7,000)	1,786	371,447	305,013	-	357,200	66,435	66,435	371,447	-	-	121.8%
2036	10,094,780	379,675	(7,000)	1,786	374,461	309,763	-	357,200	64,698	64,698	374,461	-	-	120.9%
2037	10,094,780	379,675	(7,000)	1,786	374,461	308,988	-	357,200	65,473	65,473	374,461	-	-	121.2%
2038	10,175,538	382,711	(7,000)	1,786	377,497	312,950	-	357,200	64,547	64,547	377,497	-	-	120.6%
2039	10,175,538	382,711	(7,000)	1,786	377,497	316,388	-	357,200	61,110	61,110	377,497	-	-	119.3%
2040	10,256,942	385,774	(7,000)	1,786	380,560	324,300	-	357,200	56,260	56,260	380,560	-	-	117.3%
2041	10,256,942	385,774	(7,000)	1,786	380,560	321,425	-	357,200	59,135	59,135	380,560	-	-	118.4%
2042	10,338,998	388,860	(7,000)	1,786	383,646	328,288	-	357,200	55,358	55,358	383,646	-	-	116.9%
2043	10,338,998	388,860	(7,000)	1,786	383,646	329,363	-	357,200	54,283	54,283	383,646	-	-	116.5%
2044	10,421,710	391,971	(7,000)	1,786	386,757	334,913	-	357,200	51,845	51,845	386,757	-	-	115.5%
2045	10,421,710	391,971	(7,000)	1,786	386,757	334,675	-	357,200	52,082	52,082	386,757	-	-	115.6%
2046	10,505,083	395,106	(7,000)	1,786	389,892	343,913	-	357,200	45,980	45,980	389,892	-	-	113.4%
2047	10,505,083	395,106	(7,000)	1,786	389,892	342,100	-	357,200	47,792	47,792	389,892	-	-	114.0%
2048	10,589,123	398,267	(7,000)	1,786	393,053	349,763	-	357,200	43,290	43,290	393,053	-	-	112.4%
2049	10,589,123	398,267	(7,000)	1,786	393,053	351,375	-	357,200	41,678	41,678	393,053	-	-	111.9%
2050	10,673,837	401,454	(7,000)	1,786	396,240	357,200	-	357,200	39,040	39,040	396,240	-	-	110.9%
2051	10,673,837	401,454	(7,000)	1,786	396,240	356,975	-	357,200	39,265	39,265	396,240	-	-	111.0%
2052	10,759,227	404,665	(7,000)	1,786	399,451	720,963	(357,200)	-	35,689	35,689	399,451	-	-	109.8%
2053	10,759,227	404,665	(3,000)	-	401,665				401,665	401,665	401,665	-	-	
2054	10,845,301	407,903	(3,000)	-	404,903				404,903	404,903	404,903	-	-	
2055	10,845,301	407,903	(3,000)	-	404,903				404,903	404,903	404,903	-	-	
2056	10,932,064	411,165	(3,000)	-	408,165				408,165	408,033	408,033	132	132	
2057	10,932,064	411,165	(3,000)	-	408,165				408,165	408,048	408,048	118	250	
2058	11,019,520	414,455	(3,000)	-	411,455				411,455	311,760	311,760	99,695	99,945	
	$ 423,546,954	$ 14,248,938	$ (235,000)	$ 54,602	$ 14,068,540	$ 10,032,721	$ (357,200)			$ 4,293,073	$ 13,968,595			

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

EXHIBIT E-2

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO A

SCHEDULE OF ESTIMATED ASSESSED VALUATION - COMMERCIAL

Collection Year	Estimated Biennial Valuation Increases 0.80%	Cumulative Market Value of Commercial Property	Assessment Ratio 29.00%	Commercial Assessed Valuation	Estimated Biennial Valuation Increases 0.80%	Cumulative Market Value of Vacant Land	Assessed Value of Vacant and State Assessed at 29.00% of Market	Total Assessed Value	Debt Mill Levy 36.0000	Debt Mill Levy Collections 99.50%	Specific Ownership Taxes 7.00%	County Treasurer Fee 2.00%	Net Tax Revenue
2022		$31,437,310	29.00%	9,116,820		$1,483,850	$430,295	$9,547,115	35.0000	$332,478	$23,273	($6,650)	$349,101
2023		31,437,310	29.00%	9,116,820		1,483,850	430,295	9,547,115	36.0000	341,978	23,938	(6,840)	359,076
2024	$251,498	31,688,808	29.00%	9,189,754	$11,871	1,495,721	433,759	9,623,513	36.0000	344,714	24,130	(6,894)	361,950
2025		31,688,808	29.00%	9,189,754		1,495,721	433,759	9,623,513	36.0000	344,714	24,130	(6,894)	361,950
2026	253,510	31,942,318	29.00%	9,263,272	11,966	1,507,687	437,229	9,700,501	36.0000	347,472	24,323	(6,949)	364,846
2027		31,942,318	29.00%	9,263,272		1,507,687	437,229	9,700,501	36.0000	347,472	24,323	(6,949)	364,846
2028	255,539	32,197,857	29.00%	9,337,379	12,061	1,519,748	440,727	9,778,106	36.0000	350,252	24,518	(7,005)	367,765
2029		32,197,857	29.00%	9,337,379		1,519,748	440,727	9,778,106	36.0000	350,252	24,518	(7,005)	367,765
2030	257,583	32,455,440	29.00%	9,412,078	12,158	1,531,906	444,253	9,856,331	36.0000	353,054	24,714	(7,061)	370,707
2031		32,455,440	29.00%	9,412,078		1,531,906	444,253	9,856,331	36.0000	353,054	24,714	(7,061)	370,707
2032	259,644	32,715,084	29.00%	9,487,374	12,255	1,544,161	447,807	9,935,181	36.0000	355,879	24,912	(7,118)	373,673
2033		32,715,084	29.00%	9,487,374		1,544,161	447,807	9,935,181	36.0000	355,879	24,912	(7,118)	373,673
2034	261,721	32,976,805	29.00%	9,563,273	12,353	1,556,514	451,389	10,014,662	36.0000	358,725	25,111	(7,175)	376,661
2035		32,976,805	29.00%	9,563,273		1,556,514	451,389	10,014,662	36.0000	358,725	25,111	(7,175)	376,661
2036	263,814	33,240,619	29.00%	9,639,780	12,452	1,568,966	455,000	10,094,780	36.0000	361,595	25,312	(7,232)	379,675
2037		33,240,619	29.00%	9,639,780		1,568,966	455,000	10,094,780	36.0000	361,595	25,312	(7,232)	379,675
2038	265,925	33,506,544	29.00%	9,716,898	12,552	1,581,518	458,640	10,175,538	36.0000	364,487	25,514	(7,290)	382,711
2039		33,506,544	29.00%	9,716,898		1,581,518	458,640	10,175,538	36.0000	364,487	25,514	(7,290)	382,711
2040	268,052	33,774,596	29.00%	9,794,633	12,652	1,594,170	462,309	10,256,942	36.0000	367,404	25,718	(7,348)	385,774
2041		33,774,596	29.00%	9,794,633		1,594,170	462,309	10,256,942	36.0000	367,404	25,718	(7,348)	385,774
2042	270,197	34,044,793	29.00%	9,872,990	12,753	1,606,923	466,008	10,338,998	36.0000	370,343	25,924	(7,407)	388,860
2043		34,044,793	29.00%	9,872,990		1,606,923	466,008	10,338,998	36.0000	370,343	25,924	(7,407)	388,860
2044	272,358	34,317,151	29.00%	9,951,974	12,855	1,619,778	469,736	10,421,710	36.0000	373,306	26,131	(7,466)	391,971
2045		34,317,151	29.00%	9,951,974		1,619,778	469,736	10,421,710	36.0000	373,306	26,131	(7,466)	391,971
2046	274,537	34,591,688	29.00%	10,031,590	12,958	1,632,736	473,493	10,505,083	36.0000	376,292	26,340	(7,526)	395,106
2047		34,591,688	29.00%	10,031,590		1,632,736	473,493	10,505,083	36.0000	376,292	26,340	(7,526)	395,106
2048	276,734	34,868,422	29.00%	10,111,842	13,062	1,645,798	477,281	10,589,123	36.0000	379,302	26,551	(7,586)	398,267
2049		34,868,422	29.00%	10,111,842		1,645,798	477,281	10,589,123	36.0000	379,302	26,551	(7,586)	398,267
2050	278,947	35,147,369	29.00%	10,192,737	13,166	1,658,964	481,100	10,673,837	36.0000	382,337	26,764	(7,647)	401,454
2051		35,147,369	29.00%	10,192,737		1,658,964	481,100	10,673,837	36.0000	382,337	26,764	(7,647)	401,454
2052	281,179	35,428,548	29.00%	10,274,279	13,272	1,672,236	484,948	10,759,227	36.0000	385,395	26,978	(7,708)	404,665
2053		35,428,548	29.00%	10,274,279		1,672,236	484,948	10,759,227	36.0000	385,395	26,978	(7,708)	404,665
2054	283,428	35,711,976	29.00%	10,356,473	13,378	1,685,614	488,828	10,845,301	36.0000	388,479	27,194	(7,770)	407,903
2055		35,711,976	29.00%	10,356,473		1,685,614	488,828	10,845,301	36.0000	388,479	27,194	(7,770)	407,903
2056	285,696	35,997,672	29.00%	10,439,325	13,485	1,699,099	492,739	10,932,064	36.0000	391,586	27,411	(7,832)	411,165
2057		35,997,672	29.00%	10,439,325		1,699,099	492,739	10,932,064	36.0000	391,586	27,411	(7,832)	411,165
2058	287,981	36,285,653	29.00%	10,522,839	13,593	1,712,692	496,681	11,019,520	36.0000	394,719	27,630	(7,894)	414,455
2059		36,285,653	29.00%	10,522,839		1,712,692	496,681	11,019,520		-	-	-	-
2060	290,285	36,575,938	29.00%	10,607,022	13,702	1,726,394	500,654	11,107,676		-	-	-	-
2061		36,575,938	29.00%	10,607,022		1,726,394	500,654	11,107,676		-	-	-	-
2062	292,608	36,868,546	29.00%	10,691,878	13,811	1,740,205	504,659	11,196,537		-	-	-	-
	$5,431,236				$ 256,355			-		$13,570,419	$949,931	($271,412)	$14,248,938

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO A

SCHEDULE OF ESTIMATED 2022A SENIOR BONDS DEBT SERVICE REQUIREMENTS
ASSUMING A SETTLEMENT OF MAY 5, 2022

Payment Date	Rate	Payment For Principal	Payment For Interest	Total Debt Payment	Reoffering Price	Total Production	Principal Outstanding	Annual Debt Service
01-Jun-22							$4,710,000	
01-Dec-22	5.25%	$120,000	$141,496	$261,496	100.000%	$120,000	4,590,000	261,496
01-Jun-23			120,488	120,488			4,590,000	
01-Dec-23	5.25%	25,000	120,488	145,488	100.000%	25,000	4,565,000	265,975
01-Jun-24			119,831	119,831			4,565,000	
01-Dec-24	5.25%	35,000	119,831	154,831	100.000%	35,000	4,530,000	274,663
01-Jun-25			118,913	118,913			4,530,000	
01-Dec-25	5.25%	35,000	118,913	153,913	100.000%	35,000	4,495,000	272,825
01-Jun-26			117,994	117,994			4,495,000	
01-Dec-26	5.25%	45,000	117,994	162,994	100.000%	45,000	4,450,000	280,988
01-Jun-27			116,813	116,813			4,450,000	
01-Dec-27	5.25%	45,000	116,813	161,813	100.000%	45,000	4,405,000	278,625
01-Jun-28			115,631	115,631			4,405,000	
01-Dec-28	5.25%	55,000	115,631	170,631	100.000%	55,000	4,350,000	286,263
01-Jun-29			114,188	114,188			4,350,000	
01-Dec-29	5.25%	55,000	114,188	169,188	100.000%	55,000	4,295,000	283,375
01-Jun-30			112,744	112,744			4,295,000	
01-Dec-30	5.25%	65,000	112,744	177,744	100.000%	65,000	4,230,000	290,488
01-Jun-31			111,038	111,038			4,230,000	
01-Dec-31	5.25%	70,000	111,038	181,038	100.000%	70,000	4,160,000	292,075
01-Jun-32			109,200	109,200			4,160,000	
01-Dec-32	5.25%	80,000	109,200	189,200	100.000%	80,000	4,080,000	298,400
01-Jun-33			107,100	107,100			4,080,000	
01-Dec-33	5.25%	80,000	107,100	187,100	100.000%	80,000	4,000,000	294,200
01-Jun-34			105,000	105,000			4,000,000	
01-Dec-34	5.25%	95,000	105,000	200,000	100.000%	95,000	3,905,000	305,000
01-Jun-35			102,506	102,506			3,905,000	
01-Dec-35	5.25%	100,000	102,506	202,506	100.000%	100,000	3,805,000	305,013
01-Jun-36			99,881	99,881			3,805,000	
01-Dec-36	5.25%	110,000	99,881	209,881	100.000%	110,000	3,695,000	309,763
01-Jun-37			96,994	96,994			3,695,000	
01-Dec-37	5.25%	115,000	96,994	211,994	100.000%	115,000	3,580,000	308,988
01-Jun-38			93,975	93,975			3,580,000	
01-Dec-38	5.25%	125,000	93,975	218,975	100.000%	125,000	3,455,000	312,950
01-Jun-39			90,694	90,694			3,455,000	
01-Dec-39	5.25%	135,000	90,694	225,694	100.000%	135,000	3,320,000	316,388
01-Jun-40			87,150	87,150			3,320,000	
01-Dec-40	5.25%	150,000	87,150	237,150	100.000%	150,000	3,170,000	324,300
01-Jun-41			83,213	83,213			3,170,000	
01-Dec-41	5.25%	155,000	83,213	238,213	100.000%	155,000	3,015,000	321,425
01-Jun-42			79,144	79,144			3,015,000	
01-Dec-42	5.25%	170,000	79,144	249,144	100.000%	170,000	2,845,000	328,288
01-Jun-43			74,681	74,681			2,845,000	
01-Dec-43	5.25%	180,000	74,681	254,681	100.000%	180,000	2,665,000	329,363
01-Jun-44			69,956	69,956			2,665,000	
01-Dec-44	5.25%	195,000	69,956	264,956	100.000%	195,000	2,470,000	334,913
01-Jun-45			64,838	64,838			2,470,000	
01-Dec-45	5.25%	205,000	64,838	269,838	100.000%	205,000	2,265,000	334,675
01-Jun-46			59,456	59,456			2,265,000	
01-Dec-46	5.25%	225,000	59,456	284,456	100.000%	225,000	2,040,000	343,913
01-Jun-47			53,550	53,550			2,040,000	
01-Dec-47	5.25%	235,000	53,550	288,550	100.000%	235,000	1,805,000	342,100
01-Jun-48			47,381	47,381			1,805,000	
01-Dec-48	5.25%	255,000	47,381	302,381	100.000%	255,000	1,550,000	349,763
01-Jun-49			40,688	40,688			1,550,000	
01-Dec-49	5.25%	270,000	40,688	310,688	100.000%	270,000	1,280,000	351,375
01-Jun-50			33,600	33,600			1,280,000	
01-Dec-50	5.25%	290,000	33,600	323,600	100.000%	290,000	990,000	357,200
01-Jun-51			25,988	25,988			990,000	
01-Dec-51	5.25%	305,000	25,988	330,988	100.000%	305,000	685,000	356,975
01-Jun-52			17,981	17,981			685,000	
01-Dec-52	5.25%	685,000	17,981	702,981	100.000%	685,000	0	720,963
		$ 4,710,000	$ 5,322,721	$ 10,032,721		$ 4,710,000		$ 10,032,721

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

EXHIBIT E-4

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO A

SCHEDULE OF ESTIMATED 2022B SUBORDINATE BONDS DEBT SERVICE REQUIREMENTS
ASSUMING A SETTLEMENT OF MAY 5, 2022

Payment Date	Rate	Principal	Accrued Interest	Interest Paid	Cumulative Unpaid Interest	Total Debt Payment	Principal Outstanding	Outstanding Balance
								$985,000
15-Dec-22	8.25%	$31,000	$49,660	$49,660	$0	$80,660	$954,000	954,000
15-Dec-23	8.25%	10,000	78,705	78,705	-	88,705	944,000	944,000
15-Dec-24	8.25%	4,000	77,880	77,880	-	81,880	940,000	940,000
15-Dec-25	8.25%	6,000	77,550	77,550	-	83,550	934,000	934,000
15-Dec-26	8.25%	2,000	77,055	77,055	-	79,055	932,000	932,000
15-Dec-27	8.25%	4,000	76,890	76,890	-	80,890	928,000	928,000
15-Dec-28		-	76,560	76,560	-	76,560	928,000	928,000
15-Dec-29	8.25%	2,000	76,560	76,560	-	78,560	926,000	926,000
15-Dec-30		-	76,395	75,758	637	75,758	926,000	926,637
15-Dec-31		-	76,448	73,418	3,666	73,418	926,000	929,666
15-Dec-32		-	76,697	70,059	10,305	70,059	926,000	936,305
15-Dec-33		-	77,245	74,259	13,292	74,259	926,000	939,292
15-Dec-34		-	77,492	66,447	24,336	66,447	926,000	950,336
15-Dec-35		-	78,403	66,435	36,304	66,435	926,000	962,304
15-Dec-36		-	79,390	64,698	50,996	64,698	926,000	976,996
15-Dec-37		-	80,602	65,473	66,124	65,473	926,000	992,124
15-Dec-38		-	81,850	64,547	83,427	64,547	926,000	1,009,427
15-Dec-39		-	83,278	61,110	105,595	61,110	926,000	1,031,595
15-Dec-40		-	85,107	56,260	134,442	56,260	926,000	1,060,442
15-Dec-41		-	87,486	59,135	162,793	59,135	926,000	1,088,793
15-Dec-42		-	89,825	55,358	197,260	55,358	926,000	1,123,260
15-Dec-43		-	92,669	54,283	235,646	54,283	926,000	1,161,646
15-Dec-44		-	95,836	51,845	279,637	51,845	926,000	1,205,637
15-Dec-45		-	99,465	52,082	327,020	52,082	926,000	1,253,020
15-Dec-46		-	103,374	45,980	384,415	45,980	926,000	1,310,415
15-Dec-47		-	108,109	47,792	444,732	47,792	926,000	1,370,732
15-Dec-48		-	113,085	43,290	514,527	43,290	926,000	1,440,527
15-Dec-49		-	118,843	41,678	591,692	41,678	926,000	1,517,692
15-Dec-50		-	125,210	39,040	677,862	39,040	926,000	1,603,862
15-Dec-51		-	132,319	39,265	770,916	39,265	926,000	1,696,916
15-Dec-52		-	139,996	35,689	875,223	35,689	926,000	1,801,223
15-Dec-53		-	148,601	401,665	622,158	401,665	926,000	1,548,158
15-Dec-54		-	127,723	404,903	344,978	404,903	926,000	1,270,978
15-Dec-55		-	104,856	404,903	44,931	404,903	926,000	970,931
15-Dec-56	8.25%	283,000	80,102	125,033	-	408,033	643,000	643,000
15-Dec-57	8.25%	355,000	53,048	53,048	-	408,048	288,000	288,000
15-Dec-58	8.25%	288,000	23,760	23,760	-	311,760	-	(0)
		$985,000	$3,308,073	$3,308,073		$4,293,073		

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

ALTERNATIVE B

EXHIBIT F

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO B

SUMMARY OF GENERAL FUND ACTIVITY

		Cash Receipts					Cash Disbursements		Cash Balances	
Collection Year	Assessed Value (Exhbit F-2)	O&M Mill Levy	Net Property Taxes	Treasurer Collection Fees	Specific Ownership Taxes	Total Receipts	Transfers to Service District	Total Disbursements	Annual Surplus (Deficit)	Cumulative Surplus Cash Balance
2022	$9,547,115	9.0000	$85,494	($1,710)	$5,985	$89,769	$89,769	$89,769	-	-
2023	9,547,115	9.0000	85,494	(1,710)	5,985	89,769	89,769	89,769	-	-
2024	9,833,550	9.0000	88,059	(1,761)	6,164	92,462	92,462	92,462	-	-
2025	9,833,550	9.0000	88,059	(1,761)	6,164	92,462	92,462	92,462	-	-
2026	10,128,557	9.0000	90,701	(1,814)	6,349	95,236	95,236	95,236	-	-
2027	10,128,557	9.0000	90,701	(1,814)	6,349	95,236	95,236	95,236	-	-
2028	10,432,414	9.0000	93,422	(1,868)	6,540	98,094	98,094	98,094	-	-
2029	10,432,414	9.0000	93,422	(1,868)	6,540	98,094	98,094	98,094	-	-
2030	10,745,386	9.0000	96,225	(1,925)	6,736	101,036	101,036	101,036	-	-
2031	10,745,386	9.0000	96,225	(1,925)	6,736	101,036	101,036	101,036	-	-
2032	11,067,748	9.0000	99,112	(1,982)	6,938	104,068	104,068	104,068	-	-
2033	11,067,748	9.0000	99,112	(1,982)	6,938	104,068	104,068	104,068	-	-
2034	11,399,781	9.0000	102,085	(2,042)	7,146	107,189	107,189	107,189	-	-
2035	11,399,781	9.0000	102,085	(2,042)	7,146	107,189	107,189	107,189	-	-
2036	11,741,775	9.0000	105,148	(2,103)	7,360	110,405	110,405	110,405	-	-
2037	11,741,775	9.0000	105,148	(2,103)	7,360	110,405	110,405	110,405	-	-
2038	12,094,028	9.0000	108,302	(2,166)	7,581	113,717	113,717	113,717	-	-
2039	12,094,028	9.0000	108,302	(2,166)	7,581	113,717	113,717	113,717	-	-
2040	12,456,848	9.0000	111,551	(2,231)	7,809	117,129	117,129	117,129	-	-
2041	12,456,848	9.0000	111,551	(2,231)	7,809	117,129	117,129	117,129	-	-
2042	12,830,554	9.0000	114,898	(2,298)	8,043	120,643	120,643	120,643	-	-
2043	12,830,554	9.0000	114,898	(2,298)	8,043	120,643	120,643	120,643	-	-
2044	13,215,470	9.0000	118,345	(2,367)	8,284	124,262	124,262	124,262	-	-
2045	13,215,470	9.0000	118,345	(2,367)	8,284	124,262	124,262	124,262	-	-
2046	13,611,934	9.0000	121,895	(2,438)	8,533	127,990	127,990	127,990	-	-
2047	13,611,934	9.0000	121,895	(2,438)	8,533	127,990	127,990	127,990	-	-
2048	14,020,293	9.0000	125,552	(2,511)	8,789	131,830	131,830	131,830	-	-
2049	14,020,293	9.0000	125,552	(2,511)	8,789	131,830	131,830	131,830	-	-
2050	14,440,901	9.0000	129,318	(2,586)	9,052	135,784	135,784	135,784	-	-
2051	14,440,901	9.0000	129,318	(2,586)	9,052	135,784	135,784	135,784	-	-
2052	14,874,129	9.0000	133,198	(2,664)	9,324	139,858	139,858	139,858	-	-
2053	14,874,129	9.0000	133,198	(2,664)	9,324	139,858	139,858	139,858	-	-
2054	15,320,353	9.0000	137,194	(2,744)	9,604	144,054	144,054	144,054	-	-
2055	15,320,353	9.0000	137,194	(2,744)	9,604	144,054	144,054	144,054	-	-
2056	15,779,964	9.0000	141,310	(2,826)	9,892	148,376	148,376	148,376	-	-
2057	15,779,964	9.0000	141,310	(2,826)	9,892	148,376	148,376	148,376	-	-
2058	16,253,362	9.0000	145,549	(2,911)	10,188	152,826	152,826	152,826	-	-
2059	16,253,362	9.0000	145,549	(2,911)	10,188	152,826	152,826	152,826	-	-
2060	16,740,964	9.0000	149,915	(2,998)	10,494	157,411	157,411	157,411	-	-
2061	16,740,964	9.0000	149,915	(2,998)	10,494	157,411	157,411	157,411	-	-
2062	17,243,192	9.0000	154,413	(3,088)	10,809	162,134	162,134	162,134	-	-
			$4,748,959	($94,978)	$332,427	$4,986,408	$4,986,408	$4,986,408		

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO B

SUMMARY OF DEBT SERVICE FUND ACTIVITY

		Cash Receipts				Cash Disbursements						Cash Balances		
							DSRF Fund							
Collection Year	Assessed Valuation (Exhibit F-2)	Commercial Net Tax Revenue (Exhibit F-2)	Annual Trustee Fees Various	Debt Service Reserve Fund Earnings 0.50%	Net Revenue Receipts	Senior Bonds Debt Service (Exhibit F-3)	Transfers to (from) Fund	Cumulative Fund Balance	Cash Available for Subordinate Debt	Subordinate Bonds Debt Service (Exhibit F-4)	Total Disbursements	Annual Surplus (Deficit)	Cumulative Surplus Cash Balance	Senior Bonds Debt Service Coverage
2022	$9,547,115	$349,101	($7,000)	$1,022	$343,123	$261,496		$357,200	$81,627	$80,660	$342,157	967	967	131.2%
2023	9,547,115	359,076	(7,000)	1,786	353,862	265,975	-	357,200	87,887	88,705	354,680	(818)	148	133.0%
2024	9,833,550	369,850	(7,000)	1,786	364,636	274,663	-	357,200	89,973	89,880	364,543	93	242	132.8%
2025	9,833,550	369,850	(7,000)	1,786	364,636	272,825	-	357,200	91,811	91,890	364,715	(79)	163	133.7%
2026	10,128,557	380,945	(7,000)	1,786	375,731	280,988	-	357,200	94,743	94,653	375,640	91	253	133.7%
2027	10,128,557	380,945	(7,000)	1,786	375,731	278,625	-	357,200	97,106	97,085	375,710	21	274	134.9%
2028	10,432,414	392,373	(7,000)	1,786	387,159	286,263	-	357,200	100,897	100,188	386,450	709	983	135.2%
2029	10,432,414	392,373	(7,000)	1,786	387,159	283,375	-	357,200	103,784	103,878	387,253	(93)	890	136.6%
2030	10,745,386	404,145	(7,000)	1,786	398,931	290,488	-	357,200	108,443	109,073	399,560	(629)	261	137.3%
2031	10,745,386	404,145	(7,000)	1,786	398,931	292,075	-	357,200	106,856	106,608	398,683	248	509	136.6%
2032	11,067,748	416,269	(7,000)	1,786	411,055	298,400	-	357,200	112,655	113,060	411,460	(405)	104	137.8%
2033	11,067,748	416,269	(7,000)	1,786	411,055	294,200	-	357,200	116,855	116,688	410,888	167	271	139.7%
2034	11,399,781	428,757	(7,000)	1,786	423,543	305,000	-	357,200	118,543	118,655	423,655	(112)	159	138.9%
2035	11,399,781	428,757	(7,000)	1,786	423,543	305,013	-	357,200	118,531	118,045	423,058	486	645	138.9%
2036	11,741,775	441,619	(7,000)	1,786	436,405	309,763	-	357,200	126,643	127,023	436,785	(380)	265	140.9%
2037	11,741,775	441,619	(7,000)	1,786	436,405	308,988	-	357,200	127,418	126,763	435,750	655	921	141.2%
2038	12,094,028	454,869	(7,000)	1,786	449,655	312,950	-	357,200	136,705	136,925	449,875	(220)	701	143.7%
2039	12,094,028	454,869	(7,000)	1,786	449,655	316,388	-	357,200	133,268	133,603	449,990	(335)	366	142.1%
2040	12,456,848	468,515	(7,000)	1,786	463,301	324,300	-	357,200	139,001	62,785	387,085	76,216	76,582	142.9%
2041	12,456,848	468,515	(4,000)	1,786	466,301	321,425	-	357,200	144,876	-	321,425	144,876	221,458	145.1%
2042	12,830,554	482,570	(4,000)	1,786	480,356	328,288	-	357,200	152,068	-	328,288	152,068	373,526	146.3%
2043	12,830,554	482,570	(4,000)	1,786	480,356	329,363	-	357,200	150,993	-	329,363	150,993	524,519	145.8%
2044	13,215,470	497,046	(4,000)	1,786	494,832	334,913	-	357,200	159,920	-	334,913	159,920	684,438	147.7%
2045	13,215,470	497,046	(4,000)	1,786	494,832	334,675	-	357,200	160,157	-	334,675	160,157	844,595	147.9%
2046	13,611,934	511,959	(4,000)	1,786	509,745	343,913	-	357,200	165,832	-	343,913	165,832	1,010,428	148.2%
2047	13,611,934	511,959	(4,000)	1,786	509,745	342,100	-	357,200	167,645	-	342,100	167,645	1,178,073	149.0%
2048	14,020,293	527,318	(4,000)	1,786	525,104	349,763	-	357,200	175,342	-	349,763	175,342	1,353,415	150.1%
2049	14,020,293	527,318	(4,000)	1,786	525,104	351,375	-	357,200	173,729	-	351,375	173,729	1,527,144	149.4%
2050	14,440,901	543,137	(4,000)	1,786	540,923	357,200	-	357,200	183,723	-	357,200	183,723	1,710,867	151.4%
2051	14,440,901	543,137	(4,000)	1,786	540,923	356,975	-	357,200	183,948	-	356,975	183,948	1,894,814	151.5%
2052	14,874,129	559,431	(4,000)	1,786	557,217	720,963	(357,200)	-	193,454	-	363,763	193,454	2,088,268	153.2%
	$ 530,313,445	$ 13,906,350	$ (181,000)	$ 54,602	$ 13,779,952	$ 10,032,721	$ (357,200)			$ 2,016,163	$ 11,691,684			

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

EXHIBIT F-2

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO B

SCHEDULE OF ESTIMATED ASSESSED VALUATION - COMMERCIAL

Collection Year	Estimated Biennial Valuation Increases 3.00%	Cumulative Market Value of Commercial Property	Assessment Ratio 29.00%	Commercial Assessed Valuation	Estimated Biennial Valuation Increases 3.00%	Cumulative Market Value of Vacant Land	Assessed Value of Vacant and State Assessed at 29.00% of Market	Total Assessed Value	Debt Mill Levy 36.0000	Debt Mill Levy Collections 99.50%	Specific Ownership Taxes 7.00%	County Treasurer Fee 2.00%	Net Tax Revenue
2022		$31,437,310	29.00%	9,116,820		$1,483,850	$430,295	$9,547,115	35.0000	$332,478	$23,273	($6,650)	$349,101
2023		31,437,310	29.00%	9,116,820		1,483,850	430,295	9,547,115	36.0000	341,978	23,938	(6,840)	359,076
2024	$943,119	32,380,429	29.00%	9,390,324	$44,516	1,528,366	443,226	9,833,550	36.0000	352,238	24,657	(7,045)	369,850
2025		32,380,429	29.00%	9,390,324		1,528,366	443,226	9,833,550	36.0000	352,238	24,657	(7,045)	369,850
2026	971,413	33,351,842	29.00%	9,672,034	45,851	1,574,217	456,523	10,128,557	36.0000	362,805	25,396	(7,256)	380,945
2027		33,351,842	29.00%	9,672,034		1,574,217	456,523	10,128,557	36.0000	362,805	25,396	(7,256)	380,945
2028	1,000,555	34,352,397	29.00%	9,962,195	47,227	1,621,444	470,219	10,432,414	36.0000	373,689	26,158	(7,474)	392,373
2029		34,352,397	29.00%	9,962,195		1,621,444	470,219	10,432,414	36.0000	373,689	26,158	(7,474)	392,373
2030	1,030,572	35,382,969	29.00%	10,261,061	48,643	1,670,087	484,325	10,745,386	36.0000	384,900	26,943	(7,698)	404,145
2031		35,382,969	29.00%	10,261,061		1,670,087	484,325	10,745,386	36.0000	384,900	26,943	(7,698)	404,145
2032	1,061,489	36,444,458	29.00%	10,568,893	50,103	1,720,190	498,855	11,067,748	36.0000	396,447	27,751	(7,929)	416,269
2033		36,444,458	29.00%	10,568,893		1,720,190	498,855	11,067,748	36.0000	396,447	27,751	(7,929)	416,269
2034	1,093,334	37,537,792	29.00%	10,885,960	51,606	1,771,796	513,821	11,399,781	36.0000	408,340	28,584	(8,167)	428,757
2035		37,537,792	29.00%	10,885,960		1,771,796	513,821	11,399,781	36.0000	408,340	28,584	(8,167)	428,757
2036	1,126,134	38,663,926	29.00%	11,212,539	53,154	1,824,950	529,236	11,741,775	36.0000	420,590	29,441	(8,412)	441,619
2037		38,663,926	29.00%	11,212,539		1,824,950	529,236	11,741,775	36.0000	420,590	29,441	(8,412)	441,619
2038	1,159,918	39,823,844	29.00%	11,548,915	54,749	1,879,699	545,113	12,094,028	36.0000	433,208	30,325	(8,664)	454,869
2039		39,823,844	29.00%	11,548,915		1,879,699	545,113	12,094,028	36.0000	433,208	30,325	(8,664)	454,869
2040	1,194,715	41,018,559	29.00%	11,895,382	56,391	1,936,090	561,466	12,456,848	36.0000	446,205	31,234	(8,924)	468,515
2041		41,018,559	29.00%	11,895,382		1,936,090	561,466	12,456,848	36.0000	446,205	31,234	(8,924)	468,515
2042	1,230,557	42,249,116	29.00%	12,252,244	58,083	1,994,173	578,310	12,830,554	36.0000	459,591	32,171	(9,192)	482,570
2043		42,249,116	29.00%	12,252,244		1,994,173	578,310	12,830,554	36.0000	459,591	32,171	(9,192)	482,570
2044	1,267,473	43,516,589	29.00%	12,619,811	59,825	2,053,998	595,659	13,215,470	36.0000	473,378	33,136	(9,468)	497,046
2045		43,516,589	29.00%	12,619,811		2,053,998	595,659	13,215,470	36.0000	473,378	33,136	(9,468)	497,046
2046	1,305,498	44,822,087	29.00%	12,998,405	61,620	2,115,618	613,529	13,611,934	36.0000	487,580	34,131	(9,752)	511,959
2047		44,822,087	29.00%	12,998,405		2,115,618	613,529	13,611,934	36.0000	487,580	34,131	(9,752)	511,959
2048	1,344,663	46,166,750	29.00%	13,388,358	63,469	2,179,087	631,935	14,020,293	36.0000	502,207	35,155	(10,044)	527,318
2049		46,166,750	29.00%	13,388,358		2,179,087	631,935	14,020,293	36.0000	502,207	35,155	(10,044)	527,318
2050	1,385,003	47,551,753	29.00%	13,790,008	65,373	2,244,460	650,893	14,440,901	36.0000	517,273	36,209	(10,345)	543,137
2051		47,551,753	29.00%	13,790,008		2,244,460	650,893	14,440,901	36.0000	517,273	36,209	(10,345)	543,137
2052	1,426,553	48,978,306	29.00%	14,203,709	67,334	2,311,794	670,420	14,874,129	36.0000	532,792	37,295	(10,656)	559,431
2053		48,978,306	29.00%	14,203,709		2,311,794	670,420	14,874,129	-	-	-	-	-
2054	1,469,349	50,447,655	29.00%	14,629,820	69,354	2,381,148	690,533	15,320,353	-	-	-	-	-
2055		50,447,655	29.00%	14,629,820		2,381,148	690,533	15,320,353	-	-	-	-	-
2056	1,513,430	51,961,085	29.00%	15,068,715	71,434	2,452,582	711,249	15,779,964	-	-	-	-	-
2057		51,961,085	29.00%	15,068,715		2,452,582	711,249	15,779,964	-	-	-	-	-
2058	1,558,833	53,519,918	29.00%	15,520,776	73,577	2,526,159	732,586	16,253,362	-	-	-	-	-
2059		53,519,918	29.00%	15,520,776		2,526,159	732,586	16,253,362	-	-	-	-	-
2060	1,605,598	55,125,516	29.00%	15,986,400	75,785	2,601,944	754,564	16,740,964	-	-	-	-	-
2061		55,125,516	29.00%	15,986,400		2,601,944	754,564	16,740,964	-	-	-	-	-
2062	1,653,765	56,779,281	29.00%	16,465,991	78,058	2,680,002	777,201	17,243,192	-	-	-	-	-
	$25,341,971				$ 1,196,152					$13,244,148	$927,088	($264,886)	$13,906,350

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO B

SCHEDULE OF ESTIMATED 2022A SENIOR BONDS DEBT SERVICE REQUIREMENTS
ASSUMING A SETTLEMENT OF MAY 5, 2022

Payment Date	Rate	Payment For Principal	Payment For Interest	Total Debt Payment	Reoffering Price	Total Production	Principal Outstanding	Annual Debt Service
01-Jun-22							$4,710,000	
01-Dec-22	5.25%	$120,000	$141,496	$261,496	100.000%	$120,000	4,590,000	261,496
01-Jun-23			120,488	120,488			4,590,000	
01-Dec-23	5.25%	25,000	120,488	145,488	100.000%	25,000	4,565,000	265,975
01-Jun-24			119,831	119,831			4,565,000	
01-Dec-24	5.25%	35,000	119,831	154,831	100.000%	35,000	4,530,000	274,663
01-Jun-25			118,913	118,913			4,530,000	
01-Dec-25	5.25%	35,000	118,913	153,913	100.000%	35,000	4,495,000	272,825
01-Jun-26			117,994	117,994			4,495,000	
01-Dec-26	5.25%	45,000	117,994	162,994	100.000%	45,000	4,450,000	280,988
01-Jun-27			116,813	116,813			4,450,000	
01-Dec-27	5.25%	45,000	116,813	161,813	100.000%	45,000	4,405,000	278,625
01-Jun-28			115,631	115,631			4,405,000	
01-Dec-28	5.25%	55,000	115,631	170,631	100.000%	55,000	4,350,000	286,263
01-Jun-29			114,188	114,188			4,350,000	
01-Dec-29	5.25%	55,000	114,188	169,188	100.000%	55,000	4,295,000	283,375
01-Jun-30			112,744	112,744			4,295,000	
01-Dec-30	5.25%	65,000	112,744	177,744	100.000%	65,000	4,230,000	290,488
01-Jun-31			111,038	111,038			4,230,000	
01-Dec-31	5.25%	70,000	111,038	181,038	100.000%	70,000	4,160,000	292,075
01-Jun-32			109,200	109,200			4,160,000	
01-Dec-32	5.25%	80,000	109,200	189,200	100.000%	80,000	4,080,000	298,400
01-Jun-33			107,100	107,100			4,080,000	
01-Dec-33	5.25%	80,000	107,100	187,100	100.000%	80,000	4,000,000	294,200
01-Jun-34			105,000	105,000			4,000,000	
01-Dec-34	5.25%	95,000	105,000	200,000	100.000%	95,000	3,905,000	305,000
01-Jun-35			102,506	102,506			3,905,000	
01-Dec-35	5.25%	100,000	102,506	202,506	100.000%	100,000	3,805,000	305,013
01-Jun-36			99,881	99,881			3,805,000	
01-Dec-36	5.25%	110,000	99,881	209,881	100.000%	110,000	3,695,000	309,763
01-Jun-37			96,994	96,994			3,695,000	
01-Dec-37	5.25%	115,000	96,994	211,994	100.000%	115,000	3,580,000	308,988
01-Jun-38			93,975	93,975			3,580,000	
01-Dec-38	5.25%	125,000	93,975	218,975	100.000%	125,000	3,455,000	312,950
01-Jun-39			90,694	90,694			3,455,000	
01-Dec-39	5.25%	135,000	90,694	225,694	100.000%	135,000	3,320,000	316,388
01-Jun-40			87,150	87,150			3,320,000	
01-Dec-40	5.25%	150,000	87,150	237,150	100.000%	150,000	3,170,000	324,300
01-Jun-41			83,213	83,213			3,170,000	
01-Dec-41	5.25%	155,000	83,213	238,213	100.000%	155,000	3,015,000	321,425
01-Jun-42			79,144	79,144			3,015,000	
01-Dec-42	5.25%	170,000	79,144	249,144	100.000%	170,000	2,845,000	328,288
01-Jun-43			74,681	74,681			2,845,000	
01-Dec-43	5.25%	180,000	74,681	254,681	100.000%	180,000	2,665,000	329,363
01-Jun-44			69,956	69,956			2,665,000	
01-Dec-44	5.25%	195,000	69,956	264,956	100.000%	195,000	2,470,000	334,913
01-Jun-45			64,838	64,838			2,470,000	
01-Dec-45	5.25%	205,000	64,838	269,838	100.000%	205,000	2,265,000	334,675
01-Jun-46			59,456	59,456			2,265,000	
01-Dec-46	5.25%	225,000	59,456	284,456	100.000%	225,000	2,040,000	343,913
01-Jun-47			53,550	53,550			2,040,000	
01-Dec-47	5.25%	235,000	53,550	288,550	100.000%	235,000	1,805,000	342,100
01-Jun-48			47,381	47,381			1,805,000	
01-Dec-48	5.25%	255,000	47,381	302,381	100.000%	255,000	1,550,000	349,763
01-Jun-49			40,688	40,688			1,550,000	
01-Dec-49	5.25%	270,000	40,688	310,688	100.000%	270,000	1,280,000	351,375
01-Jun-50			33,600	33,600			1,280,000	
01-Dec-50	5.25%	290,000	33,600	323,600	100.000%	290,000	990,000	357,200
01-Jun-51			25,988	25,988			990,000	
01-Dec-51	5.25%	305,000	25,988	330,988	100.000%	305,000	685,000	356,975
01-Jun-52			17,981	17,981			685,000	
01-Dec-52	5.25%	685,000	17,981	702,981	100.000%	685,000	0	720,963
		$ 4,710,000	$ 5,322,721	$ 10,032,721		$ 4,710,000		$ 10,032,721

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

EXHIBIT F-4

WATERFALL METROPOLITAN DISTRICT NO. 1
IN THE CITY OF LOVELAND, LARIMER COUNTY, COLORADO

FORECAST OF CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
FOR GENERAL FUND AND DEBT SERVICE FUND ONLY
FOR CALENDAR YEARS ENDING 2022 THROUGH 2062 - ALTERNATIVE SCENARIO B

SCHEDULE OF ESTIMATED 2022B SUBORDINATE BONDS DEBT SERVICE REQUIREMENTS
ASSUMING A SETTLEMENT OF MAY 5, 2022

Payment Date	Rate	Principal	Accrued Interest	Interest Paid	Cumulative Unpaid Interest	Total Debt Payment	Principal Outstanding	Outstanding Balance
								$985,000
15-Dec-22	8.25%	$31,000	$49,660	$49,660	$0	$80,660	$954,000	954,000
15-Dec-23	8.25%	10,000	78,705	78,705	-	88,705	944,000	944,000
15-Dec-24	8.25%	12,000	77,880	77,880	-	89,880	932,000	932,000
15-Dec-25	8.25%	15,000	76,890	76,890	-	91,890	917,000	917,000
15-Dec-26	8.25%	19,000	75,653	75,653	-	94,653	898,000	898,000
15-Dec-27	8.25%	23,000	74,085	74,085	-	97,085	875,000	875,000
15-Dec-28	8.25%	28,000	72,188	72,188	-	100,188	847,000	847,000
15-Dec-29	8.25%	34,000	69,878	69,878	-	103,878	813,000	813,000
15-Dec-30	8.25%	42,000	67,073	67,073	-	109,073	771,000	771,000
15-Dec-31	8.25%	43,000	63,608	63,608	-	106,608	728,000	728,000
15-Dec-32	8.25%	53,000	60,060	60,060	-	113,060	675,000	675,000
15-Dec-33	8.25%	61,000	55,688	55,688	-	116,688	614,000	614,000
15-Dec-34	8.25%	68,000	50,655	50,655	-	118,655	546,000	546,000
15-Dec-35	8.25%	73,000	45,045	45,045	-	118,045	473,000	473,000
15-Dec-36	8.25%	88,000	39,023	39,023	-	127,023	385,000	385,000
15-Dec-37	8.25%	95,000	31,763	31,763	-	126,763	290,000	290,000
15-Dec-38	8.25%	113,000	23,925	23,925	-	136,925	177,000	177,000
15-Dec-39	8.25%	119,000	14,603	14,603	-	133,603	58,000	58,000
15-Dec-40	8.25%	58,000	4,785	4,785	-	62,785	-	-
		$985,000	$1,031,163	$1,031,163		$2,016,163		

This financial information should be read only in connection with the accompanying Summary of Significant Assumptions and Accounting Policies

APPENDIX C

SELECTED PROVISIONS OF THE SENIOR INDENTURE

Set forth below are summaries of certain provisions of the Senior Indenture. These summaries are in addition and complementary to those found elsewhere in this Limited Offering Memorandum. Reference is made to the Senior Indenture for a complete recital of its terms, copies of which are available from the Underwriter during the period of the initial offering of the Bonds.

Covenant to Impose the Required Mill Levy

For the purpose of paying the principal of, premium if any, and interest on the Bonds, and if necessary funding the Reserve Fund, the District covenants to cause to be levied on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in each of the years 2022 to 2051 (for collection in each of the years 2023 to 2052), inclusive in the amount of the Required Mill Levy. Nothing in the Senior Indenture shall be construed to require the District to levy an ad valorem property tax in an amount in excess of the Required Mill Levy.

NOTWITHSTANDING ANY OTHER PROVISION IN THE SENIOR INDENTURE, THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2061 (FOR COLLECTION IN CALENDAR YEAR 2062).

The foregoing provisions of the Senior Indenture are declared to be the certificate of the Board to the board or boards of county commissioners of each county in which taxable real or personal property of the District is located, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purposes aforesaid.

The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due and to make up any deficiencies in the Reserve Fund are appropriated by the Senior Indenture for said purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions of the Senior Indenture the Senior Indenture with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purposes aforesaid.

Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State of Colorado, and when collected said taxes shall be paid to the District as provided by law. The Board shall take all necessary and proper steps to enforce promptly the payment of taxes levied pursuant to the Senior Indenture.

Tax Matters

The District covenants for the benefit of the Owners that it will not take any action or omit to take any action with respect to the Bonds, any funds of the District, or any facilities financed with the proceeds of the Bonds, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (ii) would cause interest on the Bonds to lose its exclusion from federal alternative minimum taxable income as defined in Section

55(b)(2) of the Code, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

In the event that at any time the District is of the opinion that for purposes of the Senior Indenture it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee or held by the District under the Senior Indenture, the District shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

The District specifically covenants to comply with the provisions and procedures of the Tax Certificate.

The District further covenants to pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed, or final Treasury Regulations as may be applied to the Bonds from time to time. The payment of such rebate amounts as required by the Senior Indenture supersedes all other provisions of the Senior Indenture concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to the Senior Indenture are not subject to any lien created under the Senior Indenture for the benefit of the Owners. This covenant shall survive the payment in full or the defeasance of the Bonds.

The District designates by the Senior Indenture the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The covenants contained in the Senior Indenture shall remain in full force and effect until the date on which all obligations of the District in fulfilling such covenants under the Code and Colorado law have been met, notwithstanding the payment in full or defeasance of the Bonds.

See also "TAX MATTERS" in the body of this Limited Offering Memorandum.

Additional Covenants and Agreements

The District further irrevocably covenants and agrees by the Senior Indenture with each and every Owner that so long as any of the Bonds remain Outstanding:

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

- At least once a year the District will cause an audit to be performed of the records relating to its revenues and expenditures, and the District shall use its reasonable efforts to have such audit report completed no later than September 30 of the calendar year after the calendar year which is the subject of such audit. The foregoing covenant shall 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 any audit will be filed and recorded in the places, time, and manner provided by law.

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

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

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

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

Additional Bonds

In General. After issuance of the Bonds, no Additional Bonds may be issued except in accordance with the provisions of the Senior Indenture. Nothing in the Senior Indenture shall affect or restrict the right of the District to issue or incur obligations which are not Additional Bonds under the Senior Indenture; provided that notwithstanding the foregoing or anything in the Senior Indenture to the contrary, the District shall not create, incur, assume, or suffer to exist any liens or encumbrances upon the ad valorem tax revenues of the District or the Pledged Revenue or any part thereof superior to the lien thereon of the Bonds.

Series 2022B Subordinate Bonds. The District may issue the Series 2022B Subordinate Bonds at such time or times and on such terms and conditions as may be determined by the District without compliance with any of the other terms and conditions of the Senior Indenture.

Permitted Refunding Bonds. The District may issue Permitted Refunding Bonds at such time or times and in such amounts as may be determined by the District in its absolute discretion without compliance with any of the other terms and conditions of the Senior Indenture.

Parity Bonds. The District may issue additional Parity Bonds if such issuance is consented to by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding, provided that, with or without such consent, the District may issue additional Parity Bonds if each of the following conditions are met as of the date of issuance of such additional Parity Bonds:

(i) No Event of Default has occurred and is continuing and no amounts of principal or interest on the Bonds or any other Parity Bonds are due but unpaid, unless: (A) such Event of Default or failure to pay principal or interest on the Bonds will be cured upon issuance of the Parity Bonds, or (B) the conditions of clause (iv)(B) below are satisfied.

(ii) The amount of the Reserve Fund is not less than the Required Reserve.

(iii) Upon issuance of the additional Parity Bonds, the Debt to Assessed Ratio of the District will be 50% or less.

(iv) A separate reserve fund is created for the security of the additional Parity Bonds in an amount not less than 10% of the issue price of such Parity Bonds or such lesser amount as may be permitted to be used for deposits of the proceeds of tax-exempt obligations to reasonably required reserve or replacement funds under then-existing federal income tax rules and regulations, such separate reserve fund to function in substantially the same fashion as the Reserve Fund for the Bonds, which separate reserve fund shall be fully funded as of the date of issuance of the Parity Bonds from the proceeds of the Parity Bonds or from any other source other than Pledged Revenue, and which may be replenished from Pledged Revenue in accordance with the Section of the Senior Indenture entitled "Flow of Funds".

Subordinate Bonds. The District may issue Additional Bonds constituting Subordinate Bonds if such issuance is consented to by the holders of the Subordinate Bonds.

Junior Lien Bonds. The District may issue Additional Bonds constituting Junior Lien Bonds if the following condition is met as of the date of issuance of such Junior Lien Bonds: the maximum mill levy which the District promises to impose for payment of the Junior Lien Bonds is not higher than the maximum Subordinate Required Mill Levy, and subject to the same deductions and adjustments as the Subordinate Required Mill Levy.

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

Discharge of the Lien of the Indenture

If the District shall pay or cause to be paid to the Trustee, for the Owners of the Bonds, the principal of, premium if any, and interest to become due thereon at the times and in the manner stipulated in the Senior Indenture, and if the District shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in the Senior 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 Senior Indenture to be paid shall have been paid, then these presents and the estate and rights granted by the Senior Indenture shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Senior Indenture, and execute and deliver to the District such instruments in writing as shall be requisite to satisfy the lien of the Senior Indenture, and assign and deliver to the District any property at the time subject to the lien of the Senior Indenture which may then be in its possession, and deliver any amounts required to be paid to the District under the Senior 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 Bonds.

Any Bond shall, prior to the maturity or prior redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Senior Indenture if, for the purpose of paying such Bond (i) there shall have been deposited with the Trustee an amount sufficient, without investment, to pay the principal of, premium if any, and interest on such Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (ii) there shall 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 Bond, as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow shall not be subject to redemption or prepayment at the option of the District, and shall become due at or prior to the respective times on which the proceeds thereof shall 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 shall 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 shall be determined by a Certified Public Accountant.

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

Prior to the investment or reinvestment of such moneys or such Federal Securities as in the Senior Indenture provided, the Trustee may require and may rely upon: (i) an opinion of nationally recognized municipal bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee, that the investment or reinvestment of such moneys or such Federal Securities complies with the Senior Indenture; and (ii) 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, premium if any, and interest on the Bonds when due.

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

Supplemental Indentures

The District and the Trustee may enter one of more amendments or supplements to the Senior Indenture ("Supplemental Indentures") for various purposes described after the issuance of the Bonds.

Supplemental Indentures Not Requiring Consent. Subject to the provisions of the Senior Indenture, the District and the Trustee may, without the consent of or notice to the Owners or Consent Parties, enter into such indentures supplemental to the Senior Indenture, which supplemental indentures shall thereafter form a part of the Senior Indenture, for any one or more of the following purposes:

(a) To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in the Senior Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Senior Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds;

(b) To subject to the Senior Indenture additional revenues, properties, or collateral;

(c) To grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Owners or the Trustee; and

(d) To qualify the Senior Indenture under the Trust Indenture Act of 1939.

Supplemental Indentures Requiring Consent. Except for supplemental indentures delivered pursuant to the Senior Indenture, and subject to the provisions of the Senior Indenture, the Consent Parties with respect to a majority (or for modifications of provisions of the Senior Indenture which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Bonds then Outstanding shall 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 to the Senior Indenture as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Senior Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing contained in the Senior Indenture shall permit, or be construed as permitting:

- a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon;

- an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due;

- a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or

- a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

Upon the execution of any supplemental indenture pursuant to the provisions of the Senior Indenture, the Senior Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under the Senior Indenture of the District, the Trustee, and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced under the Senior Indenture, subject in all respects to such modifications and amendments.

If at any time the District shall request the Trustee to enter into such supplemental indenture for any of the purposes of the Senior Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause written notice of the proposed execution of such supplemental indenture to be given to each Owner of a Bond at the address shown on the registration books of the Trustee prior to the proposed date of execution and delivery of any such supplemental indenture. If the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture consent to the execution thereof, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

Execution of Supplemental Indenture. The Trustee is authorized to join with the District in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein; provided that, prior to the execution of any such supplemental indenture (whether under the Senior Indenture) the Trustee and the District may require and shall be fully protected in relying upon an opinion of nationally recognized municipal bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the District, to the effect that: (i) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds; (ii) the District is permitted by the provisions of the Senior Indenture to enter into the supplement; and (iii) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by the Senior Indenture.

Concerning Trustee

Acceptance of Trusts and Duties of Trustee. The Trustee accepts the trusts imposed upon it by the Senior Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into the Senior Indenture against the Trustee.

The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of any Event of Default which may have occurred, shall undertake to perform such duties and only such duties as are specifically set forth in the Senior Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Senior Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising the rights or remedies or performing any of its duties under the Senior Indenture.

The Trustee may execute any of the trusts or powers of the Senior Indenture and perform any of its duties by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standards specified in the Senior Indenture, and shall be entitled to act upon the advice or an opinion of Counsel concerning all matters of trust of the Senior Indenture and the duties under the Senior Indenture, and may in all cases pay (and be reimbursed as provided in the Senior Indenture) such compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts of the Senior Indenture. The Trustee may act upon the advice or an opinion of Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or opinion of such attorneys, agents, receivers, or employees chosen with due care.

The Trustee shall not be responsible for any recital in the Senior Indenture or in the Bonds, or for the recording or filing of the Senior Indenture, or for the validity of the execution by the District of the Senior Indenture or of any supplements to the Senior Indenture or instruments of further assurance, or for the sufficiency of the security for the Bonds, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the District, except as expressly set forth in the Senior Indenture; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Senior Indenture.

The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of the Senior Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof (except for funds or investments held by the Trustee) or of any money paid to or upon the order of the District under any provision of the Senior Indenture. The Trustee, in its individual or any other capacity, may become the Owner of the Bonds with the same rights which it would have if not the Trustee.

The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to the Senior Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, or whenever in the administration of the Senior Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Senior Indenture, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the District by the District Representative or the District's President or Vice President or such other person as may be designated for such purpose by a certified resolution of the District as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in the Senior Indenture or of which by said Senior Indenture it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

The permissive right of the Trustee to do things enumerated in the Senior Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct, and shall not be answerable for any negligent act of its attorneys, agents, or receivers which have been selected by the Trustee with due care.

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Senior Indenture unless the Trustee shall be specifically notified in writing of such default by the District or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. All notices or other instruments required by the Senior Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

All moneys received by the Trustee shall, until used or applied or invested as provided in the Senior Indenture, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Senior Indenture or by law. The Trustee shall not be under any liability to invest any moneys received under the Senior Indenture except as provided in the Senior Indenture.

At any and all reasonable times the Trustee or its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any and all books, papers, and records of the District pertaining to the Bonds and the Pledged Revenue, and to take such memoranda from and in regard thereto as may be desired.

Notwithstanding anything in the Senior Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, or any action whatsoever within the purview of the Senior Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms required by the Senior Indenture, as a condition of such action by the Trustee, as may be deemed desirable for the purpose of establishing the right of the District to the authentication of any Bonds, or the taking of any other action by the Trustee.

All records of the Trustee pertaining to the Bonds shall be open during reasonable times for inspection by the District.

The Trustee shall not be required to advance its own funds, and before taking any action to enforce the terms of the Senior Indenture, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including attorney's fees, and to protect it against all liability, except liability which has been adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

The Trustee shall not be required to give any bond or surety in respect to the execution of its trusts and powers under the Senior Indenture or otherwise with respect to the Bonds.

The Trustee makes no representations as to the validity or sufficiency of the Senior Indenture or the Bonds, assumes no responsibility for the correctness of the same, and shall incur no responsibility in respect to such validity or sufficiency.

Fees and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement of its fees and expenses for ordinary services rendered under the Senior Indenture (which compensation is not intended by the parties to the Senior Indenture to be limited by any provision of law in regard to the compensation of a trustee of an express trust) as and when the same become due, and all advances, agent and counsel fees and expenses and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services.

In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefore.

The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of the Senior Indenture or the Trustee's resignation or removal under the Senior Indenture and payment in full of the Bonds.

Resignation or Replacement of Trustee. The Trustee may resign, subject to the appointment of a successor, by giving thirty (30) days' notice of such resignation to the District and to all Owners of Bonds specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall have been previously appointed as provided in the Senior Indenture, in which event such resignation shall take effect immediately on the appointment of such successor. The Trustee may petition the courts to appoint a successor in the event no such successor shall have been previously appointed. The Trustee may be removed at any time by an instrument in writing, executed by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

In case the Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the District so long as it is not in default under the Senior Indenture; otherwise by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Consent Parties, or their attorneys-in-fact appointed; provided however, that even if the District is in default under the Senior Indenture it may appoint a successor until a new successor shall be appointed by the District or the Consent Parties as authorized in the Senior Indenture. The District, upon making such appointment, shall forthwith give notice thereof to the Owners by mailing to the address shown on the registration books maintained by the Trustee, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the District shall immediately and without further act be superseded by a successor appointed in the manner above provided by the District or the Consent Parties, as applicable.

Every successor Trustee shall always be a commercial bank or trust company in good standing, qualified to act under the Senior Indenture, and having a capital and surplus of not less than $50,000,000, if there be such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms. Any successor appointed under the Senior Indenture shall execute, acknowledge, and deliver to the District an instrument accepting such appointment under the Senior Indenture, and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all estates, properties, rights, powers, and trusts of its predecessor in the trust under the Senior Indenture with like effect as if originally named as the Trustee under the Senior Indenture, and thereupon the duties and obligations of the predecessor shall cease and terminate; but the Trustee retiring shall, nevertheless, on the written demand of its successor and upon the payment of the fees and expenses owed to the predecessor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts expressed in the Senior Indenture, all the estates, properties, rights, powers, and trusts of the predecessor, who shall duly assign, transfer, and deliver to the successor all properties and moneys held by it under the Senior Indenture. If any instrument from the District is required by any successor for more fully and certainly vesting in and confirming to it the estates, properties, rights, powers, and trusts of the predecessor, those instruments shall be made, executed, acknowledged, and delivered by the District on request of such successor.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor under the Senior Indenture, together with all other instruments provided for in the Senior Indenture, shall be filed or recorded by the successor Trustee in each recording office, if any, where the Senior Indenture shall have been filed or recorded.

Conversion, Consolidation, or Merger of Trustee. Anything in the Senior Indenture to the contrary notwithstanding, any bank or trust company or other person into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, shall be the successor of the Trustee under the Senior Indenture with the same rights, powers, duties, and obligations, and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties to the Senior Indenture, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates, and other instruments provided for in the Senior Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein, and the Trustee shall not be required to make any independent investigation in connection therewith. Such resolutions, opinions, certificates, and other instruments shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash under the Senior Indenture. Except as provided in the Senior Indenture, the Trustee shall not be under any responsibility to seek the approval of any expert for any of the purposes expressed in the Senior Indenture; provided however, that nothing contained in the Senior Indenture shall alter the Trustee's obligations or immunities provided by statutory, constitutional, or common law with respect to the approval of independent experts who may furnish opinions, certificates, or opinions of Counsel to the Trustee pursuant to any provisions of the Senior Indenture.

Holidays

If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in the Senior Indenture, shall be a legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee are located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in the Senior Indenture.

No Recourse Against Officers and Agents

Pursuant to §11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Conclusive Recital

Pursuant to §11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Limitation of Actions

Pursuant to §11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than thirty days after the authorization of the Bonds.

Electronic Execution and Storage

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

Execution in Counterparts

the Senior Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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APPENDIX D

SELECTED PROVISIONS OF THE SUBORDINATE INDENTURE

Set forth below are summaries of certain provisions of the Subordinate Indenture. These summaries are in addition and complementary to those found elsewhere in this Limited Offering Memorandum. Reference is made to the Subordinate Indenture for a complete recital of its terms, copies of which are available from the Underwriter during the period of the initial offering of the Bonds.

Covenant to Impose Subordinate Required Mill Levy

For the purpose of paying the principal of, premium if any, and interest on the Bonds the District covenants to cause to be levied on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in each of the years 2022 to 2051 (for collection in each of the years 2023 to 2052), inclusive in the amount of the Subordinate Required Mill Levy. Nothing in the Subordinate Indenture shall be construed to require the District to levy an ad valorem property tax in an amount in excess of the Subordinate Required Mill Levy.

NOTWITHSTANDING ANY OTHER PROVISION IN THE SUBORDINATE INDENTURE, THE DISTRICT SHALL NOT BE REQUIRED TO IMPOSE THE SUBORDINATE REQUIRED MILL LEVY FOR PAYMENT OF THE BONDS AFTER DECEMBER 2061 (FOR COLLECTION IN CALENDAR YEAR 2062).

The foregoing provisions of the Subordinate Indenture are declared to be the certificate of the Board to the board or boards of county commissioners of each county in which taxable real or personal property of the District is located, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purposes aforesaid.

The amounts necessary to pay all costs and expenses incidental to the issuance of the Bonds and to pay the principal of, premium if any, and interest on the Bonds when due are appropriated by the Subordinate Indenture for said purposes, and such amounts as appropriate for each year shall also be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until the Bonds have been fully paid, satisfied, and discharged.

It shall be 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 shall levy, certify, and collect said taxes in the manner provided by law for the purposes aforesaid.

Said taxes shall be levied, assessed, collected, and enforced at the time and in the form and manner and with like interest and penalties as other general taxes in the State of Colorado, and when collected said taxes shall be paid to the District as provided by law. The Board shall take all necessary and proper steps to enforce promptly the payment of taxes levied pursuant to the Subordinate Indenture.

Tax Matters

The District covenants for the benefit of the Owners that it will not take any action or omit to take any action with respect to the Bonds, any funds of the District, or any facilities financed with the proceeds of the Bonds, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (ii) would cause interest on the Bonds to lose its exclusion from individual federal alternative minimum taxable income as defined in Section 55(b)(2) of the Code, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

In the event that at any time the District is of the opinion that for purposes of the Subordinate Indenture it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee or held by the District under the Subordinate Indenture, the District shall so restrict or limit the yield on such investment or shall so instruct the Trustee in a detailed certificate, and the Trustee shall take such action as may be necessary in accordance with such instructions.

The District specifically covenants to comply with the provisions and procedures of the Tax Certificate.

The District further covenants to pay from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed, or final Treasury Regulations as may be applied to the Bonds from time to time. The payment of such rebate amounts as required by the Subordinate Indenture supersedes all other provisions of the Subordinate Indenture concerning the deposit and transfer of interest earnings to or from any other fund or account. Moneys set aside to pay such rebate amounts pursuant to the Subordinate Indenture are not subject to any lien created under the Subordinate Indenture for the benefit of the Owners. the Subordinate Indenture shall survive the payment in full or the defeasance of the Bonds.

The District by the Subordinate Indenture designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The covenants contained in the Subordinate Indenture shall remain in full force and effect until the date on which all obligations of the District in fulfilling such covenants under the Code and Colorado law have been met, notwithstanding the payment in full or defeasance of the Bonds.

See also "TAX MATTERS" in the body of this Limited Offering Memorandum.

Additional Covenants and Agreements

The District by the Subordinate Indenture further irrevocably covenants and agrees with each and every Owner that so long as any of the Bonds remain Outstanding:

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

- At least once a year the District will cause an audit to be performed of the records relating to its revenues and expenditures, and the District shall use its reasonable efforts to have such audit report completed no later than September 30 of the calendar year after the calendar year which is the subject of such audit. The foregoing covenant shall 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 any audit will be filed and recorded in the places, time, and manner provided by law.

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

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

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

- The District will not amend or supplement any of the documents pertaining to the Series 2022A Senior Bonds in any way which (i) alters the amortization of the principal of such Series 2022A Senior Bonds, or (ii) increases the rate or rates of interest borne by the Series 2022A Senior Bonds, except upon the prior written consent of the Consent Parties with respect to 100% in aggregate principal amount of the Bonds.

Additional Bonds

In General. After issuance of the Bonds, no Additional Bonds may be issued except in accordance with the provisions of the Subordinate Indenture. Nothing in the Subordinate Indenture shall affect or restrict the right of the District to issue or incur obligations which are not Additional Bonds under the Subordinate Indenture.

Series 2022A Senior Bonds. The District may issue the Series 2022A Senior Bonds at such time or times and on such terms and conditions as may be determined by the District without compliance with any of the other terms and conditions of the Subordinate Indenture.

Senior Bonds. The District may issue Additional Bonds constituting Senior Bonds in accordance with the requirements of the Indenture authorizing the Series 2022A Senior Bonds.

Permitted Refunding Bonds. The District may issue Permitted Refunding Bonds at such time or times, in such amounts, and on such terms and conditions as may be determined by the District in its absolute discretion.

Subordinate Bonds. The District shall not issue Additional Bonds constituting Subordinate Bonds without the consent of the registered owners of the Bonds.

Junior Lien Bonds. The District may issue Junior Lien Bonds if the following condition is met as of the date of issuance of such Junior Lien Bonds: the maximum mill levy which the District promises to impose for payment of the Junior Lien Bonds is not higher than the maximum Subordinate Required Mill Levy, and subject to the same deductions and adjustments as the Subordinate Required Mill Levy.

Issuance by Consent. Except as provided above, the District may issue Additional Bonds only if the Consent Parties with respect to 100% in aggregate principal amount of the Bonds then Outstanding consent to the issuance of such Additional Bonds.

Discharge of the Lien of the Indenture

If the District shall pay or cause to be paid to the Trustee, for the Owners of the Bonds, the principal of, premium if any, and interest to become due thereon at the times and in the manner stipulated in the Subordinate Indenture, and if the District shall keep, perform, and observe all and singular the covenants and promises in the 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 shall have been paid, then these presents and the estate and rights granted by the Subordinate Indenture shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Subordinate Indenture, and execute and deliver to the District such instruments in writing as shall be requisite to satisfy the lien of the Subordinate Indenture, 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 Bonds.

Any Bond shall, 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 Bond (i) there shall have been deposited with the Trustee an amount sufficient, without investment, to pay the principal of, premium if any, and interest on such Bond as the same becomes due at maturity or upon one or more designated prior redemption dates, or (ii) there shall 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 Bond, as the same becomes due at maturity or upon one or more designated prior redemption dates. The Federal Securities in any such escrow shall not be subject to redemption or prepayment at the option of the issuer, and shall become due at or prior to the respective times on which the proceeds thereof shall 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 shall 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 shall be determined by a Certified Public Accountant.

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 shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium if any, and interest on the Bonds; provided however, that any cash received from such principal or interest payments on such Federal Securities, if not then needed for such purpose, shall, 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, premium if any, and interest on the Bonds.

Prior to the investment or reinvestment of such moneys or such Federal Securities as provided in the Subordinate Indenture, the Trustee may require and may rely upon: (i) an opinion of nationally recognized municipal bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee, that the investment or reinvestment of such moneys or such Federal Securities complies with the Subordinate Indenture; and (ii) 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, premium if any, and interest on the Bonds when due.

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

Supplemental Indentures

The District and the Trustee may enter one of more amendments or supplements to the Subordinate Indenture ("Supplemental Indentures") for various purposes described after the issuance of the Bonds.

Supplemental Indentures 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 Owners or Consent Parties, enter into such indentures supplemental to the Subordinate Indenture, which supplemental indentures shall thereafter form a part of the Subordinate Indenture, for any one or more of the following purposes:

- To cure any ambiguity, to cure, correct, or supplement any formal defect or omission or inconsistent provision contained in the Subordinate Indenture, to make any provision necessary or desirable due to a change in law, to make any provisions with respect to matters arising under the Subordinate Indenture, or to make any provisions for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Owners of the Bonds;

- To subject to the Subordinate Indenture additional revenues, properties, or collateral;

- 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

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

Supplemental Indentures Requiring Consent. Except for supplemental indentures delivered pursuant to the Subordinate Indenture, and subject to the provisions of the Subordinate Indenture, the Consent Parties with respect to a majority (or for modifications of provisions of the Subordinate Indenture which require the consent of a percentage of Owners or Consent Parties higher than a majority, such higher percentage) in aggregate principal amount of the Bonds then Outstanding shall 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 to the Subordinate Indenture as shall be deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Subordinate Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing contained in the Subordinate Indenture shall permit, or be construed as permitting:

- a change in the terms of the maturity of any Outstanding Bond, in the principal amount of any Outstanding Bond, in the optional or mandatory redemption provisions applicable thereto, or the rate of interest thereon;

- an impairment of the right of the Owners to institute suit for the enforcement of any payment of the principal of or interest on the Bonds when due;

- a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or

- a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Consent Parties is required for any such supplemental indenture.

Upon the execution of any supplemental indenture pursuant to the provisions of the Subordinate Indenture, the Subordinate Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under the Subordinate Indenture of the District, the Trustee, and all Owners of Bonds then Outstanding shall thereafter be determined, exercised, and enforced under the Indenture, subject in all respects to such modifications and amendments.

If at any time the District shall request the Trustee to enter into such supplemental indenture for any of the purposes of the Subordinate Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause written notice of the proposed execution of such supplemental indenture to be given to each Owner of a Bond at the address shown on the registration books of the Trustee prior to the proposed date of execution and delivery of any such supplemental indenture. If the Consent Parties with respect to not less than the required percentage in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture consent to the execution thereof, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the District from executing the same or from taking any action pursuant to the provisions thereof.

Execution of Supplemental Indentures. The Trustee is authorized to join with the District in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein; provided that, prior to the execution of any such supplemental indenture (whether under the Subordinate Indenture) the Trustee and the District may require and shall be fully protected in relying upon an opinion of nationally recognized municipal bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the District, to the effect that: (i) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds; (ii) the District is permitted by the provisions of the Subordinate Indenture to enter into the supplement; and (iii) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by the Subordinate Indenture.

Concerning Trustee

Acceptance of Trusts and Duties of Trustee. The Trustee accepts the trusts imposed upon it by the Subordinate Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into the Subordinate Indenture against the Trustee.

The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of any Event of Default which may have occurred, shall undertake to perform such duties and only such duties as are specifically set forth in the Subordinate Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Subordinate Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising the rights or remedies or performing any of its duties under the Subordinate Indenture.

The Trustee may execute any of the trusts or powers of the Subordinate Indenture and perform any of its duties by or through attorneys, agents, receivers, or employees, but shall be answerable for the conduct of the same in accordance with the standards specified in the Subordinate Indenture, and shall be entitled to act upon the advice or an opinion of Counsel concerning all matters of trust of the Subordinate Indenture and the duties under the Subordinate Indenture, and may in all cases pay (and be reimbursed as provided in the Subordinate Indenture) such compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts of the Subordinate Indenture. The Trustee may act upon the advice or an opinion of Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or opinion of such attorneys, agents, receivers, or employees chosen with due care.

The Trustee shall not be responsible for any recital in the Subordinate Indenture or in the Bonds, or for the recording or filing of the Subordinate Indenture, or for the validity of the execution by the District of the Subordinate Indenture or of any supplements to the Subordinate Indenture or instruments of further assurance, or for the sufficiency of the security for the Bonds, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions, or agreements on the part of the District, except as expressly set forth in the Subordinate Indenture; but the Trustee may require of the District full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Subordinate Indenture.

The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of the Subordinate Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof (except for funds or investments held by the Trustee) or of any money paid to or upon the order of the District under any provision of the Subordinate Indenture. The Trustee, in its individual or any other capacity, may become the Owner of the Bonds with the same rights which it would have if not the Trustee.

The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee may rely conclusively on any such certificate or other paper or document and shall not be required to make any independent investigation in connection therewith. Any action taken by the Trustee pursuant to the Subordinate Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceedings, or whenever in the administration of the Subordinate Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Subordinate Indenture, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the District by the District Representative or the District's President or Vice President or such other person as may be designated for such purpose by a certified resolution of the District as sufficient evidence of the facts therein contained, and, prior to the occurrence of a default of which the Trustee has been notified as provided in the Subordinate Indenture or of which by said the Subordinate Indenture it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

The permissive right of the Trustee to do things enumerated in the Subordinate Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct, and shall not be answerable for any negligent act of its attorneys, agents, or receivers which have been selected by the Trustee with due care.

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Subordinate Indenture unless the Trustee shall be specifically notified in writing of such default by the District or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. All notices or other instruments required by the Subordinate Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

All moneys received by the Trustee shall, until used or applied or invested as provided in the Subordinate Indenture, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Subordinate Indenture or by law. The Trustee shall not be under any liability to invest any moneys received under the Subordinate Indenture except as provided in the Subordinate Indenture.

At any and all reasonable times the Trustee or its duly authorized agents, attorneys, experts, engineers, accountants, and representatives shall have the right, but shall not be required, to inspect any and all books, papers, and records of the District pertaining to the Bonds and the Subordinate Pledged Revenue, and to take such memoranda from and in regard thereto as may be desired.

Notwithstanding anything in the Subordinate Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, or any action whatsoever within the purview of the Subordinate Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms of the Subordinate Indenture required, as a condition of such action by the Trustee, as may be deemed desirable for the purpose of establishing the right of the District to the authentication of any Bonds, or the taking of any other action by the Trustee.

All records of the Trustee pertaining to the Bonds shall be open during reasonable times for inspection by the District.

The Trustee shall not be required to advance its own funds, and before taking any action to enforce the terms of the Subordinate Indenture, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including attorney's fees, and to protect it against all liability, except liability which has been adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

The Trustee shall not be required to give any bond or surety in respect to the execution of its trusts and powers under the Subordinate Indenture or otherwise with respect to the Bonds.

The Trustee makes no representations as to the validity or sufficiency of the Subordinate Indenture or the Bonds, assumes no responsibility for the correctness of the same, and shall incur no responsibility in respect to such validity or sufficiency.

Fees and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement of its fees and expenses for ordinary services rendered under the Subordinate Indenture (which compensation is not intended by the parties to the Subordinate Indenture to be limited by any provision of law in regard to the compensation of a trustee of an express trust) as and when the same become due, and all advances, agent and counsel fees and expenses and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services. The Trustee reserves the right to renegotiate its current fees for ordinary services to correspond with changing economic conditions, inflation and changing requirements relating to the Trustee's ordinary services.

In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefore.

The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of the Subordinate Indenture or the Trustee's resignation or removal under the Subordinate Indenture and payment in full of the Bonds.

Resignation or Replacement of Trustee. The Trustee may resign, subject to the appointment of a successor, by giving thirty (30) days' notice of such resignation to the District and to all Owners of Bonds specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall have been previously appointed as provided in the Subordinate Indenture, in which event such resignation shall take effect immediately on the appointment of such successor. The Trustee may petition the courts to appoint a successor in the event no such successor shall have been previously appointed. The Trustee may be removed at any time by an instrument in writing, executed by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

In case the Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the District so long as it is not in default under the Subordinate Indenture; otherwise by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Consent Parties, or their attorneys-in-fact appointed; provided however, that even if the District is in default under the Subordinate Indenture it may appoint a successor until a new successor shall be appointed by the District or the Consent Parties as authorized in the Subordinate Indenture. The District, upon making such appointment, shall forthwith give notice thereof to the Owners by mailing to the address shown on the registration books maintained by the Trustee, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the District shall immediately and without further act be superseded by a successor appointed in the manner above provided by the District or the Consent Parties, as applicable.

Every successor Trustee shall always be a commercial bank or trust company in good standing, qualified to act under the Subordinate Indenture, and having a capital and surplus of not less than $50,000,000, if there be such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms. Any successor appointed under the Subordinate Indenture shall execute, acknowledge, and deliver to the District an instrument accepting such appointment under the Subordinate Indenture, and thereupon such successor shall, without any further act, deed, or conveyance, become vested with all estates, properties, rights, powers, and trusts of its predecessor in the trust under the Subordinate Indenture with like effect as if originally named as the Trustee under the Subordinate Indenture, and thereupon the duties and obligations of the predecessor shall cease and terminate; but the Trustee retiring shall, nevertheless, on the written demand of its successor and upon the payment of the fees and expenses owed to the predecessor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts expressed in the Subordinate Indenture, all the estates, properties, rights, powers, and trusts of the predecessor, who shall duly assign, transfer, and deliver to the successor all properties and moneys held by it under the Subordinate Indenture. If any instrument from the District is required by any successor for more fully and certainly vesting in and confirming to it the estates, properties, rights, powers, and trusts of the predecessor, those instruments shall be made, executed, acknowledged, and delivered by the District on request of such successor.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor under the Subordinate Indenture, together with all other instruments provided for in the Subordinate Indenture, shall be filed or recorded by the successor Trustee in each recording office, if any, where the Subordinate Indenture shall have been filed or recorded.

Conversion, Consolidation, or Merger of Trustee. Anything in the Subordinate Indenture to the contrary notwithstanding, any bank or trust company or other person into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole, shall be the successor of the Trustee under the Subordinate Indenture with the same rights, powers, duties, and obligations, and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties to the Subordinate Indenture, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates, and other instruments provided for in the Subordinate Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein, and the Trustee shall not be required to make any independent investigation in connection therewith. Such resolutions, opinions, certificates, and other instruments shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash under the Subordinate Indenture. Except as provided in the Subordinate Indenture, the Trustee shall not be under any responsibility to seek the approval of any expert for any of the purposes expressed in the Subordinate Indenture; provided however, that nothing contained in the Subordinate Indenture shall alter the Trustee's obligations or immunities provided by statutory, constitutional, or common law with respect to the approval of independent experts who may furnish opinions, certificates, or opinions of Counsel to the Trustee pursuant to any provisions of the Subordinate Indenture.

Holidays

If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in the Subordinate Indenture, shall be a legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee are located are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day which is not a legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, with the same force and effect as if done on the nominal date provided in the Subordinate Indenture.

No Recourse Against Officers and Agents

Pursuant to §11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Bonds. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such Bond specifically waives any such recourse.

Conclusive Recital

Pursuant to §11-57-210 of the Supplemental Act, the Bonds shall contain a recital that they are issued pursuant to certain provisions of the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value.

Limitation of Actions

Pursuant to §11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or proceedings in connection with the authorization or issuance of the Bonds shall be commenced more than thirty days after the authorization of the Bonds.

Execution in Counterparts

The Subordinate Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Electronic Execution and Storage

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

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APPENDIX E

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning The Depository Trust Company, New York, New York, and its book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities subject to the DTC book-entry system and certain related matters, but the Issuer takes no responsibility for the accuracy or completeness of such information. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the Issuer, the Senior Indenture Trustee, the Subordinate Indenture Trustee or the Underwriter has any responsibility or obligation to any Beneficial Owner of the Bonds with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Bonds under the applicable Indenture, (3) the payment by DTC or any DTC Participant of any amount received under the applicable Indenture with respect to the Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Bonds or (5) any other related matter.

DTC will act as securities depository for the Bonds. The Bonds will be issued in fully registered form and 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 Bond will be issued for each Series and maturity of the Bonds, in the aggregate principal amount due on the maturity date, and will be 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, as amended. 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 and 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 Standard & Poor's 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 http://www.dtcc.com. The Issuer undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of such material contained on such website as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned website.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial

Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not cause any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to the Indentures. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the applicable Trustee and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 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 Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Bonds will 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 Issuer or the applicable Trustee on the 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 Participants and not of DTC, the applicable Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Bonds to Cede & Co. (or to such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the applicable Trustee, 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Senior Indenture Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository) with respect to the Bonds. In such event, Bond certificates will be printed and delivered to DTC.

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

WATERFALL METROPOLITAN DISTRICT NO. 1
(IN THE CITY OF LOEVLAND)
LARIMER COUNTY, COLORADO

$4,710,000
SENIOR GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS
SERIES 2022A
and
$985,000
SUBORDINATE GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS
SERIES 2022B

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Waterfall Metropolitan District No. 1 (the "Issuer") in connection with the issuance of its Senior General Obligation Limited Tax Refunding Bonds, Series 2022A, dated as of May 5, 2022, in the aggregate principal amount of $4,710,000 (the "Series 2022A Bonds") and the Subordinate General Obligation Limited Tax Refunding Bonds, Series 2022B, dated as of May 5, 2022, in the aggregate principal amount of $985,000 (the "Series 2022B Bonds" and together with the Series 2022A Bonds, the "Bonds"). The Series 2022A Bonds are being issued pursuant to an Indenture of Trust between the Issuer and UMB Bank, n.a., as Trustee, dated as of May 1, 2022 (the "Senior Indenture") and the Series 2022B are being issued pursuant to an Indenture of Trust between the Issuer and UMB Bank, n.a., as Trustee, dated as of May 1, 2022 (the "Subordinate Indenture" and together with the Senior Indenture, the "Indentures"). The Bonds are also issued pursuant to the resolution adopted by the Board of Directors of the Issuer on April 4, 2022 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered for the benefit of the holders of the Bonds and in consideration for the purchase by Wells Fargo Securities, LLC, Denver, Colorado (the "Underwriter") of the Bonds pursuant to the terms of a Bond Purchase Agreement between the Underwriter and the Issuer dated as of April 22, 2022.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with SEC Rule 15c2-12(b)(5).

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

a. The Issuer shall, or shall cause the Dissemination Agent to, not later than each August 31, commencing August 31, 2022, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

b. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit "A."

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. <u>Content of Annual Reports</u>. The Issuer's Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Limited Offering Memorandum with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. <u>Reporting of Material Events</u>. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

a. The failure or refusal by the Issuer to impose or collect the Senior Required Mill Levy, or to collect and apply the other components of the Senior Pledged Revenue as required by the Senior Indenture;

b. The failure or refusal by the Issuer to impose or collect the Subordinate Required Mill Levy, or to collect and apply the other components of the Subordinate Pledged Revenue as required by the Subordinate Indenture

c. Any other Event of Default occurs under either Indenture, including a description of such default, *if material*;

d. A draw on the Senior Reserve Fund;

e. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

f. Modifications to rights of bondholders, *if material*;

h. Bond calls, *if material*, and tender offers;

g. Defeasances;

h. Release, substitution or sale of property securing repayment of the Bonds, *if material;*

i. Bankruptcy, insolvency, receivership or similar event of the Issuer;

j. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;

k. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

l. Incurrence of a Financial Obligation of the Issuer, *if material*, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

m. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

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

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of SEC Rule 15c2-12(b)(5); or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: May 5, 2022.

WATERFALL METROPOLITAN DISTRICT NO. 1

By:______________________________
President

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Waterfall Metropolitan District No. 1, Colorado

Name of Bond Issues: Senior General Obligation Limited Tax Refunding Bonds, Series 2022A, in the aggregate principal amount of $4,710,000 and Subordinate General Ogligation Limited Tax Refunding Bonds, Series 2022B, in the aggregate principal amount of $985,000.

CUSIPs:

Date of Issuance: May 5, 2022.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution adopted on April 4, 2022, and the Continuing Disclosure Certificate dated May 5, 2022, by the Issuer. The Issuer anticipates that the Annual Report will be filed by ______________________.

Dated: ______________, _____

WATERFALL METROPOLITAN DISTRICT NO. 1

By:____

Its:____

EXHIBIT "B"

INDEX OF LIMITED OFFERING MEMORANDUM TABLES TO BE UPDATED

Assessed Valuation and Statutory "Actual" Value of Taxable Property in the District
Assessed Valuation and Statutory "Actual" Value of Classes of Taxable Property in the District
Historical Mill Levies and Property Tax Collections for the District
Taxpayers in the District

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APPENDIX G

FORM OF BOND COUNSEL OPINION
FOR THE SERIES 2022A SENIOR BONDS

May 5, 2022

Waterfall Metropolitan District No. 1
Loveland, Colorado

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

Wells Fargo Securities, LLC, as underwriter
Denver, Colorado

$4,710,000
Waterfall Metropolitan District No. 1
(In the City of Loveland)
Larimer County, Colorado)
Senior General Obligation Limited Tax Refunding Bonds
Series 2022A

Ladies and Gentlemen:

We have acted as bond counsel to Waterfall Metropolitan District No. 1, in the City of Loveland, Larimer County, Colorado (the "Issuer") in connection with the issuance of the above-referenced bonds (the "Bonds") pursuant to a resolution adopted by the Board of Directors (the "Board") of the Issuer on April 4, 2022 (the "Resolution") and an Indenture of Trust dated as of May 1, 2022 (the "Indenture") between the Issuer and UMB Bank, n.a., as trustee (the "Trustee"). *Capitalized terms used and not defined herein shall have the meanings set forth in the Indenture.*

The Bonds are issuable as fully registered bonds, dated as of the date of their delivery, in minimum denominations of $500,000 and integral multiples of $1,000 in excess thereof. The Bonds mature, bear interest, are payable and are subject to redemption prior to maturity, in the manner and upon the terms set forth therein and in the Indenture. The Underwriter has certified that the Bonds are being offered solely to "financial institutions or institutional investors" within the meaning of the Special District Act, constituting Section 32-1-101 *et seq.*, Colorado Revised Statutes, as amended (the "Special District Act").

The Indenture provides that the Bonds are limited tax general obligations of the Issuer and shall be secured solely by a pledge of the Pledged Revenue (subject to the exceptions and limitations provided in the Indenture), on a parity with any future Parity Bonds, and other sources provided therefor in the Indenture.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion letter, including, without limitation, portions of the Internal Revenue Code of 1986, as amended (the "Code") relevant to the opinions set forth in paragraphs 5 and 6; the Special District Act; Section 11-57-201 et seq., Colorado Revised Statutes, as amended; an order and decree of the District Court for Larimer County, Colorado issued on May 16, 2008 and recorded in the real property records of Larimer County, Colorado on May 29, 2008; a certified record of the results of an election of the eligible electors of the Issuer held on May 6, 2008; a certified transcript of the record of proceedings of the Board taken preliminary to and in connection with the authorization of the Bonds; a form of the Bonds; and certificates of the Issuer, specifically including a tax certificate, and of others delivered in connection with the issuance of the Bonds.

In our examination of such proceedings, certificates, consents and other instruments, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents and the conformity to authentic original documents of all documents submitted to us as copies (including telecopies). We also have assumed the authenticity and completeness of the foregoing certifications and accuracy of the statements of fact contained therein, on which we are relying, and have made no independent investigations thereof.

We have not been engaged and have not undertaken to consider the adequacy of the Pledged Revenue or other financial resources of the Issuer or its ability to provide for payment of the Bonds and we express no opinion herein as to such matters. We also express no opinion herein with respect to the accuracy, completeness or sufficiency of the Limited Offering Memorandum dated April 22, 2022 or other offering materials relating to the Bonds. As to factual matters, we have relied, without independent investigation, upon the representations of the Issuer, the Underwriter, the Trustee, and other parties contained in certified proceedings, including the Resolution and the Indenture, and in the aforesaid certificates and other instruments. We have also reviewed the opinion of Icenogle Seaver Pogue, P.C., Denver, Colorado, counsel to the Issuer, a copy of which opinion has been delivered to the Trustee.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

2. The Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding limited tax general obligations of the Issuer, payable solely from and to the extent of the Pledged Revenue and the other sources provided therefor in the Indenture, and are legally enforceable in accordance with their terms.

3. All taxable property of the Issuer is subject to an ad valorem tax levy at the rate and in the amount of the Required Mill Levy, for the purpose of paying the principal of and interest on the Bonds.

4. The Indenture creates a valid lien (but not necessarily an exclusive lien) on the Pledged Revenue and all right, title and interest of the Issuer in and to the Pledged Revenue have been validly assigned and pledged to the Trustee under the Indenture in accordance with Section 11-57-208, Colorado Revised Statutes, as amended, all subject to the exceptions and limitations provided in the Indenture.

5. Interest on the 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 Bonds, assuming the accuracy of the certifications of the Issuer and continuing compliance by the Issuer with the requirements of the Code. Interest on the Bonds is not an item of preference for purposes of the federal alternative minimum tax.

6. The Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Code and therefore the interest expense of a financial institution will not be subject to allocation to the interest on the Bonds under section 265(b) of the Code, but the interest on the Bonds will be subject to treatment as a financial institution preference item under section 291 of the Code.

7. Interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Bonds, including whether interest on the Bonds is exempt from taxation under the laws of any jurisdiction other than the State of Colorado.

Except as provided in paragraphs 5 and 6, 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 Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Indenture are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the Issuer to pay the principal of, and interest on, the Bonds from available Pledged Revenue and other sources provided therefor in the Indenture.

This opinion is issued as of the date hereof, and we assume no obligation to (i) monitor or advise you or any other person of any changes in the foregoing subsequent to the delivery hereof; (ii) update, revise, supplement or withdraw this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, regulation, or governmental agency guidance, or the interpretation of any of the foregoing, that may hereafter occur, or for any other reason whatsoever; or (iii) review any legal matters incident to the authorization, issuance, validity, and exemption from federal or state income tax of the Bonds, or the purposes to which the proceeds thereof are to be applied, after the date hereof. Furthermore, we express no opinion as to the validity or enforceability of any fees, charges or other revenue sources that are included in Pledged Revenue, other than the Required Mill Levy.

Certain requirements and procedures contained or referred to in the Indenture and certain other documents executed in connection with the issuance of the Bonds may be changed and certain actions (including, without limitation, defeasance of the 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 Bonds to be included in the gross income of the owners for federal income tax purposes. This opinion does not address any such actions.

Our opinions represent our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and are not a guarantee of a result.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy, or completeness of the Limited Offering Memorandum relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds.

Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds should consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

This letter is furnished by us as bond counsel to the Issuer in connection with the issuance of the Bonds. No attorney-client relationship has existed or exists between us and anyone other than the Issuer in connection with the issuance of the Bonds by virtue of this letter.

Very truly yours,

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APPENDIX H

FORM OF BOND COUNSEL OPINION FOR THE SERIES 2022B SUBORDINATE BONDS

KLINE ALVARADO VEIO·PC

May 5, 2022

Waterfall Metropolitan District No. 1
Loveland, Colorado

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

Wells Fargo Securities, LLC
Denver, Colorado

$985,000
Waterfall Metropolitan District No. 1
(In the City of Loveland)
Larimer County, Colorado)
Subordinate General Obligation Limited Tax Refunding Bonds
Series 2022B

Ladies and Gentlemen:

We have acted as bond counsel to Waterfall Metropolitan District No. 1, in the City of Loveland, Larimer County, Colorado (the "Issuer") in connection with the issuance of the above-referenced bonds (the "Bonds"), pursuant to a resolution adopted by the Board of Directors (the "Board") of the Issuer on April 4, 2022 (the "Resolution") and an Indenture of Trust (Subordinate) dated as of May 1, 2022 (the "Indenture") between the Issuer and UMB Bank, n.a., as trustee (the "Trustee"). *Capitalized terms used and not defined herein shall have the meanings set forth in the Indenture.*

The Bonds are issuable as fully registered bonds, dated as of the date of their delivery, in minimum denominations of $500,000 and integral multiples of $1,000 in excess thereof. The Bonds mature, bear interest, are payable and are subject to redemption prior to maturity, in the manner and upon the terms set forth therein and in the Indenture. The Bonds are being issued exclusively to "financial institutions or institutional investors" within the meaning of the Special District Act, constituting Section 32-1-101 *et seq.*, Colorado Revised Statutes, as amended (the "Special District Act").

The Indenture provides that the Bonds are limited tax general obligations of the Issuer and shall be secured solely by a pledge of the Subordinate Pledged Revenue (subject to the exceptions and limitations provided in the Indenture), and other sources provided therefor in the Indenture.

We have examined the law and such certified proceedings and other instruments as we deem necessary to form an appropriate basis for us to render this opinion letter, including, without limitation, portions of the Internal Revenue Code of 1986, as amended (the "**Code**") relevant to the opinions set forth in paragraphs 5 and 6, the Special District Act; Section 11-57-201 et seq., Colorado Revised Statutes, as amended; an order and decree of the District Court for Larimer County, Colorado issued on May 16, 2008 and recorded in the real property records of Larimer County, Colorado on May 29, 2008; a certified record of the results of an election of the eligible electors of the Issuer held on May 6, 2008; a certified transcript of the record of proceedings of the Board taken preliminary to and in connection with the authorization of the Bonds; a form of the Bonds; and certificates of the Issuer, specifically including a tax certificate, and of others delivered in connection with the issuance of the Bonds.

In our examination of such proceedings, certificates, consents and other instruments, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents and the conformity to authentic original documents of all documents submitted to us as copies (including telecopies). We also have assumed the authenticity and completeness of the foregoing certifications and accuracy of the statements of fact contained therein, on which we are relying, and have made no independent investigations thereof.

We have not been engaged and have not undertaken to consider the adequacy of the Subordinate Pledged Revenue or other financial resources of the Issuer or its ability to provide for payment of the Bonds and we express no opinion herein as to such matters. We also express no opinion herein with respect to the accuracy, completeness or sufficiency of the Limited Offering Memorandum dated April 22, 2022 or other offering materials relating to the Bonds. As to factual matters, we have relied, without independent investigation, upon the representations of the Issuer, the Underwriter, the Trustee, and other parties contained in certified proceedings, including the Resolution and the Indenture, and in the aforesaid certificates and other instruments. We have also reviewed the opinion of Icenogle Seaver Pogue, P.C., Denver, Colorado, counsel to the Issuer, a copy of which opinion has been delivered to the Trustee.

Based on the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

2. The Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding limited tax general obligations of the Issuer, payable solely from and to the extent of the Subordinate Pledged Revenue and the other sources provided therefor in the Indenture, and are legally enforceable in accordance with their terms.

3. All taxable property of the Issuer is subject to an ad valorem tax levy at the rate and in the amount of the Subordinate Required Mill Levy, for the purpose of paying the principal of and interest on the Bonds.

4. The Indenture creates a valid lien (but not necessarily an exclusive lien) on the Subordinate Pledged Revenue and all right, title and interest of the Issuer in and to the Subordinate Pledged Revenue have been validly assigned and pledged to the Trustee under the Indenture in accordance with Section 11-57-208, Colorado Revised Statutes, as amended, all subject to the exceptions and limitations provided in the Indenture.

5. Interest on the 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 Bonds, assuming the accuracy of the certifications of the Issuer and continuing compliance by the Issuer with the requirements of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

6. The Bonds are "qualified tax-exempt obligations" under section 265(b)(3) of the Code and therefore the interest expense of a financial institution will not be subject to allocation to the interest on the Bonds under section 265(b) of the Code, but the interest on the Bonds will be subject to treatment as a financial institution preference item under section 291 of the Code.

7. Interest on the Bonds is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Bonds, including whether interest on the Bonds is exempt from taxation under the laws of any jurisdiction other than the State of Colorado.

Except as provided in paragraphs 5 and 6, Bond Counsel expresses no opinion regarding any federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to and limited by the exercise of judicial discretion, procedural and other defenses based on particular factual circumstances and equitable principles in appropriate cases, to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of powers delegated to it by the United States Constitution; and while certain remedies and other provisions of the Indenture are subject to the aforesaid exceptions and limitations and, therefore, may not be enforceable in accordance with their respective terms, such unenforceability would not preclude the enforcement of the obligations of the Issuer to pay the principal of, and interest on, the Bonds from available Subordinate Pledged Revenue and other sources provided therefor in the Indenture.

This opinion is issued as of the date hereof, and we assume no obligation to (i) monitor or advise you or any other person of any changes in the foregoing subsequent to the delivery hereof; (ii) update, revise, supplement or withdraw this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, regulation, or governmental agency guidance, or the interpretation of any of the foregoing, that may hereafter occur, or for any other reason whatsoever; or (iii) review any legal matters incident to the authorization, issuance, validity, and exemption from federal or state income tax of the Bonds, or the purposes to which the proceeds thereof are to be applied, after the date hereof. Furthermore, we express no opinion as to the validity or enforceability of any fees, charges or other revenue sources that are included in Subordinate Pledged Revenue, other than the Subordinate Required Mill Levy.

Certain requirements and procedures contained or referred to in the Indenture and certain other documents executed in connection with the issuance of the Bonds may be changed and certain actions (including, without limitation, defeasance of the 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 Bonds to be included in the gross income of the owners for federal income tax purposes. This opinion does not address any such actions.

Our opinions represent our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and are not a guarantee of a result.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy, or completeness of the Limited

Offering Memorandum relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds.

Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds should consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

This letter is furnished by us as bond counsel to the Issuer in connection with the issuance of the Bonds. No attorney-client relationship has existed or exists between us and anyone other than the Issuer in connection with the issuance of the Bonds by virtue of this letter.

Very truly yours,

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APPENDIX I

FORM OF INVESTOR LETTER
FOR THE SERIES 2022A SENIOR BONDS

Waterfall Metropolitan District No. 1
c/o Pinnacle Consulting Group, Inc.
550 West Eisenhower Boulevard
Loveland, Colorado 80537

UMB Bank, n.a.
1670 Broadway
Denver, Colorado 80202

Re: Waterfall Metropolitan District No. 1, in the City of Loveland, Larimer County, Colorado, Senior General Obligation Limited Tax Refunding Bonds, Series 2022A

Ladies and Gentlemen:

The undersigned in its capacity as discretionary investment adviser or sub-adviser (in such capacity, the "Undersigned") for certain of its clients, accounts and funds that will be an initial purchaser (each, a "Purchaser") of the above-referenced bonds (the "Bonds"), does hereby certify, represent and warrant for the benefit of Waterfall Metropolitan District No. 1, in the City of Loveland, Larimer County, Colorado (the "District"), and UMB Bank, n.a., as trustee (the "Trustee"), that:

(a) Each Purchaser is a financial institution or institutional investor as described in §32-1-1101 (6)(a)(IV), C.R.S.

(b) Each Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations and is capable of evaluating the merits and risks of its investment in the Bonds and, the Undersigned on behalf of each Purchaser based on its knowledge and experience, the Preliminary Limited Offering Memorandum relating to the Bonds (the "PLOM"), and the its own internal due diligence in reliance on the PLOM, has evaluated such risks and merits to its satisfaction on behalf of each Purchaser. Each Purchaser is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

(c) Each Purchaser is acquiring the Bonds solely for its own account or an affiliated account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds. Each Purchaser may sell the Bonds at any time, at the Purchaser's sole discretion, subject to and in accordance with the terms and conditions of the Bonds, including but not limited to the transfer restrictions described in this letter. Each Purchaser understands that the Bonds will be issued in minimum denominations of $500,000 and integral multiples of $1,000 in excess thereof.

(d) Each Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended (the "Act") or under any state securities laws. Without limiting the Trustee's or the Underwriter's respective obligations to comply with any applicable state and federal securities laws then in effect with respect to the sale or disposition of the Bonds, each Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) Based on the Undersigned's knowledge and experience, the information set forth in the PLOM, and the Undersigned's own internal due diligence in reliance on the PLOM, the Undersigned on behalf of each Purchaser is familiar with the conditions, financial and otherwise, of the District. Further, each Purchaser understands that the Bonds involve a degree of risk. The Undersigned on behalf of each Purchaser has received and read the PLOM in connection with and relating to the Bonds. The Undersigned understands it will receive the final Limited Offering Memorandum at or prior to the time of closing of the Bonds. The Undersigned on behalf of each Purchaser has reviewed the documents to be executed in conjunction with the issuance of the Bonds, including, without limitation, the Indentures.

(f) Each Purchaser has authority to purchase the Bonds and the Undersigned has the authority to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The Undersigned is authorized to cause each Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of each Purchaser.

(g) In entering into this transaction, each Purchaser has relied upon the legal opinion issued by bond counsel, Kline Alvarado Veio, P.C. ("Bond Counsel") with respect to the Bonds. Each Purchaser acknowledges that neither the District nor the Underwriter (Wells Fargo Securities, LLC) is issuing any legal opinion with respect to the Bonds. Based on its knowledge and experience, the information set forth in the PLOM, and the its own internal due diligence in reliance on the PLOM, in entering into this transaction, the Undersigned on behalf of each Purchaser has made its own analysis with respect to the Bonds, the security, and other material factors affecting the security and payment of the Bonds.

(h) Each Purchaser understands that the Bonds are secured by a pledge of moneys received or to be received from ad valorem property taxation by the District and other sources of revenue described in the PLOM; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the District, the City of Loveland, Larimer County, the State of Colorado, or any political subdivision thereof; and that the liability of the District with respect to the Bonds is subject to further limitations as set forth in the Bonds, the Preliminary Limited Offering Memorandum and the Indentures.

(i) Each Purchaser acknowledges that the Bonds may not be transferred by the registered owner thereof to any person other than to a financial institution or an institutional investor as described in §32-1-1101 (6)(a)(IV), C.R.S.

(j) Neither the Trustee nor the District, nor any of their respective members, governing bodies, or employees, counsel or agents will have any responsibility to any Purchaser for the accuracy or completeness of information obtained by a Purchaser from third parties or their agents regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. Each Purchaser has sought such accounting, legal and tax advice as it considers necessary to make an informed investment decision. Each Purchaser acknowledges that, as between the Purchaser and the District and the Trustee, the Undersigned on behalf of each Purchaser has assumed responsibility for obtaining such information and making such review as the it deemed necessary or desirable in connection with its decision to purchase the Bonds on behalf of each Purchaser. Notwithstanding anything to the contrary contained herein, (i) each Purchaser may rely on the final opinion furnished by Bond Counsel as set forth as Appendix K to the Limited Offering Memorandum, and (ii) each Purchaser is not waiving any rights it may have against the Underwriter under applicable anti-fraud provisions of the U.S. or any state securities laws.

Each Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indentures, each dated as of May 1, 2022 between the District and the Trustee (the "Indentures").

[*Insert Purchaser Name*]
("PURCHASER")

By: ______________________________

Printed Name: ______________________________

Title: ______________________________

cc: Wells Fargo Securities, LLC ("Underwriter")
Kline Alvarado Veio, P.C. ("Bond Counsel")

SUMMARY OF INVESTMENT

Principal Amount: $__________________

CUSIP Number: 94133F AC3

* * *

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APPENDIX J

FORM OF INVESTOR LETTER
FOR THE SERIES 2022B SUBORDINATE BONDS

Waterfall Metropolitan District No. 1
c/o Pinnacle Consulting Group, Inc.
550 West Eisenhower Boulevard
Loveland, Colorado 80537

UMB Bank, n.a.
1670 Broadway
Denver, Colorado 80202

Re: Waterfall Metropolitan District No. 1, in the City of Loveland, Larimer County, Colorado, Subordinate General Obligation Limited Tax Refunding Bonds, Series 2022B

Ladies and Gentlemen:

The undersigned in its capacity as discretionary investment adviser or sub-adviser (in such capacity, the "Undersigned") for certain of its clients, accounts and funds that will be an initial purchaser (each, a "Purchaser") of the above-referenced bonds (the "Bonds"), does hereby certify, represent and warrant for the benefit of Waterfall Metropolitan District No. 1, in the City of Loveland, Larimer County, Colorado (the "District"), and UMB Bank, n.a., as trustee (the "Trustee"), that:

(a) Each Purchaser is a financial institution or institutional investor as described in §32-1-1101 (6)(a)(IV), C.R.S.

(b) Each Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations and is capable of evaluating the merits and risks of its investment in the Bonds and, the Undersigned on behalf of each Purchaser based on its knowledge and experience, the Preliminary Limited Offering Memorandum relating to the Bonds (the "PLOM"), and the its own internal due diligence in reliance on the PLOM, has evaluated such risks and merits to its satisfaction on behalf of each Purchaser. Each Purchaser is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

(c) Each Purchaser is acquiring the Bonds solely for its own account or an affiliated account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds. Each Purchaser may sell the Bonds at any time, at the Purchaser's sole discretion, subject to and in accordance with the terms and conditions of the Bonds, including but not limited to the transfer restrictions described in this letter. Each Purchaser understands that the Bonds will be issued in minimum denominations of $500,000 and integral multiples of $1,000 in excess thereof.

(d) Each Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended (the "Act") or under any state securities laws. Without limiting the Trustee's or the Underwriter's respective obligations to comply with any applicable state and federal securities laws then in effect with respect to the sale or disposition of the Bonds, each Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) Based on the Undersigned's knowledge and experience, the information set forth in the PLOM, and the Undersigned's own internal due diligence in reliance on the PLOM, the Undersigned on behalf of each Purchaser is familiar with the conditions, financial and otherwise, of the District. Further, each Purchaser understands that the Bonds involve a degree of risk. The Undersigned on behalf of each Purchaser has received and read the PLOM in connection with and relating to the Bonds. The Undersigned understands it will receive the final Limited Offering Memorandum at or prior to the time of closing of the Bonds. The Undersigned on behalf of each Purchaser has reviewed the documents to be executed in conjunction with the issuance of the Bonds, including, without limitation, the Indentures.

(f) Each Purchaser has authority to purchase the Bonds and the Undersigned has the authority to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The Undersigned is authorized to cause each Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of each Purchaser.

(g) In entering into this transaction, each Purchaser has relied upon the legal opinion issued by bond counsel, Kline Alvarado Veio, P.C. ("Bond Counsel") with respect to the Bonds. Each Purchaser acknowledges that neither the District nor the Underwriter (Wells Fargo Securities, LLC) is issuing any legal opinion with respect to the Bonds. Based on its knowledge and experience, the information set forth in the PLOM, and the its own internal due diligence in reliance on the PLOM, in entering into this transaction, the Undersigned on behalf of each Purchaser has made its own analysis with respect to the Bonds, the security, and other material factors affecting the security and payment of the Bonds.

(h) Each Purchaser understands that the Bonds are secured by a pledge of moneys received or to be received from ad valorem property taxation by the District and other sources of revenue described in the PLOM; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the District, the City of Loveland, Larimer County, the State of Colorado, or any political subdivision thereof; and that the liability of the District with respect to the Bonds is subject to further limitations as set forth in the Bonds, the Preliminary Limited Offering Memorandum and the Indentures.

(i) Each Purchaser acknowledges that the Bonds may not be transferred by the registered owner thereof to any person other than to a financial institution or an institutional investor as described in §32-1-1101 (6)(a)(IV), C.R.S.

(j) Neither the Trustee nor the District, nor any of their respective members, governing bodies, or employees, counsel or agents will have any responsibility to any Purchaser for the accuracy or completeness of information obtained by a Purchaser from third parties or their agents regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. Each Purchaser has sought such accounting, legal and tax advice as it considers necessary to make an informed investment decision. Each Purchaser acknowledges that, as between the Purchaser and the District and the Trustee, the Undersigned on behalf of each Purchaser has assumed responsibility for obtaining such information and making such review as the it deemed necessary or desirable in connection with its decision to purchase the Bonds on behalf of each Purchaser. Notwithstanding anything to the contrary contained herein, (i) each Purchaser may rely on the final opinion furnished by Bond Counsel as set forth as Appendix K to the Limited Offering Memorandum, and (ii) each Purchaser is not waiving any rights it may have against the Underwriter under applicable anti-fraud provisions of the U.S. or any state securities laws.

Each Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indentures, each dated as of May 1, 2022 between the District and the Trustee (the "Indentures").

[*Insert Purchaser Name*]
("PURCHASER")

By: ______________________________

Printed Name: ______________________________

Title: ______________________________

cc: Wells Fargo Securities, LLC ("Underwriter")
Kline Alvarado Veio, P.C. ("Bond Counsel")

SUMMARY OF INVESTMENT

Principal Amount: $__________________

CUSIP Number: 94133F AD1

* * *

WATERFALL METROPOLITAN DISTRICT NO. 1 • GENERAL OBLIGATION LIMITED TAX REFUNDING BONDS, SENIOR SERIES 2022A AND SUBORDINATE SERIES 2022B

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