

August 7, 2023

Proposed Welty Ridge Metropolitan District No. 1  
Attention: Michael E. Davis  
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***RE: Welty Ridge Metropolitan District No. 1***

We have analyzed the bonding capacity for the proposed Welty Ridge Metropolitan District No. 1 (the “District”). The analysis presented summarizes and presents information provided by Platte Land & Water, LLC (the “Developer”) and does not include independently verifying the accuracy of the information or assumptions.

Assumptions

The following assumptions have been provided by the Developer and form the basis of the analysis. All prices below reflect 2023 market values.

1. The development is planned for single family and multi-family uses as outlined below. In all cases, it is assumed values will increase at a rate of 2.00% annually during the construction period.
  - a. 111 single family attached residential homes, which are projected to be completed at a pace of 41 homes per year in 2025 to 2026 and 29 homes in 2027. The average price is modeled at \$400,000 per home.
  - b. 111 single family detached residential homes, which are projected to be completed at a pace of 41 homes per year in 2025 to 2026 and 29 homes in 2027. The average price is modeled at \$500,000 per home.
  - c. 220 multi-family units, which are projected to be completed in 2027. The average price is modeled at \$250,000 per unit.
2. The residential debt service mill levy target is 40 mills (with a cap of 40 mills) beginning in tax collection year 2025.
3. The District is modeled to issue senior bonds in December 2024 with a par of \$9,230,000. An interest rate of 5.00% was modeled based upon an initial 30-year term. At issuance, it is projected that the District will fund \$434,600 in costs of issuance for the 2024 Bonds with bond proceeds. It is estimated that an additional \$1,384,500 will be deposited into a capitalized interest fund and \$803,000 will be deposited into a debt service reserve fund. The remaining \$6,607,900 is projected to be deposited to the District’s project fund to reimburse the District for eligible expenses.
4. The Senior Bond Surplus Fund is sized to a maximum of \$923,000, which constitutes 10.00% of the 2024 Bonds par amount.
5. The District is modeled to refinance the Series 2024 Bonds with another issuance in December 2034 with a par of \$16,735,000 and funds on hand of \$866,000. An interest rate of 3.00% was modeled based upon a 30-year term. At issuance, it is projected that the District will fund \$283,675 in costs of issuance for the 2034 Bonds with bond proceeds. It is estimated that

\$8,945,000 will be used to refund the Series 2024 Bonds, \$1,072,000 will be used as part of a Reserve Fund, and the remaining \$7,300,325 is projected to be deposited to the District's project fund to reimburse the District for eligible expenses.

6. Specific Ownership Tax revenues have been calculated based on applying a factor of 6.00% to annual property tax revenues.
7. It is projected that there will be a 6.00% biennial inflation rate on residential assessments. The bonding capacity could be higher if the rate of assessment inflation is greater, or conversely lower if the inflation rate is below 6.00%.

#### Estimate of Potential Bonding Capacity

Total bonding capacity based on the assumptions outlined, is projected to be approximately \$17,886,000 across the projected senior issuances, excluding refundings.

Based upon the development assumptions provided and the financial assumptions contained in the attached projected Financing Plan for the proposed Welty Ridge Metropolitan District No. 1, the projected revenue is sufficient to retire all Debt referenced in the Financing Plan within the restrictions set forth in the District's Service Plan, including but not limited to the maximum debt mill levies and mill levy imposition terms permitted.

The assumptions disclosed in the Financial Plan are those of the Developer and have not been independently reviewed by Piper Sandler. Those assumptions identified are believed to be the significant factors in determining financial feasibility; however, they are likely not to be all-inclusive. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as projected, and those differences may be material. Key assumptions, including those relating to market values of real property improvements and the build out schedule of such property, are particularly sensitive in terms of the timing necessary to create the tax base for the District. A small variation in these variables, and to their timing, can have a large effect on the forecasted results. There is a high probability that the forecasted results will differ from realized future tax base factors and such variations can be material. Additionally, other key assumptions relating to inflation, assessment ratios, interest rates, and infrastructure, administrative, and operating costs may, and likely will, vary from those projected.

Because Piper Sandler has not independently evaluated or reviewed the assumptions that the financial model is based upon, we do not vouch for the achievability (and disclaim any opinion) of the information provided. Furthermore, because of the inherent nature of future events, which are subject to change and variation as events and circumstances change, the actual results may vary materially from the results presented here. Piper Sandler has no responsibility or obligation to update this information or this financial model for events occurring after the date of this report.

Respectfully submitted,



Shelby Noble  
Managing Director