

August 7, 2023

Proposed Welty Ridge Metropolitan District No. 2
Attention: Michael E. Davis
Law Office of Michael E. Davis
5910 S. University Blvd., Suite C-18, No. 203
Greenwood Village, CO 80121

RE: Welty Ridge Metropolitan District No. 2

We have analyzed the bonding capacity for the proposed Welty Ridge Metropolitan District No. 2 (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 various commercial 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. 87,350 square feet of various commercial parcels including:
 - i. 7,000 square foot bank parcel assumed to be valued at \$250 per square foot and projected to be completed in 2024.
 - ii. 2,500 square foot drive-through fast food parcel assumed to be valued at \$300 per square foot and projected to be completed in 2024.
 - iii. 6,000 square foot service station assumed to be valued at \$350 and projected to be completed in 2024.
 - iv. 1,300 square foot coffee shop assumed to be valued at \$400 per square foot and projected to be completed in 2024.
 - v. 15,500 square feet of in line retail assumed to be valued at \$250 per square foot and projected to be completed in 2024.
 - vi. 15,000 square foot childcare facility assumed to be valued at \$200 and projected to be completed in 2024.
 - vii. 4,800 square foot car wash assumed to be valued at \$250 per square foot and projected to be completed in 2024.
 - viii. 35,250 square foot mini-storage facility assumed to be valued at \$60 and projected to be completed in 2024.
 - b. 19,500 total square feet of office space, which is projected to be completed in 2024. The value is assumed to be \$325 per square foot.
 - c. 48,000 total square feet anticipated to be a car dealership, which is projected to be completed in 2024. The value is assumed to be \$250 per square foot.

- d. 163,500 total square feet of warehouse space, which is projected to be completed at a pace of 21,000 square feet per year from 2024 to 2025 and 121,500 square feet in 2026. The value is assumed to be \$120 per square foot.
 - e. 320 hotel units, which are projected to be completed at an average pace of 160 rooms per year from 2024 to 2025. The value is assumed to be \$80,000 per hotel room.
2. The commercial debt service mill levy target is 50 mills (with a cap of 50 mills) beginning in tax collection year 2025.
 3. The District is modeled to issue senior bonds in December 2023 with a par of \$13,975,000. An interest rate of 6.50% was modeled based upon an initial 30-year term. At issuance, it is projected that the District will fund \$529,500 in costs of issuance for the 2023 Bonds with bond proceeds. It is estimated that an additional \$2,725,125 will be deposited into a capitalized interest fund and \$1,283,000 will be deposited into a debt service reserve fund. The remaining \$9,437,375 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 \$1,397,500, which constitutes 10.00% of the 2023 Bonds par amount.
 5. The District is modeled to refinance the Series 2023 Bonds with another issuance in December 2033 with a par of \$20,365,000 and funds on hand of \$2,896,000. An interest rate of 4.50% was modeled based upon a 30-year term. At issuance, it is projected that the District will fund \$309,375 in costs of issuance for the 2033 Bonds with bond proceeds. It is estimated that \$12,965,000 will be used to refund the Series 2023 Bonds, \$1,424,00 will be used as part of a Reserve Fund, and the remaining \$8,562,625 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 2.00% biennial inflation rate on commercial assessments. The bonding capacity could be higher if the rate of assessment inflation is greater, or conversely lower if the inflation rate is below 2.00%.

Estimate of Potential Bonding Capacity

Total bonding capacity based on the assumptions outlined, is projected to be approximately \$24,271,000 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. 2, 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,

A handwritten signature in blue ink, appearing to read "Shelby Noble", with a long horizontal flourish extending to the right.

Shelby Noble
Managing Director