

**NEW ISSUE
BOOK-ENTRY ONLY**

**UNDERLYING RATING: S&P: “A-”
INSURED RATING: “AA”
See “RATINGS”**

INSURANCE: Build America Mutual Assurance Company

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 on individuals; interest on the Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the federal corporate 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. See “TAX MATTERS” herein.

\$11,835,000

**WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4
(IN THE TOWN OF WINDSOR, LARIMER COUNTY, COLORADO)
LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2024**

Dated: Date of Delivery

Due: December 1, as shown herein

The Bonds (all capitalized terms used on this page are defined herein) are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof, pursuant to the Indenture between the Issuing District and the Trustee. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interests in the Bonds. See “THE BONDS – Book-Entry Only System.” The Bonds bear interest at the rate set forth on the inside cover hereof, payable to the extent of Pledged Revenue available therefor, semiannually on June 1 and December 1 of each year, commencing on December 1, 2024. See “THE BONDS.”

The maturity schedule for the Bonds appears on the inside cover page of this Official Statement.

The Bonds constitute limited tax general obligations of the Issuing District payable solely from and to the extent of the Pledged Revenue, defined in the Indenture to mean the following, net of any costs of collection (to the extent not previously deducted by definition): (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; and (c) any other legally available moneys which the Issuing District determines, in its absolute discretion, to credit to the Bond Fund. The Bonds are additionally secured by amounts in the Reserve Fund, which will be funded with a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) issued by Build America Mutual Assurance Company (“BAM”) in the amount of \$857,225.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the “Policy”) to be issued concurrently with the delivery of the Bonds by BAM. The Specimen Municipal Bond Insurance Policy is attached hereto as Appendix G. See “BOND INSURANCE.”



For further description of the security for the Bonds, see “SECURITY FOR THE BONDS.” **The Bonds are not obligations of the Town of Windsor, Larimer County, or the State of Colorado.**

The Bonds are subject to redemption prior to maturity at the option of the Issuing District and are also subject to mandatory sinking fund redemption. See “THE BONDS – Redemption.”

The Bonds are being issued for the purpose of: (i) refunding or refinancing certain obligations more fully described herein; (ii) paying the premiums for the Policy and the Reserve Policy; and (iii) paying other costs incurred in connection with the issuance of the Bonds. See “USES OF PROCEEDS.”

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, giving particular attention to the section entitled “RISK FACTORS.”

The Bonds are offered when, as, and if issued by the Issuing District and accepted by the Underwriter subject to the approval of legality of the Bonds by Kline Alvarado Veio, P.C., Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., Denver, Colorado, has acted as counsel to the Underwriter. Certain legal matters will be passed upon for the Taxing Districts by their general counsel, Spencer Fane LLP, Denver, Colorado. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about June 6, 2024.

PIPER | SANDLER

This Official Statement is dated as of May 29, 2024.

MATURITY SCHEDULE
(CUSIP® 6-digit issuer number: 97360F)

\$11,835,000
WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4
(IN THE TOWN OF WINDSOR, LARIMER COUNTY, COLORADO)
LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2024

Maturing (December 1)	Principal Amount	Interest Rate	Yield	CUSIP® Issue Number
2024	\$125,000	5.000%	4.100%	AA4
2025	115,000	5.000	4.050	AB2
2026	135,000	5.000	3.970	AC0
2027	140,000	5.000	3.900	AD8
2028	165,000	5.000	3.890	AE6
2029	170,000	5.000	3.880	AF3
2030	190,000	5.000	3.910	AG1
2031	200,000	5.000	3.930	AH9
2032	225,000	5.000	3.950*	AJ5
2033	235,000	5.000	3.980*	AK2
2034	265,000	5.000	4.010*	AL0

\$1,615,000 5.000% Term Bond due December 1, 2039, Yield: 4.120%*, CUSIP® Issue No. AM8
\$2,240,000 4.125% Term Bond due December 1, 2044, Yield: 4.440%, CUSIP® Issue No. AN6
\$6,015,000 4.500% Term Bond due December 1, 2053, Yield: 4.690%, CUSIP® Issue No. AP1

* Yield to par call date of December 1, 2032.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuing District or the Underwriter.

The information set forth in this Official Statement has been obtained from the Issuing District, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of information received from parties other than the Issuing District.

The Underwriter has provided the following sentence for inclusion in this Official Statement. In accordance with its responsibilities under federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Taxing Districts, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and Appendix G – Specimen Municipal Bond Insurance Policy.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the Taxing Districts, the Bonds and the terms of the offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICE AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELD RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICE OR YIELD APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICE 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.

**WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4
(IN THE TOWN OF WINDSOR, LARIMER COUNTY, COLORADO)**

Issuing District Board of Directors

Mary Stover, President
Gerald Helton, Secretary/Treasurer
Christopher Coan, Vice President/Assistant Secretary
Gregory Michalik, Vice President/Assistant Secretary
Richard Koza, Vice President/Assistant Secretary

Trustee, Registrar and Paying Agent

BOKF, NA
Denver, Colorado

General Counsel

Spencer Fane LLP
Denver, Colorado

Bond Counsel

Kline Alvarado Veio, P.C.
Denver, Colorado

Underwriter's Counsel

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

Underwriter

Piper Sandler & Co.
Denver, Colorado

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OFFICIAL STATEMENT

\$11,835,000

**WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4
(IN THE TOWN OF WINDSOR, LARIMER COUNTY, COLORADO)
LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2024**

INTRODUCTION

General

This Official Statement, which includes the cover page, inside cover page and the appendices, provides information in connection with the offer and sale of the Windsor Highlands Metropolitan District No. 4 Limited Tax General Obligation Refunding Bonds, Series 2024 (the “Bonds”), to be issued by Windsor Highlands Metropolitan District No. 4 (“District No. 4” or the “Issuing District”), in the Town of Windsor, Larimer County, Colorado, a political subdivision of the State of Colorado (the “State”), in the total aggregate principal amount of \$11,835,000.

The Bonds will be issued pursuant to a resolution (the “Bond Resolution”) adopted by the Board of Directors of the Issuing District (the “Issuing District Board”) prior to the issuance of the Bonds. The Bonds will also be issued pursuant to an Indenture of Trust between the Issuing District and BOKF, NA, Denver, Colorado, as trustee (the “Trustee”), dated as of June 1, 2024 (the “Indenture”).

The obligations of Windsor Highlands Metropolitan District No. 1 (“District No. 1”), Windsor Highlands Metropolitan District No. 2 (“District No. 2”), and Windsor Highlands Metropolitan District No. 3 (“District No. 3”, and together with the Issuing District, District No. 1 and District No. 2, the “Taxing Districts”) regarding the imposition of taxes and other covenants related to the Bonds will be authorized by separate resolutions (the “Taxing District Resolutions”) adopted by the Boards of Directors of the Taxing Districts (together with the Issuing District Board, the “Taxing District Boards”) prior to the issuance of the Bonds. The Bonds will be further secured by a Capital Pledge Agreement dated as of June 1, 2024, between the Taxing Districts and the Trustee (the “Pledge Agreement”).

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled “RISK FACTORS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, inside cover page and appendices, is unauthorized. Undefined capitalized terms have the meanings given in the Indenture and the Pledge Agreement.

The information set forth in this Official Statement has been obtained from the Issuing District and from other sources believed to be reliable but is not guaranteed as to accuracy or completeness. This Official Statement, including the appendices hereto, contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. See “FORWARD-LOOKING STATEMENTS.”

The Taxing Districts

Organization. The Issuing District, District No. 1, District No. 2, and District No. 3 were organized pursuant to separate Orders and Decrees issued by the Larimer County District Court (the “District Court”) on May 18, 2004, and recorded in the real property records of Larimer County, Colorado (the “County”) on May 28, 2004.

The Board of Trustees for the Town of Windsor, Colorado (the “Town”) approved the Amended and Restated Service Plan for Districts Nos. 1-6 on August 24, 2009, as amended by the First Amendment to the Amended and Restated Consolidated Service Plan for Windsor Highlands Metropolitan District Nos. 1-11 approved by the Board of Trustees for the Town on October 23, 2017 (as amended and restated, the “Service Plan”). In accordance with the Service Plan, it is anticipated that the Districts will provide all residents and taxpayers of the Districts with certain public improvements and services as further described herein.

Summary of the Taxing Districts’ Defined Terms

Taxing District	Individual Defined Term	Group Defined Term	
		The Districts	Taxing Districts
Windsor Highlands Metropolitan District No. 1	District No. 1		
Windsor Highlands Metropolitan District No. 2	District No. 2		
Windsor Highlands Metropolitan District No. 3	District No. 3		
Windsor Highlands Metropolitan District No. 4	District No. 4 or the Issuing District		
Windsor Highlands Metropolitan District No. 5	District No. 5		
Windsor Highlands Metropolitan District No. 6	District No. 6		
Windsor Highlands Metropolitan District No. 7	District No. 7		
Windsor Highlands Metropolitan District No. 8	District No. 8		
Windsor Highlands Metropolitan District No. 9	District No. 9		
Windsor Highlands Metropolitan District No. 10	District No. 10		
Windsor Highlands Metropolitan District No. 11	District No. 11		

Location and Boundaries. The Taxing Districts are generally located in the southeastern portion of the County, approximately 14 miles southeast of downtown Fort Collins, 18 miles west of downtown Greeley, and 51 miles south of downtown Denver.

The Taxing Districts’ boundaries are generally located to the north of East Crossroads Boulevard, east of North Fairgrounds Avenue, west of Colorado Boulevard, and south of East County Road 30. The Issuing District contains approximately 96.453 acres, District No. 1 contains approximately 72.063 acres, District No. 2 contains approximately 42.743 acres, and District No. 3 contains approximately 58.254 acres, for a combined acreage of all of the Taxing Districts of approximately 269.513 acres.

2023 Assessed Value of the Taxing Districts. The 2023 assessed valuation of the Issuing District is \$13,866,350, the 2023 assessed valuation of District No. 1 is \$8,497,537, the 2023 assessed valuation of District No. 2 is \$9,292,783, the 2023 assessed valuation of District No. 3 is \$9,905,198, for a total 2023 assessed valuation of the Taxing Districts of \$41,561,868. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Tax Data.”

The Development

The development located within the boundaries of the Taxing Districts (the “Development”) is a residential development known as “Highland Meadows Golf Community.” The Development consists of 766 lots, all but five of which have single family residences or townhomes constructed on them that have been sold to third-party homeowners and a tennis court facility.

Security for the Bonds

General. The Bonds are limited tax general obligations of the Issuing District payable from the Pledged Revenue as provided in the Indenture and the Pledge Agreement. The primary component of the Pledged Revenue is expected to be property tax revenues imposed and collected by the Taxing Districts and pledged to the payment of the Bonds pursuant to the Indenture and the Pledge Agreement. Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien or security interest on any property within the Taxing Districts.

The Bonds are additionally secured by amounts in the Reserve Fund, which will be funded with a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) issued by Build America Mutual Assurance Company (“BAM”) in the amount of \$857,225*.

Pledged Revenue. The Indenture defines “Pledged Revenue” as the following, net of any costs of collection (to the extent not previously deducted by definition): (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; (c) and any other legally available moneys which the Issuing District determines, in its absolute discretion, to credit to the Bond Fund.

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

Required Mill Levy. The Pledge Agreement generally defines “Required Mill Levy” as an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Taxing Districts each year in an amount which, if imposed by the Taxing Districts for collection in the succeeding calendar year, would generate revenues sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable (less any amounts which are then on deposit in the Bond Fund), but not in excess of 30 mills (subject to adjustment). The complete definition of Required Mill Levy is provided in “SECURITY FOR

THE BONDS – Property Tax Revenue” and Appendix F – Summary of Certain Provisions of the Pledge Agreement.

Specific Ownership Tax Revenues. The Indenture defines “Specific Ownership Tax” as the specific ownership taxes remitted to the Taxing Districts pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition by the Taxing Districts of the Required Mill Levy. For additional information on the Specific Ownership Tax Revenue and the State’s specific ownership tax system, see “SECURITY FOR THE BONDS – Specific Ownership Tax Revenues.”

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a Municipal Bond Insurance Policy (the “Policy”) to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”). See “BOND INSURANCE.”

The Bonds are solely obligations of the Issuing District, although the Taxing Districts are obligated with regard to the Bonds to the extent set forth in the Pledge Agreement. The Bonds are not obligations of the Town, the County, or the State. Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien or security interest on any property within the Taxing Districts.

Purpose

The Bonds are being issued for the purpose of: (i) refunding the loan agreement between the Issuing District and U.S. Bank National Association in the outstanding principal amount of \$11,855,000 (the “2019 Loan”) on the date of issuance of the Bonds; (ii) paying the premiums for the Policy and the Reserve Policy; and (iii) paying other costs incurred in connection with the issuance of the Bonds. See “USES OF PROCEEDS.”

The Bonds; Prior Redemption

The Bonds are issued solely as fully registered certificates in the denominations of \$5,000 or any integral multiple thereof. See “THE BONDS – Authorized Denominations.” The Bonds mature and bear interest (calculated based on a 360-day year of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the Bonds is described in “THE BONDS – Payment of Principal and Interest; Record Date.”

The Bonds are subject to redemption prior to maturity at the option of the Issuing District and are subject to mandatory sinking fund redemption as described in “THE BONDS – Redemption.”

Authority for Issuance

The Bonds are issued in full conformity with the constitution and laws of the State, particularly the Special District Act, Title 32, Article 1, Part 11 and Part 13, C.R.S., and Title 11, Article 57, Part 2, C.R.S. (the “Supplemental Public Securities Act”), and pursuant to the Bond Resolution, the Elections (defined herein), the Indenture, the Taxing District Resolutions, and the Pledge Agreement.

Book-Entry Registration

The Bonds will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See “THE BONDS – Book-Entry Only System.”

Tax Status

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 on individuals; interest on the Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the federal corporate 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. See “TAX MATTERS” herein.

Professionals

Kline Alvarado Veio, P.C., Denver, Colorado, is acting as Bond Counsel. Sherman & Howard L.L.C., Denver, Colorado, has acted as underwriter’s counsel. Spencer Fane LLP, Denver, Colorado, represents the Taxing Districts as general counsel. BOKF, NA, Denver, Colorado, will act as the trustee, paying agent and registrar for the Bonds. Piper Sandler & Co., Denver, Colorado, will act as the underwriter for the Bonds (the “Underwriter”). See “UNDERWRITING.”

Continuing Disclosure Undertaking

Continuing Disclosure Agreement. Although the Underwriter has determined that the Bonds are exempt from the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, Section 240.15c2-12) (the “Rule”), the Issuing District has agreed, pursuant to the provisions of the Continuing Disclosure Agreement dated as of the date of delivery of the Bonds (the “Continuing Disclosure Agreement”), to provide certain information to the Trustee on a quarterly and annual basis for dissemination to the public through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”). The Issuing District has also agreed to provide notice of certain material events to the public via EMMA. The form of the Continuing Disclosure Agreement is attached hereto as Appendix D.

No Prior Continuing Disclosure Undertakings. The Issuing District has not previously entered into any continuing disclosure undertakings pursuant to the Rule and therefore has never failed to materially comply with any prior undertaking entered into pursuant to the Rule.

Delivery Information

The Bonds are offered when, as, and if issued by the Issuing District and accepted by the Underwriter, subject to prior sale, the approving legal opinion of Bond Counsel (the form of which is attached hereto as Appendix F), and certain other matters. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about June 6, 2024.

Additional Information

All references herein to the Indenture, Pledge Agreement, Bond Resolution, Taxing District Resolutions, and other documents are qualified in their entirety by reference to such documents. Additional information and copies of the documents referred to herein are available from the following sources, as applicable:

Windsor Highlands Metropolitan District No. 4
c/o Spencer Fane LLP
6795 Crystal Downs Drive
Windsor, Colorado 80550
Telephone: (970) 223-5473

Piper Sandler & Co.
1144 15th Street,
Suite 2050
Denver, Colorado 80202
Telephone: (303) 405-0846

FORWARD-LOOKING STATEMENTS

This Official Statement, including but not limited to the information in “RISK FACTORS” contain statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimate,” “intend,” “expect,” “anticipate,” “plan,” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statement will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. For a discussion of certain of such risks, see the following section, “RISK FACTORS.”

RISK FACTORS

Each prospective purchaser of the Bonds should consider carefully, along with other matters referred to herein, the following risks of investment. The ability of the Issuing District to meet the debt service requirements of the Bonds is subject to various risks and uncertainties which are discussed throughout this Official Statement. Certain of such investment considerations are set forth below. This section of this Official Statement does not purport to summarize all of the risks. Investors should read this Official Statement in its entirety.

Limited Security for the Bonds

The Bonds constitute limited tax general obligations of the Issuing District payable solely from the Pledged Revenue in accordance with the Indenture as described herein. See

“SECURITY FOR THE BONDS.” The primary source of the Pledged Revenue is expected to be property tax revenues generated from ad valorem taxes assessed against all taxable property within the Taxing Districts, subject to the limitations of the Required Mill Levy. The Required Mill Levy of each of the Taxing Districts is subject to a maximum of 30 mills (subject to adjustment).

The owners of the Bonds (the “Owners”) cannot require the Taxing Districts to raise the Required Mill Levy above 30 mills (subject to adjustment). The Issuing District’s ability to retire the indebtedness created by the issuance of the Bonds therefore is dependent upon the maintenance of an adequate tax base from which the Taxing Districts can collect sufficient property tax revenues from these limited mill levies.

The Pledged Revenue may or may not be sufficient to pay the principal of and interest on the Bonds. No representation is made by the Issuing District or the Underwriter that the Pledged Revenue will be sufficient to pay the principal of and interest on the Bonds.

To the extent principal of any Bond is not paid when due, such principal shall remain Outstanding until its payment and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything in the Indenture to the contrary, the Issuing District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the Issuing District of such amount.

*During this period of accrual, the Issuing District will **not** be in default on the payment of such principal and interest, and the Owners will have no recourse against the Issuing District to require such payments (other than to require the Taxing Districts to continue to impose, collect, and apply the components of the Pledged Revenue under the circumstances set forth in the Indenture and Pledge Agreement, as applicable).*

The Bonds are solely obligations of the Issuing District, although the Taxing Districts are obligated with regard to the Bonds to the extent set forth in the Pledge Agreement. The Bonds are not obligations of the Town, the County, or the State. Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien or security interest on any property within the Taxing Districts.

Risks Related to Property Tax Revenues

Generally. The primary source of security for the Bonds is expected to be property taxes imposed by the Taxing Districts. The level of property tax revenues generated by each Taxing District’s imposition of the Required Mill Levy depends in part upon the assessed valuation of the property within each Taxing District and the County’s ability to collect property taxes. This section describes certain risks related to such property tax revenues.

Property Valuation Statutes and Appeals. Under certain circumstances, Colorado statutes permit the owners of vacant property to apply to the Larimer County Assessor (the “County Assessor”) for discounted valuation of such property for ad valorem property tax

purposes, which could cause a reduction in assessed value. Property owners are also entitled to challenge the valuations of their property. No assurance can be given that a property owner will not seek to do so.

Potential for Tax-Exempt Uses. Property used for tax-exempt purposes may not be subject to taxation by a Taxing District, and property owners are not prohibited from selling property to tax-exempt purchasers. It is possible that property in a Taxing District could qualify for tax-exempt status using tax credits or on some other basis.

Condemnation. It is also possible that some or all of the property in a Taxing District could be condemned for public use, in which case it may no longer be subject to taxation.

Should any of the foregoing occur, resulting in lower assessed valuations of property in a Taxing District, the security for the Bonds would be diminished, increasing the risk of nonpayment. Regardless of the level at which property is assessed for tax purposes, a Taxing District's ability to enforce and collect the property tax is dependent upon the property in such Taxing District having sufficient fair market value to support the taxes which are imposed. No assurance can be given as to the future market values of property in any Taxing District.

In addition, it is possible that the assessed valuation of property in a Taxing District could be fixed at a certain level in future years if an urban renewal plan is adopted using property tax increment financing which includes property in such Taxing District. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes – Potential for Creation of Tax Increment Entity."

Dependence Upon Timely Payment of Property Tax; Tax Collections. Delinquency in the payment of property taxes by property owners within a Taxing District would impair the Issuing District's ability to pay principal and interest on the Bonds. Property taxes do not constitute personal obligations of a property owner. While the current year's taxes constitute a lien upon assessed property and the County Treasurer is required by statute to offer for sale delinquent property to satisfy a Taxing District's tax lien for the year in which the taxes are in default, this remedy can be time-consuming. Furthermore, any such tax sale would be only for the amount of taxes due and unpaid for the particular tax year in question. Additionally, a Taxing District's receipt of the taxes anticipated to be available to it will depend upon the volume, pricing and timing of sales of property and the construction of residential units in such Taxing District, as to which no assurance or guaranty can be given.

In addition, a Taxing District's ability to enforce tax liens could be delayed by bankruptcy laws and other laws affecting creditor's rights generally. During the pendency of any bankruptcy of any property owner, the parcels owned by such property owner could be sold only if the bankruptcy court approves the sale. No assurance is provided that property taxes would be paid during the pendency of any bankruptcy; nor is it possible to predict the timeliness of such payment. If the property taxes are not paid over a period of years, the Issuing District's ability to pay principal and interest on the Bonds could be materially adversely affected.

State Law Regarding Property Taxes. The mill levies imposed by each Taxing District are governed by State laws. From time to time, these State laws are revised by the Colorado General Assembly. The Service Plan and the definition of Required Mill Levy (contained in the Pledge Agreement) include certain adjustment language which is intended to require each Taxing District to increase such mill levy if necessary to offset the loss of tax revenue which occur due to certain changes in law. It is possible, however, that this language will not account for every conceivable change of law which could occur.

For example, SB 22-238 and SB 23B-001 (each as defined herein) reduced property taxes for levy years 2023 and 2024 through reductions in assessed value and actual value of certain subclasses of residential and non-residential property. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes.” Further, each Taxing District is required to impose a uniform mill levy. Reducing the assessed and actual value of real property based on subclass is novel, and each Taxing District’s attempt to increase its Required Mill Levy to reflect such reductions will be significantly more complex and may ultimately require judicial interpretation.

Fire Risks, Climate Change and Other Potential Disasters

In recent years, the State has experienced numerous significant wildfires. According to the National Interagency Fire Center, in 2021 more than 48,000 acres were burned by wildfires throughout the State and in 2020 more than 625,000 acres were burned. According to the Colorado Department of Public Safety, the three largest fires (measured by acreage) in State history occurred in 2020. Recent destructive fires include the Black Forest Fire in El Paso County in 2013, in which approximately 14,000 acres were burned and nearly 500 homes were destroyed. On December 30, 2021, the Marshall Fire burned approximately 6,000 acres and destroyed over 1,000 homes and businesses, making it the most destructive fire in State history.

The fires have been attributed to, among other things, climate change, 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 Taxing Districts and/or the development of the property in the Taxing Districts.

The Taxing Districts are located in a partially developed portion of the Town, with vacant land to the east of the Taxing Districts. According to the Colorado State Forest Service’s Wildfire Risk Public Viewer website on March 7, 2024¹, the property within the Taxing Districts was classified in the “Lowest” to “Moderate” burn probability categories. No assurances can be given as to whether any future wildfire will impact any portion of the Taxing Districts.

In the event a fire or other natural or man-made disaster destroys all or any portion of the Taxing Districts, the Pledged Revenue could be materially negatively impacted. There can

¹ See <https://co-pub.coloradoforestatlas.org/>. 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 Official Statement.

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.

Potential Conflicts of Interest

The issuance of the Bonds and the application of the proceeds therefrom, as well as other activities of the Taxing Districts, therefore, involve potential conflicts of interest. By statute, a director must disqualify himself or herself from voting on any issue in which he or she has a conflict of interest unless he or she has disclosed such conflict of interest in a certificate filed with the Secretary of State and the Board at least 72 hours in advance of any meeting in which such conflict may arise, and such director is necessary to establish a quorum. However, compliance with such statute does not provide absolute certainty that contracts between the Taxing Districts and persons related to its Directors will not be subject to defenses or challenge on the basis of alleged conflicts. It is expected that the interested members of the Taxing District Boards will comply with the statute by making advanced disclosure of their conflicts, and that they will not disqualify themselves from voting.

Risk of Internal Revenue Service Audit

The Internal Revenue Service (the “Service”) has a program of auditing tax-exempt bonds which can include those issued by special purpose governmental units, such as the Issuing 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 Issuing 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 Indenture does 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. If the Service audits the Bonds, under current audit procedures the Service will treat the Issuing 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 Issuing District will have revenues available to contest an adverse determination by the Service. No transaction participant, including none of the Issuing District, the Underwriter or Bond Counsel is obligated to pay or reimburse an Owner 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 Issuing 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.

Legal Constraints on Taxing District Operations

The Taxing Districts are formed pursuant to State statute and exercise only limited powers. Various State laws and constitutional provisions govern the assessment and collection of general ad valorem property taxes, limit revenues and spending of the State and local governments and limit rates, fees and charges imposed by such entities, including the Taxing Districts. There can be no assurance that the application of such provisions, or the adoption of new provisions, will not have a material adverse effect on the affairs of the Taxing Districts. See “LEGAL MATTERS – Certain Constitutional Limitations.”

Limitations on Remedies Available to Owners of Bonds

No Acceleration. Under the Indenture, there is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal or interest on the Bonds. Consequently, remedies available to the owners of the Bonds under the Indenture may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the Issuing District in issuing the Bonds may be subject to the federal bankruptcy code (unless limited as described below), and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations, which could result in a lien on the Pledged Revenue which is superior to the lien thereon of the Bonds and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings (if available) or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The Special District Act provides that Colorado special districts may not seek protection under the federal bankruptcy code unless the special district is unable to discharge its obligations as they become due by means of a mill levy of not less than 100 mills. The Indenture only requires that the Issuing District levy a limited mill levy (subject to adjustment as described herein) and the Pledge Agreement only requires that the Taxing Districts levy limited mill levies (subject to adjustment as described herein). Accordingly, it may not be possible under State law for the Taxing Districts to file for bankruptcy, and no bankruptcy trustee will be available to represent the creditors of the Issuing District, including the Owners. Bankruptcy protection may be available to the Taxing Districts, however, if each of their mill levies ever equaled or exceeded 100 mills pursuant to their adjustment mechanisms, if the Taxing Districts ever issue unlimited mill levy general obligation bonds in the future, or due to other unforeseen circumstances. The

bankruptcy provisions of the Special District Act have not been interpreted by any Colorado appellate courts, however, and it is unclear how a court would apply some of these provisions.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. 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 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.

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

Future Changes in Law

General. Various State laws, constitutional provisions and federal laws and regulations apply to the obligations created by the issuance of the Bonds and various agreements described herein. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions which would have a material effect, directly or indirectly, on the affairs of the Taxing Districts, or other potential property owners. See “LEGAL MATTERS – Certain Constitutional Limitations.”

Potential Changes in Property Tax Laws. The Colorado Secretary of State has certified Initiative No. 50 for the statewide ballot on November 5, 2024. Initiative No. 50 would amend Article X, Section 3 of the Colorado Constitution by adding voter approval requirements to allow governments to retain certain property tax revenue. Initiative No. 50 is described further in “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes – Proposed Initiative No. 50.” It is unknown whether Initiative No. 50 will be approved by voters or, if it is approved, how it will impact the Taxing Districts’ property tax revenue.

Risks Related to Bond Insurance

In the event the Issuing District defaults on the payment of scheduled principal or interest on the Bonds when due, the Owners will have a claim under the Policy for such defaulted payments.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the Pledged Revenue. In the event BAM becomes obligated to make payments with respect to the Bonds, no assurance

is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The insured rating on the Bonds is dependent in part on the financial strength of BAM and its ability to pay claims. BAM's financial strength and ability to pay claims is reliant upon a number of factors which could change over time, including, without limitation, underwriting standards, claims experience, and conditions affecting the economy generally. No assurance is given that the long-term ratings of BAM will not be subject to downgrade or negative designations and such events could adversely affect the market price or liquidity of the Bonds. See "RATINGS" herein.

The obligations of BAM are unsecured contractual obligations and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Issuing District nor the Underwriter has made an independent investigation into BAM's financial strength or ability to pay claims and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Prospective investors in the Bonds should conduct their own investigation of such matters. Because the Bonds are insured by BAM, certain of the risk factors described herein should not, under ordinary circumstances, adversely affect payment of the Bonds. The principal risk that could affect payment of the Bonds is the inability or refusal of BAM to perform its duties under the Policy. In such an event, the Owners would exercise available remedies against BAM under the Indenture.

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USES OF PROCEEDS

Project

The Bonds are being issued for the purpose of: (i) refunding the 2019 Loan on the date of issuance of the Bonds; (ii) paying the premiums for the Policy and the Reserve Policy; and (iii) paying other costs incurred in connection with the issuance of the Bonds.

Sources and Uses of Funds

The sources and uses of funds for the Bonds are anticipated to be as follows:

Sources and Uses of Funds

Sources:	Bonds
Bond proceeds	\$11,835,000.00
Net Original Issue Discount	(69,736.40)
Debt service reserve fund for 2019 Loan	410,000.00
TOTAL.....	<u>\$12,175,263.60</u>
Uses:	
Refund 2019 Loan	\$11,868,172.22
Payment for Policy and Reserve Policy	60,383.35
Costs of issuance, underwriting discount (see "UNDERWRITING"), and contingency.....	246,708.03
TOTAL.....	<u>\$12,175,263.60</u>

Source: The Underwriter.

THE BONDS

General Description

The Bonds are limited tax general obligations of the Issuing District payable from the Pledged Revenue as provided in the Indenture. The maturity date and interest rate for the Bonds are set forth on the inside cover page hereof. For a complete statement of the details and conditions of the Bonds, reference is made to the Indenture and Pledge Agreement, copies of which are available from the Underwriter prior to delivery of the Bonds. Portions of the Indenture and Pledge Agreement are described in “THE BONDS,” “SECURITY FOR THE BONDS,” Appendix D – Summary of Certain Provisions of the Indenture and Appendix E – Summary of Certain Provisions of the Pledge Agreement. Capitalized terms not otherwise defined below are defined in Appendix D and/or Appendix E.

Authorized Denominations

The Bonds are being issued in “Authorized Denominations,” defined in the Indenture to mean the amount of \$5,000 or any integral thereof.

Payment of Principal and Interest; Record Date

The Indenture provides that the principal of and premium, if any, on the Bonds are payable in lawful money of the United States of America to the Owner of each Bond upon maturity or prior redemption and presentation at the designated office of the Trustee. The interest on any Bond is payable to the person in whose name such Bond is registered, at his address as it appears on the registration books maintained by or on behalf of the Issuing District by the Trustee, at the close of business on the Record Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Interest Payment Date; provided that any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such unpaid interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the unpaid interest, and notice of the Special Record Date shall be given to the Owners of the Bonds not less than 10 days prior to the Special Record Date by first-class mail to each such Owner as shown on the registration books kept by the Trustee on a date selected by the Trustee. Such notice shall state the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Interest payments shall be paid by check or draft of the Trustee mailed on or before the Interest Payment Date to the Owners. The Trustee may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Trustee; provided that the Issuing District shall not be required to make funds available to the Trustee prior to the dates on which such interest would otherwise be payable under the Indenture, nor to incur any expenses in connection with such alternative means of payment.

To the extent principal of any Bond is not paid when due, such principal shall remain Outstanding until its payment and shall continue to bear interest at the rate then borne by the Bond. To the extent interest on any Bond is not paid when due, such interest shall compound

semiannually on each Interest Payment Date, at the rate then borne by the Bond; provided however, that notwithstanding anything in the Indenture to the contrary, the Issuing District shall not be obligated to pay more than the amount permitted by law and its electoral authorization in repayment of the Bonds, including all payments of principal, premium if any, and interest, and all Bonds will be deemed defeased and no longer Outstanding upon the payment by the Issuing District of such amount.

The Indenture provides that the Trustee shall perform the functions of paying agent and authenticating registrar with respect to the Bonds. In addition, the principal of, premium if any, and interest on the Bonds shall be paid in accordance with the terms of the Letter of Representations with DTC. See “Book-Entry Only System” below.

Redemption

Optional Redemption. The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, 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, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed, as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029, to November 30, 2030	3.00%
December 1, 2030, to November 30, 2031	2.00
December 1, 2031, to November 30, 2032	1.00
December 1, 2032, and thereafter	0.00

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2039 are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2035, and on each December 1 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, in the annual amounts set forth below:

Year of Redemption (December 1)	Redemption Amount
2035	\$275,000
2036	305,000
2037	320,000
2038	350,000
2039*	365,000

* final maturity, not a sinking fund redemption

The Bonds maturing on December 1, 2044 also are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2040, and on each December 1 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, in the annual amounts set forth below:

Year of Redemption (December 1)	Redemption Amount
2040	\$400,000
2041	415,000
2042	450,000
2043	470,000
2044*	505,000

* final maturity, not a sinking fund redemption

The Bonds maturing on December 1, 2053 also are subject to mandatory sinking fund redemption, in part, by lot, on December 1, 2045, and on each December 1 thereafter prior to the maturity date of such Bonds, upon payment of par and accrued interest, without redemption premium, in the annual amounts set forth below:

Year of Redemption (December 1)	Redemption Amount
2045	\$525,000
2046	565,000
2047	590,000
2048	630,000
2049	660,000
2050	705,000
2051	735,000
2052	785,000
2053*	820,000

* final maturity, not a sinking fund redemption

Selection of Bonds for Mandatory Sinking Fund Redemption. On or before forty-five (45) days prior to each sinking fund installment date as set forth above, the Trustee shall select for redemption, by lot in such manner as the Trustee may determine, from the Outstanding Bonds, a principal amount of such 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 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 Issuing District.

Redemption Procedure and Notice. If less than all of the Bonds within a maturity are to be redeemed on any prior redemption date, the Bonds to be redeemed shall be selected by lot prior to the date fixed for redemption, in such manner as the Trustee shall determine. The Bonds shall be redeemed only in integral multiples of \$5,000. In the event a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in the principal amount of \$5,000 or any integral multiple thereof. Such Bond shall be treated for the purpose of redemption as that number of Bonds which results from dividing the principal amount of such Bond by \$5,000. In the event a portion of any Bond is redeemed, the Trustee shall, without

charge to the Owner of such Bond, authenticate and deliver a replacement Bond or Bonds for the unredeemed portion thereof.

In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first-class mail (postage prepaid) or by electronic means to DTC or its successors, not less than 30 days prior to the redemption date to the Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by or on behalf of the Issuing District by the Trustee. Failure to give such notice by mailing to any Owner or by electronic means to DTC or its successors, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. The redemption of the Bonds may be contingent or subject to such conditions as may be specified in the notice, and if funds for the redemption are not irrevocably deposited with the Trustee or otherwise placed in escrow and in trust prior to the giving of notice of redemption, the notice shall be specifically subject to the deposit of funds by the Issuing District. All 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.

Funds and Accounts

The Indenture creates and establishes the following funds and accounts, which shall be established with the Trustee and maintained by the Trustee in accordance with the provisions of the Indenture: (a) the Bond Fund; (b) the Reserve Fund; and (c) the Costs of Issuance Fund.

Bond Fund. There shall be credited to the Bond Fund each Bond Year an amount of Pledged Revenue which, when combined with other legally available moneys in the Bond Fund (not including moneys deposited thereto from other funds pursuant to the terms of the Indenture), will be sufficient to pay the principal of, premium if any, and interest on the Bonds which has or will become due in the Bond Year in which the credit is made, including as a result of mandatory sinking fund redemption in accordance with the Indenture (described in “– Redemption – Mandatory Sinking Fund Redemption” above) .

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

FIRST: to the payment of interest due in connection with the Bonds (including without limitation current interest, accrued and payable but unpaid interest, and interest due as a result of compounding, if any); and

SECOND: to the extent any moneys are remaining in the Bond Fund after the payment of such interest, to the payment of the principal of and premium, if any, on the Bonds, whether due at maturity or upon prior redemption.

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

FIRST: the Trustee shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each Bond; and

SECOND: the Trustee shall apply any remaining amounts to the payment of the principal of and premium, if any, on as many Bonds as can be paid with such remaining amounts, such payments to be in increments of \$5,000 or any integral multiple thereof, plus any premium. Bonds or portions thereof to be redeemed pursuant to such partial payment shall be selected by lot from the Bonds the principal of which is due and owing on the due date.

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

Reserve Fund. Subject to the receipt of sufficient Pledged Revenue, the Reserve Fund shall be maintained in the amount of the Required Reserve as provided in the Indenture for so long as any Bond is Outstanding. This requirement will be satisfied initially by the Debt Service Reserve Insurance Policy to be issued concurrently with the delivery of the Bonds by the Bond Insurer. Amounts in the Reserve Fund are to be applied to pay the Bonds in the event of an insufficiency in the amount on deposit in the Bond Fund or to make the final payments in respect of the Bonds. Moneys in the Reserve Fund shall be used for payment of the Bonds prior to any draws on the Debt Service Reserve Insurance Policy.

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

If at any time the Reserve Fund is drawn upon or valued so that the amount of the Reserve Fund is less than the Required Reserve, then the Trustee shall apply Pledged Revenue to the credit of the Reserve Fund in amounts sufficient to bring the amount credited to the Reserve Fund to the Required Reserve. Such credits shall be made at the earliest practicable time, but in accordance with and subject to the limitations of the Indenture (described herein in “– Flow of Funds” below). Nothing in the Indenture shall be construed as requiring the Issuing District to impose an ad valorem mill levy for the purpose of funding the Reserve Fund in excess of the Required Mill Levy. For purposes of this section of the Indenture (“– Funds and Accounts – Reserve Fund”), investments credited to the Reserve Fund shall be valued on the basis of their current market value, as reasonably determined by the Issuing 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 Reserve Fund shall never exceed the amount of the Required Reserve.

Costs of Issuance Fund. The Costs of Issuance Fund shall be maintained by the Trustee. All moneys on deposit in the Costs of Issuance Fund shall be applied by the Trustee in accordance with a closing memorandum executed by a representative of the Issuing District, for the payment of costs in connection with the issuance of the Bonds and the refunding of the 2019 Loan, including, without limitation, printing costs, CUSIP fees, regulatory fees, the fees and expenses of bond counsel, general counsel, underwriter's counsel and other counsel, the fees and expenses of the Issuing District's accountant, manager, special consultants, and other professionals, and the costs of the Trustee, and other costs and expenses of the Issuing District relating to the issuance of the Bonds and the refunding of the 2019 Loan. The Trustee may rely conclusively on any such direction and shall not be required to make any independent investigation in connection therewith. Any amounts remaining in the Costs of Issuance Fund on the date that is 90 days after the date of issuance of the Bonds shall be transferred by the Trustee into the Bond Fund.

Flow of Funds

In accordance with the Pledge Agreement, each Taxing District thereby agrees to remit to the Trustee, or as otherwise directed by the Issuing District (subject to the limitations and requirements of the Indenture and any Additional Obligation Documents) as soon as practicable upon receipt, all revenues comprising Pledged Revenue (if and to the extent received or controlled by such Taxing Districts), which Pledged Revenue shall be applied by the Trustee or other recipient thereof to Financing Costs, in accordance with the Indenture or Additional Obligation Documents, as applicable. IN NO EVENT IS A TAXING DISTRICT PERMITTED TO APPLY ANY PORTION OF THE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE PLEDGED REVENUE. All amounts paid by the Taxing Districts under the Pledge Agreement shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, or such other method as may be mutually agreed to by the Taxing Districts.

In accordance with the Indenture, the Issuing District shall transfer all amounts comprising Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof, and in no event later than the 15th day of the calendar month immediately succeeding the calendar month in which such revenue is received by the Issuing District; provided, however, that in the event that the total amount of Pledged Revenue received by the Issuing District in a calendar month is less than \$50,000, the Pledged Revenue received during such calendar month may instead be remitted to the Trustee no later than the 15th day of the calendar month immediately succeeding the calendar quarter in which such revenue is received by the Issuing District (i.e., no later than April 15th for Pledged Revenue received in January, February or March, no later than July 15th for Pledged Revenue received in April, May or June, no later than October 15th for Pledged Revenue received in July, August or September, and no later than January 15th for Pledged Revenue received in October, November or December). In addition, in order to assure the proper application of moneys constituting Pledged Revenue, on and after the date of issuance of any Additional Obligations, the Issuing District shall also transfer to the Trustee all moneys pledged to the payment of such Additional Obligations which are derived from ad valorem taxes of the Issuing District or specific ownership taxes, and any such moneys shall constitute part of the Trust Estate. IN NO EVENT IS THE ISSUING DISTRICT PERMITTED TO APPLY ANY PORTION OF THE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY

PORTION OF THE PLEDGED REVENUE. To the extent permitted by law, the Trustee shall apply the 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 Pledged Revenue flows to a lower priority until all of the higher priorities have been fully funded as provided in the 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 Trustee under the Indenture, the Trustee may rely upon the written instructions of the Issuing District with respect to the appropriate funds or accounts to which such credits are to be made.

- FIRST: To the Trustee, in an amount sufficient to pay the Trustee Fees then due and payable;
- SECOND: To the credit of the Bond Fund, the amounts required by the Indenture (described herein in “– Funds and Accounts – Bond Fund” above), 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 Parity Bonds, the amounts required by the documents pursuant to which the Parity Bonds are issued;
- THIRD: To the credit of the Reserve Fund, the amounts required by the Indenture (described herein in “– Funds and Accounts – Reserve Fund” above), and to the credit of any reserve fund or similar fund or account established to secure payment of the principal of, premium if any, and interest on any Parity Bonds, the amounts required by the resolution or other enactment authorizing issuance of the Parity Bonds;
- FOURTH: To the Issuing District, for credit to any other fund or account as may be designated by the Issuing District in writing to the Trustee, to be used for any lawful purpose, any Pledged Revenue received for the remainder of the Bond Year after the payments and accumulations set forth above.

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

The Issuing District covenants in the Indenture that all property tax revenue collected by the Issuing District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as Property Tax Revenues in any Bond Year to pay annual debt service

on the Bonds and any 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 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. The debt service property tax levy imposed for the payment of Subordinate Bonds shall be deemed reduced to the number of mills (if any) available for payment of such Subordinate Bonds in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Bonds and any Parity Bonds in such Bond Year. Property tax revenues from a debt service mill levy received by or on behalf of the Issuing District from the other Taxing Districts shall similarly be designated, first, as Property Tax Revenues payable under the Pledge Agreement until the funding and accumulation of amounts required with respect to the Bonds and Parity Bonds in the applicable Bond Year.

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of \$5,000 and any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix B – Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the Issuing District nor the Trustee will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix B to this Official Statement.

SECURITY FOR THE BONDS

Limited Tax General Obligations

The Bonds constitute limited tax general obligations of the Issuing District as provided in the Indenture. Principal of the Bonds, together with the interest thereon and any premium due in connection therewith, are payable solely from and to the extent of the Pledged Revenue, including all moneys and earnings thereon held in the funds and accounts created in the Indenture. *The Bonds are solely obligations of the Issuing District, although the Taxing Districts are obligated with regard to the Bonds to the extent set forth in the Pledge Agreement. The Bonds are not obligations of the Town, the County, or the State.*

The Bonds constitute an irrevocable lien upon the Pledged Revenue, but not necessarily an exclusive lien. The Bonds are secured by a lien on the Pledged Revenue on parity

with the lien thereon of any Parity Bonds issued after issuance of the Bonds. See “RISK FACTORS – Limited Security for the Bonds,” and “– Risks Related to Property Tax Revenues.”

The Bonds are not secured directly by any lien on property located within the Taxing Districts; rather they are secured by the Taxing District’s covenant to certify to the Board of County Commissioners for the County the Required Mill Levy. The Taxing Districts’ obligation to impose the Required Mill Levy in accordance with the Pledge Agreement creates a statutory tax lien which may be enforced to the extent that taxes are delinquent in a given year.

Pledged Revenue

The Bonds are secured by the “Pledged Revenue.” Pledged Revenue is defined in the Indenture as the following, net of any costs of collection (to the extent not previously deducted by definition): (a) all Property Tax Revenues; (b) all Specific Ownership Tax Revenues; and (c) any other legally available moneys which the Issuing District determines, in its absolute discretion, to credit to the Bond Fund.

Property Tax Revenues

“Property Tax Revenues” is defined in the Indenture as all moneys derived from imposition by the Taxing Districts of the Required Mill Levy. Property Tax Revenues are net of the costs of collection and any tax refunds or abatements authorized by or on behalf of the County. (For the avoidance of doubt, Property Tax Revenues do not include specific ownership tax revenues.)

“Required Mill Levy” is defined in the Pledge Agreement to mean:

(a) subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Taxing Districts each year in an amount which, if imposed by the Taxing Districts for collection in the succeeding calendar year, would generate revenues sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable (less any amounts which are then on deposit in the Bond Fund), but not in excess of 30 mills (subject to adjustment as provided in clause (i) hereof); provided, however, that:

(i) in the event that the method of calculating assessed valuation is changed after January 1, 2006, the maximum mill levy of 30 mills 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 (it being acknowledged that such adjustment with respect to the Taxing Districts may result in different mill levies being imposed by each of the Taxing Districts). For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and

(ii) in the event that the mill levies calculated pursuant to clause (i) are different for the Taxing Districts, each of the Taxing Districts shall impose their respective adjusted 30 mills (in the case of the Issuing District, in accordance with the Indenture and any applicable Additional Obligation Document); in all other cases: (A) the actual mill levies imposed by the Taxing Districts shall be the same if sufficient to generate the amount of Property Tax Revenues required and if not in excess of the adjusted 30 maximum mill levy of any Taxing District, and (B) if the actual mill levies necessary to generate the amount of Property Tax Revenues required would exceed the adjusted 30 maximum mill levy of any Taxing District, then the Issuing District with the lower adjusted 30 maximum mill levy shall impose such amount, and the Issuing District with the higher adjusted 30 maximum mill levy shall impose the amount required to generate the Property Tax Revenues required, but not in excess of such Issuing District's adjusted 30 maximum mill levy;

(b) notwithstanding anything in the Pledge Agreement to the contrary, in no event may the Required Mill Levy be established at a mill levy which would cause any Taxing District to derive tax revenue in any year in excess of the maximum tax increases permitted by such Taxing District's electoral authorization, and if the 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 such Taxing District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

In accordance with the Pledge Agreement, each Taxing District will be required to adjust its Required Mill Levy to account for changes to the method of calculating assessed valuation. In accordance with the Indenture and Pledge Agreements, each Taxing District will be required to increase its Required Mill Levy due to the reductions in the assessed and actual value determinations to account for the Gallagher Amendment (defined herein), SB 22-238 (defined herein), SB 23B-001 (defined herein) and other legislative changes. See "RISK FACTORS – Risks Related to Property Tax Revenues" and the " – Risks Related to the Projections." For additional information on the Gallagher Amendment, SB 22-238, SB 23B-001 and the calculation of actual and assessed valuation generally, see "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes."

For levy year 2023 (collection in 2024), the Board of Directors of the Issuing District increased the Required Mill Levy of: (i) District No. 1 from 30.000 mills to 35.642 mills; (ii) District No. 2 from 30.000 mills to 41.582 mills; (iii) District No. 3 from 30.000 mills to 41.582 mills; and (iv) the Issuing District from 35.000 mills to 41.582 mills.

Issuing District's Covenant to Impose Required Mill Levy. In accordance with the Indenture, for the purpose of paying the principal of, premium if any, and interest on the Bonds the Issuing District Board has covenanted in the Indenture, and thereby covenants, to impose the Required Mill Levy as provided in the Pledge Agreement.

Taxing Districts' Imposition of Required Mill Levy.

(a) In order to fund their respective Payment Obligations, each Taxing District (including the Issuing District) agrees in the Pledge Agreement to levy on all of the taxable property in such Taxing District, in addition to all other taxes, direct annual taxes in 2024, and in each year thereafter, so long as the Bonds or Additional Obligations remain outstanding (subject to paragraph (b) below), to the extent necessary to provide for payment of the Financing Costs, in the amount of the Required Mill Levy. Nothing in the Pledge Agreement shall be construed to require a Taxing District to impose an ad valorem property tax levy for the payment of the Payment Obligation in excess of the Required Mill Levy.

(b) In order to facilitate the determination of the Required Mill Levy, each of the Taxing Districts shall provide to the Issuing District and the Bond Insurer: (i) on or before September 30 of each year, commencing September 30, 2024, the preliminary certification of assessed value for such Taxing District provided by the Larimer County Assessor; and (ii) no later than one business day after receipt by each Taxing District, the final certified assessed value for such Taxing District provided by the County Assessor (expected to be provided by the County Assessor no later than December 10 of each year). In accordance with the definition of Required Mill Levy set forth in the Pledge Agreement, the Issuing District shall preliminarily determine, and provide to the Taxing Districts, the Required Mill Levy for each Taxing District no later than October 15 of each year, and shall finally determine, and provide to the Taxing Districts, the Required Mill Levy for each Taxing District no later than three days prior to the mill levy certification deadline of each year.

(c) Each District acknowledges in the Pledge Agreement that it has actively participated in the development of the calculation for determining the Required Mill Levy for each Taxing District, that such calculation is designed to reasonably allocate among the Taxing Districts the Financing Costs based on the mutual benefit to the Taxing Districts of the Public Improvements and the relative ability of such Taxing Districts, dependent upon the relative stages of development therein, to fund such Financing Costs in any given year and that, so long as made in accordance with the foregoing, the determinations of the Issuing District as to the Required Mill Levy for each Taxing District shall be final and binding upon each Taxing District.

(d) This section of the Pledge Agreement (“– Taxing Districts’ Imposition of Required Mill Levy”) is declared in the Pledge Agreement to be the certificate of each Taxing District to the Board of County Commissioners indicating the aggregate amount of taxes to be levied for the purposes of paying the Payment Obligation due thereunder.

(e) It shall be the duty of each Taxing District annually at the time and in the manner provided by law for the levying of its taxes, if such action shall be necessary to effectuate the provisions of the Pledge Agreement, to ratify and carry out the provisions thereof with reference to the levy and collection of the ad valorem property taxes specified in the Pledge Agreement, and to require the officers of such Taxing District to cause the appropriate officials of the County, to levy, extend and collect said ad valorem taxes in the

manner provided by law for the purpose of providing funds for the payment of the amounts to be paid under the Pledge Agreement promptly as the same, respectively, become due. Said taxes, when collected, shall be applied only to the payment of the amounts to be paid under the Pledge Agreement.

(f) 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.

(g) The Taxing Districts agree in the Pledge Agreement to cooperate in the amendment of the Pledge Agreement to modify the definition of Required Mill Levy if necessary, in the determination of the Issuing District, to facilitate the issuance of Additional Obligations by the Issuing District.

(h) No Taxing District shall take any action, or allow any action to be taken, which impairs the Pledged Revenue.

(i) Each Taxing District shall pursue all reasonable remedies to collect, or cause the collection of, delinquent ad valorem taxes within its boundaries.

(j) The parties to the Pledge Agreement acknowledge that the Taxing Districts may be obligated to impose additional property taxes for the payment of operation and maintenance costs, subject to the limitations of the Pledge Agreement. The Pledge Agreement shall not operate to limit such obligations except as specifically set forth therein.

Specific Ownership Tax Revenues

The Indenture and the Pledge Agreement define “Specific Ownership Tax Revenues” as the specific ownership taxes remitted to the Taxing Districts pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition by the Taxing Districts of the Required Mill Levy, which moneys remitted to the other Taxing Districts are payable to the Issuing District in accordance with the Pledge Agreement.

The Specific Ownership Tax System in Colorado. The State Constitution requires the General Assembly to enact laws classifying motor vehicles and requiring payment of a graduated annual specific ownership tax thereon, which tax is to be in lieu of ad valorem property taxes on motor vehicles. Accordingly, the State imposes such a tax (the “S.O. Tax”), which is payable at a graduated rate which varies from 2.1% of taxable value in the first year of ownership, to \$3 per year in the tenth year of ownership and thereafter. The S.O. Tax is collected by each county clerk and recorder at the time of motor vehicle registration. Most S.O. Tax revenues (including revenues received from owners of passenger cars and trucks, which constitute the majority of S.O. Tax revenues) are paid directly to the county treasurer of the county in which the revenues are collected. S.O. Tax revenues on certain types of vehicles are paid by the counties to the State and are then distributed back to the counties in the proportion that the mileage of the State highway system located within the boundaries of each county bears to the total mileage of the State highway system.

Each county apportions its S.O. Tax revenue to each political subdivision in the county in the proportion that the amount of ad valorem property taxes levied by the political subdivision in the previous year bears to the total amount of ad valorem property taxes levied by all political subdivisions in the county in the previous year. Based upon these percentages, each county then distributes S.O. Tax revenue to each political subdivision on the tenth day of each month. The S.O. Tax received by the Taxing Districts from the Required Mill Levy is pledged to the Bonds and defined as the Specific Ownership Tax Revenues. The amount of Specific Ownership Tax Revenues which is received by the Taxing Districts depends in part upon the amount of the Required Mill Levy. In addition, the amount of Specific Ownership Tax Revenues which will be received by the Taxing Districts in the future can be expected to fluctuate as the number of new car and truck registrations fluctuates.

The Taxing Districts are not in control of the imposition, collection or distribution of the S.O. Tax, and therefore cannot assure any future amounts of Specific Ownership Tax Revenues.

Additional Obligations of the Issuing District Pursuant to the Indenture

The Issuing District shall not incur any additional debt or other financial obligation having a lien upon the Pledged Revenue superior to the lien thereof of the Bonds.

Any Additional Obligations secured by a lien on ad valorem property taxes of the Issuing District shall be issued as either Parity Bonds or Subordinate Bonds. The Issuing District shall not issue or incur any other Additional Obligations except as provided below with respect to Parity Bonds and below with respect to Subordinate Bonds, unless such issuance is consented to by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding.

Parity Bonds. The Issuing District may issue Additional Obligations constituting Parity Bonds without the consent of the Consent Parties if each of the following conditions is met as of the date of issuance of such Additional Obligations:

(i) no Event of Default shall have occurred and be 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 (iii)(B) below are satisfied;

(ii) in the event that the Parity Bonds are secured by a lien on ad valorem property taxes of the Issuing District or any of the other Taxing Districts, then (A) the maximum ad valorem mill levy (if any) pledged to the payment of the Parity Bonds, together with the Required Mill Levy required to be imposed under the Indenture and the "Required Mill Levy" required to be imposed under the Pledge Agreement, shall be not higher than the maximum mill levy set forth in the definition of Required Mill Levy in the Indenture, and (B) the resolution, indenture or other document pursuant to which the Parity Bonds are issued shall provide that any ad valorem property taxes imposed for the payment of such Parity Bonds shall

be applied in the same manner and priority as provided in the Indenture (described in “THE BONDS – Flow of Funds”) with respect to the Pledged Revenue; and

(iii) one of the following two conditions shall be satisfied:

(A) upon issuance of the Parity Bonds, the Senior Debt to Assessed Ratio will be 50% or less; OR

(B) the Parity Bonds are issued solely for the purpose of refunding all or any portion of the Bonds, any other Parity Bonds and/or Subordinate Bonds (provided that proceeds of the refunding Parity Bonds may also be applied to pay all expenses in connection with such refunding, to fund reserve funds and capitalized interest, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining to such refunding), and the total of the Issuing District’s scheduled debt service on such refunding Parity Bonds, the Bonds and any other Parity Bonds (to the extent to remain outstanding upon such refunding) does not exceed in any year the total debt service on the Bonds and Parity Bonds prior to the issuance of such refunding Parity Bonds (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the Issuing District’s Parity Bonds debt service in any year and shall not be permitted by this clause (B): (1) the issuance of refunding Parity Bonds that have any scheduled payment dates in any year that are after the maturity of the Bonds or Parity Bonds being refunded, and (2) the issuance of refunding Parity Bonds that refund only Subordinate Bonds.

Subordinate Bonds. The Issuing District may issue Additional Obligations constituting Subordinate Bonds without the consent of the Consent Parties and the terms of such Subordinate Bonds shall be as provided in the documents pursuant to which they are issued, provided that each of the following conditions is met as of the date of issuance of the Subordinate Bonds:

(i) the maximum mill levy which the Issuing District promises to impose for payment of the Subordinate Bonds is 30 mills (adjusted as described in the definition of the Required Mill Levy in the Pledge Agreement), less the Required Mill Levy required to be imposed under the Indenture and the mill levy required to be imposed for the payment of any Parity Bonds;

(ii) the failure to make a payment when due on the Subordinate Bonds shall not constitute an event of default thereunder; and

(iii) the Subordinate Bonds shall be payable as to both principal and interest only on an annual basis, on or after December 15 of each calendar year.

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

Nothing in the Indenture shall affect or restrict the right of the Issuing District to issue or incur obligations that are not Additional Obligations thereunder.

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

Additional Obligations of the Taxing Districts Pursuant to the Pledge Agreement

(a) Without the prior consent of the Issuing District and the Bond Insurer, each Taxing District (excluding the Issuing District) will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of such Taxing District or other Pledged Revenue (including, but not limited to Subordinate Obligations); provided, however, that the following obligations shall be permitted without the consent of the Issuing District:

(i) obligations issued solely for the purpose of paying operations and maintenance costs of such Taxing District, the repayment of which is contingent upon such Taxing District's annual determination to appropriate moneys therefor (other than obligations of the Taxing District as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from such Taxing District's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from the Taxing District's operations and maintenance mill levy in excess of that permitted by the Service Plan (after taking into account the Required Mill Levy required under the Pledge Agreement, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(ii) obligations issued for any purpose, the repayment of which is contingent upon the Taxing District's annual determination to appropriate moneys therefor (other than obligations of the Taxing District as lessee under capital), so long as (A) such obligations are payable only to the extent such Taxing District has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Bonds in such Fiscal Year, and (C) the Taxing District makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iii) obligations which are payable solely from the proceeds of

obligations permitted to be issued in accordance with the provisions of the Pledge Agreement, when and if issued;

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

(v) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance with the provisions of the Pledge Agreement, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vi) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the Taxing Districts.

(b) At least once a year, each Taxing District will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and each Taxing District shall use its best efforts to have such audit report or application for audit exemption completed no later than September 30 of each calendar year. The foregoing covenant will apply notwithstanding any different time requirements for the completion of such audit or application for audit exemption under State law. In addition, at least once a year in the time and manner provided by law, each Taxing District will cause a budget to be prepared and adopted. Copies of the budget and the audit or audit exemption will be filed and recorded in the places, time, and manner provided by law.

(c) Each Taxing District agrees to provide the Issuing District with information, promptly upon request by the Issuing District, respectively, necessary for the Issuing District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of the Bonds, and any similar agreement entered into by the Issuing District in connection with the issuance of Additional Obligations.

Events of Default, Events of Non-Compliance and Remedies

Events of Default Under the Indenture. 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 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 Indenture except as provided below:

(a) The Issuing District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture, or any other Taxing District fails or refuses to impose the Required Mill Levy or to apply the revenues resulting therefrom or any other portion of the Pledged Revenue as required by the Pledge Agreement;

(b) The Issuing District defaults in the performance or observance of any of the covenants, agreements, or conditions on the part of the Issuing District in the Indenture or the Bond Resolution, other than as described in subsection (a) above, and fails to remedy the same after notice thereof pursuant to the Indenture, or any other Taxing District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of such Taxing District in the Pledge Agreement and fails to remedy the same after notice thereof pursuant to the Indenture;

(c) The Issuing District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds; or

(d) Any other Taxing District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Pledge Agreement.

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

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

Remedies on Occurrence of an Event of Default under the Indenture. Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

(a) *Receivership.* Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the Issuing District; but notwithstanding the appointment of any receiver or other custodian, the 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 Indenture to, the Trustee.

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

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

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

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

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

The Owners of a majority in aggregate principal amount of the 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 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 Indenture, or for the appointment of a receiver, and any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the Indenture; and provided further that at its option the Trustee shall be indemnified as provided in the Indenture.

No Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which under that section of the Indenture it is deemed to have notice; (b) such default shall have become an Event of Default; (c) the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers therein above granted or to institute such action, suit, or proceedings in their own name, and shall have also offered to the Trustee indemnity as provided in the Indenture; and (d) the Trustee shall thereafter fail or refuse to exercise the powers thereinbefore granted, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the Indenture by his, her, its, or their action, or to enforce any right hereunder except in the manner therein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner therein provided and for the equal benefit of the Owners of all Bonds then Outstanding.

Events of Non-Compliance Under the Pledge Agreement. In accordance with the Pledge Agreement, the occurrence or existence of any one or more of the following events shall be an Event of Non-Compliance under the Pledge Agreement, and there shall be no default or Event of Non-Compliance under the Pledge Agreement except as set forth therein and as described below:

(a) Any Taxing District fails or refuses to impose the Required Mill Levy or to remit the Pledged Revenue as required by the terms of the Pledge Agreement;

(b) Any representation or warranty made by any party in the Pledge Agreement proves to have been untrue or incomplete in any material respect when made and which untruth or incompleteness would have a material adverse effect upon any other party;

(c) Any party fails in the performance of any other of its covenants in the Pledge Agreement, and such failure continues for 30 days after written notice specifying such default and requiring the same to be remedied is given to any of the parties thereto; or

(d) (i) any party shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or any party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any party any case, proceeding, or other action of a nature referred to in clause (i) and the same shall remain not dismissed within 90 days following the date of filing; or (iii) there shall be commenced against any party any case,

proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within 90 days from the entry thereof; or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE PLEDGE AGREEMENT, EACH TAXING DISTRICT ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF ANY PORTION OF THE PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE ISSUING DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF THE PLEDGE AGREEMENT CONSTITUTES A VIOLATION OF THE TERMS OF THE PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE THEREUNDER FOR THE BENEFIT OF THE BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS, WHICH SHALL ENTITLE THE ISSUING DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST EACH TAXING DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN THE PLEDGE AGREEMENT. EACH TAXING DISTRICT FURTHER ACKNOWLEDGES AND AGREES THAT THE APPLICATION OF PLEDGED REVENUES IN VIOLATION OF THE COVENANTS OF THE PLEDGE AGREEMENT WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION OF THE PLEDGE AGREEMENT BE INTERPRETED TO PERMIT A TAXING DISTRICT TO RETAIN ANY PORTION OF THE PLEDGED REVENUES.

Remedies for Events of Non-Compliance under the Pledge Agreement. Upon the occurrence and continuance of an Event of Non-Compliance, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Non-Compliance by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for specific performance. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions of the Pledge Agreement, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$483.2 million, \$221.8 million and \$261.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM RECEIVES COMPENSATION (AN INSURANCE PREMIUM) FOR THE INSURANCE THAT IT IS PROVIDING WITH RESPECT TO THE BONDS. NEITHER BAM NOR ANY AFFILIATE OF BAM HAS PURCHASED, OR COMMITTED

TO PURCHASE, ANY OF THE BONDS, WHETHER AT THE INITIAL OFFERING OR OTHERWISE.

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DEBT SERVICE REQUIREMENTS ON THE BONDS

Set forth in the following chart are the debt service requirements for the Bonds. There is no assurance that the principal of or interest on the Bonds will be paid as shown on this chart.

Debt Service Requirements

Year	Principal	Interest	Total
2024	\$125,000	\$263,509	\$388,509
2025	115,000	535,825	650,825
2026	135,000	530,075	665,075
2027	140,000	523,325	663,325
2028	165,000	516,325	681,325
2029	170,000	508,075	678,075
2030	190,000	499,575	689,575
2031	200,000	490,075	690,075
2032	225,000	480,075	705,075
2033	235,000	468,825	703,825
2034	265,000	457,075	722,075
2035	275,000	443,825	718,825
2036	305,000	430,075	735,075
2037	320,000	414,825	734,825
2038	350,000	398,825	748,825
2039	365,000	381,325	746,325
2040	400,000	363,075	763,075
2041	415,000	346,575	761,575
2042	450,000	329,456	779,456
2043	470,000	310,894	780,894
2044	505,000	291,506	796,506
2045	525,000	270,675	795,675
2046	565,000	247,050	812,050
2047	590,000	221,625	811,625
2048	630,000	195,075	825,075
2049	660,000	166,725	826,725
2050	705,000	137,025	842,025
2051	735,000	105,300	840,300
2052	785,000	72,225	857,225
2053	820,000	36,900	856,900
TOTAL	\$11,835,000	\$10,435,740	\$22,270,740

Source: The Underwriter.

PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT

Ad Valorem Property Taxes

Property Subject to Taxation. Subject to the limitations imposed by Article X, Section 20 of the State constitution (the Taxpayers Bill of Rights or “TABOR,” described in “LEGAL MATTERS – Certain Constitutional Limitations”), the Board of Directors of each Taxing District has the power to certify to the Larimer County Board of County Commissioners (the “Commissioners”) a levy for collection of ad valorem taxes against all taxable property within the respective Taxing District.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by each respective Taxing District. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; 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; 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. According to the State’s Rules and Regulations for Exempt Properties, for properties that are claimed to be owned and used for religious purposes, the State Property Tax Administrator will consider the property to be sufficiently used for religious purposes when either: (a) the owner can demonstrate sufficient actual, physical use of the subject property for religious purposes, or; (b) the owner can demonstrate that the property has been physically used at least once during each twelve month period, or any lesser time period if the applicant has not owned the property for the entire twelve month period, and can document sufficient continuing indicators of intent for the remainder of that year or portion thereof. 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.

Assessment of Property. Taxable property is first appraised by the Larimer County Assessor (the “County Assessor”) to determine its statutory “actual” value. This amount is then multiplied by the appropriate assessment percentage to determine each property’s assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

Determination of Statutory Actual Value. 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 based upon its condition on January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon, is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, 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. Real property is reappraised by the County Assessor’s office every odd numbered year. 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). For example, values for levy year 2024 (collection year 2025) are based on an analysis of sales and other information for the period January 1, 2021 to June 30, 2022. The following table sets forth the State Property Appraisal System for property tax levy years 2020 through 2024:

<u>Collection Year</u>	<u>Levy Year</u>	<u>Value Calculated As Of</u>	<u>Based on the Market Period</u>
2021	2020	July 1, 2018	Jan. 1, 2017 to June 30, 2018
2022	2021	July 1, 2020	Jan. 1, 2019 to June 30, 2020
2023	2022	July 1, 2020	Jan. 1, 2019 to June 30, 2020
2024	2023	July 1, 2022	Jan. 1, 2021 to June 30, 2022
2025	2024	July 1, 2022	Jan. 1, 2021 to June 30, 2022

The County Assessor may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

The statutory actual value of certain classes of property were temporarily reduced in 2023 in accordance with SB 22-238 and SB23B-001 and are anticipated to be reduced in 2024 and thereafter in accordance with SB24-233 (each as defined below).

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility’s tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

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 statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

Set forth below is a description of three laws which are intended to reduce property taxes through reductions in both actual value and assessed value. In accordance with the Indenture and Pledge Agreement, it is anticipated that each Taxing District will be required to increase or decrease its Required Mill Levy due to: (i) legislative changes in actual value; and (ii) changes in the method of calculating assessed value.

SB 22-238. On May 16, 2022, Senate Bill 22-238 (“SB 22-238”) became law. SB 22-238: (i) temporarily reduces the assessment rate for all residential real property to 6.765% in levy year 2023, and temporarily reduces the calculation of the actual value of such property (as described above in “ – Determination of Statutory Actual Value”) by up to \$15,000 in levy year 2023; (ii) temporarily reduces the assessment rate for multi-family residential property from 7.15% to 6.80% in levy year 2024; (iii) temporarily adjusts the ratio of valuation for assessment for all residential real property other than multi-family residential real property for levy year 2024, so that the aggregate decrease in local government property tax revenue during the 2023 and 2024 property tax collection years, as a result of SB 22-238, equals \$700,000,000; (iv) reduces the assessment rate for lodging property and all property listed by the County Assessor under any Improved Commercial Subclass Codes from 29% to 27.9% in levy year 2023, and reduces the calculation of the actual value of such property by the lesser of: (a) \$30,000 or (b) the amount that reduces the actual value for assessment to \$1,000; (v) reduces the assessment rate for all non-residential property other than lodging property, agricultural property, renewable energy production property or property listed by the County Assessor under any Improved Commercial Subclass Codes, from 29% to 27.9% in levy year 2023; and (vi) reduces the assessment rate for agricultural property and renewable energy production property from 29% to 26.4% for levy year 2024.

SB 23B-001. On November 20, 2023, Senate Bill 23B-001 (“SB 23B-001”) became law. SB 23B-001 further temporarily reduced the assessment rate for all residential real property to 6.7% in levy year 2023, and further temporarily reduced the calculation of the actual value of such property (as described above in “ – Determination of Statutory Actual Value”) by up to \$55,000 in levy year 2023.

SB24-233. On May 14, 2024, Senate Bill 24-233 (previously defined as “SB24-233”) became law. SB 24-233 will: (i) establish a Property Tax Limit on Qualified Property Tax Revenue (each as described below); (ii) extend the existing temporary reduction in the assessment rate for certain classes of non-residential real property to levy year 2024, as established in SB 22-238; (ii) temporarily reduce the assessment rate for property listed by the County Assessor under any Improved Commercial Subclass Codes and Agricultural Property to 27% in levy year 2025; (iii) establish the assessment rate for property listed by the County Assessor under any Improved Commercial Subclass Codes and Agricultural Property as 25% of the actual value thereof in levy year 2026 and thereafter; (iv) extend the existing temporary reduction in assessed and actual value of residential real property to levy years 2024 and 2025, as established in SB 23B-001; and (v) establish the assessment rate for residential real property in levy year 2026 as 6.95% of the actual value of the property minus the lesser of 10% of the actual value of the property or \$70,000 as increased for inflation.

The Property Tax Limit for the Taxing Districts is generally defined in SB 24-233 as each Taxing District’s Qualified Property Tax Revenue in levy year 2023, annually increased by 5.5%. The definition of Qualified Property Tax Revenue under SB 24-233 includes several exemptions, including but not limited to: (i) increased assessed value attributed to new construction; (ii) increased assessed value attributed to inclusion of additional land; and (iii) an amount to provide for the payment of bonds that are outstanding as of the effective date of SB24-233 (which may include the Bonds). Additionally, nothing in SB24-233 impairs: (i) the obligations of any bonds or other forms of indebtedness outstanding as of the effective date of SB

24-233 (which may include the Bonds); or (ii) bonds or other contractual obligations issued in accordance with existing voted authorization (which includes the Bonds), which are not included in the calculation of the Property Tax Limit. *The Bonds are being issued in accordance with existing voted authorization of the Taxing Districts, as described in “DEBT STRUCTURE – Authorized but Unissued Debt.” Accordingly, it is anticipated that the obligations created by the issuance of the Bonds will be exempt from the Property Tax Limit established by SB 24-233.*

In accordance with SB 22-238, SB 23B-001 and SB 24-233, certain local governments are eligible for reimbursement (described therein as the “backfill”) for reductions in property tax revenue resulting from the temporary reductions in assessed and actual value imposed by SB 22-238, SB 23B-001 and SB 24-233. However, as the Taxing Districts are required to increase their Required Mill Levies to offset any legislative reductions in actual value and assessed value, it is not anticipated that the Taxing Districts will have a reduction in property tax revenue resulting from SB 22-238, SB 23B-001 or SB 24-233.

Adjustments to Required Mill Levy. In accordance with the Indenture and Pledge Agreement, it is anticipated that each Taxing District will be required to adjust its Required Mill Levy due to: (i) legislative changes in actual value; and (ii) changes in the method of calculating assessed value. Accordingly, it is anticipated that each Taxing District will be required to increase its Required Mill Levy to account for SB 22-238, SB 23B-001, SB 24-233 and any future legislative decreases to actual value and assessed value, so that to the extent possible, the actual tax revenue generated by the Required Mill Levy, as adjusted, is not diminished. For a discussion on each Taxing District’s Required Mill Levy adjustment and how it relates to changes in the assessment rates.

Proposed Initiative No. 50. The Colorado Secretary of State has certified Initiative No. 50 for the ballot in a statewide election to be held on November 5, 2024. If approved, Initiative No. 50 would revise Article X, Section 3 of the Colorado Constitution by adding: “If the total of statewide property tax revenue is projected to go up more than 4% over the preceding year, voter approval is needed for government to retain the additional revenue.” Initiative No. 50 also includes ballot title language which must be used to obtain such voter approval.

If approved, to the extent that Initiative No. 50 would limit the Taxing Districts’ ability to increase their respective mill levies or retain debt service mill levy revenue as required by the Indenture, Initiative No. 50 may be determined to impair the contract represented by the Indenture. Such an impairment may violate Article I, Section 10 of the United States Constitution, which provides that no state shall make any law impairing the obligation of contracts.

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 statutory deadlines. Property owners are given the opportunity to protest the value assigned by the County Assessor. Real property owners must protest the value assigned by the County Assessor no later than June 8th of each year, and personal property owners must protest the value assigned by the County Assessor no later than June 30th of each year. The County has an option to elect to alter the protest process for real and personal property by expanding the County Assessor’s time to answer protests from the last regular working day in June to August 15th.

Property owners may then appeal the County Assessor's decision to the County Board of Equalization (the "County BOE"). The County BOE hears individual taxpayer appeals from July 1st until August 5th of each year until all hearings are concluded and decisions rendered. The County has the option to use an alternate protest period, where the County BOE sits from September 1st to November 1st. The County BOE decisions may be appealed to the State's Board of Assessment Appeals or District Court, or may be submitted to binding arbitration.

Prior to the delivery of the tax warrant, it is the duty of the County Assessor to correct any errors or omissions found on the assessment roll. Errors found prior to the mailing of notices of valuation can be corrected by the County Assessor. Errors discovered after notices of valuation have been mailed or electronically transmitted can be corrected by the County Assessor if the taxpayer protests, or by the County BOE, whether or not the taxpayer files a protest.

Through the abatement process, a taxpayer has an opportunity to challenge the validity of an assessment as established by the County Assessor. The abatement process is required to change tax amounts after the tax warrant is delivered to the County Treasurer. A property owner files an abatement petition with the County to officially request either an abatement of taxes due or a refund of taxes paid. The term "abatement" is frequently used to refer to either abatement or refund because the abatement petition is used under both circumstances. Abatement petitions must be filed within two years after January 1 of the year following the year in which the taxes were levied. Abatement petitions are typically heard at regular County Commissioners' meetings. Where a final determination is made granting an abatement or refund, the abatement or refund granted shall be payable at such time as determined by the County after consultation with affected taxing entities (including the Taxing Districts) but no later than upon the payment of property taxes for the property tax year in which such final determination was made.

Regardless of the protest, appeal and abatement processes, the County Assessor is required to certify to the Taxing Districts the preliminary assessed valuation of property subject to each such Taxing District's mill levy no later than August 25 of each year. See " – Taxation Procedure" below.

Statewide Review. The Colorado General Assembly 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 Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, each Taxing District's assessed valuation may be subject to modification following any such annual assessment study.

Taxation Procedure. The County Assessor is required to certify to each Taxing District the assessed valuation of property subject to District No. 2's mill levy no later than August 25th of each year. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, and consistent with its obligations under the Indenture and the Pledge Agreement, the Board of Directors of each Taxing District is required to compute a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to such

Taxing District's property taxes, and together with other legally available revenues of such Taxing District, will raise the amount required by such Taxing District in its upcoming fiscal year. Each Taxing District subsequently certifies to the Commissioners 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 property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25.000 mills would impose a \$250 tax on a parcel of property with an assessed valuation of \$10,000.

The Commissioners levy the tax on all property subject to taxation by such Taxing District. By December 22nd of each year, the Commissioners must certify to the County Assessor the levy for all taxing entities within the County. If the Commissioners fail to so certify, 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's treasurer (the "County Treasurer").

Adjustment of Taxes to Comply with Certain Limitations. Section 29-1-301, C.R.S., contains a statutory restriction limiting the property tax revenues which may be levied for operational purposes to an amount not to exceed the amount of such revenue levied in the prior year plus 5.5% (subject to certain statutorily authorized adjustments). At the Elections, however, each Taxing District's electors approved questions which exempt such Taxing District from this restriction.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes required to be certified in December 2024 will be collected in 2025. 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 June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 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 respective Taxing District on a monthly basis. The payments to each Taxing District must be made by the tenth of each month, and shall include all taxes collected through the end of the preceding month.

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. Such lien is on a 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. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. 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. 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. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer, would be sufficient to produce the amount required with respect to property taxes levied by each Taxing District and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are 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 be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Limited Potential for Creation of Tax Increment Entity. Various Colorado statutes allow the formation of tax increment entities, such as urban renewal authorities, downtown development authorities and transportation authorities. In particular, the Colorado Urban Renewal Law (the “URA Law”) allows the formation of urban renewal authorities in certain areas which have been designated by the governing bodies of municipalities as blighted areas. The Taxing Districts are currently located the Town. If the property in any Taxing District ever becomes located within such an area, however, the provisions of the URA Law or other applicable tax increment will become applicable to such property. In that event, the assessed valuation of the property in such Taxing District would not increase beyond the amount existing in the year prior to the commencement of the tax increment plan (other than by means of the general reassessment).

Ad Valorem Property Tax Data

A five year history of the Taxing Districts’ certified assessed valuations and mill levies is set forth in the following two tables.

Assessed Valuations for the Taxing Districts

Levy/ Collection Year	No. 1 Value	No. 2 Value	No. 3 Value	No. 4 Value	Combined Total Value	Percent Change
2019/2020	\$6,904,913	\$7,693,111	\$7,302,920	\$11,020,045	\$32,920,989	--
2020/2021	6,898,051	7,698,995	7,561,541	11,355,454	33,514,041	1.8%
2021/2022	6,930,958	7,863,745	7,918,650	12,154,001	34,867,354	4.0
2022/2023	6,754,662	7,664,564	7,768,128	11,713,393	33,900,747	(2.8)
2023/2024	8,497,537	9,292,783	9,905,198	13,866,350	41,561,868	22.6

Source: Larimer County Assessor’s Office.

History of Mill Levies for the Taxing Districts

Levy/ Collection Year	District No. 1			District Nos. 2, 3, and 4		
	General Fund	Bond Redemption	Total	General Fund	Bond Redemption	Total
2019/2020	11.132	22.265	33.397	11.132	27.832	38.964
2020/2021	5.5664	27.8321	33.3985	5.5664	33.3986	38.965
2021/2022	5.566	27.832	33.398	5.566	33.398	38.964
2022/2023	5.566	27.832	33.398	5.566	33.399	38.965
2023/2024	5.940	29.702	35.642	5.940	35.642	41.582

Source: Taxing Districts.

The following table sets forth the history of the Taxing Districts' ad valorem property tax collections for the time periods indicated.

Property Tax Collections for the Taxing Districts

Levy/Collection Year 2018/2019				Levy/Collection Year 2019/2020			
District	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate	District	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate
No. 1	\$191,822	\$191,882		No. 1	\$ 230,603	\$230,450	
No. 2	234,347	242,846		No. 2	299,753	299,032	
No. 3	217,736	217,509		No. 3	284,550	284,173	
No. 4	<u>310,741</u>	<u>310,727</u>		No. 4	<u>429,384</u>	<u>428,970</u>	
TOTAL	<u>\$954,646</u>	<u>\$962,964</u>	100.87%	TOTAL	<u>\$1,244,290</u>	<u>\$1,242,625</u>	99.87%

Levy/Collection Year 2020/2021				Levy/Collection Year 2021/2022			
District	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate	District	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate
No. 1	\$230,385	\$230,259		No. 1	\$231,480	\$231,485	
No. 2	299,990	299,279		No. 2	306,403	306,220	
No. 3	294,636	294,635		No. 3	308,542	308,548	
No. 4	<u>442,465</u>	<u>442,465</u>		No. 4	<u>473,568</u>	<u>473,248</u>	
TOTAL	<u>\$1,267,476</u>	<u>\$1,266,638</u>	99.93%	TOTAL	<u>\$1,319,993</u>	<u>\$1,319,501</u>	99.96%

Levy/Collection Year 2022/2023				Levy/Collection Year 2023/2024			
District	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate	District	Taxes Levied ⁽¹⁾	Current Tax Collections ⁽²⁾	Collection Rate
No. 1	\$225,592	\$225,592		No. 1	\$302,868	\$114,997	
No. 2	298,650	298,644		No. 2	386,413	152,769	
No. 3	302,685	302,685		No. 3	411,879	176,204	
No. 4	<u>456,413</u>	<u>456,401</u>		No. 4	<u>576,592</u>	<u>227,480</u>	
TOTAL	<u>\$1,283,340</u>	<u>\$1,283,322</u>	99.99%	TOTAL	<u>\$1,677,752</u>	<u>\$671,450⁽³⁾</u>	40.02%

(1) Levied amounts may reflect abatements or other adjustments.

(2) The County Treasurer's collection fee has not been deducted from these amounts. Figures do not include interest, fees or penalties.

(3) Collections as of February 29, 2024.

Sources: The Taxing Districts and Larimer County Treasurer's Office.

Based upon the most recent information available from the County Assessor's Office, the following table sets forth the owners of taxable property within the Taxing Districts. No independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayer listed below.

Ten Largest Owners of Taxable Property within District No. 1

<u>Taxpayer Name</u>	<u>2023 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Homeowner #1	\$86,249	1.02%
Homeowner #2	78,725	0.93
Homeowner #3	73,566	0.87
Homeowner #4	71,764	0.84
Homeowner #5	69,747	0.82
Public Service Co. of Colo (Xcel)	69,100	0.81
Homeowner #6	68,360	0.80
Homeowner #7	68,179	0.80
Homeowner #8	67,724	0.80
Homeowner #9	<u>66,384</u>	<u>0.78</u>
TOTAL	<u>\$719,798</u>	<u>8.47%</u>

(1) Based on a 2023 assessed valuation of \$8,497,537.

Source: Larimer County Assessor's Office.

Ten Largest Owners of Taxable Property within District No. 2

<u>Taxpayer Name</u>	<u>2023 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Homeowner #1	\$89,224	0.96%
Homeowner #2	81,104	0.87
Homeowner #3	79,938	0.86
Homeowner #4	79,449	0.86
Homeowner #5	79,388	0.85
Homeowner #6	78,511	0.84
Homeowner #7	77,285	0.83
Homeowner #8	76,950	0.83
Homeowner #9	76,916	0.83
Homeowner #10	<u>76,755</u>	<u>0.83</u>
TOTAL	<u>\$795,520</u>	<u>8.56%</u>

(1) Based on a 2023 assessed valuation of \$9,292,783.

Source: Larimer County Assessor's Office.

Ten Largest Owners of Taxable Property within District No. 3

<u>Taxpayer Name</u>	<u>2023 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Homeowner #1	\$162,713	1.64%
Haven Builders Inc.	142,569	1.44
Homeowner #2	106,677	1.08
Homeowner #3	103,415	1.04
Homeowner #4	103,120	1.04
Homeowner #5	97,344	0.98
Homeowner #6	97,096	0.98
Homeowner #7	96,520	0.98
Homeowner #8	95,294	0.96
Homeowner #9	<u>95,033</u>	<u>0.96</u>
TOTAL	<u>\$1,099,781</u>	<u>11.10%</u>

(1) Based on a 2023 assessed valuation of \$9,905,198.

Source: Larimer County Assessor's Office.

Ten Largest Owners of Taxable Property within District No. 4

<u>Taxpayer Name</u>	<u>2023 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Highland Meadows Golf Course LLC	\$236,369	1.71%
Homeowner #1	94,919	0.68
Homeowner #2	94,363	0.68
Hilltop Holdings LLC	93,840	0.68
Homeowner #3	93,231	0.67
Homeowner #4	93,090	0.67
Homeowner #5	92,319	0.67
Homeowner #6	91,455	0.66
Homeowner #7	91,020	0.66
Homeowner #8	<u>89,251</u>	<u>0.64</u>
TOTAL	<u>\$1,069,857</u>	<u>7.72%</u>

(1) Based on a 2023 assessed valuation of \$13,866,350.

Source: Larimer County Assessor's Office.

The following table sets forth the assessed valuation of specific classes of real and personal property within the Taxing Districts based upon the Taxing Districts' 2023 assessed valuation.

2023 Assessed Valuations of Classes of Property in the Taxing Districts

Class	No. 1 Value	No. 2 Value	No. 3 Value	No. 4 Value	Total Valuation	Percent of Total Assessed Valuation
Residential	\$8,428,297	\$9,239,743	\$9,496,607	\$13,551,866	\$40,716,513	97.97%
Vacant	140	140	354,191	386	354,857	0.85
State Assessed	69,100	52,900	54,400	86,100	262,500	0.63
Commercial	--	--	--	227,998	227,998	0.55
TOTAL	<u>\$8,497,537</u>	<u>\$9,292,783</u>	<u>\$9,905,198</u>	<u>\$13,866,350</u>	<u>\$41,561,868</u>	<u>100.00%</u>

Source: Larimer County Assessor's Office.

Mill Levies Affecting Property Owners Within the Taxing Districts

In addition to any ad valorem property tax levy imposed by the Taxing Districts in the future, owners of property within the Taxing Districts are obligated to pay taxes to other taxing entities in which their property is located. As a result, property owners within the Taxing Districts' boundaries may be subject to different mill levies depending upon the location of their property. The following table sets forth sample mill levies that may be imposed on certain properties within the Taxing Districts and is not intended to portray the mills levied against all properties within the Taxing Districts.

Sample Mill Levies Affecting Property Owners Within the Taxing Districts – 2023

Taxing Entity	District #1 Mill Levy ⁽¹⁾	District #2 Mill Levy ⁽¹⁾	District #3 Mill Levy ⁽¹⁾	District #4 Mill Levy ⁽¹⁾
Poudre R-1 School District	53.434	53.434	53.434	53.434
Larimer County	21.745	21.745	21.745	21.745
Town of Windsor	12.030	12.030	12.030	12.030
Windsor-Severance Fire Protection District	8.250	8.250	8.250	8.250
Poudre River Public Library District	3.010	3.010	3.010	3.010
Thompson Valley Health Services District	1.759	1.759	1.759	1.759
Fort Collins - Loveland Water District	1.316	1.316	1.316	1.316
Northern Colorado Water Conservation District	1.000	1.000	1.000	1.000
South Fort Collins Sanitation District	0.500	0.500	0.500	0.500
Larimer County Pest Control	<u>0.142</u>	<u>0.142</u>	<u>0.142</u>	<u>0.142</u>
Total Overlapping Sample Mill Levy	103.186	103.186	103.186	103.186
District	<u>35.642</u>	<u>41.582</u>	<u>41.582</u>	<u>41.582</u>
Total Sample Mill Levy	<u>138.828</u>	<u>144.768</u>	<u>144.768</u>	<u>144.768</u>

(1) One mill equals 1/10 of one percent. Mill levies certified in 2023 result in the collection of property taxes in 2024.

Source: Larimer County Assessor's Office.

Estimated Overlapping General Obligation Debt

In addition to the general obligation indebtedness of the Taxing Districts, other taxing entities overlap or partially overlap the boundaries of the Taxing Districts. The following

table sets forth those taxing entities which currently pay their general obligation debt directly from a mill levy assessed against property within the Taxing Districts' boundaries based on combined assessed values. The table reflects the outstanding general obligation debt of the other taxing entities as of the date of this Official Statement.

Estimated Overlapping General Obligation Indebtedness

<u>Entity⁽¹⁾</u>	<u>2023 Assessed Valuation⁽²⁾</u>	<u>Outstanding General Obligation Debt</u>	<u>Outstanding General Obligation Debt Attributable to the Combined Districts⁽³⁾</u>	
			<u>Percent</u>	<u>Debt</u>
Poudre School District R-1	\$ 4,877,226,467	\$365,290,000	0.85%	\$3,104,965
Northern Colorado Water Conservancy District ⁽⁴⁾	36,273,205,067	2,583,671	0.11	<u>2,842</u>
TOTAL				<u>\$3,107,807</u>

- (1) The following entities also overlap with the Issuing District, but they have no reported general obligation debt outstanding: Fort Collins – Loveland Water District; Larimer County; Larimer County Pest Control; Poudre River Public Library District; South Fort Collins Sanitation District; Thompson Valley Health Services District; Town of Windsor; and Windsor-Severance Fire Protection District.
- (2) The 2023 assessed valuations certified by the County Assessor will be for collection of ad valorem property taxes in 2024.
- (3) The percentage of each entity's outstanding debt chargeable to the Issuing District property owners is calculated by comparing the assessed valuation of the portion overlapping the Issuing District to the total assessed valuation of the overlapping entity. To the extent the Issuing District's assessed valuation changes disproportionately with the assessed valuation of the overlapping entities, the percentage of debt for which District property owners are responsible will also change.
- (4) The Northern Colorado Water Conservancy District ("NCWCD") is comprised of portions of nine counties. Its debt herein listed consists of a contractual obligation with the U.S. Bureau of Reclamation for the USBR Horsetooth Dams Modification Project. In accordance with its repayment contract with Reclamation, NCWCD collects a 1.00 mill levy property tax on real property located within its boundaries.

Sources: Larimer County Assessor's Office; and individual taxing entities.

DEBT STRUCTURE

Required Elections

Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the Taxing Districts. Among such provisions, Article X, Section 20 of the Colorado Constitution (the Taxpayers Bill of Rights, or "TABOR") requires that, except for refinancing bonded debt at a lower interest rate, the Taxing Districts must have voter approval in advance for the creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. For a discussion of TABOR, see "LEGAL MATTERS – Certain Constitutional Limitations." For a discussion of Taxing District debt elections, see "General Obligation Debt – Authorized but Unissued Debt" under this caption.

The issuance of the Bonds was approved by the electors of the Issuing District at the District No. 4 Election (defined below). The debt represented by the Pledge Agreement was approved by the electors of the Taxing Districts at the Elections (defined below).

General Obligation Debt

Statutory Debt Limit. The Issuing District is subject to a statutory debt limitation established pursuant to Section 32-1-1101(6), C.R.S (the “Debt Limitation Statute”). This limitation provides that, with certain exceptions listed below, the total principal amount of general obligation debt issued by a special district after 1991 shall not at the time of issuance exceed the greater of \$2 million or 50% of the special district’s assessed valuation. As the Issuing District’s 2023 assessed valuation was \$13,866,350, the Issuing District’s debt limitation under the Debt Limitation Statute is \$6,933,175. The Bonds will not exceed this amount. The Bonds are also permitted to be issued under an exception in the Debt Limitation Statute because the Bonds are rated in one of the four highest rating categories by a nationally recognized organization that regularly rates instruments such as the Bonds. Other exceptions from the debt limitation statute include obligations which are: rated in certain rating categories; determined by the board of the special district to be necessary to construct improvements ordered by a federal or state regulatory agency for public health or environmental reasons; or secured by a letter of credit issued by certain qualified financial institutions. Special districts are also permitted to issue general obligation debt payable from a limited mill levy not exceeding fifty mills, which is inapplicable to the Bonds.

Outstanding (Limited or Unlimited Tax) General Obligation Debt. Upon issuance of the Bonds, the Bonds will be the only outstanding limited or unlimited tax general obligation indebtedness of the Issuing District, and the Pledge Agreement will be the only outstanding limited tax or unlimited tax general obligation indebtedness of the Taxing Districts. The debt service schedule for the Bonds is set forth in “DEBT SERVICE REQUIREMENTS ON THE BONDS.”

Other Financial Obligations

The Taxing Districts also have the authority to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations, all subject to the limitations in the Service Plan. Other than the obligations of the Taxing Districts described in “THE TAXING DISTRICTS – Agreements,” the Taxing Districts presently have no such obligations outstanding.

Authorized but Unissued Debt

The Taxing Districts’ ability to issue additional debt is limited by the electoral authorization obtained from the Taxing Districts’ electors, the Service Plan, the Indenture and the Pledge Agreement. These limitations are described below.

Elections. Each Taxing District held an election on May 4, 2004, at which the issuance of debt for each Taxing District was authorized (the “District No. 1 Election,” the “District No. 2 Election,” the “District No. 3 Election” and the “District No. 4 Election”, respectively, and collectively, the “2004 Elections”). The Issuing District also held an election on November 3, 2009 (the “2009 Election,” and together with the 2004 Elections, the “Elections”).

Voted Authorization Summary for the Taxing Districts – 2004 Election

<u>Purpose</u>	<u>Authorized Principal Amount</u>	<u>Amount Used for Prior Bonds</u>	<u>Amount Used for Bonds</u>	<u>Amount Remaining</u>
Streets	\$6,000,000	\$5,997,373	\$--	\$2,627
Park and Recreation	6,000,000	3,576,272	--	2,423,728
Water	6,000,000	2,019,906	--	3,980,094
Sanitation and Drainage	6,000,000	1,573,938	--	4,426,062
Safety Protection	6,000,000	265,125	--	5,734,875
Refunding	6,000,000	--	--	6,000,000

Voted Authorization Summary for the Issuing District – 2009 Election

<u>Purpose</u>	<u>Authorized Principal Amount</u>	<u>Amount Used for Prior Bonds</u>	<u>Amount Used for Bonds</u>	<u>Amount Remaining</u>
Street Improvements	\$13,450,000	\$5,997,373	\$--	\$7,452,627
Traffic and Safety	13,450,000	265,125	--	13,184,875
Water	13,450,000	2,019,906	--	11,430,094
Sanitation	13,450,000	1,573,938	--	11,876,062
Park and Recreation	13,450,000	3,576,272	--	9,873,728
Public Transportation	13,450,000	--	--	13,450,000
TV Relay and Translation	13,450,000	--	--	13,450,000
Mosquito Control	13,450,000	--	--	13,450,000
Security	13,450,000	--	--	13,450,000
Refunding	26,900,000	--	--	13,450,000

Service Plan. The Service Plan limits the total amount of debt that may be issued by the Taxing Districts and District No. 5 to \$13,450,000 without the approval of the Town. After issuance of the Bonds, the remaining debt to be issued against the Service Plan limit for the Taxing Districts and District No. 5 would be \$47,398.

Limitations of the Indenture. The Indenture limits the Issuing District's ability to issue additional debt as described in "SECURITY FOR THE BONDS – Additional Obligations Pursuant to the Indenture."

Limitations of the Pledge Agreement. The Pledge Agreement limits the Taxing Districts' ability to issue additional debt as described in "SECURITY FOR THE BONDS – Additional Taxing District Obligations of the Taxing Districts Pursuant to the Pledge Agreement."

Selected Debt Ratios

The following table sets forth ratios of direct limited tax general obligation debt of the combined Taxing Districts (after giving effect to the issuance of the Bonds) and overlapping debt within the Taxing Districts (only for those entities which currently pay their general obligation debt through a mill levy assessed against property within the Taxing Districts) to the 2023 assessed valuation and statutory actual value of the combined Taxing Districts:

Selected Debt Ratios of the Taxing Districts as of the Date of this Official Statement (Unaudited)

Direct Debt ⁽¹⁾	\$11,835,000
Overlapping Debt ⁽²⁾	3,107,807
Total Direct Debt and Overlapping Debt	<u>\$14,942,807</u>
2023 Certified Assessed Valuation	\$41,561,868
Ratio of Direct Debt to 2023 District Certified Assessed Valuation	28.48%
Ratio of Direct Debt Plus Overlapping Debt to 2023 District Certified Valuation	35.95%
2023 District Statutory "Actual" Value ⁽²⁾	\$610,738,980
Ratio of Direct Debt to 2023 District Statutory "Actual" Value ⁽³⁾	1.94%
Ratio of Direct Debt Plus Overlapping Debt to 2023 District Statutory "Actual" Value	2.47%

(1) Consisting of the outstanding principal amount of the Bonds in the aggregate amount of \$11,835,000.

(2) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Estimated Overlapping General Obligation Debt" and the footnote regarding the type of overlapping debt which is included.

(3) This figure has been calculated using a statutory formula under which assessed valuation is calculated at 7.20% of the statutory "actual" value of residential property in the Issuing District, and 29% of the statutory "actual" value of other property within the Issuing District (with certain specified exceptions). Statutory "actual" value is not intended to represent market value. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT – Ad Valorem Property Taxes."

Sources: County Assessor's Office, the Issuing District, and information obtained from individual overlapping entities.

THE TAXING DISTRICTS

Organization and Description

The Issuing District, District No. 1, District No. 2, and District No. 3 were organized pursuant to separate Orders and Decrees issued by the Larimer County District Court (the “District Court”) on May 18, 2004, and recorded in the real property records of Larimer County, Colorado (the “County”) on May 28, 2004.

The Board of Trustees for the Town of Windsor, Colorado (the “Town”) approved the Amended and Restated Service Plan for Districts Nos. 1-6 on August 24, 2009, as amended by the First Amendment to the Amended and Restated Consolidated Service Plan for Windsor Highlands Metropolitan District Nos. 1-11 approved by the Board of Trustees for the Town on October 23, 2017 (as amended and restated, the “Service Plan”). In accordance with the Service Plan, it is anticipated that the Districts will provide all residents and taxpayers of the Districts with certain public improvements and services as further described herein.

Location and Boundaries. The Taxing Districts are generally located in the southeastern portion of the County, approximately 14 miles southeast of downtown Fort Collins, 18 miles west of downtown Greeley, and 51 miles south of downtown Denver.

The Taxing Districts’ boundaries are generally located to the north of East Crossroads Boulevard, east of North Fairgrounds Avenue, west of Colorado Boulevard, and south of East County Road 30. The Issuing District contains approximately 96.453 acres, District No. 1 contains approximately 72.063 acres, District No. 2 contains approximately 42.743 acres, and District No. 3 contains approximately 58.254 acres, for a combined acreage of all of the Taxing Districts of approximately 269.513 acres.

In accordance with the Service Plan, the primary purpose of the Taxing Districts is to provide part or all of the public improvements for the use and benefit of all of the anticipated inhabitants and taxpayers of the Taxing Districts.

Inclusion, Exclusion, Consolidation and Dissolution

Inclusion of Property. The Special District Act provides that the boundaries of a special district may be altered by the inclusion of additional real property under certain circumstances. After its inclusion, the included property is subject to all of the taxes and charges imposed by the special district and shall be liable for its proportionate share of existing bonded indebtedness of the special district.

Exclusion of Property. The Special District Act provides that the boundaries of a special district also may be altered by the exclusion of real property from the special district under certain circumstances. After its exclusion, the excluded property is no longer subject to the special district’s operating mill levy, and is not subject to any debt service mill levy for new debt issued by the special district after the effective date of the exclusion. The excluded property, however, remains subject to the special district’s debt service mill levy for that proportion of the special district’s outstanding indebtedness and the interest thereon existing immediately prior to the effective date of the exclusion order.

Consolidation. 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.

Dissolution. 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. In no event shall dissolution occur until the Issuing District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

District Powers

The rights, powers, privileges, authorities, functions and duties of the Taxing Districts are established by the laws of the State, particularly the Special District Act, which provides that the Taxing District Boards have certain powers (as may be limited by the Service Plan) including, but not limited to, the power: to have perpetual existence; to sue and be sued; to enter into contracts and agreements; to incur indebtedness and revenue obligations; to acquire, dispose of, and encumber real and personal property; to have the management, control, and supervision of all the business and affairs of the special district and all construction, installation, operation, and maintenance of special district improvements; to appoint, hire, and retain agents, employees, engineers, and attorneys; to fix and from time to time increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities furnished by or available from such Taxing District, and to pledge such revenue for the payment of any indebtedness of the Taxing District; to furnish services and facilities without the boundaries of the special district and to establish fees, rates, tolls, penalties, or charges for such services and facilities; to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to special districts by statute; to enter into contracts with public utilities, cooperative electric associations and municipalities for the purpose of providing street lighting service; to erect and maintain, in providing safety protection services, traffic and safety controls and devices; to establish, maintain, and operate a system to transport the public by bus, rail, or any other means of conveyance; and to exercise the power of eminent domain and dominant eminent domain for the special district's authorized purposes. Under certain circumstances, metropolitan districts are authorized to provide security services; however, it is not expected that any of the Taxing Districts will provide such services.

Governing Boards

Each Taxing District is governed by a board of directors (previously defined as the "Taxing District Boards") which, pursuant to State law, is to consist of a minimum of five members and a maximum of seven members; provided, the Taxing District Boards are currently comprised

of no more than five members. Currently, the members of each Taxing District Board are identical; however, there is no guarantee that the Taxing District Boards will continue to be the same in the future. In order to be eligible for nomination to a Taxing District Board, prospective Taxing District Board members must be eligible electors of the applicable Taxing District as defined by State law. Directors are elected to staggered four-year terms of office at successive biennial elections.¹ Vacancies on the Taxing District Boards may be filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. The directors hold regular meetings and as needed, special meetings. Each director is entitled to one vote on all questions before the applicable Taxing District Board when a quorum is present. Current directors may receive compensation from the applicable Taxing District in the maximum amount permitted by the Special District Act, which is \$2,400 per year, not to exceed \$100 per meeting attended. With the exception of this compensation, directors may not receive compensation as employees of a Taxing District. Pursuant to the State constitution, directors are limited to two terms in office unless the applicable district's voters have approved a waiver or modification of this limit. Each Taxing District's electors have approved one or more election questions which exempts such Taxing District from State constitutional term limitations.

The present directors, their positions on the Taxing District Boards, occupations and terms of office are as follows:

<u>Name and Office</u>	<u>Occupation</u>	<u>Years of Service</u>	<u>Current Term Expires (May)</u>
Mary Stover, President	Retired	2	2025
Gerald Helton, Secretary / Treasurer	Retired	2	2027
Christopher Coan, Vice President / Assistant Secretary	Retired	2	2027
Gregory Michalik, Vice President / Assistant Secretary	Retired	2	2025
Richard Koza, Vice President / Assistant Secretary	Retired	0	2025

Conflicts of Interest

State law requires directors to disqualify themselves from voting on any issue in which they have a conflict of interest unless the applicable director has disclosed the conflict in a certificate filed with the Secretary of State and with the board of director at least 72 hours in advance of any meeting of which the conflict may arise and unless his or her participation is necessary to obtain a quorum or otherwise enable the Taxing District Boards to act. Additionally, no contract for work or material, including a contract for services, regardless of the amount, may be entered into between a Taxing District and a Board member, or between a Taxing District and the owner of 25% or more of the territory within such Taxing District, unless a notice is published for bids and such Board member or owner submits the lowest responsible and responsive bid.

Administration

Each Taxing District Board is responsible for the overall management and administration of the affairs of such Taxing District. The Taxing Districts have no employees, and

¹ In accordance with the Special District Act, the terms of office of the directors elected in the regular special district elections held in 2020 and 2022 are for three years.

currently all administrative functions are performed by third parties pursuant to contracts with the Taxing Districts. The Taxing Districts retain District Resources LLC, Timnath, Colorado, as their manager and accountant, and Spencer Fane LLP, Denver, Colorado, as their general counsel.

Agreements

The Special District Act authorizes the Taxing Districts to enter into agreements and contracts affecting the affairs of the Taxing Districts. According to the Taxing Districts' general counsel, the Taxing Districts are not a party to any agreements which materially affect their financial status or operations, except for the following:

Master IGA. The Taxing Districts entered into an Intergovernmental Agreement on March 23, 2010 (as amended by a First Addendum thereto dated May 4, 2012, the "Original Master IGA," and as amended and restated by an Intergovernmental Agreement Concerning District Operations and Outstanding Reimbursement Obligations dated April 13, 2016, among the Taxing Districts, the "Master IGA") for the purpose of coordinating the financing, construction, ownership, operating and maintenance of the Public Improvements (as defined therein). Pursuant to the Master IGA, District No. 5 agreed to own and operate the existing Public Improvements and undertake certain administrative functions on behalf of the Taxing Districts and District No. 6. So long as District No. 5 continues to own and operate Public Improvements on behalf of the Taxing Districts and District No. 6 and provide the administrative services contemplated in the Master IGA, the Taxing Districts and District No. 6 agree to fund, in accordance with the provisions of the Master IGA, costs incurred by District No. 5 associated with operating and maintaining the Public Improvements and other costs necessary to continued good standing of the Taxing Districts and District No. 6 under applicable law.

Insurance Coverage

The Taxing District Boards act to protect the Taxing Districts against loss and liability by maintaining certain insurance coverage. The Taxing Districts maintain insurance through the Colorado Special Districts Property and Liability Pool ("CSDPLP"). CSDPLP was established by the Special District Association of Colorado in 1988 to provide special districts with general liability, auto/property liability, public officials' liability and workers' compensation insurance coverage as an alternative to the traditional insurance market. CSDPLP provides insurance coverage to over one thousand special districts and is governed by a nine-member board of special district representatives. The Taxing Districts' current policies expire on December 31, 2024, and provide, generally, \$2,000,000 of coverage (per occurrence) for public entity liability insurance, which includes general liability, employee benefits liability, public officials liability, employment practices liability and non/owned hired auto liability.

FINANCIAL INFORMATION OF THE TAXING DISTRICTS

Sources of Taxing District Revenues

General. Ad valorem property taxes imposed by the Taxing Districts, described below and in “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT,” are expected to be the primary source of Pledged Revenue pledged to the Bonds. See “SECURITY FOR THE BONDS – Required Mill Levy.”

Property Taxes. The Taxing Districts are permitted by the Special District Act to impose ad valorem property taxes in the form of mill levies. The Service Plan imposes a limitation on the number of mills which may be imposed by the Taxing Districts.

Pursuant to the Service Plan, the maximum mill levy the Taxing Districts are permitted to impose upon the taxable property within such Taxing District for payment of Debt (as defined in the Service Plan) shall be 30 mills (the “Maximum Debt Mill Levy”), subject to adjustment for changes in the method of calculating assessed valuation or any constitutionally mandated or statutorily authorized tax credit, cut or abatement.

Pursuant to the Service Plan, the maximum operations and maintenance mill levy shall be the maximum mill levy each of the Taxing Districts is permitted to impose upon the taxable property within each of the Taxing Districts for payment of costs and expenses related to the operations and maintenance of the Taxing Districts’ public improvements (the “Maximum Operations and Maintenance Mill Levy”).

The “Aggregate Mill Levy Cap” shall be the maximum mill levy the District is permitted to impose upon the taxable property within the Taxing Districts for payment of Debt and operations and maintenance functions, and shall be 35 mills; this means that no Taxing District may impose the full Maximum Debt Mill Levy (30 mills) and the full Maximum Operations and Maintenance Mill Levy (10 mills) (or such other amount as approved by the Town Board) at the same time.

The scheduled final maturity of any Debt or series of Debt shall be limited to 30 years, including refundings thereof, unless a majority of the Board are residents of the Districts and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101 et seq., C.R.S.

Specific Ownership Taxes. Pursuant to State law, the Taxing Districts are entitled to share in the revenues generated by the specific ownership tax, which is a State-imposed tax collected by the County and remitted to the Taxing Districts pursuant to State law. The specific ownership tax is imposed upon the taxable value of motor vehicles. Additional information regarding specific ownership taxes in the State is provided in “SECURITY FOR THE BONDS – Specific Ownership Tax – The Specific Ownership Tax System in Colorado.”

Only the portion of the specific ownership tax which is collected as a result of the Taxing District’s imposition of the Required Mill Levy are pledged to the Bonds. See “SECURITY FOR THE BONDS – Specific Ownership Tax Revenues.”

Budget Process

The Taxing Districts are required by law to adopt an annual budget setting forth: all proposed expenditures for the administration, operations, maintenance, debt service, and capital projects to be undertaken during the budget year by the applicable Taxing District; anticipated revenues; estimated beginning and ending fund balances; actual figures for the prior fiscal year and estimated figures projected through the end of the current fiscal year; a written budget message describing the important features of the proposed budget; and explanatory schedules or statements classifying the expenditures by object and the revenues by source. No budget shall provide for expenditures in excess of revenues by source.

No later than October 15 of each year, the person appointed to prepare the budget must submit a proposed budget to each Taxing District Board for the ensuing year. Each Taxing District Board must cause to be published or posted a notice that such proposed budget is open for inspection by the public and hold a public hearing on the proposed budget. At the public hearing to be held prior to adoption, any elector of a Taxing District may register his or her objections to the proposed budget. The Taxing Districts must adopt their budgets by December 15 if the Taxing District will certify a mill levy, or December 31 if not. After adoption of the budget, the Taxing District Boards must enact a corresponding appropriation resolution before the beginning of the fiscal year. If the Taxing Districts fail to file a certified copy of their budget within thirty days following the beginning of the fiscal year (i.e., by the following January 30) with the Colorado Division of Local Government in the Department of Local Affairs, the division may authorize the Larimer County Treasurer to prohibit release of such Taxing District's tax revenues and other moneys held by the Larimer County Treasurer until such Taxing District files its budget.

In general, the Taxing Districts cannot expend money for any of the purposes set out in their appropriation resolutions in excess of the amount appropriated. However, in the case of an emergency or some contingency which could not have been reasonably foreseen, the Taxing District Boards may authorize the expenditure of funds in excess of the budget by adopting a resolution. If the Taxing Districts receive revenues which were unanticipated at the time of adoption of the budget (other than property taxes), the Taxing District Boards may authorize the expenditure of such revenues by adopting a supplemental budget after notice and hearing.

Financial Statements

Under the Colorado Local Government Audit Law, Section 29-1-601, C.R.S., et seq. (the "Audit Law"), each Taxing District Board is required to cause to be made an annual audit of the financial statements of each Taxing District, respectively, unless exempt. The Audit Law provides that any local government where neither revenues nor expenditures exceed \$100,000 in any fiscal year may, with the approval of the State auditor after the completion of an application for exemption by a person skilled in governmental accounting, be exempt from the audit requirement. The Audit Law also provides that any local government where revenues or expenditures for any fiscal year are at least \$100,000 but not more than \$750,000 may, with the approval of the State auditor after the completion of an application for exemption by an independent accountant with knowledge of governmental accounting, be exempt from the audit requirement. District Nos. 1-3 were exempt from the audit requirement in fiscal years 2018 through 2022. An audited five-year history of the Issuing District's General Fund is shown in the

tables on the succeeding page. Such information should be read together with the financial statements and accompanying notes appended hereto as Appendix A.

Pursuant to the Indenture, at least once a year, the Issuing District will cause an audit to be performed of the records relating to their revenues and expenditures, notwithstanding any State law audit exemptions that may exist. Pursuant to the Pledge Agreement, each Taxing District is required to either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption.

**Issuing District's Governmental Fund Revenues, Expenditures and
Changes in Fund Balance – General Fund**

	2018	2019	2020	2021	2022
REVENUES					
Property Taxes	\$ 288,929	\$ 310,712	\$ 428,970	\$ 445,360	\$ 476,221
Specific Ownership Taxes	25,111	26,898	28,276	39,237	28,465
Net Investment & Other Income	1,425	6,481	74	309	999
Total Revenues	315,465	344,091	457,320	484,906	505,685
EXPENDITURES					
General Government					
Service Fees – District No. 5	309,658	331,575	448,737	473,292	496,200
County Treasurer's Fee	5,807	6,218	8,583	11,614	9,485
Debt Issuance Costs	23,500	349,300	--	--	--
Debt Service					
Principal	255,000	50,000	160,000	180,000	220,000
Interest and Other Fiscal Charges	253,849	394,572	472,545	468,575	453,560
Total Expenditures	847,814	1,131,665	1,089,865	1,133,481	1,179,245
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(532,349)	(787,574)	(632,545)	(648,575)	(673,560)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	547,795	12,715,000	--	--	--
Payment to Escrow Agent	--	(8,908,204)	--	--	--
Transfer to District No. 8	--	(3,393,616)	--	--	--
Transfer to District No. 5	(524,295)	--	--	--	--
Transfer from District No. 5	508,849	374,384	632,545	648,575	673,560
Total Other Financing Sources (Uses)	532,349	787,564	632,545	648,575	673,560
NET CHANGE IN FUND BALANCES					--
BEGINNING FUND BALANCES	411,010	411,010	411,000	411,000	411,000
ENDING FUND BALANCES	\$ 411,010	\$ 411,000	\$ 411,000	\$ 411,000	\$ 411,000

Source: Audited financial statements of the Issuing District for the years ended December 31, 2018 through December 31, 2022.

Budget Summary and Comparison

Set forth in the following tables are the 2023 and 2024 Budgets for the General Funds of each of the Taxing Districts, together with 2023 unaudited year-end financial information for each fund.

Issuing District's Budget – General Fund

	2023 Budget	Unaudited 2023 Actual (12/31/23)	2024 Budget
REVENUES			
Property Tax	\$456,408	\$456,401	\$576,592
Specific Ownership Tax	27,368	33,186	34,596
Interest & Other/Contingency	--	503	5,000
Total Revenues	<u>483,776</u>	<u>490,090</u>	<u>616,188</u>
EXPENDITURES			
Service Fees to No 5 Debit	474,100	480,952	598,864
Treasurer's Fees	9,676	9,138	12,324
Contingency	--	--	5,000
Total Operating Expenditures	<u>483,776</u>	<u>490,090</u>	<u>616,188</u>
Beginning Fund Balance	<u>--</u>	<u>--</u>	<u>--</u>
Ending Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Source: 2023 and 2024 Budgets of the Issuing District and 2023 unaudited year-end financial statements of the Issuing District.

District No. 1's Budget – General Fund

	2023 Budget	Unaudited 2023 Actual (12/31/23)	2024 Budget
REVENUES			
Property Tax	\$225,593	\$225,624	\$302,867
Specific Ownership Tax	13,525	16,390	18,172
Interest & Other/Contingency	--	80	3,000
Total Revenues	<u>239,118</u>	<u>242,094</u>	<u>324,039</u>
EXPENDITURES			
Service Fees to No 5 Debit	234,339	237,580	314,618
Treasurer's Fees	4,779	4,514	6,421
Contingency	--	--	3,000
Total Operating Expenditures	<u>239,118</u>	<u>242,094</u>	<u>324,039</u>
Beginning Fund Balance	<u>--</u>	<u>--</u>	<u>--</u>
Ending Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Source: 2023 and 2024 Budgets of District No. 1 and 2023 unaudited year-end financial statements of District No. 1.

District No. 2's Budget – General Fund

	2023 Budget	Unaudited 2023 Actual (12/31/23)	2024 Budget
REVENUES			
Property Tax	\$298,650	\$308,107	\$386,413
Specific Ownership Tax	17,919	12,234	23,185
Covenant Violation Fees	--	50	--
Interest & Other/Contingency	--	68	3,500
Total Revenues	<u>316,569</u>	<u>320,459</u>	<u>413,098</u>
EXPENDITURES			
Service Fees to No 5 Debit	310,239	314,434	401,336
Treasurer's Fees	6,330	5,975	8,262
Contingency	--	--	3,500
Total Operating Expenditures	<u>316,569</u>	<u>320,409</u>	<u>413,098</u>
Beginning Fund Balance	<u>--</u>	<u>--</u>	<u>--</u>
Ending Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Source: 2023 and 2024 Budgets of District No. 2 and 2023 unaudited year-end financial statements of District No. 2.

District No. 3's Budget – General Fund

	2023 Budget	Unaudited 2023 Actual (12/31/23)	2024 Budget
REVENUES			
Property Tax	\$302,686	\$302,691	\$411,879
Specific Ownership Tax	18,132	21,980	24,713
Interest & Other/Contingency	--	277	5,000
Total Revenues	<u>320,818</u>	<u>324,948</u>	<u>441,592</u>
EXPENDITURES			
Service Fees to No 5 Debit	314,402	318,889	427,760
Treasurer's Fees	6,416	6,059	8,832
Contingency	--	--	5,000
Total Operating Expenditures	<u>320,818</u>	<u>324,948</u>	<u>441,592</u>
Beginning Fund Balance	<u>--</u>	<u>--</u>	<u>--</u>
Ending Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Source: 2023 and 2024 Budgets of District No. 3 and 2023 unaudited year-end financial statements of District No. 3.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the Taxing Districts, the Town and the County. The information in this section is intended only to provide prospective investors with general information regarding the Taxing Districts' general community. The information was obtained from the sources indicated and is limited to the time periods indicated. The Issuing District make no representation as to the accuracy or completeness of data obtained from parties other than the Issuing District. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future.

Population and Age Distribution

Population. The following table sets forth the respective populations of the Town of Windsor, Larimer County and the State for the time periods shown.

<u>Population</u>						
<u>Year</u>	<u>Town of Windsor</u>	<u>Percent Change</u>	<u>Larimer County</u>	<u>Percent Change</u>	<u>Colorado</u>	<u>Percent Change</u>
1980	4,277	--	149,184	--	2,889,735	--
1990	5,062	18.4%	186,136	24.8%	3,294,394	14.0%
2000	9,896	95.5	251,494	35.1	4,301,261	30.6
2010	18,644	88.4	299,630	19.1	5,029,196	16.9
2020	32,716	75.5	359,066	19.8	5,773,714	14.8
2021	35,320	8.0	362,774	1.0	5,811,026	0.6
2022	38,283	8.4	366,843	1.1	5,838,736	0.5

Sources: U.S. Bureau of the Census (1980-2020), and Colorado State Demography Office (2021-2022 estimates which are subject to change).

Age Distribution. The following table sets forth a comparative age distribution profile for the Town of Windsor, Larimer County, the State and the nation as of January 1, 2024.

Age Distribution Projections

Age	Percent of Population			
	Town of Windsor	Larimer County	Colorado	United States
0-17	24.3%	18.5%	20.8%	21.1%
18-24	8.6	11.4	9.5	9.8
25-34	11.0	15.0	14.6	13.0
35-44	13.9	13.5	14.2	12.9
45-54	13.3	11.5	12.3	12.0
55-64	11.6	11.3	11.8	12.6
65-74	10.5	11.2	10.2	10.8
75 and Older	6.8	7.6	6.6	7.8

Source: @Claritas, LLC 2024

Income

The following table sets forth annual per capita personal income levels for Larimer County, the State and the nation.

Annual Per Capita Personal Income

Year	Larimer County	Colorado	United States
2018	\$53,689	\$57,794	\$53,309
2019	56,220	61,258	55,547
2020	59,762	64,852	59,153
2021	65,501	71,923	64,430
2022	67,849	75,722	65,470

(1) County figures posted November 2023; state and national figures posted September 2023. All figures are subject to periodic revisions.

Source: U.S. Bureau of Economic Analysis.

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal federal, state and local income taxes, personal contributions to social insurance (Social Security and federal retirement payroll

deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates⁽¹⁾

<u>Year⁽²⁾</u>	<u>Town of Windsor</u>	<u>Larimer County</u>	<u>Colorado</u>	<u>United States</u>
2023	\$ 98,565	\$73,700	\$74,827	\$64,600
2024	101,396	74,285	77,298	67,310

(1) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

(2) Annual estimates are snapshots of effective buying income for the date of January 1 of next year.

Source: @Claritas, LLC 2023-2024.

Percent of Households by Effective Buying Income Groups – 2024 Estimates⁽¹⁾

<u>Effective Buying Income Group</u>	<u>Town of Windsor Households</u>	<u>Larimer County Households</u>	<u>Colorado Households</u>	<u>United States Households</u>
Less than \$24,999	8.5%	12.2%	11.7%	15.4%
\$25,000 - 49,999	11.4	19.0	18.6	21.2
\$50,000 - 74,999	13.8	19.3	18.1	18.8
\$75,000 - 99,999	15.4	15.6	15.5	14.6
\$100,000 - 124,999	16.0	11.0	11.7	10.2
\$125,000 - 149,999	10.9	6.7	7.2	6.0
\$150,000 - 199,999	11.8	7.6	8.0	6.3
\$200,000 or More	12.2	8.6	9.2	7.5

(1) Estimates are snapshots of income groups on January 1, 2024.

Source: @Claritas, LLC 2024.

Employment

The following table sets forth information on employment within Larimer County, the State and the nation for the period indicated.

Labor Force and Percent Unemployed

	<u>Larimer County⁽¹⁾</u>		<u>Colorado⁽¹⁾</u>		<u>United States⁽¹⁾</u>
<u>Year</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2019	203,323	2.3%	3,104,684	2.7%	3.7%
2020	200,965	5.9	3,082,228	6.8	8.1
2021	207,134	4.8	3,149,673	5.5	5.3
2022	210,007	2.7	3,186,932	3.1	3.6
2023	214,249	2.8	3,230,482	3.2	3.6
<u>Month of January</u>					
2023	208,769	2.8%	3,191,138	3.1%	3.9%
2024	215,448	3.4	3,205,400	3.8	4.1

(1) Figures are not seasonally adjusted and are subject to change.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Colorado Areas Labor Force Data and U.S. Bureau of Statistics.

The following table sets forth the number of individuals employed within selected Larimer County industries which are covered by unemployment insurance. In 2022, the largest employment sector in Larimer County was government (comprising approximately 21.3% of the County's work force), followed, in order, by retail trade; accommodation and food services; health care and social assistance; and manufacturing. For the twelve-month period ended December 31, 2022, total average employment in Larimer County increased 4.2% as compared to the same period ending December 31, 2021 and total average weekly wages increased 5.2% during the same time period.

Average Number of Employees within Selected Industries Larimer County

Industry	2018	2019	2020	2021	2022	2023 ⁽¹⁾
Agriculture, Forestry, Fishing, Hunting	854	988	946	926	906	897
Mining	507	559	487	448	407	404
Utilities	265	270	279	289	289	296
Construction	11,127	11,258	11,092	11,553	11,673	11,213
Manufacturing	14,371	14,632	13,973	14,547	15,016	15,318
Wholesale Trade	4,829	5,178	5,152	5,329	5,873	5,962
Retail Trade	19,359	19,370	18,480	19,573	19,902	19,187
Transportation & Warehousing	2,854	2,884	3,279	3,738	3,669	3,771
Information	3,021	3,348	3,052	2,790	2,648	2,473
Finance & Insurance	3,605	3,410	3,367	3,437	3,627	3,604
Real Estate, Rental & Leasing	3,014	3,128	3,046	3,191	3,213	3,076
Professional & Technical Services	10,647	10,818	11,171	11,593	13,062	13,614
Management of Companies/Enterprises	882	1,017	1,030	1,122	1,008	965
Administrative & Waste Services	8,666	8,557	7,915	7,785	7,765	7,606
Educational Services	1,848	1,871	1,638	1,751	1,893	1,993
Health Care & Social Assistance	16,061	16,625	16,201	16,734	17,015	17,513
Arts, Entertainment & Recreation	2,718	2,878	2,221	2,570	2,949	3,021
Accommodation & Food Services	19,130	19,235	15,251	17,191	18,794	18,606
Other Services	4,733	5,028	4,681	4,938	5,252	5,486
Non-classifiable	24	21	31	27	29	103
Government	<u>33,759</u>	<u>34,725</u>	<u>34,499</u>	<u>35,146</u>	<u>36,559</u>	<u>38,200</u>
Total ⁽²⁾	<u>162,274</u>	<u>165,799</u>	<u>157,790</u>	<u>164,680</u>	<u>171,548</u>	<u>173,308</u>

(1) Averaged figures through 2nd Quarter 2023.

(2) Figures may not equal totals when calculated due to the rounding of averages.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

Major Employers

The following table sets forth a selection of the largest employers in Larimer County. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted; therefore, no representation can be made that these employers will continue to maintain their status as major employers in the County.

Major Private Employers in Larimer County

Employer	Product or Service	Estimated Number of Employees ⁽¹⁾
UCHealth: Poudre Valley Hospital	Healthcare	6,860
Columbine Health Systems	Healthcare	1,670
Broadcom Inc.	Semiconductor components	1,500
Banner Health: McKee Medical Center	Healthcare	1,500
Hewlett Packard	Technology product design	1,280
Woodward Inc.	Speed controls	1,250
Hach Company	Analytical instruments	880
Qualfon	Customer care center	800
Tolmar, Inc.	Pharmaceuticals	780
Nutrien	Fertilizer & micronutrient products	740

(1) Revised June 2021.

Source: Development Research Partners as posted by Metro Denver Economic Development Corporation.

Retail Sales

The following table sets forth annual retail sales for the Town of Windsor, Larimer County and the State.

Retail Sales (in thousands of dollars)

Year	Town of Windsor	Percent Change	Larimer County	Percent Change	Colorado	Percent Change
2018	\$716,055	--	\$11,343,271	--	\$206,121,045	--
2019	808,658	12.9%	12,432,024	9.6%	224,618,938	9.0%
2020	928,338	14.8	13,370,801	7.6	228,812,220	1.9
2021	1,128,653	21.6	15,112,749	13.0	268,328,759	17.3
2022	1,335,060	18.3	16,974,684	12.3	299,923,778	11.8
2023 ⁽¹⁾	1,209,193	--	15,485,584	--	268,210,019	--

(1) As of November 30, 2023.

Source: Colorado Department of Revenue, *Retail Sales Report*, 2018-2023.

Building Permit Activity in the Town

The following table sets forth a history of building permits issued in the Town of Windsor during the time period indicated.

Building Permit Issuances in the Town of Windsor

Year	New Single Family		New Multifamily		New Commercial/Industrial	
	Permits	Valuation	Permits / Units	Valuation	Permits	Valuation
2019	781	\$218.71M	17 / 107	\$20.31M	21	\$53.16M
2020	640	207.92M	23 / 282	40.79M	10	16.03M
2021	921	297.92M	32 / 412	59.02M	20	42.92M
2022	496	153.89M	447 / 763	141.43M	34	138.80M
2023	146	63.84M	33 / 152	22.29M	41	68.41M

Source: Town of Windsor Planning.

Foreclosure Activity

The following table sets forth information on the number of foreclosures filed in the County. Such information represents the number of foreclosures filed and does not take into account the number of foreclosures which were filed and subsequently withdrawn or redeemed.

History of Foreclosures – Larimer County

Year	Number of Foreclosure Filed	Percent Change
2019	202	--
2020	82 ⁽¹⁾	(59.4)%
2021	56 ⁽¹⁾	(31.7)
2022	179	219.6
2023	216	20.7

(1) The Colorado Division of Housing has advised that, due to a variety of legal restrictions and voluntary decisions by lenders related primarily to COVID-19, the 2020-21 data for foreclosure activity may not accurately reflect the foreclosure activity that would have occurred during 2020-21 absent those restrictions and decisions.

Sources: Colorado Division of Housing (2019-2020) and Larimer County Public Trustee's Office (2021-2023).

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 on individuals; interest on the Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the federal corporate alternative minimum tax.

The Issuing 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 Issuing 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.

Original Issue Premium. Certain of the Bonds were offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder’s tax basis for the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

Original Issue Discount. Certain of the Bonds were offered at a discount (“original issue discount”) equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

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 Appendix F hereto for the proposed Form of Bond Counsel Opinion.

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.

LEGAL MATTERS

No Litigation Involving the Taxing Districts

Taxing District Certification. The Taxing Districts state, as of the date of issuance of the Bonds, that no litigation of any nature is pending or, to the best of its actual knowledge, threatened, seeking to restrain or to enjoin the issuance or delivery of the Bonds, the levy or collection of any taxes to pay the principal of or interest on the Bonds, or in any manner questioning the authority or proceedings for the Elections or the issuance of the Bonds or the levy or collection of said taxes and fee, or affecting the validity of the Elections, the Bonds, or the levy or collection of said taxes and fees; and no litigation of any nature is now pending or, to the best of our knowledge, threatened, which, if determined adversely to the Taxing Districts, would have a material adverse effect upon the Issuing District's ability to comply with its obligations under the Bond Resolution or the Continuing Disclosure Agreement, or to consummate the transactions contemplated thereby.

General Counsel Opinion. The Taxing District's General Counsel is expected to render an opinion on the date of issuance of the Bonds stating that, to the best of its actual knowledge, there is no action, suit, or proceeding pending in which the Taxing Districts are a party, nor is there any inquiry or investigation pending against the Taxing Districts by any governmental agency, public agency, or authority which, if determined adversely to such Taxing District, would

have a material adverse effect upon the Taxing District's ability to comply with its obligations under the Pledge Agreement.

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the Taxing Districts, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle, owned or leased by the public entity; the operation of any public hospital, correctional facility or jail; a dangerous condition of any public building; certain dangerous conditions of a public highway, road or street; and the operation and maintenance of any public water facility, gas facility, sanitation facility, electrical facility, power facility or swimming facility by such public entity. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for all claims of relief what accrue before January 1, 2018 the adjusted limitation is (i) \$350,000 for any injury to one person in any single occurrence, and (ii) \$990,000 for any injury to two or more persons in any single occurrence; except that in such instance, no person may recover in excess of \$350,000; (b) for all claims of relief what accrue on or after January 1, 2018, and before January 1, 2022, the adjusted limitation is (i) \$387,000 for any injury to one person in any single occurrence, and (ii) \$1,093,000 for any injury to two or more persons in any single occurrence; except that in such instance, no person may recover in excess of \$387,000; and (c) for all claims of relief what accrue on or after January 1, 2022, and before January 1, 2026, the adjusted limitation is (i) \$424,000 for any injury to one person in any single occurrence, and (ii) \$1,195,000 for any injury to two or more persons in any single occurrence; except that in such instance, no person may recover in excess of \$424,000. These amounts increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. The Taxing District Boards by resolution may increase any maximum amount that may be recovered from the Taxing Districts for certain types of injuries. However, the Taxing Districts may not be held liable either directly or by indemnification for punitive or exemplary damages unless the Taxing Districts voluntarily pays such damages in accordance with State law. The Taxing Districts have not acted to increase the damage limitations in the Immunity Act.

The Taxing Districts may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and they may not be able to claim sovereign immunity for actions founded upon federal laws. Examples of such civil liability include suits filed pursuant to Section 1983 of Title 42 of the United States Code, alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Taxing Districts may be enjoined from engaging in anti-competitive practices which violate federal and State antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

Legal matters relating to the issuance of the Bonds, as well as the treatment of interest on the Bonds for purposes of federal and State income taxation, are subject to the approving legal opinion of Kline Alvarado Veio, P.C., Denver, Colorado, as Bond Counsel. Such opinion, the form of which is attached hereto as Appendix G, will be dated as of and delivered at closing. Certain legal matters pertaining to the organization and operation of the Taxing Districts will be passed upon by their general counsel, Spencer Fane LLP, Denver, Colorado. Sherman & Howard L.L.C., Denver, Colorado, has acted as counsel to the Underwriter. Legal fees to Bond Counsel and Underwriter's counsel are contingent upon the sale and delivery of the Bonds.

Certain Constitutional Limitations

In 1992, the voters of Colorado approved a constitutional amendment which is codified as Article X, Section 20, of the Colorado Constitution (the Taxpayers Bill of Rights or "TABOR"). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the Taxing Districts ("local governments"), but does not apply to "enterprises," defined as government owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the Issuing District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government's spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, including the debt service on the Bonds, can be paid without regard to any spending limits, assuming revenues are available to do so. TABOR's tax increase limitations could cause the Taxing Districts' property tax revenues to decrease if the assessed valuation of taxable

real property in the Taxing Districts should decline, absent voter approval to increase the Taxing Districts' property tax mill levy as explained above. At the Elections, the Taxing Districts' voters approved election questions which authorize the Taxing Districts to retain excess revenues which may otherwise be required by TABOR to be refunded to taxpayers.

As required by TABOR, the issuance of the Bonds was authorized at the District No. 4 Election and the debt represented by the Pledge Agreement was authorized at the Elections.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending, excluding bonded debt service. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The Taxing Districts have budgeted emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

Police Power

The obligations of the Taxing Districts are subject to the reasonable exercise in the future 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 America of the powers delegated to it by the Federal Constitution, including bankruptcy.

RATINGS

S&P Global Ratings ("S&P") has assigned the Bonds the underlying rating shown on the cover page of this Official Statement. Based on the delivery of the Policy by BAM, S&P has also assigned the Bonds the insured rating shown on the cover page of this Official Statement. See "BOND INSURANCE." Such ratings reflect only the views of S&P and there is no assurance that any rating, once received, will continue for any given period or that any rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the Bonds. Except for its responsibilities under the Disclosure Agreement, the Issuing District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of either rating once received or to oppose any such proposed revision.

REGISTRATION

Registration or qualification of the placement 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, as amended, pursuant to exemptions from registration provided in such acts. THE ISSUING 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.

The Colorado Municipal Bond Supervision Act, Article 59 of Title 11, C.R.S., generally provides for the Colorado Securities Commissioner (the “Commissioner”) to regulate and monitor the issuance of municipal securities by special districts and certain other entities. Among other things, the act requires that all bonds, debentures, or other obligations issued by a special district must first be registered with the Commissioner unless exempt under the act. The Bonds qualify for an exemption from registration because the Bonds are rated by S&P in one of its four highest rating categories.

UNDERWRITING

Piper Sandler & Co., Denver, Colorado (the “Underwriter”) has agreed to purchase the Bonds from the Issuing District under a Bond Purchase Agreement between the Underwriter and the Issuing District (the “Bond Purchase Agreement”) at a purchase price equal to \$11,706,088.60 (which is equal to the par amount of the Bonds of \$11,835,000, less net original issue discount of \$69,736.40), less Underwriter’s discount of \$59,175.00). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including, among others, the approval of certain legal matters by counsel. The Underwriter is committed to take and pay for all of the Bonds if any are taken.

Expenses associated with the issuance of the Bonds are being paid by the Issuing District from proceeds of the issue. The right of the Underwriter to receive compensation in connection with this issue is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds at the prices set forth on the cover page of this Official Statement, plus accrued interest from the date of the Bonds, if any. The initial public offering price of the Bonds may be changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution have been authorized by the Issuing District. This Official Statement is hereby duly approved by the Issuing District as of the date on the cover page hereof.

**WINDSOR HIGHLANDS
METROPOLITAN DISTRICT NO. 4**

By /s/ Mary Stover
Mary Stover, President

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE ISSUING DISTRICT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

**WINDSOR HIGHLANDS METROPOLITAN
DISTRICT NO. 4**

BASIC FINANCIAL STATEMENTS

December 31, 2022

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Windsor Highlands Metropolitan District No. 4
Windsor, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the Windsor Highlands Metropolitan District No. 4 (the "District") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Windsor Highlands Metropolitan District No. 4 as of December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Windsor Highlands Metropolitan District No. 4 and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required budgetary information on page 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

John Luther & Associates, LLC

August 1, 2023

BASIC FINANCIAL STATEMENTS

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

STATEMENT OF NET POSITION

As of December 31, 2022

	Governmental Activities	
	2022	2021
ASSETS		
Restricted Cash and Investments	\$ 411,000	\$ 411,000
Property Taxes Receivable	429,384	473,568
TOTAL ASSETS	840,384	884,568
LIABILITIES		
Accrued Interest	74,244	76,146
Noncurrent Liabilities		
Due within One Year	250,000	220,000
Due in More Than One Year	11,855,000	12,105,000
TOTAL LIABILITIES	12,179,244	12,401,146
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenues - Property Taxes	429,384	473,568
NET POSITION		
Restricted for Emergencies	15,200	14,600
Unrestricted	(11,783,444)	(12,004,746)
TOTAL NET POSITION	\$ (11,768,244)	\$ (11,990,146)

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

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

	Governmental Activities	
	2022	2021
EXPENSES		
Governmental Activities		
General Government	\$ 505,685	\$ 484,906
Interest on Long-Term Debt	451,658	506,372
TOTAL EXPENSES	957,343	991,278
REVENUES		
GENERAL REVENUES		
Taxes	504,686	484,597
Investment Income	999	309
Transfer from District No. 5	673,560	648,575
TOTAL REVENUES	1,179,245	1,133,481
CHANGE IN NET POSITION	221,902	142,203
NET POSITION, Beginning	(11,990,146)	(12,132,349)
NET POSITION, Ending	\$ (11,768,244)	\$ (11,990,146)

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

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2022

	GENERAL FUND	
	2022	2021
ASSETS		
Restricted Cash and Investments	\$ 411,000	\$ 411,000
Property Taxes Receivable	429,384	473,568
TOTAL ASSETS	<u>\$ 840,384</u>	<u>\$ 884,568</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenues - Property Taxes	429,384	473,568
FUND EQUITY		
Fund Balance		
Restricted for Emergencies	15,200	14,600
Unassigned	395,800	396,400
TOTAL FUND EQUITY	<u>411,000</u>	<u>411,000</u>
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND EQUITY	<u>\$ 840,384</u>	<u>\$ 884,568</u>
Amounts reported for governmental activities in the statement of Net Position are different because:		
Fund Equity, Governmental Funds	411,000	411,000
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These include notes payable of \$12,105,000 and accrued interest of \$74,244.	(12,179,244)	(12,401,146)
Net position of governmental activities	<u>\$ (11,768,244)</u>	<u>\$ (11,990,146)</u>

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

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	GENERAL FUND	
	2022	2021
REVENUES		
Property Taxes	\$ 476,221	\$ 445,360
Specific Ownership Taxes	28,465	39,237
Net Investment Income	999	309
TOTAL REVENUES	<u>505,685</u>	<u>484,906</u>
EXPENDITURES		
Current		
Service Fees - District No. 5	496,200	473,292
County Treasurer's Fee	9,485	11,614
Debt Service		
Principal	220,000	180,000
Interest and Other Fiscal Charges	453,560	468,575
TOTAL EXPENDITURES	<u>1,179,245</u>	<u>1,133,481</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>(673,560)</u>	<u>(648,575)</u>
OTHER SOURCES (USES)		
Transfer from District No. 5	673,560	648,575
TOTAL OTHER SOURCES (USES)	<u>673,560</u>	<u>648,575</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCES, Beginning	<u>411,000</u>	<u>411,000</u>
FUND BALANCES, Ending	<u>\$ 411,000</u>	<u>\$ 411,000</u>

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

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ -
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount includes the payment of 2019 note principal \$220,000, and change in accrued interest of \$1,902.	<u>221,902</u>
Change in Net Position of Governmental Activities	<u><u>\$ 221,902</u></u>

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

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS December 31, 2022

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

The Windsor Highlands Metropolitan District No. 4 was formed as a financing district for the District and surrounding area within its boundaries. The District is governed by a five-member Board of Directors elected by the constituents. The representatives of the Districts submitted to the Windsor Town Board an Amended and Restated Consolidated Service Plan for Windsor Highlands Metropolitan Districts Nos. 1-6 (the “Amended and Restated Service Plan”) dated June 10, 2009, which Amended and Restated Service Plan adopts language changes to create a separate District No. 6 to contain all commercial development within the Districts, to update the Service Plan to the current Town Model Service Plan format and content and to increase the maximum debt authorization from \$6,000,000 to \$13,450,000 based upon an updated Financial Plan that demonstrates the financial feasibility of both operations and maintenance costs as well as discharge of any proposed debt of the Districts. On September 20, 2017, the representatives of the Districts submitted to the Windsor Town Board the First Amendment to the Amended and Restated Consolidated Service Plan for Windsor Highlands Metropolitan Districts Nos. 1-11 (the “First Amendment”) which adopts increases in maximum debt authorization to 34 mills and the total combined mill levy for debt and operations and maintenance of 39 mills for only the undeveloped portions of District No. 6 and the new proposed Districts Nos. 7-11.

The accounting policies of the Windsor Highlands Metropolitan District No. 4 (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 Windsor Highlands Metropolitan District No. 4 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.

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

Government-Wide and Fund Financial Statements (Continued)

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*.

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.

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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.

Cash and Investments

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

Investments are recorded at fair value.

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.

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.

The District does not own any capital assets as of December 31, 2022.

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

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.

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.

Deferred Inflows of Resources

In addition to 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 future period and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

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

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Net Position/Fund Balance Classification

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

Net Position/Fund Balance Classification (Continued)

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:

- 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.
- 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, 2022.
- Assigned – This classification includes amounts that the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District did not have any assigned resources as of December 31, 2022.
- 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.

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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

Property Taxes

Property taxes are levied on December 15 and 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.

Effective March 2019, a portion the Service Fees remitted to the Windsor Highlands Metropolitan Districts No. 5 were transferred to District No. 4 for payment of principal and interest on the new loan issued in 2019. Going forward the property taxes assessed and submitted to Windsor Highlands Metropolitan Districts Nos. 1, 2, 3, and 4, will be paid to District No. 5 and will be reported as Service Fees in the financial statements.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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 15th, 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 taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

Budgets and Budgetary Accounting (Continued)

- 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.

Legal Compliance

The actual expenditures of the General Fund exceed the budgeted amount by \$677,249. This may be a violation of State statute.

NOTE 3: **CASH AND INVESTMENTS**

Deposits

A summary of deposits and investments as of December 31, 2022 follows:

Cash Deposits	\$ 411,000
Total	<u>\$ 411,000</u>

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, 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

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, 2022, the District had deposits with financial institutions with a carrying amount of \$411,000. The bank balances with the financial institutions were \$411,000. Of this amount, \$250,000 was covered by federal depository insurance and \$161,000 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The District does not have 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 includes:

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

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

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 3: CASH AND INVESTMENTS (Continued)

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.

As of December 31, 2022, the District does not report any investments.

Restricted Cash and Investments

Cash and investments in the amount of \$411,000 is restricted for debt service and as part of a debt service reserve requirement per the terms of the Series 2019 Limited Tax Refunding Note agreement.

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2022.

	Balance <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/22</u>	Due In <u>One Year</u>
Series 2019 Notes	\$ 12,325,000	\$ -	\$ 220,000	\$ 12,105,000	\$ 250,000
	<u>\$ 12,325,000</u>	<u>\$ -</u>	<u>\$ 220,000</u>	<u>\$ 12,105,000</u>	<u>\$ 250,000</u>

Limited Property Tax Supported Revenue Notes

On April 14, 2016, the District was authorized up to \$12,000,000 in Limited Property Tax Supported Revenue Notes and issued an initial principal amount of \$8,100,000 ("Series 2016A Notes"). Interest accrues on the Series 2016A Notes at a rate of 2.83%. On September 20, 2017, the District issued additional principal in the amount of \$1,000,409 ("Series 2017A Notes"). In March 2019, the Series 2016 Notes were fully refunded through the issuance of the Series 2019 Loan.

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 4: LONG-TERM DEBT (Continued)

Series 2019 Limited Tax General Obligation Note

On March 27, 2019, the District issued debt in the amount \$12,715,000 through Limited Tax General Obligation Notes, Series 2019. This note matures on March 27, 2024 and bears interest at a rate of 3.68%.

Upon the occurrence of an Event of Default, the interest shall immediately accrue and compound semi-annually on all principal outstanding at a rate equal to the fixed interest rate of 3.68% plus

Proceeds of the loans were transferred to District No. 5 to repay amounts owed to the Developer and to refund the principal and accrued interest on the 2016 Loan Payable. Interest is due and payable semi-annually on June 1 and December 1. Principal is due annually on December 1 each year with a balloon payment due on March 27, 2024.

Future Debt Service Requirements on Direct Placement Notes

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 250,000	\$ 445,464	\$ 695,464
2024	<u>11,855,000</u>	<u>141,786</u>	<u>11,996,786</u>
Total	<u>\$ 12,105,000</u>	<u>\$ 587,250</u>	<u>\$12,692,250</u>

NOTE 5: DEBT AUTHORIZATION

On May 4, 2004, a majority of the qualified electors of the District authorized the issuance of general obligation indebtedness as follows:

- An amount not to exceed \$30,000,000 at an interest rate not to exceed 8% per annum, for providing public improvements; and
- An amount not to exceed \$6,000,000 at an interest rate not to exceed 8% per annum, for IGA purposes; and

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

NOTE 5: DEBT AUTHORIZATION (Continued)

- The District authorization was increased through the Amended and Restated Service Plan for Windsor Highlands Metropolitan Districts Nos. 1-6 approval by the Town in August of 2009 and approved by the voters of District No. 4 at the November 3, 2009 election to \$13,450,000 per category, \$26,900,000 for refunding and at an interest rate not to exceed 12%.

As of December 31, 2022, the amount of debt authorized but unissued was \$735,000. The District intends to issue over time a part or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6: RELATED PARTIES

Some members of the Board of Directors are employees, owners or members of the Developer. No amounts were owed to the developer at December 31, 2022.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado Special Districts Property and Liability Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

Settled claims resulting from these risks have not exceeded commercial or District coverages in any of the past three years.

NOTE 8: DEFICIT NET POSITION

As of December 31, 2022, the District had a government-wide net asset deficit of \$11,768,244. This deficit was created as the District transferred loan proceeds for the repayment of the Loan Payable and Developer Advances reported in the Windsor Highlands Metropolitan District No. 5.

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

NOTE 9: COMMITMENTS AND CONTINGENCIES

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, 2022, the emergency reserve of \$15,200 was recorded as a restriction of fund balance in the General Fund.

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through August 1, 2023. It was determined that the no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTAL INFORMATION

WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2021 ACTUAL
REVENUES				
Property Taxes	\$ 473,581	\$ 476,221	\$ 2,640	\$ 445,360
Specific Ownership Taxes	28,415	28,465	50	39,237
Net Investment & Other Income	-	999	999	309
TOTAL REVENUES	501,996	505,685	3,689	484,906
EXPENDITURES				
Current				
General Government				
Service Fees - District No. 5	491,956	496,200	(4,244)	473,292
County Treasurer's Fee	10,040	9,485	555	11,614
Debt Service				
Principal	-	220,000	(220,000)	180,000
Interest and Other Fiscal Charges	-	453,560	(453,560)	468,575
TOTAL EXPENDITURES	501,996	1,179,245	(677,249)	1,133,481
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(673,560)	(673,560)	(648,575)
OTHER FINANCING SOURCES (USES)				
Transfer from District No. 5	-	673,560	673,560	648,575
TOTAL OTHER FINANCING SOURCES (USES)	-	673,560	673,560	648,575
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	411,000	411,000	411,000
FUND BALANCE, Ending	\$ -	\$ 411,000	\$ 411,000	\$ 411,000

See the accompanying independent auditors' report.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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. 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 www.dtcc.com.

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 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 do not effect 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, tenders, defaults, and proposed amendments to the Bond documents. 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Issuing District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on 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 Issuing District or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuing District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuing District or the 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 Issuing District or the Trustee. Under such

circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuing District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuing District believes to be reliable, but the Issuing District takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Issuing District and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, giving any notice permitted or required to be given to registered owners under the Indenture, including any notice of redemption, registering the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The Issuing District and the Trustee will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Direct Participant, Indirect Participant or other person not shown on the records of the Trustee as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Direct Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any DTC Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any DTC Direct Participant, Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to registered owners under the Authorizing Document, including any notice of redemption; the selection by DTC, any DTC Direct Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as a registered owner.

As long as the DTC book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Direct Participant, of any DTC Direct Participant to notify any Indirect Participant, of any DTC Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$11,835,000

**WINDSOR HIGHLANDS METROPOLITAN DISTRICT NO. 4
(IN THE TOWN OF WINDSOR, LARIMER COUNTY, COLORADO)
LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2024**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered June 6, 2024, by Windsor Highlands Metropolitan District No. 4 (the “Issuer”), in the Town of Windsor, Larimer County, Colorado, and BOKF, NA (the “Dissemination Agent”), in connection with the issuance of the Issuer’s Limited Tax General Obligation Refunding Bonds, Series 2024, in the original aggregate principal amount of \$11,835,000 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust between the Issuer and BOKF, NA dated as of June 1, 2024 (the “Indenture”). The Issuer and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 hereof.

“Dissemination Agent” means, initially, BOKF, NA, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” means any of the events listed in Section 5 hereof.

“MSRB” means 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” means the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” means 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 September 30 of each year, commencing September 30, 2024, 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 Agreement. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent. 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 Agreement; provided that the audited financial statements of the Issuer, Windsor Highlands Metropolitan District No. 1 (“District No. 1”), Windsor Highlands Metropolitan District No. 2 (“District No. 2”), and Windsor Highlands Metropolitan District No. 3 (“District No. 3,” and together with the Issuer, the “Taxing Districts”), each in the Town of Windsor, Larimer County, Colorado, may be submitted separately from the balance of the Annual Report. The Issuer shall include with each submission of the Annual Report to the Dissemination Agent a written representation addressed to the Dissemination Agent to the effect that such Annual Report is the Annual Report required by this Disclosure Agreement and that it complies with the requirements hereof.

b. The Dissemination Agent shall provide the Annual Report to the MSRB within four (4) business days of its receipt from the Issuer.

c. If the Issuer is unable to provide to the Dissemination Agent an Annual Report by the date required in subsection (a), which results in the Dissemination Agent’s inability to provide an Annual Report to the MSRB by the date required, the Dissemination Agent shall file or cause to be filed a notice in substantially the form attached as Exhibit “A” with the MSRB.

d. The Dissemination Agent shall:

(1) determine prior to the date of each filing of an Annual Report the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 45 days prior to the date an Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) upon request, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

a. A copy of the Taxing Districts’ annual financial statements, prepared in accordance with generally accepted accounting principles audited by a firm of certified public

accountants. If such 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 Official Statement 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. Reporting of Material Events. 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. Principal and interest payment delinquencies;
- b. Non-payment related defaults, *if material*;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. 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;
- g. Modifications to rights of bondholders, *if material*;
- h. Bond calls, *if material*, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court

m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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*;

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

o. The failure or refusal by the Issuer to enforce and collect the Pledged Revenue and apply any component of the Pledged Revenue, each as required by the Indenture or the Pledge Agreement, as applicable.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Agreement 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 Agreement, 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 and Dissemination Agent's obligations under this Disclosure Agreement 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 the Rule; 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. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement and may waive any provision of this Disclosure Agreement, 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 Dissemination Agent will provide notice of such amendment or waiver to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of

or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

dissemination set forth in this Disclosure Agreement 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 Agreement. 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 Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11 Resignation or Removal of Dissemination Agent. The present or any future Dissemination Agent may resign at any time upon 30 days' prior written notice to the Issuer. The Issuer may remove the present or any future Dissemination Agent upon 30 days' prior written notice to the Dissemination Agent. Such resignation or removal shall take effect upon the appointment by the Issuer of a successor Dissemination Agent or upon the execution by the Issuer of a written undertaking in which the Issuer agrees to assume all of the obligations of the Dissemination Agent hereunder, but in no event earlier than 30 days after such written notice of resignation or removal has been given. If the Dissemination Agent also serves as the Registrar and Paying Agent under the Bond Resolution, the Dissemination Agent may resign or be removed under this Disclosure Agreement without also resigning or being removed as Registrar and Paying Agent under the Bond Resolution.

SECTION 12 Compensation. As compensation for its services under this Disclosure Agreement, the Dissemination Agent shall be compensated or reimbursed by the Issuer for its reasonable fees and expenses in performing the services specified under this Disclosure Agreement.

SECTION 13. Beneficiaries. This Disclosure Agreement 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.

SECTION 14. Electronic Notice to Dissemination Agent. The Dissemination Agent agrees to accept and act upon instructions or directions provided pursuant to the terms of this Disclosure Agreement, which may be sent in writing by electronic notice and electronic signature; provided, however, that such instructions or directions shall be signed by a designated representative of the Issuer. If the Issuer elects to give the instructions by electronic notice or electronic signature, the Dissemination Agent may deem such instructions controlling. The Dissemination Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Dissemination Agent's reliance upon and compliance with such instructions

notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic notice or electronic signature to submit instructions and directions to the Dissemination Agent, including without limitation the risk of the Dissemination Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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IN WITNESS WHEREOF, the Issuer and the Dissemination Agent have caused this Disclosure Agreement to be executed in their respective names, all as of the date first above written.

WINDSOR HIGHLANDS METROPOLITAN
DISTRICT NO. 4

By: _____

Name: _____

Title: _____

BOKF, NA

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Windsor Highlands Metropolitan District No. 4

Name of Bond Issue: Windsor Highlands Metropolitan District No. 4, Limited Tax General Obligation Refunding Bonds, Series 2024, dated June 6, 2024, in the original aggregate principal amount of \$11,835,000.

CUSIP: 97360F

Date of Issuance: June 6, 2024.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed June 6, 2024, by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

BOKF, NA, as Dissemination Agent

By: _____

Its: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

Assessed Valuations for the Taxing Districts
History of Mill Levies for the Taxing Districts
Property Tax Collections for the Taxing Districts

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Set forth below are summaries of certain provisions of the Indenture. These summaries are in addition and complementary to those found elsewhere in this Official Statement. Reference is made to the 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.

Definitions

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

“*Additional Obligations*” means (a) all obligations of the District for borrowed money and reimbursement obligations; (b) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem tax revenues of the District or any other Taxing District or any part of the Pledged Revenue; (c) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Parity Bonds and Subordinate Bonds; (d) all obligations of the District to pay the deferred purchase price of property or services; (e) all obligations of the District as lessee under capital leases; and (f) all obligations of others guaranteed by the District; provided that notwithstanding the foregoing, the term “Additional Obligations” does not include:

(i) obligations issued solely for the purpose of paying operations and maintenance costs of the District, the repayment of which is contingent upon the District’s annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as (A) no amounts due or to become due on such obligations are payable from the Taxing Districts’ debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from a Taxing District’s operations and maintenance mill levy in excess of that permitted by the applicable Service Plan (after taking into account the Required Mill Levy required under the Indenture, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(ii) obligations issued for any purpose, the repayment of which is contingent upon the District’s annual determination to appropriate moneys therefor, other than capital leases as set forth in (e) above, so long as (A) such obligations are payable only to the extent the District has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Bonds in such Fiscal Year, and (C) the District makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

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

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

(v) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any Parity Bonds or Subordinate Bonds, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the Parity Bonds or

Subordinate Bonds has been made, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the Parity Bonds or Subordinate Bonds supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vi) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the District.

“*Authorized Denominations*” means the amount of \$5,000 or any integral multiple thereof.

“*Beneficial Owner*” means any person for which a Participant acquires an interest in the Bonds.

“*Board*” means the Board of Directors of the District.

“*Bond Counsel*” means any firm of nationally recognized municipal bond attorneys selected by the District and experienced in the issuance of municipal bonds and the exclusion of the interest thereon from gross income for federal income tax purposes.

“*Bond Fund*” means the “Windsor Highlands Metropolitan District No. 4 Limited Tax General Obligation Refunding Bonds, Series 2024, Bond Fund,” established by the Indenture for the purpose of paying the principal of, premium if any, and interest on the Bonds.

“*Bond Insurance Policy*” means the Municipal Bond Insurance Policy issued by the Bond Insurer that guarantees the scheduled payment of principal of and interest on the Bonds when due.

“*Bond Insurer*” means Build America Mutual Assurance Company, or any successor thereto.

“*Bond Resolution*” means the resolution authorizing the issuance of the Bonds and the execution of the Indenture, certified by the Secretary of the District to have been duly adopted by the District and to be in full force and effect on the date of such certification, including any amendments or supplements made thereto.

“*Bond Year*” means the period from December 2 of any calendar year to December 1 of the following calendar year.

“*Bonds*” means the Limited Tax General Obligation Refunding Bonds, Series 2024, in the aggregate principal amount of \$11,835,000 dated as of the date of issuance, and issued by the District pursuant to the Indenture and the Bond Resolution, and insured by the Bond Insurer.

“*Business Day*” means a day on which the Trustee or banks or trust companies in Denver, Colorado, or in New York, New York, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

“*Cede*” means Cede & Co., the nominee of DTC as record owner of the Bonds, or any successor nominee of DTC with respect to the Bonds.

“*Certified Public Accountant*” means a certified public accountant within the meaning of Section 12-100-112, C.R.S., and any amendment thereto, licensed to practice in the State.

“*Code*” means the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Bonds.

“Colorado Governmental Immunity Act” means Title 24, Article 10, Part 1, C.R.S.

“Colorado Municipal Bond Supervision Act” means Title 11, Article 59, C.R.S.

“Commitments” means that certain offer to issue the Policies, dated May 15, 2024, issued by the Bond Insurer.

“Consent Party” means the Owner of a Bond or, if such Bond is held in the name of Cede, the Participant (as determined by a list provided by DTC) with respect to such Bond, or the Bond Insurer as provided in the Indenture. The District may at its option determine whether the Owner, Participant or the Bond Insurer is the Consent Party with respect to any particular amendment or other matter under the Indenture.

“Costs of Issuance Fund” means the “Windsor Highlands Metropolitan District No. 4 Limited Tax General Obligation Refunding Bonds, Series 2024, Costs of Issuance Fund,” established by the Indenture.

“Counsel” means a person, or firm of which such a person is a member, authorized in any state to practice law.

“County” means Larimer County, Colorado.

“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the date of the Indenture.

“Debt Service Reserve Insurance Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer providing for funding of the Required Reserve for the Bonds.

“Depository” means any securities depository that the District may provide and appoint, in accordance with the guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Bonds.

“District” or *“District No. 4”* means Windsor Highlands Metropolitan District No. 4, Larimer County, Colorado.

“District No. 1” means Windsor Highlands Metropolitan District No. 1, Larimer County, Colorado.

“District No. 2” means Windsor Highlands Metropolitan District No. 2, Larimer County, Colorado.

“District No. 3” means Windsor Highlands Metropolitan District No. 3, Larimer County, Colorado.

“District Representative” means the District President or the person or persons at the time designated to act on behalf of the District by the Bond Resolution or as designated by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the District by its President and attested by its Secretary, and any alternate or alternates designated as such therein.

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

“Elections” means the Elections held within the District on May 4, 2004 and November 3, 2009.

“Event of Default” means any one or more of the events set forth in the Indenture.

“Federal Securities” means direct obligations of (including obligations issued or held in book-entry form on the books of), or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Final Assessed Valuation” means the final certified assessed valuation of all taxable property of the Taxing Districts, as calculated and recorded by the County Assessor on or about December 10 of each year, or on such other date as may be established by law for the annual final certification of assessed valuation.

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

“Indenture” means the Indenture of Trust dated as of June 1, 2024 as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions of the Indenture.

“Interest Payment Date” means June 1 and December 1 of each year, commencing December 1, 2024 and continuing for so long as the Bonds are Outstanding.

“Letter of Representations” means the Blanket District Letter of Representations from the District to DTC to induce DTC to accept the Bonds as eligible for deposit at DTC.

“Outstanding or Outstanding Bonds” means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

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

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

- (c) Bonds in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

“Owner(s) or Owner(s) of Bonds” means the registered owner(s) of any Bond(s) as shown on the registration books maintained by the Trustee, including the Depository for the Bonds, if any, or its nominee.

“Parity Bonds” means any other bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Pledged Revenue or any part thereof on parity with the lien thereon of the 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 under the Indenture, provided that such obligations are required to be issued in accordance with the provisions of the Indenture. Any Parity Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and shall be designated in such resolutions, indentures or other documents as constituting Parity Bonds under the Indenture.

“*Participants*” means any broker-dealer, bank, or other financial institution from time to time for which DTC or another Depository holds the Bonds.

“*Permitted Investments*” means any investment or deposit the District is permitted to make under then applicable State law, including, without limitation, Section 24-75-601.1 C.R.S., as amended.

“*Pledged Revenue*” means the following, net of any costs of collection (to the extent not previously deducted by definition):

- (a) all Property Tax Revenues;
- (b) all Specific Ownership Tax Revenues; and
- (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Bond Fund.

“*Policies*” means collectively, the Bond Insurance Policy and the Debt Service Reserve Insurance Policy.

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

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

“*Record Date*” means the 15th day of the calendar month next preceding each Interest Payment Date.

“*Required Mill Levy*” means:

(a) subject to paragraph (b) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the Taxing Districts each year in an amount which, if imposed by the Taxing Districts for collection in the succeeding calendar year, would generate revenues sufficient to pay the principal of, premium if any, and interest on the Bonds as the same become due and payable (less any amounts which are then on deposit in the Bond Fund), and if necessary, an amount sufficient to replenish the Reserve Fund to the amount of the Required Reserve, but not in excess of 30 mills (subject to adjustment as provided in clause (i) hereof); provided, however, that:

(i) in the event that the method of calculating assessed valuation is changed after January 1, 2006, the maximum mill levy of 30 mills provided in the Pledge Agreement 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 (it being acknowledged that such adjustment with respect to the Taxing Districts may result in different mill levies being imposed by each of the Taxing Districts). For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation; and

(ii) in the event that the mill levies calculated pursuant to clause (i) are different for the Taxing Districts, each of the Taxing Districts shall impose their respective adjusted 30 mills (in the case of the Issuing District, in accordance with the Indenture and any applicable Additional Obligation Document); in all other cases: (A) the actual mill levies imposed by the Taxing Districts shall be the same if sufficient to generate the amount of Property Tax Revenues required and if not in excess of the adjusted 30 maximum mill levy of any Taxing District, and (B) if the actual mill levies necessary to generate the amount of Property Tax Revenues required would exceed the adjusted 30 maximum mill levy of any Taxing District, then the District with the lower adjusted 30 maximum mill levy shall impose such amount, and the District with the higher adjusted 30 maximum mill levy shall impose the amount required to generate the Property Tax Revenues required, but not in excess of such District's adjusted 30 maximum mill levy;

(b) notwithstanding anything in the Pledge Agreement to the contrary, in no event may the Required Mill Levy be established at a mill levy which would cause any Taxing District to derive tax revenue in any year in excess of the maximum tax increases permitted by such Taxing District's electoral authorization, and if the 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 such Taxing District's electoral authorization, the Required Mill Levy shall be reduced to the point that such maximum tax increase is not exceeded.

"Required Reserve" means the amount of \$857,225, which is being funded by the District's purchase of the Debt Service Reserve Insurance Policy.

"Reserve Fund" means a special fund of the District designated as the "Windsor Highlands Metropolitan District No. 4 Limited Tax General Obligation Refunding Bonds, Series 2024, Reserve Fund", created by the provisions of the Indenture for the purposes set forth in the Indenture.

"Security Documents" means the Indenture and/or any additional or supplemental document executed in connection with the Bonds.

"Senior Debt" means, for any particular calculation date, the aggregate outstanding principal amount (or, if issued as capital appreciation bonds, the then accreted value), as of such calculation date, of the Bonds, and any Parity Bonds.

"Senior Debt to Assessed Ratio" means, as of any date of calculation, the ratio derived by dividing the then-outstanding principal amount of Senior Debt outstanding by the most recent aggregate Final Assessed Valuation of the District and all of the other Taxing Districts, which ratio calculation shall be set forth in a written certificate of the District Representative provided to the Trustee; provided, however, that the Final Assessed Valuation of any other Taxing District shall be included in such calculation only if all of the Senior Debt is then secured by the Pledge Agreement.

"Pledge Agreement" means the Capital Pledge Agreement, dated as of June 1, 2024, by and among the Taxing Districts and the Trustee.

"Service Plan" means the Amended and Restated Service Plan for District No. 1, No. 2, No. 3, No. 4, No. 5 and No. 6 approved by the Board of Trustees for the Town on August 24, 2009, as amended by the First Amendment to the Amended and Restated Consolidated Service Plan for Windsor Highlands Metropolitan District Nos. 1-11 approved by the Board of Trustees for the Town on October 23, 2017, as may be further amended and restated from time to time.

“*Special Record Date*” means the record date for determining Bond ownership for purposes of paying defaulted interest, as such date may be determined pursuant to the Indenture.

“*Specific Ownership Tax Revenues*” means the specific ownership taxes remitted to the Taxing Districts pursuant to Section 42-3-107, C.R.S., or any successor statute, as a result of imposition by the Taxing Districts of the “Required Mill Levy” in accordance with the Pledge Agreement, which moneys remitted to the other Taxing Districts are payable to the District in accordance with the Pledge Agreement.

“*State*” means the State of Colorado.

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

“*Supplemental Act*” means the “Supplemental Public Securities Act,” being Title 11, Article 57, Part 2, C.R.S., as amended.

“*Tax Certificate*” means the certificate to be signed by the District relating to the requirements of Sections 103 and 141-150 of the Code, and any amendment or modification of any such certificate, instrument or instructions that is accompanied by an opinion of Bond Counsel stating that the amendment or modification will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

“*Taxing Districts*” means the District, District No. 1, District No. 2 and District No. 3.

“*Town*” means the Town of Windsor, Colorado.

“*Trustee*” means BOKF, NA, in Denver, Colorado, in its capacity as trustee under the Indenture, or any successor Trustee, appointed, qualified, and acting as trustee, paying agent, and bond registrar under the provisions of the Indenture.

“*Trustee Fees*” means the amount of the fees and expenses of the Trustee charged or incurred in connection with the performance of its ordinary services and duties rendered under the Indenture (and under any other indenture entered into by the District in connection with the issuance of Parity Bonds or Subordinate Bonds), as the same become due and payable as described in the Indenture but not in excess of \$4,000 annually per bond issue; provided, however, that this definition does not include expenses incurred by the Trustee in connection with the performance of extraordinary services and duties as described in the Indenture, which expenses shall be payable by the District in accordance with the provisions thereof.

“*Trust Estate*” means the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses of the Indenture.

“*Underwriter*” means Piper Sandler & Co., of Denver, Colorado, the original purchaser of the Bonds.

“2019 Lender” means U.S. Bank National Association, its successors and assigns, in its capacity as lender pursuant to the 2019 Loan.

“2019 Loan” means the loan made by U.S. Bank National Association to the District in the amount of \$12,715,000.

Covenant to Impose Required Mill Levy

For the purpose of paying the principal of, premium if any, and interest on the Bonds the Board has covenanted in the Indenture, to impose the Required Mill Levy as provided in the Pledge Agreement.

Tax Matters

The District shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

The District shall not use or permit the use of any proceeds of the Bonds or any funds of the District, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code or “federally guaranteed” within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(b) of the Code, and the District shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The District shall comply with all requirements of Sections 148 and 149(d) of the Code to the extent applicable to the Bonds. In the event that at any time the District is of the opinion that for purposes of this paragraph 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 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 in the Indenture to comply with the provisions and procedures of the Tax Certificate.

The covenants contained in the Indenture shall continue in effect until all Bonds are fully paid, satisfied, and discharged.

See also “TAX MATTERS” in the body of the Preliminary Official Statement.

Additional Covenants and Agreements

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

- The District will maintain its existence and shall not merge or otherwise alter its corporate structure in any manner or to any extent as might reduce the security provided for the payment of the 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.
- 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 best commercially reasonable efforts to have such audit report completed no later than September 30 of each calendar year. 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 the 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.
- In the event the Pledged Revenue 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 best efforts to refinance, refund, or otherwise restructure the Bonds so as to avoid such payment shortfall.
- In the event that any amount of the Pledged Revenue is released to the District as provided in FOURTH of Section 3.05 of the Indenture, the District will, in making its determination as to which obligations will be paid with such amounts, take into account that State law places certain restrictions upon the use of any moneys representing ad valorem property tax revenue.
- Subject to the Owners of a majority in aggregate principal amount of the Bonds assuming control of the enforcement of remedies upon default, the District will enforce the collection of all amounts payable to it under the Pledge Agreement in such time and manner as the District reasonably determines will be most efficacious in collecting the same and will diligently pursue all reasonable remedies available to the District with regard to such enforcement, whether at law or in equity. The District will not take any of the following actions without the prior written consent of the Consent Parties with respect to not less than a majority in aggregate principal amount of the Bonds then Outstanding: (i) reduce the amounts due to the District (or to the Trustee on behalf of the District) under the Pledge Agreement, (ii) amend or supplement the Pledge Agreement in any way which would materially adversely affect the amount of revenues to be paid to or on behalf of the District thereunder, or (iii) consent to the issuance of bonds, notes, or other obligations by the Taxing Districts (in the event such consent is required under the Pledge Agreement).

Additional Obligations

(a) The District shall not incur any additional debt or other financial obligation having a lien upon the Pledged Revenue superior to the lien thereof of the Bonds.

(b) Any Additional Obligations secured by a lien on ad valorem property taxes of the District shall be issued as either Parity Bonds or Subordinate Bonds. The District shall not issue or incur any other Additional Obligations except as provided in subparagraph (c) of below with respect to Parity Bonds and in subparagraph (d) of below with respect to Subordinate Bonds, unless such issuance is consented to by the Consent Parties with respect to a majority in aggregate principal amount of the Bonds then Outstanding.

(c) The District may issue Additional Obligations constituting Parity Bonds without the consent of the Consent Parties if each of the following conditions is met as of the date of issuance of such Additional Obligations:

(i) no Event of Default shall have occurred and be 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 (iii)(B) below are satisfied;

(ii) in the event that the Parity Bonds are secured by a lien on ad valorem property taxes of the District or any of the other Taxing Districts, then (A) the maximum ad valorem mill levy (if any) pledged to the payment of the Parity Bonds, together with the Required Mill Levy required to be imposed under the Indenture and the “Required Mill Levy” required to be imposed under the Pledge Agreement, shall be not higher than the maximum mill levy set forth in the definition of Required Mill Levy in the Indenture, and (B) the resolution, indenture or other document pursuant to which the Parity Bonds are issued shall provide that any ad valorem property taxes imposed for the payment of such Parity Bonds shall be applied in the same manner and priority as provided in Section 3.05 of the Indenture with respect to the Pledged Revenue; and

(iii) one of the following two conditions shall be satisfied:

(A) upon issuance of the Parity Bonds, the Senior Debt to Assessed Ratio will be 50% or less; OR

(B) the Parity Bonds are issued solely for the purpose of refunding all or any portion of the Bonds, any other Parity Bonds and/or Subordinate Bonds (provided that proceeds of the refunding Parity Bonds may also be applied to pay all expenses in connection with such refunding, to fund reserve funds and capitalized interest, and to pay the costs of letters of credit, credit facilities, interest rate exchange agreements, bond insurance, or other financial products pertaining to such refunding), and the total of the District’s scheduled debt service on such refunding Parity Bonds, the Bonds and any other Parity Bonds (to the extent to remain outstanding upon such refunding) does not exceed in any year the total debt service on the Bonds and Parity Bonds prior to the issuance of such refunding Parity Bonds (excluding from such calculation any amount on deposit in a reserve fund anticipated to be available for payment of debt service at final maturity, as reasonably determined by the Board in good faith, such determination to be binding and final). For purposes of the foregoing, the following shall be deemed to increase the District’s Parity Bonds debt service in any year and shall not be permitted by this clause (B): (1) the issuance of refunding Parity Bonds that have any scheduled payment dates in any year that are after the maturity of the Bonds or Parity Bonds being refunded, and (2) the issuance of refunding Parity Bonds that refund only Subordinate Bonds.

(d) The District may issue Additional Obligations constituting Subordinate Bonds without the consent of the Consent Parties and the terms of such Subordinate Bonds shall be as

provided in the documents pursuant to which they are issued, provided that each of the following conditions is met as of the date of issuance of the Subordinate Bonds:

(i) the maximum mill levy which the District promises to impose for payment of the Subordinate Bonds is 30 mills (adjusted as described in the definition of the Required Mill Levy in the Pledge Agreement), less the Required Mill Levy required to be imposed under the Indenture and the mill levy required to be imposed for the payment of any Parity Bonds;

(ii) the failure to make a payment when due on the Subordinate Bonds shall not constitute an event of default thereunder; and

(iii) the Subordinate Bonds shall be payable as to both principal and interest only on an annual basis, on or after December 15 of each calendar year.

(e) A written certificate by the President or Treasurer of the District that the conditions for issuance of Additional Obligations set forth in the Indenture are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Obligations in accordance with the Indenture.

(f) Nothing in the Indenture shall affect or restrict the right of the District to issue or incur obligations that are not Additional Obligations under the Indenture.

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

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 and interest to become due thereon at the times and in the manner stipulated in the Indenture, and if the District shall keep, perform, and observe all and singular the covenants and promises in the Bonds and in the 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 Indenture to be paid shall have been paid, then the presents and the estate and rights granted by the Indenture shall cease, terminate, and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the District such instruments in writing as shall be required to satisfy the lien of the Indenture, and assign and deliver to the District any property at the time subject to the lien of the Indenture which may then be in its possession, and deliver any amounts required to be paid to the District under the 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 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 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 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 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 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 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 Indenture and all its reasonable expenses, charges, and other disbursements incurred in the administration of the trust created by the Indenture, the exercise of its powers, and the performance of its duties under the Indenture.

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 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 Indenture except as provided in the Indenture:

- (a) The District fails or refuses to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture, or any other Taxing District fails or refuses to impose the Required Mill Levy or to apply the revenues resulting therefrom or any other portion of the Pledged Revenue as required by the Pledge Agreement;
- (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 Indenture or the Bond Resolution, other than as described in Section 8.01(a) of the Indenture, and fails to remedy the same after notice

thereof pursuant to Section 8.12 of the Indenture, or any other Taxing District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of such Taxing District in the Pledge Agreement and fails to remedy the same after notice thereof pursuant to Section 8.12 of the Indenture;

- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds; or
- (d) Any other Taxing District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Pledge Agreement.

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

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

Remedies on Occurrence of Event of Default. Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- ***Receivership.*** Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee 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 Indenture to, the Trustee.
- ***Suit for Judgment.*** The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the Act, the Bonds, the Bond Resolution, the Indenture, the Pledge Agreement and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.
- ***Mandamus or Other Suit.*** The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of the Indenture or any rights, powers, or remedies of the Trustee under the Indenture, or any lien, rights, powers, and remedies of the Owners of the Bonds, but such lien, rights, powers, and remedies of the Trustee and of the Owners shall continue unimpaired as before.

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

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

Control of Proceedings. The Owners of a majority in aggregate principal amount of the 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 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 Indenture, or for the appointment of a receiver, and any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the Indenture; and provided further that at its option the Trustee shall be indemnified as provided in the Indenture.

Rights and Remedies of Owners. No Owner of any Bond shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (a) a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice, (b) such default shall have become an Event of Default, (c) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit, or proceedings in their own name, and shall have also offered to the Trustee indemnity as provided in the Indenture, and (d) the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name; such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the 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 Indenture by his, her, its, or their action, or to enforce any right under the Indenture except in the manner provided in the Indenture and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds then Outstanding.

Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture and any other moneys held as part of the Trust Estate, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the fees (including attorneys' fees and costs of any other professionals hired by the Trustee under the Indenture), expenses, liabilities, and advances incurred or made by the Trustee, shall be deposited in the appropriate accounts or accounts created under the Indenture in the same manner as is provided for deposits of other revenue and used for the purposes thereof, until the principal of, premium if any, and interest on all of the Bonds has been paid in full. Whenever all of the Bonds and interest thereon have been paid under the provisions of the Indenture and all expenses and fees of the Trustee have been paid, any balance remaining in any of the funds held under the Indenture shall be paid to the District.

Trustee May Enforce Rights Without Bonds. All rights of action and claims under the Indenture or any of the Bonds Outstanding under the Indenture may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of

joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the ratable benefit of the Owners of the Bonds, subject to the provisions of the Indenture.

Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceedings affecting the District, the Trustee shall, to the extent permitted by law, file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings, without prejudice, however, to the right of any Owner to file a claim in his own behalf.

Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

No Waiver of One Default to Affect Another; Cumulative Remedies. No waiver of any default under the Indenture, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Trustee and the Owners provided in the Indenture shall be cumulative and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

Discontinuance of Proceedings on Default. In case the Trustee shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the District and the Trustee shall be restored to their former positions and rights under the Indenture with respect to the Trust Estate, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the 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 all the 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 Bonds then Outstanding as to which the Event of Default exists any Event of Default under the Indenture. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then in every such case the District, the Trustee, and the Owners shall be restored to their former positions and rights under the Indenture 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 Trustee shall give to the Owners of all Bonds notice by mailing to the address shown on the registration books maintained by the Trustee or by electronic means to DTC or its successors, of all Events of Default of which the Trustee is required by the Indenture to take notice, or if notice of an Event of Default is given as provided in the Indenture, within 90 days after the Trustee has knowledge of the occurrence of such default or Event of Default unless such default or Event of Default shall have been cured before the giving of such notice; provided that, the 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 under subsection 8.01(b) of the Indenture shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee, the Bond Insurer, or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of all 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 and the Bond Insurer consents in writing.

Supplemental Indentures

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

Supplemental Indentures Not Requiring Consent. Subject to the provisions of the 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 Indenture, which supplemental indentures shall thereafter form a part of the 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 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 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 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 Indenture under the Trust Indenture Act of 1939.

Supplemental Indentures Requiring Consent. Except for supplemental indentures delivered pursuant to the Indenture, and subject to the provisions of the Indenture, the Consent Parties with respect to not less than a majority (or for modifications of provisions of the 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 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 Indenture; provided however, that without the consent of the Consent Parties with respect to all the Outstanding Bonds affected thereby, nothing contained in the 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 Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under the Indenture of the District, the Trustee, the Bond Insurer, 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 Indenture, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause 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, and to the Bond Insurer, 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, or the Bond Insurer, as the case may be, 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 under the Indenture, the Trustee and the District shall receive and shall be fully protected in relying upon an opinion of Bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the District, to the effect that: (a) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds; (b) the District is permitted by the provisions of the Indenture to enter into the supplement; and (c) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by the Indenture.

Concerning Trustee

Acceptance of Trusts and Duties of Trustee. The Trustee accepts the trusts imposed upon it by the 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 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 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 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 any rights or remedies or performing any of its duties under the Indenture.

The Trustee may execute any of the trusts or powers of the 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 Indenture, and shall be entitled to rely and act upon the advice or an Opinion of Counsel concerning all matters of trust of the Indenture and the duties under the Indenture, and may in all cases pay (and be reimbursed as provided in the Indenture) such compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts of the Indenture. The Trustee may act upon the advice or an opinion of Counsel, but 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 Indenture or in the Bonds, or for the recording or filing of the Indenture or any financing statements (other than continuation statements), or for the validity of the execution by the District of the Indenture or of any supplements to the 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 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 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 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 of the Bonds or of any money paid to or upon the order of the District under any provision of the 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 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 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 Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or 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 Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action under the Indenture, the Trustee shall be entitled to 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 Indenture or of which 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 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 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 Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated 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 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 Indenture or by law.

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 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 Indenture, any showings, certificates, opinions, appraisals, or other information or corporate action or evidence thereof, in addition to that by the terms required under the 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 Indenture against the District, 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 is adjudicated to have resulted from its gross 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 Indenture or otherwise with respect to the Bonds.

The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum, remarketing circular or other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities in connection with the Bonds.

The Trustee makes no representations as to the validity or sufficiency of the Indenture, the Pledge Agreement, or the Bonds, assumes no responsibility for the correctness of the same, and shall incur no responsibility in respect to such validity or sufficiency.

None of the provisions of the Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

Fees and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement of its reasonable fees and expenses for ordinary services rendered under the Indenture (which compensation is not intended by the parties to the 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 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 extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the gross negligence or willful misconduct of the Trustee it shall not be entitled to any compensation or reimbursement therefor. The Trustee shall have a first lien upon all moneys in its possession under any provisions of the Indenture for the foregoing advances, fees, costs and expenses incurred and unpaid, but subject to the right of prior payment of the principal and interest on the Bonds when due; provided, however, that the payment of principal and interest on the Bonds shall not have priority over the Trustee Fees payable in accordance with clause FIRST of Section 3.05 of the Indenture. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of the Indenture or the Trustee's resignation or removal under the 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 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 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 Indenture it may appoint a successor until a new successor shall be appointed by the District or the Consent Parties as authorized in the 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 Indenture, and having a capital 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 Indenture shall execute, acknowledge, and deliver to the District an instrument accepting such appointment under the 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 Indenture with like effect as if originally named as the Trustee under

the 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 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 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 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 Indenture, together with all other instruments provided for in the Indenture, shall be filed or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed or recorded.

Conversion, Consolidation, or Merger of Trustee. Anything in the 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 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 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 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 Indenture. Except as provided in the Indenture, the Trustee shall not be under any responsibility to seek the approval of any expert for any of the purposes expressed in the Indenture; provided however, that nothing contained in the 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 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 Indenture, shall be a legal holiday or a day on which banking institutions in the city in which the designated 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 Saturday, Sunday, 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 Indenture.

No Recourse Against Officers and Agents

Pursuant to Section 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 Section 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 Section 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 30 days after the authorization of the Bonds.

Force Majeure

In no event shall the parties to the Indenture be responsible or liable for any failure or delay in the performance of its respective obligations under the Indenture, other than any obligation to make payments required under the Indenture, arising out of or caused by, directly or indirectly, forces beyond its control which result in the suspension of operations of the respective parties to the Indenture, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the respective parties' technological infrastructure exceeding authorized access; it being understood that in such an event, each of the parties to the Indenture shall: (i) use reasonable efforts that are consistent with accepted practices; (ii) use its best efforts to resume and perform its respective obligations under the Indenture at the earliest practicable time; and (iii) use its best efforts to provide the other party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure.

Electronic Storage

The parties to the Indenture agree that the transactions described in the 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.

Electronic Notice to Trustee

The Trustee agrees in the Indenture to accept and act upon instructions or directions provided pursuant to the terms of the Indenture which may be sent in writing by Electronic Notice and Electronic Signature; provided, however, that such instructions or directions shall be signed by a District Representative. If the District elects to give the instructions by Electronic Notice or Electronic Signature, the Trustee may deem such instructions controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees in the Indenture to assume all risks arising out of the use of such Electronic

Notice or Electronic Signature to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE PLEDGE AGREEMENT

Set forth below are summaries of certain provisions of the Pledge Agreement. These summaries are in addition and complementary to those found elsewhere in this Official Statement. Reference is made to the Pledge Agreement 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.

Payment Obligation

No Additional Electoral Approval Required. The authorization for issuance of debt, fiscal year spending, revenue collections and other constitutional matters requiring voter approval for purposes of the Pledge Agreement, was approved at the Elections in accordance with law and pursuant to due notice. The performance of the terms of the Pledge Agreement requires no further electoral approval.

Funding of Financing Costs Generally. In exchange for the issuance of the Policies (as defined in the Indenture) by the Bond Insurer and the purchase by the Bondholders of the Bonds and any Additional Obligations, the proceeds of which are to be applied to the refunding of obligations previously issued to finance the costs of the Public Improvements), each Taxing District (including the Issuing District) agrees in the Pledge Agreement to pay such portion of the Financing Costs as may be funded with the Pledged Revenue available to it, in accordance with the provisions of the Pledge Agreement.

The obligation of each Taxing District to pay its portion of the Financing Costs as provided in the Pledge Agreement shall constitute a limited tax general obligation of such Taxing District payable solely from and to the extent of the Pledged Revenue available to it. Such Pledged Revenue is pledged to the Issuing District by each of the other Taxing Districts, for the benefit of the Bondholders and the Bond Insurer, for the payment of Financing Costs in accordance with the provisions of the Pledge Agreement. The obligation of each Taxing District to pay the Financing Costs as provided in the Pledge Agreement (the "Payment Obligation") shall constitute an irrevocable lien upon the Pledged Revenue. The Payment Obligation of the Issuing District under the Pledge Agreement (and the lien thereof on the Issuing District's Pledged Revenue) is the same, and not in addition to, its obligation under the Indenture and any Additional Obligation Document to which the Issuing District is a party, to the extent pertaining to the payment of Financing Costs of such obligations, and the liens established thereby. The Districts elect to apply all of the provisions of the Supplemental Act to the Pledge Agreement and the Payment Obligation.

In no event shall the total or annual obligations of any Taxing District under the Pledge Agreement exceed the maximum amounts permitted under its electoral authority and any other applicable law. The entire Payment Obligation of each Taxing District will be deemed defeased and no longer outstanding upon the payment by such Taxing District of such amount or the Termination Date.

Because the actual total Pledged Revenue payable by each Taxing District under the Pledge Agreement cannot be determined with any certainty at this time, the Taxing Districts shall not be permitted to pre-pay any amounts due under the Pledge Agreement.

Imposition of Required Mill Levy

In order to fund their respective Payment Obligations, each Taxing District (including the Issuing District) agrees in the Pledge Agreement to levy on all of the taxable property in such Taxing District, in addition to all other taxes, direct annual taxes in 2024, and in each year thereafter, so long as the Bonds or Additional Obligations remain outstanding (subject to paragraph (b) below), to the extent necessary to

provide for payment of the Financing Costs, in the amount of the Required Mill Levy. Nothing in the Pledge Agreement shall be construed to require a Taxing District to impose an ad valorem property tax levy for the payment of the Payment Obligation in excess of the Required Mill Levy.

In order to facilitate the determination of the Required Mill Levy, each of the Taxing Districts shall provide to the Issuing District and the Bond Insurer: (i) on or before September 30 of each year, commencing September 30, 2024, the preliminary certification of assessed value for such Taxing District provided by the Larimer County Assessor; and (ii) no later than one business day after receipt by each Taxing District, the final certified assessed value for such Taxing District provided by the Larimer County Assessor (expected to be provided by the Larimer County Assessor no later than December 10 of each year). In accordance with the definition of Required Mill Levy set forth in the Pledge Agreement, the Issuing District shall preliminarily determine, and provide to the Taxing Districts, the Required Mill Levy for each Taxing District no later than October 15 of each year, and shall finally determine, and provide to the Taxing Districts, the Required Mill Levy for each Taxing District no later than three days prior to the mill levy certification deadline.

Each District acknowledges that it has actively participated in the development of the calculation for determining the Required Mill Levy for each Taxing District, that such calculation is designed to reasonably allocate among the Taxing Districts the Financing Costs based on the mutual benefit to the Taxing Districts of the Public Improvements and the relative ability of such Taxing Districts, dependent upon the relative stages of development therein, to fund such Financing Costs in any given year and that, so long as made in accordance with the foregoing, the determinations of the Issuing District as to the Required Mill Levy for each Taxing District shall be final and binding upon each Taxing District.

It shall be the duty of each Taxing District annually at the time and in the manner provided by law for the levying of its taxes, if such action shall be necessary to effectuate the provisions of the Pledge Agreement, to ratify and carry out the provisions of the Pledge Agreement with reference to the levy and collection of the ad valorem property taxes specified in the Pledge Agreement, and to require the officers of such Taxing District to cause the appropriate officials of Larimer County, to levy, extend and collect said ad valorem taxes in the manner provided by law for the purpose of providing funds for the payment of the amounts to be paid under the Pledge Agreement promptly as the same, respectively, become due. Said taxes, when collected, shall be applied only to the payment of the amounts to be paid under the Pledge Agreement.

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.

The Taxing Districts agree in the Pledge Agreement to cooperate in the amendment of the Agreement to modify the definition of Required Mill Levy if necessary, in the determination of the Issuing District, to facilitate the issuance of Additional Obligations by the Issuing District.

No Taxing District shall take any action, or allow any action to be taken, which impairs the Pledged Revenue.

Each Taxing District shall pursue all reasonable remedies to collect, or cause the collection of, delinquent ad valorem taxes within its boundaries.

The parties to the Pledge Agreement acknowledge that the Taxing Districts may be obligated to impose additional property taxes for the payment of operation and maintenance costs, subject to the limitations of the Pledge Agreement. The Pledge Agreement shall not operate to limit such obligations except as specifically set forth therein.

Payment and Application of Pledged Revenue

Each Taxing District agrees in the Pledge Agreement to remit to the Trustee, or as otherwise directed by the Issuing District (subject to the limitations and requirements of the Indenture and any Additional Obligation Documents) as soon as practicable upon receipt, all revenues comprising Pledged Revenue (if and to the extent received or controlled by such Taxing Districts), which Pledged Revenue shall be applied by the Trustee or other recipient thereof to Financing Costs, in accordance with the Indenture or Additional Obligation Documents, as applicable. IN NO EVENT IS A TAXING DISTRICT PERMITTED TO APPLY ANY PORTION OF THE PLEDGED REVENUE TO ANY OTHER PURPOSE, OR TO WITHHOLD ANY PORTION OF THE PLEDGED REVENUE. All amounts paid by the Taxing Districts under the Pledge Agreement shall be paid in lawful money of the United States of America by check mailed or delivered, or by wire transfer, or such other method as may be mutually agreed to by the Taxing Districts.

Each Taxing District covenants in the Pledge Agreement that all property tax revenue collected by such Taxing District from a debt service mill levy, or so much thereof as is needed, shall first, be designated as Pledged Revenue in any Bond Year (as defined in the Indenture or other applicable Additional Obligation Documents) to pay annual debt service on the Bonds and any Additional Obligations and to fund such funds and accounts as are required in accordance with the terms of the Indenture or other applicable Additional Obligation Documents (including to replenish the Reserve Fund to the Reserve Requirement), and only after the funding of such payments and accumulations required in such Bond Year can property tax revenue be applied to pay any Subordinate Obligations. The debt service property tax levy imposed for the payment of any Subordinate Obligations shall be deemed reduced to the number of mills (if any) available for payment of such obligation in any Bond Year after first providing for the full payment and accumulation of all amounts due on the Bonds and any Additional Obligations in such Bond Year.

Effectuation of Pledge of Security, Current Appropriation

The sums required in the Pledge Agreement to pay the amounts due under the Pledge Agreement are appropriated for that purpose, and said amounts for each year shall be included in the annual budget and the appropriation resolution or measures to be adopted or passed by the Board of each Taxing District in each year while any of the obligations in the Pledge Agreement authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of the Pledge Agreement shall in any manner be construed as limiting or impairing the obligation of each Taxing District to levy ad valorem property taxes, or as limiting or impairing the obligation of each Taxing District to levy, administer, enforce and collect the ad valorem property taxes as provided in the Pledge Agreement for the payment of the obligations under the Pledge Agreement.

In addition, and without limiting the generality of the foregoing, the obligations of each Taxing District to transfer funds as described in the Pledge Agreement for each payment described in the Pledge Agreement shall survive any Court determination of the invalidity of the Pledge Agreement as a result of a failure, or alleged failure, of any of the directors of the Taxing Districts to properly disclose, pursuant to State law, any potential conflicts of interest related thereto in any way, provided that such disclosure is made on the record of Districts' meetings as set forth in their official minutes.

Limited Defenses; Specific Performance

It is understood and agreed by each District that its obligations under the Pledge Agreement are absolute, irrevocable, and unconditional except as specifically stated in the Pledge Agreement, and so long as any obligation of a District under the Pledge Agreement remains unfulfilled, such District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff,

counterclaim, estoppel, or other defenses to its Payment Obligation, or take or fail to take any action which would delay a payment to, or on behalf of, the Issuing District, the Trustee, the Bond Insurer, or any Bondholders or impair the ability of the Issuing District, the Trustee, the Bond Insurer, or any Bondholders to receive payments due under the Pledge Agreement. Notwithstanding that the Pledge Agreement specifically prohibits and limits defenses and claims of the Taxing Districts, in the event that a District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by Section 2.06 of the Pledge Agreement, it shall, nevertheless, make all payments as described in the Pledge Agreement and then may attempt or seek to recover such payments by actions at law or in equity for damages or specific performance, respectively.

Future Exclusion of Property

Any property excluded from the Taxing Districts after the date of the Pledge Agreement is to remain liable for the imposition of the Required Mill Levy and payment of the proceeds thereof in accordance with the provisions of the Pledge Agreement, to the same extent as such property otherwise remains liable for the debt of such Taxing District, as provided in Section 32-1- 503, C.R.S. In the event that any order providing for the exclusion of property from a Taxing District does not so provide and specifically indicate the liability of such excluded property for the obligations set forth in the Pledge Agreement, such Taxing District agrees in the Pledge Agreement to take all actions necessary to cause the property owners of such proposed excluded property to covenant to assume all responsibilities under the Pledge Agreement, which covenants shall run with the land and shall be in a form satisfactory to the Issuing District.

Additional Covenants

Without the prior consent of the Issuing District and the Bond Insurer, each Taxing District (excluding the Issuing District) will not issue or incur bonds, notes, or other obligations payable in whole or in part from, or constituting a lien upon, the general ad valorem taxes of such Taxing District or other Pledged Revenue (including, but not limited to Subordinate Obligations); provided, however, that the following obligations shall be permitted without the consent of the Issuing District:

(i) obligations issued solely for the purpose of paying operations and maintenance costs of such Taxing District, the repayment of which is contingent upon such Taxing District's annual determination to appropriate moneys therefor (other than obligations of the Taxing District as lessee under capital leases), so long as (A) no amounts due or to become due on such obligations are payable from such Taxing District's debt service mill levy, and (B) no amounts due or to become due on such obligations are payable from the Taxing District's operations and maintenance mill levy in excess of that permitted by the Service Plan (after taking into account the Required Mill Levy required under the Pledge Agreement, in the event that the Service Plan then establishes a combined limit for debt service and operation and maintenance mill levies);

(ii) obligations issued for any purpose, the repayment of which is contingent upon the Taxing District's annual determination to appropriate moneys therefor (other than obligations of the Taxing District as lessee under capital), so long as (A) such obligations are payable only to the extent such Taxing District has excess moneys on hand, (B) such obligations are payable in any Fiscal Year only after the last scheduled payment of principal or interest on the Bonds in such Fiscal Year, and (C) the Taxing District makes no promise to impose any tax, fee, or other governmental charge for the payment of such obligations;

(iii) obligations which are payable solely from the proceeds of obligations permitted to be issued in accordance with the provisions of the Pledge Agreement, when and if issued;

(iv) obligations payable solely from periodic, recurring service charges imposed by any Taxing

District for the use of any District facility or service, which obligations do not constitute a debt or indebtedness of the Taxing District or an obligation required to be approved at an election under State law;

(v) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (A) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of principal or interest on any obligation permitted to be issued in accordance with the provisions of the Pledge Agreement, and (B) the reimbursement obligation does not arise unless payment of an equivalent amount (or more) of principal on the secured obligation, and (C) such reimbursement obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority as the obligations supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

(vi) any operating leases, payroll obligations, accounts payable, or taxes incurred or payable in the ordinary course of business of the Taxing Districts.

At least once a year, each Taxing District will either cause an audit to be performed of the records relating to its revenues and expenditures or, if applicable under State statute, will apply for an audit exemption, and each Taxing District shall use its best efforts to have such audit report or application for audit exemption completed no later than September 30 of each calendar year. The foregoing covenant will apply notwithstanding any different time requirements for the completion of such audit or application for audit exemption under State law. In addition, at least once a year in the time and manner provided by law, each Taxing District will cause a budget to be prepared and adopted. Copies of the budget and the audit or audit exemption will be filed and recorded in the places, time, and manner provided by law.

Each Taxing District agrees in the Pledge Agreement to provide the Issuing District with information, promptly upon request by the Issuing District, respectively, necessary for the Issuing District to comply on an ongoing basis with the requirements of the Continuing Disclosure Agreement entered into by the Issuing District in connection with the issuance of the Bonds, and any similar agreement entered into by the Issuing District in connection with the issuance of Additional Obligations.

Events of Non-Compliance

Events of Non-Compliance. The occurrence or existence of any one or more of the following events shall be an “Event of Non-Compliance” under the Pledge Agreement, and there shall be no default or Event of Non-Compliance under the Pledge Agreement except as provided below:

(a) any Taxing District fails or refuses to impose the Required Mill Levy or to remit the Pledged Revenue as required by the terms of the Pledge Agreement;

(b) any representation or warranty made by any party in the Pledge Agreement proves to have been untrue or incomplete in any material respect when made and which untruth or incompleteness would have a material adverse effect upon any other party;

(c) any party fails in the performance of any other of its covenants in the Pledge Agreement, and such failure continues for 30 days after written notice specifying such default and requiring the same to be remedied is given to any of the parties thereto; or

(d) (i) any party shall commence any case, proceeding, or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief of debtors, seeking to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or a bankrupt or seeking reorganization, arrangement, adjustment, winding

up, liquidation, dissolution, composition, or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, or other similar official for itself or for any substantial part of its property, or any party shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any party any case, proceeding, or other action of a nature referred to in clause (i) and the same shall remain not dismissed within 90 days following the date of filing; or (iii) there shall be commenced against any party any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, distraint, or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed, or bonded pending appeal within 90 days from the entry thereof; or (iv) any party shall take action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) any party shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

WITHOUT LIMITING THE FOREGOING, AND NOTWITHSTANDING ANY OTHER PROVISION CONTAINED IN THE PLEDGE AGREEMENT, EACH TAXING DISTRICT ACKNOWLEDGES AND AGREES IN THE PLEDGE AGREEMENT THAT THE APPLICATION OF ANY PORTION OF THE PLEDGED REVENUES TO ANY PURPOSE OTHER THAN DEPOSIT WITH THE TRUSTEE OR AS OTHERWISE DIRECTED BY THE ISSUING DISTRICT IN ACCORDANCE WITH THE PROVISIONS OF THE PLEDGE AGREEMENT CONSTITUTES A VIOLATION OF THE TERMS OF THE PLEDGE AGREEMENT AND A BREACH OF THE COVENANTS MADE UNDER THE PLEDGE AGREEMENT FOR THE BENEFIT OF THE BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS, WHICH SHALL ENTITLE THE ISSUING DISTRICT AND THE TRUSTEE TO PURSUE, ON BEHALF OF BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS, ALL AVAILABLE ACTIONS AGAINST EACH TAXING DISTRICT IN LAW OR IN EQUITY, AS MORE PARTICULARLY PROVIDED IN SECTION 4.02 OF THE PLEDGE AGREEMENT. EACH TAXING DISTRICT FURTHER ACKNOWLEDGES AND AGREES IN THE PLEDGE AGREEMENT THAT THE APPLICATION OF PLEDGED REVENUES IN VIOLATION OF THE COVENANTS OF THE PLEDGE AGREEMENT WILL RESULT IN IRREPARABLE HARM TO THE BONDHOLDERS OF THE BONDS AND ANY ADDITIONAL OBLIGATIONS. IN NO EVENT SHALL ANY PROVISION OF THE PLEDGE AGREEMENT BE INTERPRETED TO PERMIT A TAXING DISTRICT TO RETAIN ANY PORTION OF THE PLEDGED REVENUES.

Remedies for Events of Non-Compliance. Upon the occurrence and continuance of an Event of Non-Compliance, any party may proceed to protect and enforce its rights against the party or parties causing the Event of Non-Compliance by mandamus or such other suit, action, or special proceedings in equity or at law, in any court of competent jurisdiction, including an action for specific performance. In the event of any litigation or other proceeding to enforce any of the terms, covenants or conditions of the Pledge Agreement, the prevailing party in such litigation or other proceeding shall obtain, as part of its judgment or award, its reasonable attorneys' fees and costs.

Pledge of Revenue

The creation, perfection, enforcement, and priority of the pledge of Pledged Revenue to secure or pay the Payment Obligation shall be governed by Section 11-57-208 of the Supplemental Act and the Pledge Agreement. The Pledged Revenue shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against any of the Taxing Districts irrespective of whether such persons have notice of such liens.

No Recourse Against Officers and Agents

Pursuant to Section 11-57- 209 of the Supplemental Act, if a member of the Board of District No. 3, or any officer or agent of any Taxing District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Payment Obligation. Such recourse shall not be available either directly or indirectly through the Board or any Taxing District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Pledge Agreement and as a part of the consideration thereof, each of the Taxing Districts and the Trustee specifically waives any such recourse.

Conclusive Recital

Pursuant to Section 11-57-210 of the Supplemental Act, the Pledge Agreement contains a recital that it is issued pursuant to certain provisions of the Supplemental Act, and such recital is conclusive evidence of the validity and the regularity of the Pledge Agreement after its delivery for value.

Limitation of Actions

Pursuant to Section 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, execution or delivery of the Pledge Agreement shall be commenced more than 30 days after the authorization of the Pledge Agreement.

Rights of Trustee

Notwithstanding any other provision in the Pledge Agreement, at such time as no amounts remain due and owing under the Indenture, all rights of the Trustee under the Pledge Agreement (including, but not limited to, the right to consent to any amendment to the Pledge Agreement as a party thereof), shall terminate and be of no force or effect without further action by the parties to the Pledge Agreement.

Miscellaneous

The Pledge Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of the Pledge Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. The Pledge Agreement may not be contradicted by evidence of any prior or contemporaneous statements or agreements. No party has been induced to enter into the Pledge Agreement by, nor is any party relying on, any representation, understanding, agreement, commitment, or warranty outside those expressly set forth in the Pledge Agreement.

If any term or provision of the Pledge Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part thereof shall be stricken from the Pledge Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of the Pledge Agreement. If any provision or part thereof of the Pledge Agreement is stricken in accordance with the provisions of the Pledge Agreement, then such stricken provision shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible.

The Bondholders and the Bond Insurer are third party beneficiaries to the Pledge Agreement. It is intended that there be no third party beneficiaries of the Pledge Agreement other than the Bondholders and the Bond Insurer. Nothing contained in the Pledge Agreement, expressed or implied, is intended to give to

any person other than the Taxing Districts any claim, remedy, or right under or pursuant to the Pledge Agreement, and any agreement, condition, covenant, or term contained in the Pledge Agreement required to be observed or performed by or on behalf of any party to the Pledge Agreement shall be for the sole and exclusive benefit of the other party.

The Pledge Agreement may not be assigned or transferred by any party without the prior written consent of each of the other parties and with the prior written consent of the Bond Insurer.

The Pledge Agreement shall be governed by and construed under the applicable laws of the State.

The Pledge Agreement may be amended or supplemented by the parties, but any such amendment or supplement must be in writing and must be executed by all parties and is subject to the limitations and requirements of the Indenture. Any amendment, supplement, modification to, or waiver of, the Pledge Agreement shall be subject to the prior written consent of the Bond Insurer.

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 Pledge Agreement, shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee is 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 Saturday, Sunday, 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 Pledge Agreement.

Each party has participated fully in the review and revision of the Pledge Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting the Pledge Agreement. The language in the Pledge Agreement shall be interpreted as to its fair meaning and not strictly for or against any party.

The Pledge Agreement 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.

Each of the Taxing Districts consents in the Pledge Agreement to the terms of the Bonds set forth in the Indenture.

Effective Date

The Pledge Agreement shall become effective as of the Effective Date.

Termination of Prior Pledge Agreement

Upon the execution and delivery of the Pledge Agreement in connection with the issuance of the Bonds, and the corresponding refinance of the 2019 Loan, the Prior Pledge Agreement shall be automatically terminated without any further action of the parties thereto.

Electronic Execution and Storage

The parties to the Pledge Agreement agree that the transaction described in the Pledge Agreement 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. Without limiting the foregoing, the parties agree that in the event that

any individual or individuals who are authorized to execute or consent to the Pledge Agreement on behalf of the Issuing District, District No. 3 or the Trustee are not able to be physically present to manually sign the Pledge Agreement or any supplement or consent relating thereto, that such individual or individuals are authorized to execute the same electronically via facsimile or email signature. The agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to the Pledge Agreement or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

APPENDIX F
FORM OF BOND COUNSEL OPINION

June 6, 2024

Windsor Highlands Metropolitan District No. 4
Windsor, Colorado

Piper Sandler & Co.
Denver, Colorado

BOKF, N.A.
Denver, Colorado

Build America Mutual Assurance Company
New York, New York

\$11,835,000
Windsor Highlands Metropolitan District No. 4
(in the Town of Windsor)
Larimer County, Colorado
Limited Tax General Obligation Refunding Bonds
Series 2024

Ladies and Gentlemen:

We have acted as Bond Counsel to Windsor Highlands Metropolitan District No. 4 (the “District”), in the Town of Windsor, Larimer County, Colorado, in connection with the issuance by the District of its Limited Tax General Obligation Refunding Bonds, Series 2024, in the original principal amount of \$11,835,000 (the “Series 2024 Bonds”), dated the date hereof.

The Series 2024 Bonds mature on the dates, are subject to optional and mandatory sinking fund redemption, bear interest at the rates, and are transferable and payable in the manner and subject to the conditions and limitations provided in the Indenture of Trust, dated as of June 1, 2024 (the “Indenture”) between the District and BOKF, N.A., as trustee (the “Trustee”), and the resolution authorizing the issuance of the Series 2024 Bonds adopted by the Board of Directors of the District (the “Board”) on February 5, 2024 (the “Bond Resolution”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

We have examined the Constitution and laws of the State of Colorado, the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations, rulings and judicial decisions relevant to the opinions set forth in paragraphs 5 and 6 below; and such certified proceedings, certificates, documents, opinions and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the District contained in the Bond Resolution and the Indenture and other representations and certifications of public officials of the District, and of others, including a certificate of Piper Sandler & Co., Denver, Colorado, as the underwriter, furnished to us without

undertaking to verify the same by independent investigation. We have also reviewed the opinions of Spencer Fane LLP, general counsel to the District and the other Taxing Districts.

Based upon the foregoing examination, and subject to the limitations and qualifications set forth herein, we are of the opinion that under existing law and as of the date hereof:

1. The Indenture has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the District, legally enforceable against the District in accordance with its terms.

2. The Series 2024 Bonds, in the principal amount stated above, have been duly authorized, executed and delivered by the District and constitute limited tax general obligations of the District, payable solely from and to the extent of the Pledged Revenue and other sources provided therefor in the Indenture.

3. All of the taxable property of the District is subject to the levy of an ad valorem tax, in the amount of the Required Mill Levy, for the purpose of paying the Series 2024 Bonds.

4. The Trust Estate established in the Indenture, including but not limited to the Pledged Revenue, has been validly and legally pledged to the payment of the principal of and interest on the Series 2024 Bonds when due in accordance with Section 11-57-208 Colorado Revised Statutes, and no further action on the part of the District or any other party is required to perfect the same or the interest of the Owners of any Bond therein.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2024 Bonds that is included in the “adjusted financial statement income” of certain corporations is not excluded from the federal corporate alternative minimum tax. The opinions set forth in this paragraph assume the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2024 Bonds. Failure to comply with such requirements could cause such interest to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds.

6. Interest on the Series 2024 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 Series 2024 Bonds. Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the Series 2024 Bonds, including whether interest on the Series 2024 Bonds is exempt from taxation under the laws of any jurisdiction other than the State of Colorado.

The rights of the owners of the Series 2024 Bonds and the enforceability of the District’s obligations under the Series 2024 Bonds, the Bond Resolution, and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We understand that Build America Mutual Assurance Company has issued a municipal bond insurance policy and a municipal bond debt service reserve insurance policy relating to the Series 2024 Bonds. We express no opinion as to the validity or enforceability of such policies or the security afforded thereby.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein (i) as to the accuracy, adequacy or completeness of any official statement, memorandum, prospectus or other statement used in connection with the offer and sale of the Series 2024 Bonds and (ii) 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.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

The District is our sole client in this transaction and we have not been engaged by, nor have we undertaken to advise any other party or to opine as to matters not specifically covered herein. This opinion letter is solely for the benefit of the addressees hereof and may not be circulated, quoted or relied upon by any party other than the addressees without our prior written consent, except that a copy may be included in the closing transcripts for the Series 2024 Bonds. The inclusion of parties other than the District as addressees to this opinion does not create or imply an attorney-client relationship between Kline Alvarado Veio, P.C. and such parties in connection with the Series 2024 Bonds.

Very truly yours,

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



**MUNICIPAL BOND DEBT
SERVICE RESERVE
INSURANCE POLICY**

ISSUER: ISSUER_NAME, STATE_NAME

Policy No:

MEMBER: MEMBER_COMPANY,
STATE_NAME

Effective Date:

BONDS: \$_____ in aggregate
principal amount of
,

Risk Premium: \$_____

Member Surplus Contribution: \$_____

Total Insurance Payment: \$_____

Maximum Policy Limit: \$

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. **“Business Day”** means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. **“Debt Service Reserve Agreement”** means the Debt Service Reserve Agreement, if any, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time. **“Due for Payment”** means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. **“Nonpayment”** means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. **“Nonpayment”** shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. **“Notice”** means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. **“Owner”** means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that **“Owner”** shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. **“Policy Limit”** means the dollar amount of the debt service reserve fund required to be maintained for the

Bonds by the Security Documents from time to time (the “Reserve Account Requirement”), or the portion of the Reserve Account Requirement for the Bonds provided by this Policy as specified in the Security Documents or Debt Service Reserve Agreement, if any, but in no event shall the Policy Limit exceed the Maximum Policy Limit set forth above. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of or, if this Policy is only providing a portion of the Reserve Account Requirement, in the same proportion as, each reduction in the Reserve Account Requirement, as provided in the Security Documents or Debt Service Reserve Agreement. “**Security Documents**” means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement and any additional or supplemental document executed in connection with the Bonds. “**Term**” means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE
COMPANY

By: _____
Authorized Officer

SPECIMEN