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1401 LAWERENCE STREET SUITE 1600
DENVER, CO 80202
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June 27, 2022

Meadow Lake Metropolitan District
Attention: Jennifer L. Ivey
Icenogle Seaver Pogue, P.C.
4725 South Monaco Street, Suite 360
Denver, CO 80237

RE: Proposed Meadow Lake Metropolitan District

We have analyzed the bonding capacity for the proposed Meadow Lake Metropolitan District (the "District"). The analysis presented summarizes and presents information provided on behalf of The O'Neil Group (the "Developer") and does not include interpedently verified information or assumptions.

Development Plan Assumptions

The following assumptions have been provided by the Developer and form the basis of the analysis. All prices below reflect 2022 market values.

1. The development is comprised of 912,000 square footage of industrial development and 288,000 square footage of commercial development. It is assumed that the industrial development will be valued by the County Assessor at $110 per square foot and the commercial development will be valued by the County Assessor at $130 per square foot. The estimated market value per unit figures below reflects 2022 market values. It is anticipated that vertical will occur in 2024 with full build-out in 2028.

Bond Assumptions

1. The debt service mill levy target is 50 mills beginning in tax collection year 2023. The operations levy is shown as 10 mills starting in tax collection year 2023. The special purpose mill levy is shown as 5 mills starting in tax collection year 2023.

2. The District is modeled to issue senior bonds in December 2023 with an estimated principal amount of $34,735,000 at an estimated interest rate of 5.00%. At issuance, it is projected that the District will fund $944,700 in costs of issuance (including underwriter's discount and attorneys' fees), $5,210,250 in capitalized interest, and $2,855,000 in surplus funds from bond proceeds. The underwriter's discount is modeled as 2% of the principal amount of senior bonds. The remaining $25,725,050 is projected to be deposited to the District's project fund.

    a. Pledged revenues for debt service payments will be comprised of a debt service mill levy and specific ownership taxes.

        i. The debt service mill levy is 50 mills beginning in imposition term 2022, tax collection year 2023.

ii. Specific Ownership Tax revenues have been calculated based on a factor of 6% to annual property tax revenues.

b. It is projected that 99.50% of property taxes levied will be collected and available to the District.

c. It is projected that there will be a 1% annual inflation of existing assessed value. The bonding capacity could be higher if the rate of inflation is greater, or conversely lower if the inflation rate is below 1%.

d. The bonds are modeled to a 30-year final maturity.

Refinance Assumptions

1. The District is also modeled to issue senior bonds in December 2033 with an estimated principal amount of $54,155,000 at an estimated interest rate of 3.00%. At issuance, it is projected that the District will fund an escrow account in the amount of $32,120,000 for the purpose of refunding the Series 2023 bonds, $470,775 in costs of issuance (including underwriter's discount and attorneys' fees) and $3,155,000 in reserve funds from bond proceeds. The underwriter's discount is modeled as 0.5% of the principal amount of senior bonds. The remaining $20,528,254 is projected to be deposited to the District's project fund.

    a. Pledged revenues for debt service payments will be comprised of a debt service mill levy and specific ownership taxes.

        i. The debt service mill levy is 50 mills beginning in imposition term 2022, tax collection year 2023.

        ii. Specific Ownership Tax revenues have been calculated based on a factor of 6% to annual property tax revenues.

    b. It is projected that 99.50% of property taxes levied will be collected and available to the District.

    c. It is projected that there will be a 1% annual inflation of existing assessed value. The bonding capacity could be higher if the rate of inflation is greater, or conversely lower if the inflation rate is below 1%.

    d. The bonds are modeled to a 30-year final maturity.

Assumptions and Other Information

The assumptions disclosed in the Financial Plan are those of the Developer and have not been independently verified by Piper Sandler. Those assumptions identified are believed to be the significant factors in determining financial feasibility; however, they are likely not to be all-inclusive. There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as projected, and those differences may be material. Key assumptions, including those relating to market values of real property improvements and the build out schedule of such property, are particularly sensitive in terms of the timing necessary to create the tax base for the District.

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A small variation in these variables, and to their timing, can have a large effect on the forecasted results. There is a high probability that the forecasted results will differ from realized future tax base factors and such variations can be material. Additionally, other key assumptions, relating to inflation, assessment ratios, interest rates, and infrastructure, administrative, and operating costs may, and likely will, vary from these projected.

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

Sincerely,

Mike Sullivan
Senior Vice President, The Special District Group