

In the opinion of Butler Snow LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds (defined below) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and 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 as described herein. See "TAX MATTERS."

\$11,970,000
GRANBY RANCH METROPOLITAN DISTRICT
(In the Town of Granby, Colorado)
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
SERIES 2018

Dated: Date of Delivery

Due: December 1, as shown below

The Bonds will be issued pursuant to an Indenture of Trust dated as of May 3, 2018, between Granby Ranch Metropolitan District (the "District") and UMB Bank, n.a., Denver, Colorado, as trustee (the "Trustee"). The Bonds will be issued as fully registered bonds in denominations of \$500,000, or any integral multiple of \$1,000 in excess thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as 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." The Bonds bear interest at the rate set forth above, payable to the registered owner of the Bonds (initially Cede & Co.) on June 1 and December 1 of each year, commencing December 1, 2018, to and including the maturity date shown above, unless the Bonds are redeemed earlier. The principal of the Bonds will be payable upon presentation and surrender at the office of the Trustee. See "THE BONDS."

Maturity Schedule

\$ 990,000 4.875% Term Bond due December 1, 2028. Price: 100.00% CUSIP® No.: 385184 AB2
\$10,980,000 5.500% Term Bond due December 1, 2052. Price: 100.00% CUSIP® No.: 385184 AC0

The Bonds are subject to redemption prior to maturity at the option of the District and are also subject to mandatory sinking fund redemption as described in "THE BONDS--Redemption Provisions."

Proceeds of the Bonds, together with other available funds, will be used by the District to: (i) refund certain outstanding bonds of the District, as described herein; (ii) fund a reserve fund for the Bonds; and (iii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds constitute limited tax general obligations of the District payable from the Trust Estate created by the Indenture. The Trust Estate is comprised primarily of the "Pledged Revenue," which includes moneys derived from the following sources (each as more particularly defined herein), net of any costs of collection: (a) the Required Mill Levy; (b) the SolVista Tax Revenue; (c) the portion of Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (d) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue (together, the "Pledged Revenue"). The Bonds are also secured by a security interest in the Bond Fund, the Reserve Fund and all other moneys, securities, revenues, receipts and funds held by the Trustee under the terms of the Indenture (except the Rebate Fund). See "SECURITY FOR THE BONDS." *The Bonds are not obligations of the State of Colorado or any political subdivision thereof, other than the District.*

INVESTMENT IN THE BONDS INVOLVES RISK. THE BONDS ARE BEING OFFERED AND SOLD ONLY TO "FINANCIAL INSTITUTIONS AND INSTITUTIONAL INVESTORS" AS SUCH TERMS ARE DEFINED IN SECTION 32-1-103(6.5), COLORADO REVISED STATUTES, AS AMENDED.

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Limited Offering Memorandum, particularly the section entitled "CERTAIN RISK FACTORS," to obtain information essential to making an informed investment decision.

The Bonds are offered when, as, and if issued by the District and accepted by the Underwriter subject to the approval of legality of the Bonds by Butler Snow LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP also has acted as special counsel to the District in connection with the Limited Offering Memorandum. Certain legal matters will be passed upon for the District by its general counsel, Seter & Vander Wall, P.C., Greenwood Village, Colorado. Sherman & Howard L.L.C., Denver, Colorado, is counsel to the Underwriter. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about May 3, 2018.



D | A | DAVIDSON
D.A. Davidson & Co. member SIPC

Limited Offering Memorandum dated April 26, 2018.

USE OF INFORMATION IN THIS LIMITED OFFERING MEMORANDUM

This Limited Offering Memorandum, which includes the 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 Limited Offering Memorandum 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 District. The District maintains an internet website; however, the information presented there is not a part of this Limited Offering Memorandum and should not be relied upon in making an investment decision with respect to the Bonds.

The information set forth in this Limited Offering Memorandum has been obtained from the District and from the sources referenced throughout this Limited Offering Memorandum, which the District believes to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided by sources other than the District. This Limited Offering Memorandum 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 Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction but the Underwriter does not guarantee the accuracy or completeness of such information.

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

This Limited Offering Memorandum 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. 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 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.

**GRANBY RANCH METROPOLITAN DISTRICT
(In the Town of Granby, Colorado)**

Board of Directors

Natasha Wall, President
Dale Floren, Vice President
Terry Walker, Secretary/Treasurer
Lance Badger, Assistant Secretary

District Manager and Accountant

CliftonLarsonAllen LLP
Greenwood Village, Colorado

General Counsel

Seter & Vander Wall, P.C.
Greenwood Village, Colorado

TRUSTEE AND ESCROW BANK

UMB Bank, n.a.
Denver, Colorado

BOND AND SPECIAL COUNSEL

Butler Snow LLP
Denver, Colorado

UNDERWRITER

D.A. Davidson & Co.
Denver, Colorado

UNDERWRITER'S COUNSEL

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

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LIMITED OFFERING MEMORANDUM

\$11,970,000

**GRANBY RANCH METROPOLITAN DISTRICT
(In the Town of Granby, Colorado)
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS
SERIES 2018**

INTRODUCTION

General

This Limited Offering Memorandum, including the cover page and the appendices, is furnished by Granby Ranch Metropolitan District (the “District”), a political subdivision of the State of Colorado (the “State”), to provide information about the District and its \$11,970,000 Limited Tax General Obligation Refunding Bonds, Series 2018 (the “Bonds”). The Bonds will be issued pursuant to a bond resolution (the “Bond Resolution”) adopted by the board of directors of the District (the “Board”) on April 11, 2018, and pursuant to an Indenture of Trust (the “Indenture”), dated as of May 3, 2018, between the District and UMB Bank, n.a., Denver, Colorado (the “Trustee”).

The offering of the Bonds is made only by way of this Limited Offering Memorandum, 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 Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum, particularly the section entitled “CERTAIN RISK FACTORS,” and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Limited Offering Memorandum, including the cover page and appendices, is unauthorized.”

The District

The District - General. The District is a quasi-municipal corporation and a political subdivision of the State formed on November 25, 2003, pursuant to the provisions of Title 32, Article 1, Colorado Revised Statutes (the “Special District Act”). The District was formed in November 2003 pursuant to a Service Plan originally approved by the Town of Granby, Colorado (the “Town”), on July 22, 2003 (as amended on June 27, 2006, and November 8, 2016, the “Service Plan”). The District was originally formed as “SolVista Metropolitan District No. 2;” in October 2004, the name of the District was changed to “Granby Ranch Metropolitan District.”

Pursuant to the Service Plan, the District is authorized to construct, operate and maintain the following public improvements: streets, roadways and drainage, traffic and safety protection; parks and recreation; sanitation; water; transportation; mosquito control; and television relay and translator systems.

The District currently contains approximately 236.6 acres located in a mountainous area of the Town. For purposes of the payment of debt service, the District also

includes an additional approximately 754.8 acres of land that was excluded from the District in April 2010 (the “Excluded Property”); the vast majority of the Excluded Property is located in Granby Ranch Metropolitan District No. 8 (“District 8”) and a small amount is located in Granby Ranch Metropolitan District No. 2. However, the Excluded Property remains subject to the levy of taxes for the payment of debt service on the general obligation bonds outstanding on the date of the exclusion and bonds issued to refund those bonds, including the Bonds. Accordingly, approximately 991.4 acres are subject to ad valorem property taxes for the payment of debt service on the Bonds.

The property subject to taxation for the payment of debt service on the Bonds is referred to herein as the “GRMD Bond Property;” as described above, the GRMD Bond Property currently includes the property currently located in the District and the Excluded Property. As of March 1, 2018, 394 homes had been built within the GRMD Bond Property and nine homes were under construction. For a description of existing and potential development within the District, see “THE DISTRICT--Development in the GRMD Bond Property.”

The 2017 assessed valuation of the GRMD Bond Property (for collection of taxes in 2018) is \$14,185,740. See “THE DISTRICT” and “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Tax Data.”

Prior to the issuance of the Bonds, an inclusion of approximately 14.5 acres of land (the “Inclusion Parcels”) into the District will become effective. The Inclusion Parcels are discussed in more detail in “THE DISTRICT--Organization and Description.” Because the inclusion of the Inclusion Parcels is a condition of closing on the Bonds, the references to future events involving the GRMD Bond Property includes the Inclusion Parcels.

However, since the Inclusion Parcels are not part of the GRMD Bond Property as of the date of this Limited Offering Memorandum, and have historically not been included within the GRMD Bond Property, the historical valuation information in this Limited Offering Memorandum does not include the valuation of the Inclusion Parcels. The County Assessor states that valuation information for the Inclusion Parcels will not be available until the inclusion is completed.

Other Districts Serving the Granby Ranch Development. The District was formed contemporaneously with the district now known as the Headwaters Metropolitan District (the “Headwaters District”). The Headwaters District was formed for the purpose of providing certain public facilities and services for the use and benefit of the inhabitants and taxpayers of the Granby Ranch development (the “Development” or “Granby Ranch”), as described below. The Development is currently served by 10 special districts, including the District, the Headwaters District, SolVista Metropolitan District (the “SolVista District”), and Granby Ranch Metropolitan Districts Nos. 2-8. The purpose of the District is to finance the construction or acquisition of facilities within the portion of the Development that is located within the District’s boundaries. See “THE DISTRICT.”

Pursuant to a District Facilities Construction and Service Agreement (the “Headwaters IGA”) originally executed in 2006 and amended in 2010, the Headwaters District was to own, operate, maintain and construct the public improvements described in the Service Plan, and the District was required to pay all costs related to the construction, operation and maintenance of the improvements by the Headwaters District. In addition, the Headwaters IGA provided that the Headwaters District would provide operational services of the District.

As described in further detail below, effective November 8, 2016, the Headwaters IGA was terminated and the District assumed responsibility for its own public improvements and operational services.

District Assumes Responsibility for its Own Operations. In order to allow the District to assume responsibility for its own operations, the District, Granby Realty Holdings LLC, a Colorado limited liability company (the “Developer”), the Headwaters District and District 8 entered into a letter agreement dated August 22, 2016, as amended on November 17, 2017, and April 11, 2018 (the “Letter Agreement”). The April 2018 amendment, which supersedes the November 2017 amendment in its entirety, was approved by the Board on April 11, 2018. The Letter Agreement sets forth the promises of the parties related to the issuance of the Bonds and the relationship between the District and the Headwaters District.

Specifically, the Letter Agreement requires the following of the Developer in conjunction with the issuance of the Bonds: (1) the prepayment of \$250,200 of capital facilities fees jointly imposed by the District and the Headwaters District (representing 40 capital facilities fees); (2) the contribution of \$75,000 to the District with no requirement for repayment; and (3) the release and cancellation of all of the District’s obligations with respect to its \$11,119,000 Taxable Subordinate Limited Tax Bonds, Series 2010 (the “2010 Subordinate Bonds,” discussed herein), which are owned by the Developer. The obligations described in (1) and (2) above will be funded with moneys on deposit in a lot sale escrow account which currently secures the 2006 Bonds.

The Letter Agreement also requires major repairs to certain roads constructed in the District as part of Granby Ranch Filings No. 8 and 10; the Developer is required to use its commercially reasonable best efforts to achieve completion and initial acceptance by the Town by October 31, 2019, but all major repairs must be completed by September 30, 2020. The moneys remaining in the lot sale escrow after the payments described in the previous paragraph will be deposited into an escrow account to be used only for design, engineering and construction costs, including related soft costs, for the required road repairs; the release of funds for those repairs must be approved by the escrow agent following a request from the Developer or its successor. The Developer’s obligation to complete the major repairs is to be further secured by collateral posted by the Developer under existing subdivision improvement agreements (each an “SIA”) between the Town and the Developer. Each SIA provides for road construction standards and inspections within Granby Ranch. Each SIA is expected to be amended to include updated requirements for the required road repairs within the District and to add the District as an enforcing party to the SIA or give the District the ability to execute on the existing collateral.

The Letter Agreement also provides for the termination of any financial obligations between the District and the Headwaters District other than required cost sharing for road maintenance and snow removal (along with Granby Ranch Metropolitan Districts Nos. 2-8). The District is expected to enter into an agreement with the Headwaters District and Granby Ranch Metropolitan Districts Nos. 2-8 dated as of April 11, 2018, providing for the payment of the proportional share of the costs of road operation, maintenance, snow removal and minor repairs, effective January 1, 2019. The District’s share of the costs pursuant to this agreement will be reduced in an amount equal to the amount funded by the Granby Ranch Conservancy (the master homeowners’ association for Granby Ranch), if any.

The Bonds; Prior Redemption

General. The Bonds are issued solely as fully registered certificates in the denomination of \$500,000, or any integral multiple of \$1,000 in excess thereof. Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting as the securities depository for the Bonds. See “THE BONDS--Book-Entry Only System.” The Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the cover page hereof. The payment of principal and interest on the Bonds is described in “THE BONDS--Payment Provisions.”

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

Sales Limited to Financial Institutions and Institutional Investors. The Bonds are being offered and sold only to “financial institutions and institutional investors,” as defined in section 32-1-103(6.5), C.R.S.

Authority for Issuance

The Bonds are issued in full conformity with the constitution and laws of the State, particularly: Title 32, Article 1, Parts 11 and 13, Colorado Revised statutes (“C.R.S.”); the Supplemental Public Securities Act (Title 11, Article 57, Part 2, C.R.S.); and pursuant to the Indenture.

Purpose

General. The proceeds of the Bonds, together with other available funds, will be used to: (i) refund all of the District’s Limited Tax General Obligation Bonds, Series 2006 (the “2006 Bonds” or the “Refunded Bonds”), which are currently outstanding in the aggregate principal amount of \$12,880,000 (the “Refunding Project”); (ii) fund a reserve fund for the Bonds (the “Reserve Fund”); and (iii) pay the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS.”

Plan of Finance. The District is undertaking the Refunding Project to reduce its annual debt service, which is necessary to relieve financial pressure on the District. In addition, completion of the Refunding Project will allow the District to impose a mill levy to pay operation and maintenance expenses as well as debt service.

Security

General. The Bonds are limited tax general obligations of the District. The Bonds are payable solely from the Trust Estate created by the Indenture, which is pledged to the payment of the Bonds. The Trust Estate is comprised of the Pledged Revenue, which is described below. The Trust Estate also includes a security interest in the Bond Fund, the Reserve Fund, all other moneys, securities, revenues, receipts and funds held by the Trustee under the Indenture (except the Rebate Fund, described in Appendix B), and any additional property pledged by the District as additional security under the Indenture in the future.

The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) on the Pledged Revenue. See “SECURITY FOR THE BONDS.” *The Bonds are not obligations of the Town, Grand County (the “County”), the State or any political subdivision of the State other than the District.*

The District may issue additional bonds with a parity or subordinate lien on the Pledged Revenue after satisfying the conditions set forth in the Indenture. See “SECURITY FOR THE BONDS--Additional Bonds” and Appendix B - Summary of Certain Indenture Provisions--Additional Bonds.

Pledged Revenue. The Indenture defines “Pledged Revenue” as the moneys derived by the District from the following sources, net of any costs of collection: (i) the Required Mill Levy; (ii) the SolVista Tax Revenue; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. Each source of Pledged Revenue is described below. Also see “SECURITY FOR THE BONDS.”

The Required Mill Levy. The Required Mill Levy generally consists of an annual ad valorem mill levy imposed upon all taxable property in the District. The mill levy imposed by the District for debt service on the Bonds cannot exceed 50 mills, as adjusted to reflect changes in the ratio of actual valuation to assessed valuation as allowed by law and the Service Plan (the “Gallagher Adjustment”).

The definition of “Required Mill Levy,” including an explanation of the mechanics of the Gallagher Adjustment, is discussed in more detail in “SECURITY FOR THE BONDS--Pledged Revenue.” Pursuant to the Service Plan, the Gallagher Adjustment is effective for valuation changes occurring after November 1, 2016.

The SolVista Tax Revenue. The District is entitled to receive the “SolVista Tax Revenue,” which is defined as the revenue generated by a mill levy of 25 mills imposed by SolVista Metropolitan District (the “SolVista District”) upon the taxable property in that district, net of any operation and maintenance allowance, and paid to the District pursuant to a 2006 agreement between the District and the SolVista District (the “SolVista Funding Agreement”). The SolVista Tax Revenue is payable to the District through 2026 only.

Specific Ownership Tax Revenue. The Specific Ownership Tax is a tax imposed by State law upon motor vehicle registrations, the revenue of which is shared proportionally among local governments, including the District. Specific Ownership Tax is apportioned among all taxing entities in each county based upon the relative percentage of ad valorem taxes levied by each taxing entity in the county during the preceding calendar year. Only the portion of the Specific Ownership Tax revenue derived from imposition of the Required Mill Levy constitutes Pledged Revenue. Specific Ownership Tax revenue allocable to the O&M Mill Levy does not constitute Pledged Revenue.

Operation and Maintenance Mill Levy Not Included in Pledged Revenue. Pursuant to the Service Plan, the District is authorized to impose a mill levy for operation and maintenance purposes (the “O&M Mill Levy”) of up to 50 mills, subject to the Gallagher Adjustment; however, that the total mill levy imposed in the District cannot exceed 60 mills, subject to the Gallagher Adjustment. *The revenue derived from the O&M Mill Levy is not*

included in Pledged Revenue and is not available to pay debt service on the Bonds. See “DISTRICT FINANCIAL OPERATIONS.”

The Development and the Developer

The Granby Ranch Development. The Development is a project of the Developer, which was formed in 2004 for the purpose of owning and developing the property in the Development. Granby Ranch is located along Colorado’s Western Slope, 90 minutes west of Denver and 15 minutes north of the town of Winter Park in the County.

Granby Ranch is being developed as a family-friendly, four-season, amenity-rich recreational community located on approximately 4,850 acres of mountainous property which have been annexed into the Town. The Development features amenities including approximately 400 acres of ski terrain (the “Ski Area”), an 18-hole championship golf course (the “Golf Course”), approximately three miles of private, gold-medal fishing on the Fraser River, a downhill bike park, and approximately 34 miles of hiking and cross-country skiing trails. The Headwaters District has leased the Ski Area and the Golf Course from the Developer. Granby Ranch Amenities LLC (“GRA”), a related party to the Developer, currently has a contract with the Headwaters District to operate the Ski Area and the Golf Course.

Currently, the Development contains residential and commercial development, undeveloped land which is planned principally for residential development and a small amount of mixed-use and/or commercial development.

Approximately 20% of the acreage in the District (approximately 991.4 acres) comprises the GRMD Bond Property. According to property tax records maintained by the County Assessor, the GRMD Bond Property generally consists of: (i) 292.1 acres of vacant land (planned for residential use); (ii) 38.5 acres of developed residential property; (iii) 8.5 acres of improved commercial property; (iv) 143.8 acres of forest management (agricultural) land; and (v) 508.6 acres of exempt property, which includes the Ski Area, the Golf Course, roads and open space.

Sale of Developer’s Property. The Developer listed its property in Granby Ranch for sale in January 2018. The property is being marketed by CBRE Land Services, which includes a Golf and Resort Group. According to the Developer, the sale was officially launched in the beginning of February 2018. To date, there are 67 interested parties that have executed nondisclosure agreements and been granted access to proprietary information regarding the Development and the amenities. One offer has been received and several groups have indicated that they are preparing offers. It is not possible to predict when or if any of the interested parties will submit acceptable offers or when due diligence will be completed and the property sold. The Developer and CBRE have indicated that the process could take at least a year. However, a successful sale could take materially longer than a year or may not occur at all.

The Developer reports that development activity is ongoing and includes marketing, listing and selling residential homesites, infrastructure improvements, water rights diligence, land management activities and administrative functions.

Upon the sale of the property, the Developer will no longer be the developer or the major landowner of property within the District or the Development. Further, the purchaser

of the Developer's property will not be obligated to follow the Developer's current plan of development or to continue development in any particular timeframe (or at all).

Market Study and Cash Flow Forecast

Market Study. In connection with the issuance of the Bonds, the District has retained King & Associates, Inc. ("King & Associates") to prepare a "Granby Ranch Metropolitan District Market and Valuation Analysis" dated as of April 10, 2018 (the "Market Study"). The Market Study contains an assessment of the annual absorption for the residential units planned for the GRMD Bond Property and the Inclusion Parcels. The Market Study is attached as Appendix F to this Limited Offering Memorandum and should be read in its entirety by prospective investors. The Market Study is based on certain limited information provided by the Developer and on key assumptions made by King & Associates, which are detailed in the Market Study. The District takes no responsibility for the information provided by the Developer or for the assumptions made by King & Associates.

The Market Study contains two scenarios: (1) Scenario 1 (Current Development Only) is a scenario based upon limited new construction of 11 units in the GRMD Bond Property during 2018 and 2019 ("Scenario 1"); and (2) Scenario 2 (Hypothetical Including Proposed Future Development) represents development in the GRMD Bond Property through 2048, based upon existing platting and the Developer's current plan of development ("Scenario 2").

The limited construction scenario described in Scenario 1 above represents 11 units that are under construction, have been issued a building permit or are in the design review process. These include: five units expected to be completed in 2018 which were under construction or had a building permit issued; and six units expected to be completed in 2019 which had a building permit or were in various stages of design review. See the Market Study in Appendix F for more detail as to the types of units represented in each category. There is no guaranty that the units that are under construction will be completed as scheduled, or that construction will be undertaken or completed for the units that are in design review or for which a building permit has been issued.

Scenario 2 is a hypothetical scenario only which illustrates how the property may be developed over a future period (limited to 30 years) based upon the Developer's current and future entitlements and the Developer's current development plan. However, as discussed above, the Developer has listed all of its property within the Development (including the GRMD Bond Property) for sale. The eventual purchaser of the Developer's property will not be obligated to follow the Developer's current plan of development or to continue development within any specific timeframe, or at all. Further, the Developer may elect not to continue the development as illustrated in Scenario 2 during the pendency of the sale of its property. As a result, there is no guarantee that the future residential development in the District will occur as set forth in this hypothetical scenario and investors should be cautious when reviewing the development described in Scenario 2.

Cash Flow Forecast. In connection with the issuance of the Bonds, the District engaged CliftonLarsonAllen LLP, Greenwood Village, Colorado, to compile certain assessed valuation forecasts and other information in the form of a forecast. CliftonLarsonAllen LLP also acts as the District's manager and accountant and is not independent with respect to the District. The Forecasted Surplus Cash Balances and Cash Receipts and Disbursements dated as of

April 26, 2018 (the “Forecast”), is attached as Appendix G to this Limited Offering Memorandum and should be read in its entirety by prospective investors.

The Forecast incorporates the information presented in the Market Study and contains two scenarios: a “base case” scenario and a “hypothetical” scenario. The “base case” scenario includes: (i) the existing residential development within the GRMD Bond Property; (ii) two single-family detached units which were completed in 2017, the assessed valuation of which will be fully included in the 2018 assessed valuation (for collection of taxes in 2019); and (iii) the development assumptions described above with respect to Market Study Scenario 1. The assessed values associated with the units described in the Market Study Scenario 1 are not expected to be fully reflected in the assessed value of the District until the year after the units are completed.

The “hypothetical” scenario is based upon the development assumptions contained in Scenario 2 in the Market Study. As discussed above, however, the Developer is in the process of selling its property within the District. As a result, the planned development information provided by the Developer (and contained in Scenario 2) is likely not to occur as presented in the Forecast and may not occur at all. See the description of Scenario 2 contained in “Market Study” above.

The information in the Forecast is based on key assumptions made by CliftonLarsonAllen LLP and from certain limited information obtained from the Market Study. The assumptions on which the projections are based are detailed in the Forecast. Unless otherwise indicated, the Forecast information discussed in this Limited Offering Memorandum utilizes the “no growth” scenario.

Limitations; Forward-Looking Statements. Investors should review the entire contents of Appendix F and Appendix G in order to obtain an understanding of the scope and conclusions of the Market Study and the Forecast. Special attention should be paid to the sections of each report detailing the limitations of the report and to the assumptions used in formulating the projections contained therein. The Market Study and the Forecast are based upon estimates, assumptions and other information, the sources of which are stated therein. The Market Study and the Forecast are forward-looking statement as described in “Forward-Looking Statements” below. The projections set forth in the Market Study and the Forecast should not be regarded as a representation that the results set forth therein will be achieved. Inevitably, some of these assumptions may not materialize and unanticipated events and circumstances will occur. Therefore, actual results will vary from those projected in the Forecast; such variations could be material. To the extent that the Market Study and/or the Forecast prove to be inaccurate, the total property tax revenues derived from the Required Mill Levy may not be sufficient to pay the principal and interest on the Bonds when due.

Professionals

Butler Snow LLP, Denver, Colorado, has acted as Bond Counsel and also has acted as special counsel to the District in connection with this Limited Offering Memorandum. The fees of Butler Snow LLP will be paid only from Bond proceeds at closing. Certain legal matters will be passed on for the District by its general counsel, Seter & Vander Wall, P.C., Greenwood Village, Colorado. Chadwick, Steinkirchner, Davis & Co., P.C., Grand Junction, Colorado, have audited the District’s basic financial statements which are attached hereto as Appendix A. See “INDEPENDENT AUDITORS.” UMB Bank, n.a., will act as the Trustee, the

Escrow Bank in connection with the Refunding Project and as the dissemination agent for purposes of the District’s continuing disclosure undertaking (described below). D.A. Davidson & Co., Denver, Colorado, will act as the Underwriter for the Bonds (the “Underwriter”). See “UNDERWRITING.” Sherman & Howard L.L.C., Denver, Colorado, is counsel to the Underwriter. The fees of Sherman & Howard L.L.C. will be paid only from Bond proceeds at closing. King & Associates has been retained by the District to compile the Market Study. CliftonLarsonAllen LLP, certified public accountants, Greenwood Village, Colorado, has been retained by the District for the purpose of compiling the Forecast. CliftonLarsonAllen LLP also provides administrative and accounting services to the District as described in “THE DISTRICT--Administration.”

Continuing Disclosure Undertaking

The Underwriter has determined that the Bonds are exempt from the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). Nonetheless, the District has agreed to voluntarily enter into a continuing disclosure agreement with the Trustee (the “Undertaking”) pursuant to which it will agree to provide to the Trustee specified quarterly and annual financial information, including audited financial statements and budgets, and notice of the occurrence of certain events listed in the Undertaking, all as detailed in the Undertaking. The Trustee will provide copies of the information it receives to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system. The form of the voluntary Undertaking is attached hereto as Appendix E.

Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds (defined below) is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and 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 as described herein. See “TAX MATTERS.”

Forward-Looking Statements

This Limited Offering Memorandum, including but not limited to the information contained in: the “INTRODUCTION,” “CERTAIN RISK FACTORS,” “THE DISTRICT--The Developer and the Development,” and in the Market Study and the Forecast attached hereto as Appendix F and Appendix G, respectively; contains statements relating to future results that are “forward-looking statements.” When used in this Limited Offering Memorandum, 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, "CERTAIN RISK FACTORS."

Additional Information

This introduction is only a brief summary of the provisions of the Bonds and the Indenture; a full review of the entire Limited Offering Memorandum should be made by potential investors. Brief descriptions of the Bonds, the Indenture, the Refunding Project and the District are included in this Limited Offering Memorandum. All references herein to the Bonds, the Indenture and other documents are qualified in their entirety by reference to such documents. *This Limited Offering Memorandum speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District or the Underwriter at the following addresses:

Granby Ranch Metropolitan District
c/o CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 500
Greenwood Village, Colorado 80111
Telephone: (303) 779-5710

D.A. Davidson & Co.
1550 Market Street, Suite 300
Denver, Colorado, 80202
Telephone: (303) 764-6000.

CERTAIN RISK FACTORS

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

The Bonds are offered only to financial institutions and institutional investors in minimum denominations of \$500,000, will not receive a credit rating from any source, and are not suitable investments for all investors. Each prospective purchaser is responsible for assessing the merits and risks of an investment in the Bonds and must be able to bear the economic risk of such investment in the Bonds. By purchasing the Bonds, each purchaser represents that it is a financial institution or an institutional investor with sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Bonds.

Restrictions on Purchase and Transfer; Investor Suitability

The Bonds are being sold to one or more knowledgeable and experienced investors who are not purchasing with a view to distributing the Bonds. Any Bond purchaser must be a “financial institution or institutional investor” within the meaning of Section 32-1-103(6.5), C.R.S., which defines such terms as (a) a depository institution, (b) an insurance company, (c) a separate account of an insurance company, (d) a federally-registered investment company, (e) a federally-defined business development company, (f) a federally-defined private business development company; (g) certain employee pension, profit-sharing or benefit plans; (h) entities whose business consists substantially of investing, purchasing, selling or trading in certain securities and with total assets of more than \$5 million, and (i) a federally-licensed small business investment company. By acceptance of a Bond, each purchaser thereof represents that it is a “financial institution or institutional investor” within the meaning of Section 32-1-103(6.5), C.R.S., with sufficient knowledge and experience in financial and business matters, including the purchase and ownership of non-rated, subordinate, tax-exempt obligations, to be able to evaluate the merits and risks of an investment in the Bonds.

By acceptance of a Bond, each purchaser thereof acknowledges that the may be sold, transferred or otherwise disposed of only in minimum denominations of \$500,000 and any integral multiple of \$1,000 in excess thereof. See the definition of “Authorized Denomination” in Appendix B - Summary of Certain Indenture Provisions.

The foregoing standards are minimum requirements for prospective purchasers of the Bonds. The satisfaction of such standards does not necessarily mean that the Bonds are a suitable investment for a prospective investor. Accordingly, each prospective investor is urged to consult with its own legal, tax and financial advisors to determine whether an investment in the Bonds is appropriate in light of its individual legal, tax and financial situation.

Moreover, the Bonds are a substantially illiquid investment and are being issued in minimum initial denominations of \$500,000. Therefore, the Bonds should not be purchased by an investor unless the investor is able to hold the Bonds indefinitely.

No Mortgage Lien; Limited Tax Pledge

The Bonds constitute limited tax obligations of the District. 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 District. Further, the Bonds are not secured by a pledge of an unlimited District mill levy; rather, the Bonds are limited obligations of the District payable from the Pledged Revenue, which is expected to consist primarily of revenue from the Required Mill Levy. See “SECURITY FOR THE BONDS--Pledged Revenue.” The Required Mill Levy is limited to a maximum amount of 50 mills (as adjusted pursuant to the Gallagher Adjustment).

The registered owners of the Bonds (the “Owners”) and the beneficial owners of the Bonds (the “Beneficial Owners”) cannot require the District to impose a property tax in excess of the Required Mill Levy.

Provided that (i) the District is imposing the Required Mill Levy and otherwise causing the deposit of the other Pledged Revenue pursuant to the provisions of the Indenture, and (ii) all Pledged Revenue is being deposited with the Trustee and applied as required by the Indenture, an insufficiency of Pledged Revenue to pay principal and interest on the Bonds when due shall not constitute an Event of Default under the Indenture.

Continuation of Development Not Assured

General Development Risks. The amount of Pledged Revenue collected by the District each year will depend, to a certain degree, upon the continued development of the property within the District and within the GRMD Bond Property. The timing and level of development will determine the amount and timing of property tax revenues (including Required Mill Levy revenue) received by the District. The continued development of the GRMD Bond Property will largely depend upon the ability or willingness of the Developer (or its successor) to accomplish its development objectives, and, for certain property, upon the ability of builders to build and sell single family homes and multi-family units in the GRMD Bond Property. Also, bulk sales or the sale of finished lots by the Developer would not automatically result in the construction of residences thereon. There is no obligation on the Developer or any other party, including any subsequent owners, to develop the GRMD Bond Property within any time frame, or at all.

A number of factors may affect the ability of the Developer and others to develop or build upon the GRMD Bond Property, including the national economy in general and the economy of the Grand County region and Denver metropolitan area in particular. The building industry is cyclical in nature and is subject to substantial government regulation. The rate of additional development in the GRMD Bond Property will be impacted by many factors such as governmental policies with respect to land development (including limitations on growth), the availability of water, sanitary sewer and other utilities, construction costs, interest rates, competition from other developments, competition from development elsewhere in Granby Ranch other than the GRMD Bond Property, and other political, legal and economic conditions. The rate of development in the GRMD Bond Property may also be affected by recent or future changes in the federal income tax treatment of interest on mortgages for second homes.

Developer’s Sale of Property in Development. As discussed in “INTRODUCTION--The Development and the Developer - Sale of Developer’s Property,” the

Developer has listed its property in Granby Ranch for sale. This property includes Developer-owned property in the GRMD Bond Property. The Developer has continued certain development activities; however, it is not possible to predict the development timeframe, if any, to be undertaken by any purchaser of the property. *However, neither the Developer nor its successor is under a binding obligation to develop the property within the GRMD Bond Property as planned, nor is there any restriction on the right of the Developer or its successor to sell any or all of its property within the GRMD Bond Property or to withdraw completely from the Development.*

Additional Required Infrastructure. Additional infrastructure must be completed by the Developer in order for all the property in the GRMD Bond Property to be developed. See “THE DISTRICT--General Information about the Development.” The Developer has no current plans to construct infrastructure needed to develop the remaining unimproved lots. It is not possible to predict whether or when any successor to the Developer will construct the additional infrastructure.

Competition. The Development competes, or may compete in the future, with other developments now or hereafter being developed in the area, both within and outside of Granby Ranch, some which are in close proximity to the Development. The impact of this competition on future development within the GRMD Bond Property cannot be assessed at the present time because future demand cannot be predicted with accuracy and the factors influencing the success of each development are speculative. See the Market Study attached as Appendix F to this Limited Offering Memorandum.

No Investigation as to Finances of Developer

There has been no independent investigation of and no representation is made in this Limited Offering Memorandum regarding the financial soundness of the Developer or of its financial or managerial capability or willingness to: (i) continue to develop and market the property within the Development as planned, pending sale of the property in the Development; or (ii) pending sale of the property, profitably operate the Ski Area and Golf Course so that the facilities continue to be amenities sought by current and prospective homeowners. Moreover, the financial circumstances of the Developer can change from time to time. Development within the District is dependent upon the ability of the Developer or its successors to implement the plan for the Development contemplated herein, as described above in “Continued Development Not Assured.”

For other factors linked to the financial condition of the Developer, see “Concentration of Taxpayers,” “Dependence upon timely Payment of Property Tax; Recent Developer Failures,” “Recent Draws on Reserves for Debt Service,” “Risk of Reduction in Assessed Value; Market Value of Land” and “Risks Related to the SolVista Tax Revenue” below.

Second Home and Resort Market

Second Home. The Development is located in a mountainous area of Grand County, which is primarily a tourist destination. Residential development in the GRMD Bond Property has focused on vacation and second homes and it is expected that the focus on those homes will continue. The economy of the Grand County area is dependent upon the tourism and resort industry, particularly skiing, golf and other forms of recreation, and the real estate, retail sales, restaurant and lodging businesses. Accordingly, the local economy is particularly

susceptible to general economic conditions, and is impacted by the cost, accessibility, and continued desirability of recreational facilities.

Dependence Upon the Golf Course and Ski Area. According to the Developer, a primary selling point is the location of the residential property within the Granby Ranch community, which includes access to the Golf Course and the Ski Area. Purchasers of residential property within Granby Ranch are required to pay an amenity fee to the Headwaters District, which entitles them to use certain amenities, including the Golf Course and the Ski Area, on a preferential basis. Both the Golf Course and the Ski Area are currently owned by the Developer and are leased to the Headwaters District pursuant to a long-term lease purchase agreement. The Headwaters District has engaged GRA, a related party to the Developer, to operate the Ski Area and the Golf Course. However, the board of the Headwaters District has indicated its plans to issue a request for proposals for management services related to the amenities following the close of the 2018 ski season.

There is no guarantee that the Golf Course, the Ski Area or other amenities will continue to operate or, if operated, will be operated, maintained and improved in a manner which is deemed to be advantageous to home buyers. If the Golf Course, the Ski Area or the other amenities cease operations, or if the level of services and amenities offered is diminished, the value of property within the District or future sales of property within the District could be materially adversely affected.

Lawsuit Regarding Operation of Ski Area. In December 2016, a new electronic drive/control system installed on the main chairlift at the Ski Area malfunctioned, resulting in the death of a passenger on the lift and the injury of her two minor children. GRA closed the impacted lift, which carries the majority of passengers at the Ski Area, for several weeks during the 2016-17 ski season and also sold discounted lift tickets due to the reduced lift access. According to the Developer, the closure of the lift resulted in negative financial consequences to the Developer and GRA, resulting in an inability to timely pay property taxes and other financial obligations owed by the Developer. See “Dependence upon Timely Payment of Property Tax” below.

In December 2017, a lawsuit was filed against the Developer and GRA in the United States District Court for the District of Colorado on behalf of the two minor children of the woman who died in the lift accident. The suit requests: damages for economic loss suffered by the children, including net financial loss equal to the benefit the children might reasonably have received had their mother lived out her normal life expectancy; noneconomic damages for grief, loss of companionship, impairment of quality of life, inconvenience, pain and suffering and emotional stress of the children; prejudgment and post-judgment interest; and attorneys’ fees and costs. The Developer and GRA have filed a motion to dismiss the suit; however, that motion has not been ruled upon by the court. The court has scheduled a final pretrial conference for April 2019; however, the case may be settled or dismissed prior to that time, or the current schedule may be extended by the court.

Neither the District nor the Headwaters District has been named in the lawsuit. It is not possible to predict whether the pendency or outcome of the lawsuit will impact the current or future operation of the Ski Area. See “Second Home and Resort Market - Dependence upon the Golf Course and Ski Area” above.

Concentration of Taxpayers

As illustrated in the table entitled “Largest Taxpayers for 2017 - GRMD Bond Property” (found in “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Tax Data”), the Developer and GRA own real and personal property within the GRMD Bond Property constituting approximately 12.9% of the total 2017 assessed valuation of the GRMD Bond Property. As previously discussed, the Developer is currently offering all of its property within the Development for sale; upon the sale of its property, the Developer will no longer be a major property owner within the GRMD Bond Property.

The Developer is currently offering property for sale in the District to individual purchasers; however, there can be no assurance as to the rate at which such property will be sold. Further, bulk sales of lots to homebuilders could result in those homebuilders becoming major taxpayers in the District.

Dependence upon Timely Payment of Property Tax; Recent Developer Failures

General. Delinquency in the payment of property taxes by property owners within the District and the SolVista District could impair the District’s ability to meet its debt service requirements on the Bonds in a timely manner. Property taxes on land are not personal obligations of the Developer, any homebuilder or any other property owner. While the current year’s taxes constitute a lien upon assessed property and the Grand County Treasurer is required by statute to offer for sale delinquent property to satisfy the District’s or the SolVista District’s tax liens for the year in which the taxes are in default, this remedy can be time-consuming and there is no guarantee that any tax liens will be purchased. Furthermore, any such tax sale would be only for the amount of taxes due and unpaid for the particular tax year in question.

Developer’s Recent Failure to Pay Property Taxes. The Developer and GRA did not timely pay ad valorem property taxes for 2015 (collection year 2016) and 2016 (collection year 2017). The County Treasurer did not take the property owned by the Developer or GRA to tax sale in 2016 and agreed to allow the payment of the 2015 property taxes along with the 2016 property taxes in 2017. See “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Taxes - Tax Collections.” In early October 2017, the County locked the Developer out of facilities at the Ski Area; the unpaid personal property taxes were paid the same day and access to the facilities was restored. In late October 2017, the Developer and GRA paid the real property taxes due on the land; all property taxes owed by the Developer through 2017 have been paid. The Developer has attributed its inability to pay the 2016 taxes (due in 2017) primarily to the negative financial impact of the accident at the Ski Area discussed above.

As described herein, taxes levied for 2017 (collection year 2018) can be paid in two installments due in February and June, or in one installment due on or before April 30, 2018. The Developer paid the property taxes due within the GRMD Bond Property on April 27, 2018.

Developer’s Recent Failure to Make Payments in Lieu of Taxes. In 2009, the District and the Developer entered into an agreement regarding payment in lieu of taxes (“PILOT”). In that agreement, the Developer agreed to make PILOT payments to the District in an amount calculated to approximate the portion of the District’s debt service mill levy that otherwise would have been paid on property owned by the Developer but leased to the

Headwaters District (and therefore classified as exempt from taxation). This land includes the Ski Area and the Golf Course. The Developer did not make the required PILOT payments in 2016 or 2017. See Note 7 in the audited financial statements attached hereto as Appendix A. Pursuant to the Letter Agreement, these payments will be waived by the District and the PILOT agreement will be terminated concurrently with the issuance of the Bonds.

Recent Draws on Reserves for Debt Service

Investors should be aware that in every year from 2014 through 2017, the District made unscheduled draws (totaling approximately \$873,000) on a surplus fund established for the 2006 Bonds in order to pay debt service on the 2006 Bonds.

There will be no Surplus Fund established with respect to the Bonds. A Reserve Fund will be established in the amount of \$901,950.00. Although the issuance of the Bonds is being undertaken to reduce the District's annual debt service payments, there is no assurance that the District will not draw on the Reserve Fund to pay debt service on the Bonds in future years.

Risk of Reductions in Assessed Value; Market Value of Land

Potential Reductions in Assessed Value. The assessed value of property in the GRMD Bond Property for ad valorem property taxation purposes is determined according to the statutory procedures described under "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Ad Valorem Property Taxes." Assessed valuations may be affected by a number of factors beyond the control of the District. Under certain circumstances, State statutes permit the owners of vacant residential property to apply to the County Assessor for changes in classification or 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.

In past years, the Developer has challenged the valuation of its property and has received abatements as a result. In addition, since 2010, the Developer has successfully changed the classification of significant plats of land within the District from residential to agricultural, which has resulted in a significant reduction in the assessed value of the affected property. Should the actions of the Developer, any successor to the Developer or other property owners result in lower actual or assessed valuations of property in the District, the risk of a shortage in Pledged Revenue for debt service purposes would increase.

Tax-Exempt Uses. Property used for tax-exempt purposes is not subject to taxation by the District. The Developer is not prohibited from selling property to tax-exempt purchasers. Approximately 508.6 acres of the property within the GRMD Bond Property is currently exempt from property taxes. This includes the Golf Course and the Ski Area, which are owned by the Developer but are being leased to the Headwaters District pursuant to a lease purchase agreement and as a result, are currently tax-exempt property.

It is possible that other property that is subject to the Debt Service Mill Levy may become exempt from taxation in the future. For example, if governmental or charitable organizations purchase property within the District, it will no longer be subject to taxation. In addition, certain multifamily housing projects may qualify as tax exempt, although no such projects currently exist in the District or are currently planned for the future. Finally, State law

authorizes the Town, the County, the State or other governmental entities to condemn property; any property condemned for public use would also be exempt from District taxation.

Risks Related to the SolVista Tax Revenue

No Certainty as to SolVista Tax Revenue. Pursuant to the SolVista Funding Agreement, the SolVista District agreed to impose a mill levy of 25 mills during the term of the agreement. The revenues from this mill levy constitute the SolVista Tax Revenue under the Indenture. To the extent that property values in the SolVista District change, the amount received from the SolVista mill levy will also change.

No Gallagher Adjustment. The SolVista mill levy is not subject to any upward adjustment to account for future changes in law (unlike the District's Required Mill Levy, which is subject to adjustment). As a result, to the extent not offset by increases actual value, the assessed valuation of residential development in the SolVista District will be reduced accordingly which will result in reduced tax revenues derived from the 25 mills. The residential assessment ratio decreased from 7.96% to 7.20% commencing with levy year 2017, and is expected to decrease further. Since 1983, the residential assessment ratio has decreased from 21% to 7.20%. See "PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT--Description of Ad Valorem Property Taxation Procedures."

Limited Term of SolVista Tax Revenue. The SolVista Tax Revenue is payable to the District only through 2026; the maturity date of the Bonds is December 1, 2052.

Enforceability of SolVista Tax Revenue. Receipt of the SolVista Tax Revenue depends upon the SolVista District continuing to impose the 25 mill levy during the term of the SolVista Funding Agreement as required by its terms. If the SolVista District refuses to impose the 25 mill levy for any reason, the District and the Trustee may proceed to enforce their rights against the SolVista District 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. Such remedies, however, may be time-consuming and even if successful, may result in a delay in the receipt of SolVista Tax Revenue.

Risks Related to the Market Study and the Forecast

General. In connection with the issuance of the Bonds, the District, the Developer and other parties provided certain assessed valuation information, development expectations and other information to King & Associates and CliftonLarsonAllen LLP, Certified Public Accountants, Greenwood Village, Colorado, which are compiled in the Market Study and the Forecast. As described in more detail in "INTRODUCTION--Market Study and Cash Flow Forecast," the Market Study and the Forecast are based on key assumptions made by the District, the Developer and the preparers of those documents. Like any forecast, the Market Study and the Forecast are inherently subject to variations in the assumed data. Actual results will vary from those projected, and such variations may be material. See "INTRODUCTION--Market Study and Cash Flow Forecast," "INTRODUCTION--Forward-Looking Statements" and "INTRODUCTION--The Development and the Developer - Sale of Developer's Property."

Market Study. The Market Study set forth in Appendix F contains certain projections regarding the pace of home construction, absorption and lot and home values in the GRMD Bond Property, which are based on certain assumptions described therein. The Market

Study provides an assessment of absorption and market values based on current market conditions as viewed by King & Associates, which are specifically identified in the Market Study. The Market Study does not address or evaluate other factors which could impact whether the Development proceeds as contemplated therein, including the availability of developer funding, entitlements and other land use matters, or any changes in the residential assessment ratio. Further, the Market Study represents only a hypothetical projection of possible development within the GRMD Bond Property based upon information provided by the Developer. The Developer is in the process of selling all of the property it owns in the GRMD Bond Property and the larger Development and accordingly, the Developer's plans or expectations are not binding on any future developer or major owner of the property. As a result, the information set forth in the Market Study should be viewed only as one hypothetical result that could occur based upon existing entitlements, zoning and development plans. It should not under any circumstances be viewed as an actual development plan for the land within the GRMD Bond Property.

Secondary Market

No assurance can be given concerning the future existence of a secondary market for the Bonds or its maintenance by the Underwriter or others. Prospective purchasers of the Bonds should be prepared to hold their Bonds to maturity.

Limitations on Remedies Available to Owners of Bonds

No Acceleration. 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 of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds 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 District in issuing the Bonds are subject to the federal bankruptcy code 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; 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 or the exercise of powers by the federal or State government (including the imposition of tax liens by the federal 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.

Under State law, the District can seek protection from its creditors under the United States Bankruptcy Code only if the District can demonstrate that, in order to meet its financial obligations as they come due, the District would be required to certify a property tax mill levy of 100 mills or more.

SOURCES AND USES OF FUNDS

General

The proceeds from the sale of the Bonds, together with other available funds, are expected to be applied as shown in the following table.

Sources and Uses of Funds

	<u>Amount</u>
SOURCES:	
Principal amount of Bonds.....	\$11,970,000
Other available funds	
Prepaid Capital Facilities Fees.....	250,200
Surplus Fund for 2006 Bonds	1,327,607
Reserve Fund for 2006 Bonds.....	1,241,463
Bond Fund for 2006 Bonds.....	1,526
Other available funds	<u>137,509</u>
Total	<u>\$14,928,305</u>
 USES:	
The Refunding Project	\$13,247,080
Reserve Fund	901,950
Costs of issuance (including Underwriter's discount)	<u>779,275</u>
Total	<u>\$14,928,305</u>

Source: The Underwriter.

The Refunding Project

A portion of the proceeds of the Bonds will be used to current refund the Refunded Bonds. In order to accomplish the Refunding Project, the Trustee will use the net proceeds of the Bonds to pay the principal and interest on the Refunded Bonds contemporaneously with the closing on the Bonds on May 3, 2018.

The Refunding Project is being undertaken in order to reduce the District's annual debt service costs and improve cash flow. In conjunction with the Refunding Project, the District is extending the original maturity date of the Refunded Bonds (December 1, 2036) to December 1, 2052.

In addition, as previously described, the District and the Town have amended the Service Plan to provide for an O&M Mill Levy for the District. These actions were intended to allow the District to assume responsibility for its own public improvements and operational services effective January 1, 2017. However, pursuant to the indenture for the Refunded Bonds, the District cannot impose the O&M Mill Levy until the Refunded Bonds are fully paid.

THE BONDS

General

General. The Bonds will be dated as of their date of delivery and will mature and bear interest as shown on the cover page of this Limited Offering Memorandum. The Bonds will be issued in fully registered form and initially will be registered in the name of “Cede & Co.,” as nominee for DTC. Purchases by Beneficial Owners (defined in Appendix B) of the Bonds are to be made in book-entry only form in the principal amount of \$500,000 or any integral multiple of \$1,000 in excess thereof. Payments to Beneficial Owners are to be made as described below in “Book-Entry Only System.”

Authorized Denominations. The Bonds are being issued in “Authorized Denominations,” defined in the Indenture to mean, initially, the amount of \$500,000 or any integral multiple of \$1,000 in excess thereof, provided that no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date. Notwithstanding the foregoing, in the event a Bond is partially redeemed under the Indenture and the unredeemed portion is less than \$500,000, the unredeemed portion of the Bond may nonetheless be issued in the largest possible denomination of less than \$500,000, in integral multiples of not less than \$1,000 each or any integral multiple thereof.

Payment Provisions

Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on each June 1 and December 1, commencing on December 1, 2018. Interest payments shall be paid by check, draft or wire of the Trustee sent on or before the interest payment date to the registered owners of the Bonds (the “Owners”). 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 District by the Trustee, at the close of business on the 15th day of the calendar month next preceding each interest payment date (the “Record Date”), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date. Any interest not 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. The 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 ten (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. The notice shall state the date of the Special Record Date and the date fixed for the payment of such unpaid interest. 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.

The principal of the Bonds is 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 principal office of the Trustee.

To the extent principal of any Bond is not paid when due, the principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such

interest shall compound on each interest payment date, at the rate then borne by the Bond. However, notwithstanding anything to the contrary described above, the 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 District of such amount.

Notwithstanding the foregoing, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the Registered Owner of the Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners are the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "Book-Entry Only System" below.

Prior 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 \$1,000, in any order of maturity and in whole or partial maturities, on December 1, 2023, and on any date thereafter, upon payment of the redemption prices set forth in the table below (expressed as a percentage of the sum of the principal of such Bond) plus accrued interest to the redemption date.

December 1, 2023, through November 30, 2024: 103%
 December 1, 2024, through November 30, 2025: 102%
 December 1, 2025, through November 30, 2026: 101%
 December 1, 2026, and thereafter: 100%.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2028, and December 1, 2052, are subject to mandatory sinking fund redemption on the dates and in the amounts set forth below, in part, by lot, upon payment of par and accrued interest, without redemption premium.

As a sinking fund for the redemption of the Bonds maturing on December 1, 2028, there shall be redeemed (after any credits as described below) from amounts on deposit in the Bond Account on the following dates the following principal amounts of the Bonds:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Redemption</u> <u>Amount</u>	<u>Redemption Date</u> <u>(December 1)</u>	<u>Redemption</u> <u>Amount</u>
2018	\$ 25,000	2024	\$ 115,000
2019	45,000	2025	125,000
2020	70,000	2026	140,000
2021	80,000	2027	120,000
2022	95,000	2028 (maturity)	75,000
2023	100,000		

As a sinking fund for the redemption of the Bonds maturing on December 1, 2052, there shall be redeemed (after any credits as described below) from amounts on deposit in the Bond Account on the following dates the following principal amounts of the Bonds:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Redemption</u> <u>Amount</u>	<u>Redemption Date</u> <u>(December 1)</u>	<u>Redemption</u> <u>Amount</u>
2028	\$ 65,000	2041	\$ 390,000
2029	145,000	2042	425,000
2030	170,000	2043	450,000
2031	175,000	2044	490,000
2032	200,000	2045	515,000
2033	210,000	2046	560,000
2034	235,000	2047	590,000
2035	250,000	2048	635,000
2036	275,000	2049	670,000
2037	290,000	2050	725,000
2038	320,000	2051	765,000
2039	335,000	2052 (maturity)	1,725,000
2040	370,000		

With respect to each maturity of the Bonds subject to mandatory sinking fund redemption, on or before forty-five (45) days prior to each sinking fund installment date for such maturity 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 and maturity may 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, if any, shall be applied in such year or years as may be determined by the District.

Notice of Redemption. In the event any of the Bonds or portions thereof are called for redemption as described above, notice identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by sending, via electronic means, or by first class mail (postage prepaid), a copy of the redemption notice, not less than thirty (30) days prior to the date fixed for redemption, 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 District by the Trustee. Failure to give such notice by mailing to any Owner, or any defect therein, shall not affect the validity of any proceeding for the redemption of other Bonds as to which no such failure or defect exists. 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.

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 District.

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.

Tax Covenant

In the Indenture, the District covenants for the benefit of the Owners that it will not take any action or omit to take any action with respect to the Bonds, any funds of the District, or any facilities financed or refinanced with the proceeds of the Bonds, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

In the Indenture, the District also specifically covenants to comply with the provisions and procedures of the Tax Certificate (defined in Appendix B) to be executed in conjunction with the issuance of the Bonds.

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

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of \$500,000 or any integral multiple of \$1,000 in excess thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered the Bond in the aggregate principal amount of the maturity set forth on the cover page of this Limited Offering Memorandum, 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 LIMITED OFFERING MEMORANDUM TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Trustee will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix C), 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 C to this Limited Offering Memorandum.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements for the Bonds.

Debt Service Requirements(1)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 25,000	\$ 376,805	\$ 401,805
2019	45,000	650,944	695,944
2020	70,000	648,750	718,750
2021	80,000	645,338	725,338
2022	95,000	641,438	736,438
2023	100,000	636,806	736,806
2024	115,000	631,931	746,931
2025	125,000	626,325	751,325
2026	140,000	620,231	760,231
2027	120,000	613,406	733,406
2028	140,000	607,556	747,556
2029	145,000	600,325	745,325
2030	170,000	592,350	762,350
2031	175,000	583,000	758,000
2032	200,000	573,375	773,375
2033	210,000	562,375	772,375
2034	235,000	550,825	785,825
2035	250,000	537,900	787,900
2036	275,000	524,150	799,150
2037	290,000	509,025	799,025
2038	320,000	493,075	813,075
2039	335,000	475,475	810,475
2040	370,000	457,050	827,050
2041	390,000	436,700	826,700
2042	425,000	415,250	840,250
2043	450,000	391,875	841,875
2044	490,000	367,125	857,125
2045	515,000	340,175	855,175
2046	560,000	311,850	871,850
2047	590,000	281,050	871,050
2048	635,000	248,600	883,600
2049	670,000	213,675	883,675
2050	725,000	176,825	901,825
2051	765,000	136,950	901,950
2052(2)	<u>1,725,000</u>	<u>94,875</u>	<u>1,819,875</u>
Total	\$11,970,000	\$16,573,405	\$28,543,405

(1) Totals may not add due to rounding.

(2) A portion of the debt service in 2052 is expected to be paid from \$901,950.00 on deposit in the Reserve Fund.

Source: The Underwriter.

SECURITY FOR THE BONDS

Limited Tax Obligations

The Bonds constitute limited tax general obligations of the District. All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Trust Estate, which is pledged to the payment of the Bonds pursuant to the Indenture. The District is only obligated to pay debt service on the Bonds from the Pledged Revenue and the other funds and accounts comprising the Trust Estate. According, repayment of the Bonds is dependent upon the generation of sufficient Pledged Revenue.

The Bonds shall constitute an irrevocable lien (but not an exclusive lien) upon the Trust Estate, including the Pledged Revenue, but not necessarily an exclusive lien. The District may issue additional bonds with a parity or subordinate lien on the Pledged Revenue as described in “Additional Bonds” below.

The Bonds are solely the obligations of the District. Under no circumstances shall any of the Bonds be considered or held to be an indebtedness, obligation or liability of the Town, the County, the State, or any other political subdivision thereof other than the District.

Debt Service Coverage

Historical Debt Service. As previously discussed, the District is undertaking the Refunding Project in order to reduce its annual debt service. The revenues available under the indenture for the 2006 Bonds have not been sufficient to pay debt service on the 2006 Bonds since 2012. In order to fund the debt service shortfall, the District used available fund balance and also made unscheduled draws on the 2006 surplus fund in each year beginning in 2014. The surplus fund draws totaled approximately \$873,000 over those four years.

The maximum annual debt service payable on the Bonds is \$1,819,875.00 in 2052. See “DEBT SERVICE REQUIREMENTS.” The District may apply amounts on deposit in the Reserve Fund (initially \$901,950.00) to pay debt service in 2052, to the extent it has not been previously drawn upon in accordance with the Indenture.

Projected Debt Service Coverage. As previously discussed, the District is undertaking the Refunding Project in order to reduce its annual debt service. The Forecast attached hereto as Appendix F provides an illustration of the forecasted cash flow from the Pledged Revenue as compared to the estimated debt service on the Bonds. As shown in the table entitled “SUMMARY-DEBT SERVICE FUND” (found on page 4 of the Forecast), the District is forecasting sufficient Pledged Revenue in each year to fully fund the debt service on the Bonds in each year. *The Forecast is based on numerous assumptions described throughout the Forecast, including assumptions related to the value of land within the District, the debt service mill levy, Developer assumptions regarding the construction of residential units within the District during the term of the Forecast, property tax collections and the generation of Capital Facilities Fees. To the extent that any of the underlying assumptions are not realized as anticipated, the results illustrated in the Forecast will also change. Those changes could be material and could negatively impact the generation of revenue to pay debt service on the Bonds. See “INTRODUCTION--Market Study and Cash Flow Forecast,” “INTRODUCTION--Forward-Looking Statements” and “CERTAIN RISK FACTORS.”*

Pledged Revenue

General. “Pledged Revenue” is defined in the Indenture as the moneys derived by the District from the following sources, net of any costs of collection: (i) the Required Mill Levy; (ii) the SolVista Tax Revenue; (iii) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (iv) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The revenue sources described in clauses (i) through (iii) are described below.

Required Mill Levy. The primary component of Pledged Revenue is expected to be the Required Mill Levy. It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions of the Indenture with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purpose of paying the principal of, premium if any, and interest on the Bonds. Information regarding the methods of assessment of property and the imposition and collection of property taxes in Colorado, as well as certain ad valorem property tax data of the District, is set forth in “PROPERTY TAXATION, ASSESSED VALUATION AND OVERLAPPING DEBT.”

The Indenture defines the “Required Mill Levy” as follows:

(a) Subject to the provisions of paragraphs (b), (c) and (d) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year that will raise property tax revenues in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and, if necessary, to replenish the Reserve Fund to the Required Reserve, but not in excess of 50 mills (as may hereafter be adjusted as described in (b) below) (provided that not more than 50 mills, as adjusted, shall be imposed for the payment of the Bonds pursuant to the Service Plan).

(b) In the event the method of calculating assessed valuation is changed after November 1, 2016, the 50 mill levy references in paragraph (a) above 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 Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

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

(d) In the event that the Required Mill Levy would produce revenue, when combined with amounts available in the Reserve Fund, in excess of that required to repay

all principal of and interest on the Bonds, then the Required Mill Levy shall be reduced to a mill levy which will produce revenue sufficient, when combined with amounts available in the Reserve Fund, to repay all principal of and interest on the Bonds.

Specific Ownership Tax. The Pledged Revenue also includes the Specific Ownership Tax revenues received by the District that are attributable to the Required Mill Levy. Specific ownership taxes are collected by the County and remitted to the District pursuant to Section 42-3-107, C.R.S., or any successor statute. Any specific ownership tax revenues which are attributable to the O&M Mill Levy are not pledged to the payment of the Bonds.

The specific ownership tax is a State tax which is payable at a graduated rate varying 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 specific ownership tax is collected by each county clerk and recorder at the time of motor vehicle registration. Most specific ownership tax revenues (including revenues received from owners of passenger cars and trucks, which constitute the majority of specific ownership tax revenues) are paid directly to the county treasurer of the county in which the revenues are collected. Specific ownership 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 specific ownership 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. Distributions of specific ownership tax revenue to each political subdivision are made on the tenth day of each month.

SolVista Tax Revenue. The Pledged Revenue also includes the “SolVista Tax Revenue,” which is defined as the amounts received by the District pursuant to the SolVista Funding Agreement. The property within the SolVista District was previously improved with public infrastructure by SolVista Corp. and the Developer with the understanding that such improvements would be acquired by the SolVista District and that the purchase price of the improvements would be paid from the proceeds of an ad valorem tax levy of 25 mills.

The District and the SolVista District have entered into the SolVista Funding Agreement, pursuant to which the District agreed to pay \$1.1 million of proceeds of the 2006 Bonds to the SolVista District for the purpose of paying the purchase price of various public improvements. In return, the SolVista District agreed to impose an ad valorem mill levy upon all taxable property of the SolVista District each year in the amount of 25 mills, net of Annual Operating Costs (as defined in the SolVista Funding Agreement) of \$12,500 per year. Pursuant to State law, the 25 mill levy is required to continue even if the SolVista District is dissolved. However, this property tax pledge ends in levy year 2025 (for collection of taxes in 2026). The SolVista Tax Revenue does not include any specific ownership taxes collected by the SolVista District.

The SolVista Funding Agreement is available upon request, and the preceding description is only a summary thereof. Reference is made to the SolVista Funding Agreement for a complete description of its terms. See “INTRODUCTION--Additional Information.” Certain

risks related to the SolVista Tax Revenue are set forth in “CERTAIN RISK FACTORS--Risks Related to the SolVista Tax Revenue.”

A history of the assessed valuation of the SolVista District and a history of the property tax revenues paid to the District pursuant to the SolVista Funding Agreement is set forth below. For 2018, the District has budgeted to receive \$29,133 in SolVista Tax Revenue.

History of SolVista Assessed Value and SolVista Tax Revenue

<u>Year(1)</u>	<u>Assessed Value</u>	<u>Percent Change</u>	<u>SolVista Tax Revenue(2)</u>	<u>Percent Change</u>
2013	\$ 1,202,520	--	\$ 17,486	--
2014	1,685,580	40.17%	29,234	67.19%
2015	1,668,140	(1.03)	29,772	1.84
2016	1,698,120	1.80	30,334	1.89
2017(3)	1,738,360	2.37	29,133	(3.96)

(1) Represents the collection year; assessed valuations are certified in December of the prior year.

(2) Net of the \$12,500 Annual Operating Costs as described above.

(3) Unaudited SolVista Tax Revenue.

Source: Grand County Assessor’s office for assessed values; the District’s audited financial statements and unaudited 2017 information provided by the District for SolVista Tax Revenue.

Reserve Fund

In addition to the Pledged Revenue, the Bonds are payable from any amounts on deposit in the Reserve Fund. See Appendix B - Summary of Certain Indenture Provisions--Reserve Fund.”

The Reserve Fund is required to be established and maintained in an amount equal to the “Required Reserve,” which is defined to mean the maximum amount which may be credited to the Reserve Fund and allow such fund to qualify as a “reasonably required reserve or replacement fund” under Section 148(d) of the Tax Code. Upon issuance of the Bonds, the Required Reserve will be \$901,950.00; that amount is expected to be funded with amounts on deposit in the reserve fund for the 2006 Bonds.

In the event the amounts credited to the Bond Fund from all sources of available Pledged Revenue, 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 Bond Fund, will be sufficient to make such payments when due; and in the event the amounts in the Bond Fund and the Reserve Fund are insufficient to pay all principal, premium, if any, and interest on any due date, the Trustee shall nonetheless transfer all of the moneys in the Reserve Fund to the Bond Fund for the purpose of making partial payments. Amounts in the Reserve Fund shall not be used to redeem Bonds being called pursuant to any optional redemption provisions (described in “THE BONDS--Redemption Provisions”).

Provided that (i) the District is imposing the Required Mill Levy and otherwise is causing the enforcement of collection of the other Pledged Revenue pursuant to the provisions of the Indenture, and (ii) all Pledged Revenue is being deposited with the Trustee and applied

pursuant to the flow of funds set forth in the Indenture, an insufficiency of Pledged Revenue to replenish the Reserve Fund to the Required Reserve shall not constitute an Event of Default under the Indenture.

Additional Bonds

General. Upon the issuance of the Bonds, the District will have unissued voter authorization remaining under the Service Plan of \$14,156,000. See “DISTRICT DEBT STRUCTURE--General Obligation Debt - Authorized But Unissued Debt.” The District’s ability to issue such debt, however, is restricted by the Indenture and the Service Plan.

No Superior Lien Bonds. The District shall not incur any additional debt or other financial obligation having a lien upon the Pledged Revenue or any part thereof superior to the lien thereof of the Bonds.

Additional Parity Bonds. The District must comply with the Indenture provisions described below prior to the issuance of Additional Bonds (defined in Appendix B). The District may issue Additional Bonds if such issuance is consented to by either the Owners with respect to a majority in aggregate principal amount of the Bonds then Outstanding; provided that, with or without either such consents, the District may issue Additional Bonds if each of the following conditions are met, as of the date of issuance of the Additional Bonds:

- (a) the District is in substantial compliance with all of the covenants of the Indenture;
- (b) the District is current in the accumulation of all amounts required to be then accumulated in the Bond Fund and Reserve Fund, as required by the Indenture; and
- (c) upon issuance of the Additional Bonds, the Debt to Assessed Ratio (defined below) will be fifty percent (50%) or less.

“Debt to Assessed Ratio” means the ratio (expressed as a percentage) derived by dividing the then-outstanding principal amount of the Bonds and all Additional Bonds of the District payable in whole or in part from property taxes, by the assessed valuation of the taxable property of the District, as such assessed valuation is certified from time to time by the Grand County Assessor.

A written certificate by the President, Vice President or Treasurer of the District that the conditions described above are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Bonds in accordance with the Indenture.

Nothing in the Indenture shall affect or restrict the right of the District to issue or incur obligations which are not Additional Bonds.

Pledged Revenue Subject to Immediate Lien

The creation, perfection, enforcement, and priority of the pledge of Subordinate Pledged Revenue and funds and accounts held under the Indenture to secure or pay the Bonds provided herein shall be governed by Section 11-57-208 of the Supplemental Act, the Indenture and the Bond Resolution. The Trust Estate pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further

act. The lien of such pledge shall have the priority described herein. 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 the District irrespective of whether such persons have notice of such liens.

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 has the power to certify to the Commissioners a levy for collection of ad valorem taxes against all taxable property within the District.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the 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. 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 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 as of 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 2015 (collection year 2016) were based on an analysis of sales and other information for the period January 1, 2013 to June 30, 2014. The following table sets forth the State Property Appraisal System for property tax levy years 2012 through 2017.

<u>Collection Year</u>	<u>Levy Year</u>	<u>Value Calculated As Of</u>	<u>Based on the Market Period</u>
2013	2012	July 1, 2010	Jan. 1, 2009 to June 30, 2010
2014	2013	July 1, 2012	Jan. 1, 2011 to June 30, 2012
2015	2014	July 1, 2012	Jan. 1, 2011 to June 30, 2012
2016	2015	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2017	2016	July 1, 2014	Jan. 1, 2013 to June 30, 2014
2018	2017	July 1, 2016	Jan.1, 2015 to June 30, 2016

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.

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.

Residential Property. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the Colorado General Assembly to adjust the assessment rate of residential property for each year in which a change in the base year level of value occurs. This adjustment is constitutionally mandated to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year (although, notwithstanding the foregoing, TABOR prohibits any valuation for assessment ratio increase for a property class without prior voter approval).

Pursuant to the adjustment process described above, the residential assessment rate is adjusted every two years, resulting in the following history of residential assessment rates since levy year 1989: 15.00% of statutory actual value (levy years 1989-90); 14.34% of statutory actual value (levy years 1991-92); 12.86% of statutory actual value (levy years 1993-94); 10.36% of statutory actual value (levy years 1995-96); 9.74% of statutory actual value (levy years 1997-00); 9.15% of statutory actual value (levy years 2001-02); and 7.96% of statutory actual value (levy years 2003-16). For levy years 2017 and 2018, the residential assessment rate is 7.20%.

The residential assessment rate may decline further in future years. In December 2017, the Colorado Legislative Council (the research division of the Legislature) projected that the residential assessment rate will decline to 6.11% starting with levy year 2019. This projection is only an estimate, however, and is subject to change as a result of numerous economic factors. The residential assessment rate cannot increase without the approval of Colorado voters.

Notwithstanding the foregoing, pursuant to the Gallagher Adjustment, the District's mill levy will be increased or decreased to reflect the changes in the residential assessment ratio described above, so that to the extent possible, the actual tax revenues generated by the Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes.

Non-residential property. All non-residential taxable property, with certain specified exceptions, is assessed at 29% of its statutory actual value. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas.

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 object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the County's Board of Equalization. Upon the conclusion of such hearings, the County Assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The 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, the District's assessed valuation may be subject to modification following any such annual assessment study.

Homestead/Disabled Veterans Property Tax Exemptions. The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009 to 2012), the exemption is equal to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property

tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the District. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessor is required to certify to the District the assessed valuation of property within the District no later than August 25th of each year. If the County Assessor makes changes in the valuation for assessment or the total actual value prior to December 10, the County Assessor notifies the District of those changes. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the District's property tax, and together with other legally available District revenues, will raise the amount required by the District in its upcoming fiscal year. The 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 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 the District. By December 22nd of each year, the Commissioners must certify to the County Assessor the levy for all taxing entities within the applicable 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 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). Accordingly, tax levies of the District or certain of the entities overlapping the District may be adjusted to ensure compliance with the 5.5% revenue increase limitation before the County Treasurer sends tax bills to property owners for collection of taxes. However, at an election held in 2003, the District's voters approved an election question exempting the District from this limitation.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2017 are being collected in 2018. 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 District on a monthly basis. The payments to the District

must be made by the 10th 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 the 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 a 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.

Potential for Overlap with Tax Increment Authorities. Colorado law allows the formation of public highway authorities. Pursuant to statute, the board of directors of a public highway authority is entitled to designate areas within the authority's boundaries as "value capture areas" to facilitate the financing, construction, operation or maintenance of highways constructed by the authority; an authority is entitled to capture a portion of the property taxes in such an area to support these purposes. No public highway authority exists in the District.

Similarly, the State law allows the formation of urban renewal authorities and downtown development authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. The Town has not formed any urban renewal authorities or downtown development authorities, but may determine to do so in the future. A future urban renewal authority may include land within the GRMD Bond Property if certain statutory requirements are met. With respect to the property included in the boundaries of any urban renewal authority or downtown development authority created in the future and subject to a renewal plan, the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Any increase above the "base" amount is paid to the applicable authority.

Ad Valorem Property Tax Data

A history of the certified assessed valuations and mill levies for the District and the GRMD Bond Property is set forth in the following chart.

History of Assessed Valuations and Mill Levies

Levy/Collection Year	Assessed Valuations			Mill Levies	
	Granby Ranch Metro District(1)	GRMD Bond Property	Percent Change (GRMD Bond)	Debt Service Mill Levy(2)	O&M Mill Levy(3)
2013/2014	\$10,186,010	\$11,403,900	--	55.128	0.000
2014/2015	10,842,690	11,936,260	4.7%	55.362	0.000
2015/2016	12,079,180	13,168,260	10.3	55.451	0.000
2016/2017	12,614,120	14,020,580	6.5	40.000	20.000
2017/2018	12,769,180	14,185,740	1.2	66.203	0.000

- (1) Includes the property currently included in the District.
(2) Imposed on the GRMD Bond Property.
(3) Imposed only on the property currently in the District.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2013-2016; and the Grand County Assessor’s Office.

The following chart sets forth the ad valorem property tax collections for the District’s O&M Mill Levy (levy year 2016 only) and for the debt service mill levy imposed in the entire GRMD Bond Property during the time periods indicated.

Property Tax Collections

Levy/ Collection Year	Total Taxes Levied ⁽¹⁾	Total Current Tax Collections ⁽²⁾	Collection Rate
2012/2013	\$790,617	\$790,618	100.00%
2013/2014	628,674	609,336	96.92
2014/2015	660,815	659,995	99.88
2015/2016 ⁽³⁾	730,193	674,803	92.41
2016/2017	813,105	830,544	102.14
2017/2018 ⁽⁴⁾	939,139	332,351	--

- (1) Figures are for the debt service mill levy taxes levied in the GRMD Bond Property for each levy year shown and for the O&M Mill levy imposed in the District in levy year 2016.
(2) The County treasurer’s collection fees have not been deducted from these amounts. Figures do not include interest, fees and penalties.
(3) The Grand County Treasurer’s Office attributes the low collection rate in 2016 to non-payment of taxes by the Developer. See “CERTAIN RISK FACTORS--Dependence upon Timely Payment of Property Tax; Recent Developer Failures - Developer’s Recent Failure to Pay Property Taxes.”
(4) Figures are for collections from January 1 through February 28, 2018.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2012-2016; and the Grand County Treasurer’s Office.

Based upon the most recent certified information available from the County Assessor’s Office, the following chart represents the largest taxpayers within the GRMD Bond Property as measured by assessed value. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessed value in excess of those set forth in the following chart. Furthermore, the taxpayers shown in the chart may own additional parcels within the GRMD Bond Property not included herein. No independent investigation has been

made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers.

Largest Taxpayers for 2017 - GRMD Bond Property

Taxpayer Name	Assessed Valuation	Percentage of Total Assessed Valuation ⁽¹⁾
Granby Realty Holdings LLC (the Developer)	\$1,642,020	11.57%
Granby Ranch Amenities LLC (GRA)	185,170	1.31
Granby Commons Holding Co., LLC	162,710	1.15
Gochis, Shelly D.	100,850	0.71
William Lyon Homes, Inc.	100,840	0.71
Exchange Bank	97,540	0.69
Westside Homes Limited Liability Co.	95,070	0.67
Public Service Company of Colorado EL064	82,190	0.58
Girard, Matthew and Karen	82,400	0.58
TGB Revocable Living Trust 10-14-2008	<u>65,520</u>	<u>0.46</u>
TOTAL	<u>\$2,614,310</u>	<u>18.43%</u>

(1) Based on a 2017 certified assessed valuation for the GRMD Bond Property of \$14,185,740.

Source: Grand County Assessor’s Office.

The following table sets forth the assessed valuation of specific classes of real and personal property within the GRMD Bond Property. Residential property accounts for the largest percentage of the assessed valuation in the GRMD Bond Property, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied.

2017 Assessed Valuation of Classes of Property - GRMD Bond Property

Property Class	Total Assessed Valuation	Percent of Assessed Valuation
Residential	\$10,156,320	71.60%
Vacant	2,505,940	17.67
Commercial	1,424,800	10.04
State Assessed	96,640	0.68
Agricultural	<u>2,040</u>	<u>0.01</u>
TOTAL	<u>\$14,185,740</u>	<u>100.00%</u>

Source: Grand County Assessor’s Office.

Mill Levies Affecting Property Owners

In addition to the District’s ad valorem property tax levy, owners of property located within the District and the GRMD Bond Property are obligated to pay property taxes to other taxing entities in which their property is located. The following table is only a representative sample of the total mill levy and is not intended to portray the mills levied against all properties in the District or in the GRMD Bond Property. Additional taxing entities may overlap the District or the GRMD Bond Property in the future.

2017 Sample Mill Levy Affecting Property Owners

Taxing Entity	Mill Levy ⁽¹⁾
East Grand School District No. 2	23.464
Grand County	16.610
Grand Fire Protection District No. 1	8.927
Fraser Valley Metropolitan Recreation District	7.351
Town of Granby	7.217
Grand County Library District	3.602
Colorado River Water Conservation District	0.254
Middle Park Water Conservancy District	<u>0.055</u>
Total Overlapping Sample Mill Levy	67.480
The District (2)	<u>66.203</u>
Total Sample Mill Levy	<u>133.683</u>

(1) One mill equals 1/10 of one cent. Mill levies certified in 2017 are for the collection of ad valorem property taxes in 2018.

(2) Represents the debt service mill levy imposed on all of the GRMD Bond Property. In 2017, the District did not impose an O&M Mill Levy on the property currently in the District.

Source: Grand County Assessor’s Office.

Estimated Overlapping General Obligation Debt

In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries which overlap or partially overlap the boundaries of the District and/or the GRMD Bond Property. The following chart sets forth the estimated overlapping general obligation debt chargeable to property owners within the GRMD Bond Property.

Estimated Overlapping General Obligation Debt

Entity ⁽¹⁾	2017 Assessed Valuation ⁽²⁾	Outstanding General Obligation Debt	Outstanding G.O. Debt Attributable to the GRMD Bond Property ⁽³⁾	
			Percent	Debt
East Grand School District No. 2	\$546,240,270	\$23,260,000	2.60%	\$ 604,760
Fraser Valley Metropolitan Rec. District	292,475,720	17,260,000	0.01	1,726
Grand Fire Protection District No. 1	124,895,920	3,770,000	11.36	<u>428,272</u>
TOTAL				<u>\$1,034,758</u>

(1) The following entities also overlap the GRMD Bond Property, but have no reported general obligation debt outstanding: Colorado River Water Conservation District; Town of Granby; Granby Ranch Metropolitan Districts Nos. 2 to 8; Grand County; Grand County Library District; Headwaters Metropolitan District; Middle Park Conservation District; Middle Park Water Conservancy District; and SolVista Metropolitan District.

(2) Assessed values certified in 2017 are for collection of ad valorem property taxes in 2018.

(3) The percentage of each entity’s outstanding debt chargeable to the GRMD Bond Property is calculated by comparing the assessed valuation of the portion overlapping the GRMD Bond Property to the total assessed valuation of the overlapping entity. To the extent the assessed valuation of the GRMD Bond Property changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the GRMD Bond Property.

Sources: Grand County Assessor’s Office; and individual taxing entities.

THE DISTRICT

Organization and Description

General. The District is a quasi-municipal corporation and a political subdivision of the State created pursuant to the Special District Act for the purpose of providing the design, financing, acquisition, construction, and operation and maintenance of streets, roadways and drainage; traffic and safety protection; parks and recreation; sanitation; water; transportation; mosquito control; and television relay and translator systems. The District was originally formed as the SolVista Metropolitan District No. 2 on November 25, 2003, pursuant to an order and decree entered by the District Court in and for Grand County. On October 23, 2004, the name of the District was changed to Granby Ranch Metropolitan District. The District was formed contemporaneously with the SolVista Metropolitan District No. 1; the name of that district was changed to Headwaters Metropolitan District (the “Headwaters District”) on October 23, 2004.

Organization of the District was preceded by the approval by the Town of a service plan on July 22, 2003, which was amended on June 27, 2006, and November 8, 2016 (as amended, the “Service Plan”), consisting of a financial plan, including proposed funding therefor, and a preliminary engineering survey detailing the proposed improvements within the District; the adoption by the Town of a resolution approving the formation of the District; and approval of the District’s formation by the qualified electors of the proposed District at an election held for that purpose. The District submitted a preliminary Third Amended and Restated Service Plan (the “Third Amendment”) to the Town for preliminary comments in July 2017. The preliminary Third Amendment does not propose any reduction or expansion of District powers or responsibilities (including the imposition of property taxes or the payment of debt service); rather, its purpose is to clarify the current relationship between the District and the Headwaters District. The Third Amendment has not been formally submitted to the Town for consideration.

As described in “INTRODUCTION--The District,” the Headwaters District managed the operations of the District from its formation through the end of 2016. Pursuant to the Letter Agreement, the District has managed its own operations since January 1, 2017.

Inclusions and Exclusions. At the time of its formation, the District contained approximately 3,563 acres of property. Numerous inclusions and exclusions have occurred since formation of the District. According to information maintained by the County Assessor’s office, the property currently in the District totals approximately 236.6 acres; of that property, approximately 216.8 acres are subject to taxation and approximately 19.8 acres are exempt from taxation.

The Excluded Property, which consists of property excluded from the District after July 5, 2006 (the date of issuance of the 2006 Bonds) remains subject to the levy of property taxes for the payment of the Bonds; however, that property is not subject to the O&M Mill Levy. According to information maintained by the County Assessor’s office, approximately 754.8 acres of property excluded since the date of issuance of the 2006 Bonds remains subject to the payment of taxes for debt service on the Bonds. Of that property, approximately 266.1 acres is taxable property subject to the District’s debt service mill levy and 488.8 acres is exempt from taxation.

On October 14, 2016, the Board approved the inclusion into the District of approximately 8.1 acres of property within Granby Ranch Filing No. 17 (“Filing 17”) and

approximately 6.4 acres of property in Granby Ranch Filing No. 18 (“Filing 18,” and together with Filing 17, the “Inclusion Parcels”). The plat for Filing 17 has been approved by the Town, but has not yet been recorded. The plat for Filing 18 has not been completed. The Developer has indicated that once platting for Filing 18 occurs, the amount of property in Filing 18 may change as needed to accomplish the platting. Should that occur, any additional property is intended to be included in the District.

The inclusion of the Inclusion Parcels into the District is not effective until a court order is entered approving the inclusion and a copy of the order is recorded in the real property records of the County. The District Court for Grand County entered its order approving the inclusion of the Inclusion Parcels into the District on November 18, 2016. A certified copy of the court order is expected to be recorded in the County real property records prior to the issuance of the Bonds.

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. Pending inclusions of property are described in “Organization and Description” above.

Exclusion of Property. The Special District Act provides that the boundaries of a special district may be altered by the exclusion of real property from the 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 debt issued by the special district after the exclusion (other than refunding debt). 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. Certain exclusions of property are described generally in “Organization and Description” above. No additional exclusions are currently pending or expected.

Consolidation with Other Districts. Two or more special districts may consolidate into a single district upon the approval of the District Court and by 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. The Service Plan prohibits the District from consolidating with any other special districts without Town approval. At the present time, no consolidations with other districts are pending or expected.

Dissolution of the District. The Special District Act allows a special district board of directors to file a dissolution petition with the District Court. The District Court must approve the petition if the special district’s plan for dissolution meets certain requirements, generally regarding the continued provision of services to residents and the payment of outstanding debt. Dissolution must also be approved by the special district’s voters. If the special district has debt

outstanding, the district may continue to exist for only the limited purpose of levying its debt service mill levy and discharging the indebtedness.

District Powers

The rights, powers, privileges, authorities, functions and duties of the District are established by the laws of the State, particularly the Special District Act, which provides that the Board has 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 the District, and to pledge such revenue for the payment of any indebtedness of the 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. In addition, the District has the power to furnish security services for any area within the District, if the District has provided written notification to, consulted with, and obtained the written consent of all local law enforcement agencies having jurisdiction within the area and any applicable master association or similar body having authority to furnish security services. The District is further authorized to furnish covenant enforcement and design review services, subject to the terms of an agreement with any applicable master association.

Governing Board

General. The District is governed by a five-member Board of Directors. Board members must be eligible electors of the District as defined by State law. Directors are elected to staggered four year terms of office at successive biennial elections. Vacancies on the Board are 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 Board holds regular meetings and, as needed, special meetings. Each director is entitled to one vote on all questions before the Board when a quorum is present. Directors may receive a maximum of \$1,600 per year as compensation for service to the District, not to exceed \$100 per meeting attended. For terms commencing after January 1, 2018, Directors may receive compensation of \$100 per meeting attended, not to exceed \$2,400 per year. Directors may not receive compensation from the District as employees of the District, except as provided above. The District's directors currently waive all compensation for their service as Board members.

The Colorado constitution limits Board members to two consecutive terms. District voters may vote to eliminate, extend or change the term limits imposed by the constitution; the District's electors approved such a waiver in 2003.

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

<u>Name and Board Office</u>	<u>Principal Occupation</u>	<u>Start of Current Term</u>	
		<u>Service</u>	<u>Expires</u>
Natasha Wall, Chairman and President	Mortgage Lender	5/2016	5/2020
Dale Floren, Vice President	Senior Software Engineer	5/2016	5/2018
Terry Walker, Secretary/Treasurer	Brewing Manager	5/2016	5/2020
Lance Badger, Asst. Secretary	Developer Vice President-Real Estate Development	11/2003	5/2018

There is currently one vacancy on the Board; the Board has no current plans to appoint a replacement Director prior to May 2018.

As allowed by State law, the May 8, 2018, election has been cancelled because there are no contested Board seats. Three homeowners in the District (Steve Conrad, Matthew Girard and Fran Mejer) will be seated as new directors following filing of oaths of office after May 8, 2018. Mr. Floren and Mr. Badger will step down from the Board upon expiration of their terms.

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 at least 72 hours in advance of any meeting of which the conflict may arise. Additionally, no contract for work or material, including a contract for services, regardless of the amount, may be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice is published for bids and such Board member or owner submits the lowest responsible and responsive bid.

Mr. Badger is an owner, employee, officer and/or consultant of the Developer. Accordingly, Mr. Badger is expected to file general conflict statement prior to the adoption of the Bond Resolution.

Administration

The Board is responsible for the overall management and administration of the affairs of the District. The District has no employees and contracts for all of its management and professional services.

Administrative and accounting services with respect to the operation of the District are provided by CliftonLarsonAllen LLP, Greenwood Village, Colorado. The firm prepares Board meeting agendas and minutes, assists with construction projects, maintains District records, monitors budgets and expenditures, prepares financial statements, coordinates the collection of District fees, and assists with other administrative matters. The firm is paid an hourly fee for its services.

Seter & Vander Wall, P.C., Greenwood Village, Colorado, serves as general counsel to the District. The firm is paid an hourly fee for its services.

District Agreements

The Special District Act authorizes the District to enter into agreements and contracts affecting the affairs of the District. Certain material District contracts are described below. Other District agreements, including the Letter Agreement, are discussed elsewhere in this Limited Offering Memorandum.

Town IGA. The District, the Headwaters District, Granby Ranch Metropolitan Districts Nos. 2-8, and the Town are parties to an Amended and Restated Intergovernmental Agreement dated as of November 8, 2016 (the “Town IGA”). A summary of the Town IGA follows.

Town Land Use Powers. The Town IGA states that the Town will have sole and exclusive jurisdiction over land use and building within the boundaries of the District, subject to the Annexation and Development Agreement between the Town and SolVista Corp. (the “Annexation Agreement”) and the Planned Development Overlay Preliminary Plan for the SolVista Golf & Ski Ranch (the “SolVista Preliminary Plan”).

Changes in Boundaries. The Town IGA states that the inclusion of property into the District is not subject to prior approval by the Town unless the property is not included within the corporate limits of the Town at the time of inclusion unless the Town consents to such inclusion.

Ownership and Operation of Facilities. Public improvements are to be dedicated to the Headwaters District, the Town, or owner’s association in a manner consistent with the Approved Development Plan. The District is authorized to operate or maintain any part of or all of the public improvements, with the intent that the Headwaters District provides these services.

Amenities. The districts subject to the Town IGA are authorized to acquire, construct, own, operate and maintain the ski area and lifts, ski lodge, golf courses and appurtenant clubhouses and maintenance facilities, fishing facilities and programs, and parks, trails and open space for various recreational purposes, and the districts may impose a one-time amenity fee to defray the costs of providing these amenities.

Construction of Infrastructure. Any infrastructure must be designed and constructed in accordance with the Town’s standards.

Street Maintenance and Services. Unless otherwise assumed by the Town, the operation, maintenance of the streets, associated drainage, landscaping, traffic safety protection and transportation improvements for the SolVista Annexation Property shall be maintained by the Districts.

Debt Limitations. Limits the total debt issued by the Headwaters District, the District, and Granby Ranch Metropolitan Districts Nos. 2-8 to a combined total of \$94,250,000 for all public improvements excluding debt issued for providing Amenities, which includes the ski area, golf course, fishing access, and related improvements. Debt for the Amenities is limited to \$19,500,000 plus 4% annual inflation from and after June 1, 2005. The maximum mill levy for the District is 60 mills, with a maximum of 50 mills for debt and a maximum of 50 mills for operations and maintenance, unless otherwise approved by the Town, provided, however, that if the ratio of actual valuation to assessed valuation for residential real property (as of

November 1, 2016) is changed pursuant to Article X, section (3)(1)(b) of the Colorado Constitution and legislation implementing such constitutional provision, the maximum mill levy will be increased or decreased (as to all taxable property in the Districts) to reflect such changes 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.

Transportation. The Districts have committed to provide funding for an internal transportation study with a link between the SolVista Annexation Property and the Town of Granby once certificates of occupancy have been issued for at least 600 single-family equivalents. Any internal transportation provided will be funded by up to 5 mills of property tax in addition to the mill levy cap of 60 mills. Funding for the internal transportation system is not required until certificates of occupancy are issued for at least 700 single-family equivalents.

Town Representative to Participate in District Meetings. The Town may designate a representative to receive notice of District meetings, meeting materials, and other documents and notices that are not otherwise privileged and confidential, and to attend District Board meetings and executive sessions.

Revenue Sharing. The Town of Granby shall share revenue with the Headwaters District accordance with the annexation agreement to help defray public improvement costs. The District, the Headwaters District, and Granby Ranch Metropolitan Districts Nos. 2-8 shall share net bond proceeds with the Town of Granby for public improvements.

Mosquito Control/Television Powers. The provision of mosquito control or television relay and translation services must be approved by the Town prior to such service being provided by the District.

Land Conveyance. The District, the Headwaters District, and Granby Ranch Metropolitan Districts Nos. 2-8 agree to use their best efforts to cause the Developer to make certain land dedications as required by the Town IGA.

Town Building Permit IGA. The District, the Headwaters District and the Town are parties to an intergovernmental agreement dated as of April 11, 2006 (the "Town Building Permit IGA"). In this agreement, the Town agrees that, for any building permit applications received by the Town for zoning or building review, the Town will not approve the zoning portion of such building permit for any property within the boundaries of the District until the applicant provides a signed acknowledgement from the District and building plans stamped by the District indicating the applicant's payment of the required Capital Facilities Fees.

SolVista Funding Agreement. The District, the SolVista District and the Trustee entered into an Intergovernmental Funding Agreement dated as of June 1, 2006 (the "SolVista Funding Agreement"). This agreement required the District to transfer a portion of the proceeds of the 2006 Bonds to the Developer and SolVista for past infrastructure costs and for other qualified costs. In exchange, the SolVista District agreed to impose the SolVista Mill Levy, which is defined as a mill levy of 25 mills upon the property in the SolVista District, net of Annual Operating Costs. Annual Operating Costs is defined as \$12,500 for each fiscal year, and that for any year following the dissolution of the SolVista District, such amount is \$6,000, or such lesser amount as may be necessary to fund administrative costs of the SolVista District. The SolVista Tax Revenue, which is defined in the Indenture as the revenues resulting from the imposition of the SolVista Mill Levy (excluding the portion of the specific ownership tax which

is paid to the SolVista District) constitutes a portion of the Pledged Revenue. See “SECURITY FOR THE BONDS--Pledged Revenue - SolVista Tax Revenue.” See “CERTAIN RISK FACTORS - Risks Related to the SolVista Tax Revenue.”

The SolVista Funding Agreement provides that the obligation of the SolVista District to pay the SolVista Tax Revenue constitutes an irrevocable lien upon such revenues. In the agreement, the SolVista District agrees to levy on all of the taxable property of the SolVista District, in addition to all other taxes, direct annual taxes in each of the years 2006 to 2025, inclusive (for collection in 2007 to 2026), in the amount of the SolVista Mill Levy. Such taxes shall be levied, assessed, collected and enforced at the time and in the manner and with like interest and penalties as other general taxes in the State.

Waiver and Release of Claims. In consideration of the Letter Agreement and the performance of the obligations therein, the District, the Developer, and District No. 8 will enter into a Waiver and Release of Claims dated April 11, 2018, to be executed on or before the sale of the Bonds waiving and releasing each of and all of the parties thereto from any claims which have been made or could and been made related to the 2006 Bonds, the 2010 Subordinate Bonds, the intergovernmental agreement between the District and the Headwaters District, repair and operation of the roads (other than the major road repairs required by the Letter Agreement), and any other matter related to the formation, administration, and operation of the Districts as of a Release Date. The Release Date for the waiver and release of claims are contingent upon the successful issuance of the Bonds, satisfaction and release of the 2010 Subordinate Bonds, termination of all financial obligations between the District and the Headwaters District, and the road repairs, with the waiver and release for each event occurring upon the completion of each individual event.

Insurance Coverage

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to personnel, or natural disasters. The Colorado Special Districts Property and Liability Pool (the “Pool”) is an organization created by governmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. It provides coverage for property claims up to the values declared, and liability claims with various per-occurrence and aggregate limits (the general liability per-occurrence limit is \$1,000,000, with no annual aggregate limit). See Note H in the audited financial statements attached hereto as Appendix A for further information about the Pool.

The District pays annual premiums to the Pool for property, general liability and public officials’ liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. The District’s current policies expire on January 1, 2019. In the opinion of District management, the District’s insurance policies provide adequate insurance protection for the District.

General Information about the Granby Ranch Development

General. The Development contains approximately 4,850 acres within the southern portion of the Town. The current entrance to Granby Ranch is located approximately 2 miles from the Town's commercial core, 15 miles north of the Winter Park Ski Resort and 78 miles west of Denver. Granby Ranch is located approximately 20 miles from the western entrance to Rocky Mountain National Park and the Town of Grand Lake.

The Development has been approved by the Town for 4,349 single family residences and 1.3 million square feet of commercial space, including the amenities and lodging, equestrian and food and beverage establishments. The Developer retains full entitlements and vested development rights through 2062.

The Development also includes forests, mountain areas, meadows and a segment of the Fraser River, as well as the Ski Area, the Golf Course, three miles of private, gold-medal fishing on the Fraser River, a downhill bike park, and 34 miles of hiking and cross-country skiing trails. The Development also includes Base Camp Lodge and Ranch Hall, a facility for members and their guests featuring a fitness facility, year-round heated pool, hot tub and game room.

Water rights associated with the Development include rights that can be used for in-home water use, lawn irrigation, park irrigation, snow-making, golf course irrigation and to replenish ponds/wetlands. The Town provides indoor sanitary service to the residential and commercial portions of the Development pursuant to water rights and infrastructure conveyed by the Developer to the Town and/or a joint service authority. The Developer also owns water rights in municipal wells and decreed water rights that can be used for residential, commercial and open space irrigation, golf course irrigation, snow-making and wetlands mitigation. The water rights owned by the Developer, together with service by the Town, are sufficient to serve the Development, as planned, after taking wastewater return flows and other required diversions or augmentations into account. See "Development in the GRMD Bond Property" below.

Granby Ranch has been divided into five areas including the North and South Parcels, the Granby Park Parcel, the Commercial West Parcel and the Mixed Parcel. The Mixed Parcel encompasses approximately 2,073 acres overlapping the North Parcel and the Granby Park Parcel. The Developer commissioned a survey which was substantially completed in late March 2018 to depict how the Mixed Parcel will be redistributed among the North Parcel and Granby Park. Approximately 1,840 acres of the Mixed Parcel is included in the North Parcel and approximately 233 acres of the Mixed Parcel is included in the Granby Park Parcel. Through March 2018, most development has occurred on the North Parcel. Specific land uses and design standards are determined in the zoning documents. Additionally, the transfer of density between planning parcels is allowed, subject to terms and conditions imposed by the Town. There are 12 separate planning areas with specific allocations of residential density and/or commercial square footage.

Overlaying the 12 planning areas are three zone districts: (1) SV-O Zone District (Open & Recreation) preserves the land within this district from intensive development; (2) SV-RMU Zone District (Residential Mixed Use) allows for all types of dwelling units of varying densities with limited non-residential uses, providing amenities for the all-season community; and (3) SV-MU Zone District (Mixed Use) allows for a mix of residential, retail, commercial, dining, entertainment, office and civic uses.

There are 52 planned neighborhoods and density is categorized into three neighborhood types: single-family, enclave and multi-family. Single-family neighborhoods are lower density custom and high-end production home neighborhoods. Enclave neighborhoods are clusters of units in select areas. The four multi-family neighborhoods consist of condominiums or other high-density housing.

Approved Land Uses within the Development. Development of property within Granby Ranch requires (a) compliance with existing zoning requirements pertaining to the Development, (b) Town approval of final planned development plans, (c) Town approval of the subdivision and platting of the property and (d) compliance with other Town permit requirements (e.g., building permit and certificate of occupancy). Development of some of the property within the Development requires construction of additional infrastructure.

Development in the GRMD Bond Property

Current Status of Development. The GRMD Bond Property is part of the larger Development and is located in the North Parcel described above. The following table sets forth a summary of the current status of residential development within the GRMD Bond Property, including planned units/homes through buildout (which is expected to take longer than the 30 years of activity reflected in the Market Study). The information in this table has been provided by the Developer as of March 1, 2018.

Currently, there is one production builder, BC Townhomes LLC, developing and building finished homes on three lots adjacent to Base Camp One. The managing partner, Grand Avenue Corp., is owned and operated by Greg Finch, a former executive with Dundee Resort Development of Colorado and Canada. The first phase consists of 16 duplex units. The first two units are under construction and are expected to be marketed shortly. The three lots together are zoned for 69 units. Subsequent phases have not been planned at this time.

The information in this table represents the existing residential development and future planned development. Investors should keep in mind that neither the Developer nor any successor to the Developer is bound by the existing development plans. Additionally, the future development plans should be read in light of the Developer's intention to sell all of the property owned by it. See "INTRODUCTION--The Development and the Developer - Sale of Developer's Property." No guarantee is provided that the Developer will implement the planned development outlined below should a sale not occur. Additionally, no guarantee is provided that a future buyer will implement the Developer's current plan of development for the GRMD Bond Property as described below.

Further, some of the lots within the GRMD Bond Property may be replatted in the future; should that occur, the lot counts will change.

Owner	Developer Entity	Description	Planned Units/ Homes(1)	Platted Units/ Lots	Unplatted Units/ Lots (1)	Completed Units/ Homes	Units/Homes Under Construction(2)	Vacant Units/ Lots
Homeowners	Private	Lots	542	542	0	394	4	147
Granby Realty Holdings, LLC	Granby Realty Holdings, LLC	Lots, Tracts, ROWs	301	223	78	0	0	223
BC Townhomes, LLC	Grand Avenue Corp.	Development Tracts	78	78	0	0	2	76
Altitude Homes Development, LLC	Altitude Homes Development, LLC	Lots	20	20	0	0	0	20
Westside Homes Limited Liability Co.	Westside Homes Limited Liability Co.	Lots	12	12	0	0	0	12
William Lyon Homes, Inc.	William Lyon Homes, Inc.	Lots, Open Space Tracts	<u>24</u>	<u>24</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>18</u>
Total			977	899	78	394	9	496

(1) Represents the current plans of the Developer. Neither the Developer nor any successor is obligated to complete the Development as represented here.

(2) Four units have recently received or applied for design/review board approval and building permits.

Source: The Developer.

Future Development Plans. The Developer's future development plans for certain of the parcels with no vertical development are illustrated in more detail in the Market Study in Appendix F. The Market Study shows a 30-year development horizon; however, the Developer's current plan includes units to be built subsequent to that horizon. As a result, the total number of units planned by the Developer and described above is more than the total number of units described in the Market Study. The development plans should be read in light of the Developer's intention to sell all of the property owned by it. See "INTRODUCTION--The Development and the Developer - Sale of Developer's Property."

Recreational Amenities. Certain recreational amenities exist within the GRMB Bond Property. As used herein, the term "Amenities" refers to the Ski Area, the Golf Course, the fishing facilities on the Fraser River, and various trails and other existing and planned recreational improvements in the Development. Each is described below.

The Ski Area. The Ski Area opened in the late 1970's and was purchased by the Developer in 1995 (along with the other property in the Development). After operating under several names, the Ski Area now operates as Ski Granby Ranch. The Developer currently leases the Ski Area to the Headwaters District. The Headwaters District has currently engaged Granby Ranch Amenities LLC, a related party to the Developer, to manage and operate the Ski Area. The Headwaters District plans to issue a request for proposals for management services related to the Golf Course and the other amenities in the summer of 2018.

The Ski Area is relatively unique in Colorado in that it is located on private property owned by the Developer (subject to the Lease Purchase Agreement with the Headwaters District). Most Colorado ski areas are located on U.S. Forest Service land, and any improvements to such ski areas typically require the approval of the Federal government. In contrast, improvements to the Ski Area require only local approvals such as compliance with local zoning and building codes.

The Ski Area features two mountains, the East Mountain and the West Mountain, both served by a common base area lodge. In a typical season, the Ski Area is open from mid-December to early April.

Golf Course. Headwaters Golf Course was designed by Michael Asmundson. Nine holes opened for play in June 2001, and nine additional holes opened for play in June 2004. The Golf Course is located at an elevation of approximately 8,100 feet, and contains a driving range, putting green, temporary clubhouse, grille, pro shop and full-time professional golf staff. The Golf Course is open to the public and also sponsors golf clubs and tournaments and provides lessons. Approximately 151 acres within the District are used for the Golf Course. The Golf Course is currently leased by the Developer to the Headwaters District, but is managed and operated by the Developer pursuant to an agreement with the Headwaters District.

Fishing. Granby Ranch includes a segment of the Fraser River. The Developer has identified certain fishing access points along the river and administers access to the fishing points through the Golf Course pro shop.

Hiking, Trails and Open Space. Granby Ranch include approximately 492 acres (in addition to the acreage of the Ski Area and Golf Course) which are set aside for open space. Hiking trails and other recreational uses of the property in the Development are permitted by a

planned development overlay plan originally approved by the Town in 2003 (the “Zoning Plan”). Pursuant to the Zoning Plan, the Developer granted an easement to the Headwaters Trails Alliance for construction of a portion of the Fraser to Granby trail. In recognition of the amount of property set aside for open space and trails by the Zoning Plan, the Zoning Plan states that no park, open space, green belt or similar requirements may be imposed in connection with any final development plans or subdivision applications.

Other Recreational Activities. As a year-round resort area, Granby Ranch offers other summer and winter recreational activities in addition to those listed above, including snowshoeing, hiking, Nordic/cross-country skiing, mountain biking, and special events such as festivals and concerts.

The Club at Granby Ranch; Amenity Access. The existing Amenities are currently open to the general public upon the payment of applicable greens fees, ski lift tickets or other appropriate charges. However, the Headwaters District has granted priority access to the Amenities to residents of the Development who have paid an amenity fee. The Headwaters District is further obligated to provide secondary priority access to Town residents who do not live in the Development. The Headwaters District’s access plan, set forth primarily in a Headwaters amenity fee resolution, is known as the Club at Granby Ranch and offers an opportunity to those residing within the Development to acquire priority access to the Amenities. The club offers its members, and, for certain categories of membership, their families and guests, the right to use the Amenities in accordance with the terms and conditions of a membership plan. In addition to access to the Amenities granted by virtue of the payment of the amenity fee, certain other membership categories are available for payment of an additional annual fee.

DISTRICT FINANCIAL INFORMATION

Budget Process

The District is required by law to adopt an annual budget setting forth all proposed expenditures for the administration, operation, and maintenance of all offices, departments, boards, commissions, and institutions of the District. The budget must show the actual or estimated deficits from prior years, all debt redemptions and interest charges during the budget year, and all expenditures for capital projects to be undertaken or executed during the budget year. It must also set forth the anticipated income and other means of financing the proposed expenditures for the ensuing fiscal year, which coincides with the calendar year.

No later than October 15 of each year, the person appointed to prepare the budget must submit a proposed budget to the Board for the ensuing year. The Board must cause to be published a notice that such proposed budget is open for inspection by the public. Prior to adoption, any elector of the District may register his or her objections to the proposed budget. The District must adopt its budget and certify its mill levies by December 15. After adoption of the budget, the Board must enact a corresponding appropriation resolution before the beginning of the fiscal year. If the District fails to file a certified copy of its budget by the following January 31 with the Colorado Division of Local Government in the Department of Local Affairs, the division may authorize the County Treasurer to prohibit release of the District's tax revenues and other moneys held by the County Treasurer until the District files its budget.

In general, the District cannot expend money for any of the purposes set out in the appropriation resolution in excess of the amount appropriated. However, in the case of an emergency or some contingency which was not reasonably foreseeable, the Board may authorize the expenditure of funds in excess of the budget by adopting a resolution. If the District receives revenues which were unanticipated at the time of adoption of the budget, the Board may authorize the expenditure of such revenues by adopting a supplemental budget after notice and hearing.

District Funds and Financial Statements

The District historically used one governmental fund, the Debt Service Fund, to account for all of its activities. Beginning in 2017, the District uses two governmental funds to account for its activities: the General Fund and the Debt Service Fund.

Under State law, the Board is required to have the financial statements of the District audited annually. The audited financial statements must be filed with the Board by July 1 of each year and with the State Auditor 30 days later. If the District fails to file its audit report with the State Auditor, the State Auditor may, after notice to the District, authorize the County Treasurer to prohibit release of the District's tax revenues and other moneys held by the Treasurer until the District files the audit report. The District requested and received an extension to file its 2016 audit.

The District's audited basic financial statements for the year ended December 31, 2016, included in Appendix A to this Limited Offering Memorandum, represent the most recent audited financial statements of the District.

The District has not yet begun preparation of its 2017 audit due to a lack of operating funds. However, following the issuance of the Bonds, the District expects to engage an auditor and prepare its 2017 audit prior to the statutory deadline.

Budget Summaries and Comparisons

General. The following tables set forth a comparison of the District's 2016, 2017 and 2018 budgets for each of the governmental funds (General Fund and Debt Service Fund), as compared to actual results for the years ended December 31, 2016 and 2017 (unaudited). These tables are presented in budgetary format and are not intended to comply with Generally Accepted Accounting Principles ("GAAP").

Establishment of the General Fund. The District anticipated completion of the Refunding Project in 2016. Accordingly, the District established the General Fund effective for the year ended December 31, 2016, in order to account for a planned 2016 contribution from the Developer pursuant to the Letter Agreement and to account for the receipt of revenues from the O&M Mill Levy and associated specific ownership tax revenues effective January 1, 2017. The District did not maintain a General Fund prior to that time.

For 2017, the District levied a debt service mill levy of 40.000 mills for deposit into the Debt Service Fund and an O&M Mill Levy of 20.000 mills for deposit into the General Fund on the assumption that the 2006 Bonds would be refunded in December 2016. Since the refunding did not occur in 2016, the District was required to transfer funds from the General Fund to the debt service fund to pay debt service on the 2006 Bonds in accordance with the indenture authorizing the 2006 Bonds.

As previously described, the District's 2018 budget did not contemplate the imposition of an O&M Mill Levy. Accordingly, the 2018 budget reflects a debt service mill levy of 66.203 (50 mills plus the Gallagher Adjustment, calculated at the time the mill levy was certified in December 2017) and no O&M Mill Levy.

General Fund-Budget Summary and Comparison (1)

	2016 Final Budget	2016 Actual	2017 Amended Budget	2017 Actual (Unaudited)(1)	2018 Budget
Revenues					
Property taxes	--	--	\$ 252,282	\$252,282	--
Specific ownership taxes	--	--	12,600	16,694	--
Interest income	--	--	--	2,236	\$ 1,100
Contribution from Headwaters MD	--	--	75,000	--	--
Other income	--	--	<u>2,000</u>	<u>--</u>	<u>215,298</u>
Total revenues	--	--	<u>341,882</u>	<u>271,212</u>	<u>216,398</u>
Expenditures					
General and Administrative					
County Treasurer's fee	--	--	12,614	12,674	--
Accounting	--	13,409	13,000	36,654	18,000
Auditing	--	--	4,500	5,332	4,700
Dues and membership	--	--	--	477	1,000
Election	--	--	--	--	2,000
Insurance and bonds	--	3,763	3,500	980	1,100
District management	--	38,388	18,000	19,309	21,500
Legal services	--	45,774	18,000	25,367	16,000
Miscellaneous	--	--	600	1,297	1,000
Operation and Maintenance					
Accounting and legal (5% of costs)	--	--	2,953	--	--
Crack seal	--	--	4,594	--	--
Facilities management fees (5% of costs)	--	--	2,953	--	--
Mosquito control	--	--	3,369	--	--
Note Principal-Series 2017 (2)	--	--	100,000	--	--
Snow removal	--	--	38,839	--	--
Storm drainage maintenance	--	--	4,594	--	--
Street sweeping	--	--	6,125	--	--
Utilities	--	--	1,531	--	--
Contingency (budget only item)	--	--	<u>3,135</u>	<u>--</u>	<u>1,385</u>
Total expenditures	--	<u>101,334</u>	<u>238,307</u>	<u>101,090</u>	<u>66,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	--	<u>(101,334)</u>	<u>103,575</u>	<u>170,122</u>	<u>149,713</u>
Other Financing Sources (Uses)					
Note Issuance-Series 2017 (2)	--	--	100,000	--	--
Transfers from other fund	--	--	(213,385)	--	--
Transfers to other fund	--	--	<u>--</u>	<u>(218,161)</u>	--
Total Other Financing Sources (Uses)	--	--	<u>(113,385)</u>	<u>(218,161)</u>	--
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses					
	--	<u>(101,334)</u>	<u>(9,810)</u>	<u>(48,039)</u>	<u>149,713</u>
Fund Balance - beginning of year	--	--	<u>(71,000)</u>	<u>(101,334)</u>	<u>(149,713)</u>
Fund Balance - end of year	--	<u>\$(101,334)</u>	<u>\$(80,810)</u>	<u>\$(149,373)</u>	<u>\$--</u>

(1) Unaudited.

(2) In conjunction with the refunding project originally planned for 2016, the District expected to receive a \$100,000 loan from the Developer for the payment of operation and maintenance expenses; that money was to be evidenced by a promissory note and repaid without interest by August 1, 2017. However, since the Refunding Project was not consummated in 2016, this transaction was never completed.

Source: The District.

Debt Service Fund-Budget to Actual Comparison

	2016 Final	2016	2017	2017 Actual	2018
	<u>Budget</u>	<u>Actual</u>	Amended	<u>(Unaudited)(1)</u>	<u>Budget</u>
Revenues					
Property taxes	\$ 730,193	\$674,803	\$ 560,823	\$633,558	\$939,139
Specific ownership taxes	36,510	44,927	28,000	40,077	47,000
Capital Facilities Fees	93,825	25,020	250,200	25,020	--
Contribution from SolVista	29,958	30,334	29,958	29,133	29,133
Interest income	2,080	18,443	11,500	42,705	9,000
Bond proceeds (2)	<u>11,600,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total revenues	<u>12,492,566</u>	<u>793,527</u>	<u>880,481</u>	<u>770,493</u>	<u>1,024,272</u>
Expenditures					
Bond principal - 2006 Bonds	140,000	300,000	13,220,000	340,000	360,000
Bond interest - 2006 Bonds	733,946	912,600	--	892,350	892,350
Bond/loan interest - Series 2017	--	--	606,711	--	--
Bond issuance costs	299,000	72,277	340,539	86,507	--
Paying agent fees	2,500	2,300	2,500	1,300	3,000
Treasurer's fees	36,510	33,874	28,041	32,441	46,957
Redemption of 2006 Bonds (2)	13,520,000	--	--	--	--
Contingency (budget item only)	<u>30,000</u>	<u>--</u>	<u>292,623</u>	<u>--</u>	<u>4,973</u>
Total expenditures	<u>14,761,957</u>	<u>1,321,051</u>	<u>14,490,414</u>	<u>1,352,598</u>	<u>1,307,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,269,391)</u>	<u>(572,524)</u>	<u>(13,609,933)</u>	<u>(582,105)</u>	<u>(283,008)</u>
Other Financing Sources (Uses)					
Transfers from other funds	--	--	--	218,161	--
Bond proceeds	--	--	11,680,000	--	--
Bond premium	--	--	100,438	--	--
Transfers to other fund	--	--	<u>(213,385)</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>11,567,053</u>	<u>218,161</u>	<u>--</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,269,391)</u>	<u>(572,524)</u>	<u>(2,042,880)</u>	<u>(363,944)</u>	<u>(283,008)</u>
Fund Balance - beginning of year	<u>3,309,391</u>	<u>3,309,389</u>	<u>2,909,316</u>	<u>2,781,865</u>	<u>1,917,347</u>
Fund Balance - end of year	<u>\$1,040,000</u>	<u>\$2,781,865</u>	<u>\$866,436</u>	<u>\$2,417,921</u>	<u>\$1,634,339</u>

(1) Unaudited, interim information only.

(2) The 2016 budget assumed that the 2006 Bonds would be refunded before December 1, 2016. The budget was not amended to reflect the fact that refunding bonds were not issued in 2016.

Source: The District.

History of Revenues and Expenditures and Changes in Fund Balances

The following tables set forth a five-year comparative statement of revenues, expenses and changes in fund balance for the District's Debt Service Fund and a two-year history of information for the General Fund, which the District established effective for the year ended December 31, 2016. The information in these tables is derived from the District's audits for 2013 through 2016 and from unaudited 2017 information provided by the District.

The information in these tables should be read together with the District's audited basic financial statements for the year ended December 31, 2016, and the accompanying notes, which are included as Appendix A hereto. Audited financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

General Fund-History of Revenue, Expenditures and Changes in Fund Balances

	<u>Year Ended December 31,</u>	
	<u>2016</u>	<u>2017(1)</u>
Revenues		
Property taxes	\$ --	\$252,282
Specific ownership taxes	--	16,694
Interest income	--	2,236
Total revenues	<u> --</u>	<u>271,212</u>
Expenditures		
County Treasurer's fees	--	12,674
Accounting	13,409	35,654
Auditing	--	5,332
Dues and licenses	--	477
Insurance and bonds	3,763	980
District management	38,388	19,309
Legal services	45,774	25,367
Miscellaneous	--	1,297
Total expenditures	<u>101,334</u>	<u>101,090</u>
Excess of Revenues Over (Under) Expenditures	(101,334)	170,122
Other Financing Sources (Uses)		
Transfers to other fund (2)	<u> --</u>	<u>(218,161)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(101,334)	(48,039)
Fund Balance - beginning of year	<u> --</u>	<u>(101,334)</u>
Fund Balance - end of year	<u><u>\$(101,334)</u></u>	<u><u>\$(149,373)</u></u>

(1) Unaudited; subject to change.

(2) For 2017, the District levied an O&M Mill Levy in anticipation of completing the Refunding Project. However, the Refunding Project was not completed and the District transferred funds to the Debt Service Fund so that the amount that would have been required to be levied under the indenture for the 2006 Bonds would be deposited into the Debt Service Fund.

Source: Derived from the District's audited financial statements for the year ended December 31, 2016, and unaudited 2017 information provided by the District.

Debt Service Fund-History of Revenue, Expenditures and Changes in Fund Balances

	Year Ended December 31,				
	2013	2014	2015	2016	2017(1)
Revenues					
Property taxes (1)	\$ 790,618	\$ 433,585	\$ 659,910	\$674,803	\$633,558
Specific ownership taxes (1)	36,523	32,739	40,896	44,927	40,077
Payment in lieu of taxes (2)	53,796	54,984	54,746	--	--
Net investment income	7,155	3,393	8,630	18,443	42,705
Capital Facilities Fees	25,020	125,100	25,020	25,020	25,020
Contribution from SolVista	<u>17,486</u>	<u>29,234</u>	<u>29,772</u>	<u>30,334</u>	<u>29,133</u>
Total revenues	<u>930,598</u>	<u>679,035</u>	<u>818,974</u>	<u>793,527</u>	<u>770,493</u>
Expenditures					
County Treasurer's fees	39,689	31,198	33,244	33,874	32,441
Bond principal	185,000	180,000	225,000	300,000	340,000
Bond interest	952,425	939,938	927,788	912,600	892,350
Bond issuance costs	--	--	22,894	72,277	86,507
Paying agent fees	<u>2,300</u>	<u>2,300</u>	<u>2,300</u>	<u>2,300</u>	<u>1,300</u>
Total expenditures	<u>1,179,414</u>	<u>1,153,436</u>	<u>1,211,226</u>	<u>1,321,051</u>	<u>1,352,598</u>
Excess of Revenues Over (Under) Expenditures	(248,816)	(474,401)	(392,252)	(527,524)	(582,105)
Other Financing Sources (Uses)					
Transfers from other fund (3)	--	--	--	--	<u>218,161</u>
Net Changes in Fund Balance	<u>(248,816)</u>	<u>(474,401)</u>	<u>(392,252)</u>	<u>(527,524)</u>	<u>(363,944)</u>
Fund Balance - beginning of year	<u>4,424,858</u>	<u>4,176,042</u>	<u>3,701,641</u>	<u>3,309,389</u>	<u>2,781,865</u>
Fund Balance - end of year	<u>\$4,176,042</u>	<u>\$3,701,641</u>	<u>\$3,309,389</u>	<u>\$2,781,865</u>	<u>\$2,417,921</u>

- (1) Represents amounts derived from the District's total mill levy in 2013-2016. In 2017, represents the portion of the District's property tax revenues (and associated Specific Ownership Tax revenues) allocable to the debt service mill levy.
- (2) The Developer previously agreed to make payments in lieu of taxes to the District in an amount calculated to approximate the portion of the District's debt service mill levy that otherwise would have been paid on property owned by the Developer but leased to the Headwaters District (and therefore classified as exempt from taxation). The Developer did not make the required payment in 2016 or 2017. See Note 7 in the audited financial statements attached hereto as Appendix A. The PILOT agreement will be terminated in conjunction with the Refunding Project and the payment of all amounts outstanding will be waived by the District.
- (3) For 2017, the District levied an O&M Mill Levy in anticipation of completing the Refunding Project. However, the Refunding Project was not completed and the District transferred funds to the Debt Service Fund so that the amount that would have been required to be levied under the indenture for the 2006 Bonds would be deposited into the Debt Service Fund.

Source: Derived from the District's audited financial statements for the years ended December 31, 2013-2016, and from unaudited 2017 information provided by the District.

DISTRICT DEBT STRUCTURE

Required Elections

Various State constitutional and statutory provisions require voter approval prior to the incurrence of general obligation indebtedness by the District. Among such provisions, TABOR requires that, except for refinancing bonded debt at a lower interest rate, the District 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. See “LEGAL MATTERS--Certain Constitutional Limitations.” For a discussion of District debt elections, see “INTRODUCTION--Security - The Elections” and “General Obligation Debt--Authorized but Unissued Debt” below.

General Obligation Debt

Statutory Debt Limit. The District is subject to a statutory debt limitation established pursuant to Section 32-1-1101(6), C.R.S. 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. Based upon the District’s 2017 certified assessed valuation of \$12,769,180 (which excludes the valuation of the Excluded Property), the District’s debt limitation is \$6,384,590.

Statutory exceptions from the debt limitation 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; secured by a letter of credit issued by certain qualified financial institutions; or issued to financial institutions or institutional investors. Special districts are also permitted to issue general obligation debt payable from a limited mill levy not exceeding fifty mills.

Outstanding General Obligation Debt. Upon issuance, the Bonds will constitute the District’s only outstanding general obligation debt.

The District previously issued its \$11,119,000 aggregate principal amount of the District’s Taxable Subordinate Limited Tax Bonds, Series 2010 (the “2010 Subordinate Bonds”). The 2010 Subordinate Bonds were issued to pay off all of the capital and service obligations owed to the Headwaters District; the Headwaters District then reduced amounts owed to the Developer by the same amount. The 2010 Subordinate Bonds are owned by the Developer and were payable only to the extent that District pledged revenues exceeded the annual debt service requirements on the 2006 Bonds. Pursuant to the Letter Agreement, contemporaneously with the issuance of the Bonds, the Developer will release the District from its obligations under the 2010 Subordinate Bonds and will deliver the 2010 Subordinate Bonds to the District for cancellation. At that time, all of the District’s obligations to the owner of the 2010 Subordinate Bonds will be fully satisfied and discharged and no further amounts will be due.

Authorized but Unissued General Obligation Debt. District electors have authorized the issuance of up to \$104,000,000 in general obligation bonds to finance improvements; however, the Service Plan limits the District’s debt issuance to \$40,000,000. The

District has issued \$25,844,000 in limited tax general obligation bonds using that authorization, including the 2006 Bonds and the 2010 Subordinate Bonds. Accordingly, the amount of remaining general obligation bond authorization under the Service Plan is \$14,156,000. The District has no current plans to issue additional general obligation bonds, but reserves the right to do so at any time legal requirements are met.

Revenue Bonds

The District also has the authority to issue revenue obligations payable from the net revenue of District facilities. The District has no outstanding revenue bonds. The Board has no current plans to issue revenue bonds, but reserves the right to do so at any time.

Other Financial Obligations

The District is authorized to enter into obligations which do not extend beyond the current fiscal year, and to incur certain other obligations such as capital leases or operating leases. The District has no short-term or lease obligations outstanding as of the date of this Limited Offering Memorandum.

Selected Debt Ratios

The following table sets forth certain debt ratios for the GRMD Debt Property assuming the issuance of the Bonds, the refunding of the 2006 Bonds and the release and cancelation of the 2010 Subordinate Bonds.

Selected Debt Ratios of the District (Unaudited)

Direct District Debt (1)	\$11,970,000
Overlapping Debt	<u>1,034,758</u>
Total Direct and Overlapping Debt.....	\$13,004,758
2017 Assessed Valuation (2).....	\$14,185,740
Direct Debt to 2017 Assessed Valuation.....	84.38%
Direct and Overlapping Debt to 2017 Assessed Valuation.....	91.67%
2017 Statutory “Actual” Value (3).....	\$154,950,360
Direct Debt to 2017 Statutory “Actual” Value.....	7.73%
Direct and Overlapping Debt to 2017 Statutory “Actual” Value	9.16%

-
- (1) Assumes the issuance of the Bonds, completion of the Refunding Project and release and cancelation of the 2010 Subordinate Bonds.
 - (2) Includes the valuation attributable to the Excluded Property, which remains subject to the debt service mill levy. Does not include the Inclusion Parcels.
 - (3) This figure has been provided by the County Assessor and is calculated using a statutory formula under which assessed valuation is calculated as 7.20% of the statutory “actual” value of residential property and 29% of the statutory “actual” value of all other classes of property (with certain specified exceptions). Statutory “actual” value is not intended to represent market value. See “Ad Valorem Property Taxes” in this section. Does not include the Inclusion Parcels.

Sources: Grand County Assessor’s Office and the District.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Limited Offering Memorandum contains general information concerning historic economic and demographic conditions in and surrounding the Town of Granby and Grand County. It is intended only to provide prospective investors with general information regarding the District’s community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population

The following table sets forth a history of the populations of the Town of Granby, Grand County, and the State. Between 2000 and 2010, the Town of Granby’s population increased 22.2% and the populations of Grand County and the State increased 19.3% and 16.9%, respectively.

Year	<u>Population</u>					
	Town of Granby	Percent Change	Grand County	Percent Change	Colorado	Percent Change
1970	554	--	4,107	--	2,207,259	--
1980	963	73.8%	7,475	82.0%	2,889,735	30.9%
1990	966	0.3	7,966	6.6	3,294,394	14.0
2000	1,525	57.9	12,442	56.2	4,301,261	30.6
2010	1,864	22.2	14,843	19.3	5,029,196	16.9
2011	1,836	--	14,548	--	5,119,538	--
2012	1,874	2.1%	14,157	(2.7)%	5,191,086	1.4%
2013	1,911	2.0	14,271	0.8	5,268,413	1.5
2014	1,939	1.5	14,451	1.3	5,350,118	1.6
2015	1,974	1.8	14,602	1.0	5,448,055	1.8
2016	2,032	2.9	15,039	3.0	5,538,180	1.7

Sources: United States Department of Commerce, Bureau of the Census (1970-2010), and Colorado State Demography Office (2011-2016 estimates, which are subject to periodic revisions).

Income

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

Per Capita Personal Income

Year ⁽¹⁾	Grand County	Colorado	United States
2012	\$34,135	\$45,089	\$44,282
2013	36,720	46,824	44,493
2014	39,321	49,952	46,494
2015	41,780	51,876	48,451
2016	41,666	51,999	49,246

(1) County figures updated November 16, 2017. Figures for the State and the nation updated September 26, 2017. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The following table presents information on employment within Grand County, the State and the United States, for the time period indicated.

Labor Force and Percent Unemployed

Year	Grand County ⁽¹⁾		Colorado ⁽¹⁾		United States
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed	Percent Unemployed
2013	8,769	5.8%	2,767,153	6.9%	7.4%
2014	8,923	4.0	2,799,491	5.0	6.2
2015	9,051	3.2	2,824,759	3.9	5.3
2016	9,186	2.7	2,893,268	3.3	4.9
2017	9,598	2.2	2,992,307	2.8	4.4
<u>Month of January⁽²⁾</u>					
2017	9,987	2.4%	2,921,097	3.2%	4.8%
2018	10,573	2.6	3,016,296	3.3	4.1

(1) Figures for Grand County and the State are not seasonally adjusted.

(2) Due to the seasonal nature of much of the employment in Grand County, the monthly estimates are not necessarily representative of overall employment in Grand County.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data and United States Department of Labor, Bureau of Labor Statistics.

The following table sets forth the number of individuals employed in selected industries in Grand County that are covered by unemployment insurance. The largest employment sector in Grand County in 2016 was accommodation and food services (comprising approximately 27.2% of the county's work force), followed, in order, by arts, entertainment and recreation; construction; retail trade; and government. For the 12-month period ended December 31, 2016, total average employment in Grand County increased 0.4% as compared to the same 12-month period ending December 31, 2015, and average weekly wages increased 1.4% during the same time period.

Average Number of Employees Within Selected Industries – Grand County

<u>Industry</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁽³⁾</u>
Accommodation and Food Services	1,646	1,724	1,804	1,918	1,993	2,105
Administrative and Waste Services	159	136	161	188	181	172
Agriculture, Forestry, Fishing, Hunting	57	56	60	60	60	53
Arts, Entertainment and Recreation	1,161	1,227	1,245	1,276	1,303	1,246
Construction	511	554	652	747	645	695
Educational Services	325	329	330	332	326	320
Finance and Insurance	102	101	99	109	108	104
Government	526	519	537	535	515	508
Health Care and Social Assistance	340	345	339	359	384	452
Information	76	89	74	74	79	77
Management of Companies/Enterprises	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾
Manufacturing	115	129	139	129	132	146
Mining	25	24	20	18	16	15
Non-classifiable	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾	n/a ⁽²⁾
Other Services	119	126	119	124	133	173
Professional and Technical Services	126	146	147	150	153	153
Real Estate, Rental and Leasing	320	344	356	359	388	394
Retail Trade	630	640	629	636	612	664
Transportation and Warehousing	131	140	167	105	98	99
Utilities	141	138	137	135	131	132
Wholesale Trade	<u>30</u>	<u>36</u>	<u>46</u>	<u>50</u>	<u>75</u>	<u>69</u>
Total ⁽¹⁾	<u>6,544</u>	<u>6,808</u>	<u>7,060</u>	<u>7,305</u>	<u>7,333</u>	<u>7,585</u>

(1) Figures may not equal totals when added due to the rounding of averages.

(2) Figures were not released because of confidentiality.

(3) Figures are averaged through the third quarter of 2017.

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

Employers

The following table sets forth brief descriptions of major private employers in Grand County. No independent investigation has been made regarding the employers listed. Therefore, there can be no representation as to whether or not such employers will retain their status as major employers in the area.

Major Private Employers in Grand County

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Estimated Number of Employees⁽¹⁾⁽²⁾</u>
East Grand School District	Education	292 ⁽³⁾
Granby Ranch Resort	Recreation community	285 Winter 130 Summer
Grand County	Government	273 ⁽⁴⁾
Middle Park Medical Center	Health care	211
Fraser Valley Metropolitan Recreation District	Recreation	100 Winter 160 Summer
City Market (Granby location)	Retail grocery	100
West Grand County School District 1-Jt	Education	74 ⁽³⁾
Grand Elk Ranch and Club	Resort	5 Winter 35 Summer

(1) As of January 2017.

(2) The largest private employer in the area, Intrawest/Winter Park Resort, declined to provide an estimated number of employees.

(3) Figure does not include substitute teachers.

(4) Figure includes full time and part time employees.

Source: Individual employers.

Current Construction

The following table sets forth the number of permits issued for construction in Grand County during the time period indicated.

History of Building Permits Issued in Grand County⁽¹⁾

<u>Year</u>	<u>Single Family</u>		<u>Multi-Family</u>		<u>All Other</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2013	44	\$14,213,451	-0-	-0-	463	\$12,961,695
2014	56	n/a	2	n/a	510	n/a
2015	59	n/a	2	n/a	469	n/a
2016	77	n/a	2	n/a	510	n/a
2017	99	33,810,707	2	\$529,672	552	21,014,865
2018 ⁽²⁾	4	1,259,169	-0-	-0-	44	1,054,760

(1) Includes unincorporated areas and the municipalities of Grand Lake, Hot Sulphur Springs, and Kremmling. Does not include the municipalities of Winter Park and Fraser.

(2) Figures are for January 1 through February 28, 2018.

Source: Grand County Community Development Department, Building and Sanitation Services.

The following table sets forth the number of permits issued for new construction in the Town of Granby during the time period indicated.

History of Building Permits Issued in the Town of Granby

Year	Single Family		Multi-Family		Commercial	
	Permits	Value	Units	Value	Permits	Value
2012	17	\$6,326,773	-0-	-0-	1	\$4,505,170
2013	6	2,151,285	-0-	-0-	-0-	-0-
2014	30	9,961,646	-0-	-0-	2	72,969
2015	5	2,415,938	19	\$1,925,689	3	28,500
2016	12	4,236,847	-0-	-0-	3	123,659
2017 ⁽¹⁾	6	1,425,516	2	297,469	2	603,293

(1) Figures are for January 1 through September 30, 2017. Includes only permits issued in the Town of Granby; does not include permits in Winter Park or Fraser.

Source: Winter Park/Fraser/Granby Building Department.

Foreclosure Activity

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

History of Foreclosures – Grand County

Year	Number of Foreclosures Filed	Percent Change
2013	79	--
2014	54	(31.6)%
2015	35	(35.2)
2016	22	(37.1)
2017	28	27.3
2018 ⁽¹⁾	4	--

(1) Figures are for foreclosures filed from January 1 through February 28, 2018.

Sources: Colorado Division of Housing (2013 to 2017 figures) and Grand County Public Trustee's Office (2018 figure).

TAX MATTERS

General Matters

In the opinion of Butler Snow LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds. The opinion described above assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Tax Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Bond Counsel has also expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

Notwithstanding Bond Counsel’s opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75 percent of the excess of such corporations’ adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners’ particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Tax Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

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 under this heading "TAX MATTERS" 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 on 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.

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 TAX CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

LEGAL MATTERS

Litigation

There is no litigation now pending or threatened against the District which questions (i) the validity of the Bonds or any proceedings the District has taken with respect to the issuance or sale thereof or (ii) which would affect the District's imposition of the Limited Mill Levy or its ability to collect the Pledged Revenue to pay the Bonds. From time to time, the District is subject to pending and threatened litigation or administrative proceedings regarding various other matters arising in the ordinary course of the District's business; however, no such litigation is currently pending.

Sovereign Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, 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 District, 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 (including a light rail car), 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; failure to perform an education employment required background check; 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 for injuries occurring on or after January 1, 2018, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000; and (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000; except in such instance, no person may recover in excess of \$387,000. Those amounts will increase every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. Lower amounts are recoverable for injuries accruing prior to January 1, 2018. The District may increase any maximum amount that may be recovered from the District for certain types of injuries. However, the District may not be held liable either directly or by indemnification for punitive or exemplary damages unless the District voluntarily pays such damages in accordance with State law. The District has not acted to increase the damage limitations in the Immunity Act.

The District may be subject to civil liability and damages including punitive or exemplary damages under federal laws, and it may not be able to claim sovereign immunity for actions founded upon various 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 District 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

The approving opinion of Butler Snow LLP, as Bond Counsel, will be delivered with the Bonds. A form of the Bond Counsel opinion is attached to this Limited Offering Memorandum as Appendix D. Butler Snow LLP, Denver, Colorado, has also acted as Special Counsel to the District in connection with this Limited Offering Memorandum. Certain matters will be passed upon for the District by its General Counsel, Seter & Vander Wall, P.C., Greenwood Village, Colorado. Sherman & Howard L.L.C., Denver, Colorado, has acted as Underwriter's Counsel.

Certain Constitutional Limitations

TABOR (Article X, Section 20 of the Colorado Constitution). At the general election on November 3, 1992, Colorado voters approved 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 school 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 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. Issuance of the Bonds constitutes a refinancing of obligations at a lower interest rate and no election is required.

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.

At an election held in 2003, the District's voters approved an election question which authorizes the District to retain and expend all revenues it receives from its rates, fees, tolls and charges (both operating and capital in nature) for facilities and services, reimbursements and any and all grants and other revenues received in 2004 and thereafter. The 2003 and 2004 election questions authorized the District to retain and expend property tax revenues for operation and maintenance purposes and debt service purposes.

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. 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.

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 District 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

NO REGISTRATION

The Colorado Municipal Bond Supervision Act, Title 11, Article 59, C.R.S. (the "Supervision Act"), generally allows 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 Supervision 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 Supervision Act. The Bonds qualify for an exemption from registration under the Supervision Act because the Bonds are being issued authorized denominations of not less than \$500,000.

NO RATINGS

The District has not obtained, and does not intend to obtain, any rating with respect to the Bonds.

INDEPENDENT AUDITORS

The basic financial statements of the District as of December 31, 2016, and for the year then ended, included in this Limited Offering Memorandum as Appendix A, have been

audited by Chadwick, Steinkirchner, Davis & Co., P.C., Grand Junction, Colorado, as stated in the report appearing therein.

The District has not requested and will not obtain a consent letter from its auditor for the inclusion of the audit report in this Limited Offering Memorandum. Chadwick, Steinkirchner, Davis & Co., P.C., the District's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Chadwick, Steinkirchner, Davis & Co., P.C., also has not performed any procedures relating to this Limited Offering Memorandum.

UNDERWRITING

D.A. Davidson & Co. (the "Underwriter"), has agreed to purchase the Bonds from the District pursuant to a Bond Purchase Agreement at a purchase price equal to \$11,730,600.00 (which is equal to the par amount of the Bonds, less Underwriter's discount of \$239,400.00). The Underwriter is committed to take and pay for all of the Bonds if any are taken. The Underwriter intends to offer the Bonds to the public at the offering prices appearing on the cover page of this Limited Offering Memorandum. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

LIMITED OFFERING MEMORANDUM CERTIFICATION

The preparation and distribution of this Limited Offering Memorandum has been authorized by the District. This Limited Offering Memorandum is hereby duly approved by the District as of the date on the cover page hereof.

**GRANBY RANCH METROPOLITAN
DISTRICT, COLORADO**

By: /s/ Natasha Wall
Chairman and President

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANBY RANCH METROPOLITAN DISTRICT
Grand County, Colorado

FINANCIAL STATEMENTS
December 31, 2016

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September 19, 2017

To the Board of Directors
Granby Ranch Metropolitan District

We have audited the financial statements of the governmental activities, and each major fund, of Granby Ranch Metropolitan District for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 9, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Granby Ranch Metropolitan District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by Granby Ranch Metropolitan District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The District did not have any particularly sensitive estimates in the financial statements at December 31, 2016.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2017.



September 19, 2017
To the Board of Directors
Granby Ranch Metropolitan District
Page Two

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Granby Ranch Metropolitan District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of revenues, expenditures and changes in fund balance – budget and actual – debt service fund, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Granby Ranch Metropolitan District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C.

BASIC FINANCIAL STATEMENTS

GRANBY RANCH METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments - Restricted	\$ 2,854,375
Property taxes receivable	813,105
Receivable from county treasurer	4,069
Accounts receivable	78,470
Total assets	<u>3,750,019</u>
LIABILITIES	
Accounts payable	158,822
Due to Headwaters Metropolitan District	39,983
Accrued interest payable	6,310,318
Noncurrent liabilities	
Due within one year	340,000
Due in more than one year	23,999,000
Total liabilities	<u>30,848,123</u>
DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	813,105
Total deferred inflows of resources	<u>813,105</u>
NET POSITION	
Restricted for:	
Debt service	2,781,865
Unassigned	(30,693,074)
Total net position	<u><u>\$ (27,911,209)</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

GRANBY RANCH METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary government:					
Government activities:					
General government	\$ 101,334	\$ -	\$ -	\$ -	\$ (101,334)
Interest and related costs on long-term debt	2,239,155	-	30,334	25,020	(2,183,801)
	<u>\$ 2,340,489</u>	<u>\$ -</u>	<u>\$ 30,334</u>	<u>\$ 25,020</u>	<u>(2,285,135)</u>
General revenues:					
Property taxes					674,803
Specific ownership taxes					44,927
Payment in lieu of taxes					57,578
Net investment income					18,443
Total general revenues					<u>795,751</u>
Change in net position					(1,489,384)
Net position - Beginning					(26,421,825)
Net position - Ending					<u>\$ (27,911,209)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016**

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments - Restricted	\$ -	\$ 2,854,375	\$ 2,854,375
Property tax receivable	252,282	560,823	813,105
Accounts receivable	-	20,892	20,892
Receivable from county treasurer	-	4,069	4,069
TOTAL ASSETS	\$ 252,282	\$ 3,440,159	\$ 3,692,441
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 101,334	\$ 57,488	\$ 158,822
Due to Headwaters Metropolitan District	-	39,983	39,983
Total liabilities	101,334	97,471	198,805
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	252,282	560,823	813,105
Total deferred inflows or resources	252,282	560,823	813,105
FUND BALANCES			
Restricted for:			
Debt service	-	2,781,865	2,781,865
Unrestricted	(101,334)	-	(101,334)
Total fund balances	(101,334)	2,781,865	2,680,531
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 252,282	\$ 3,440,159	

Amounts reported for governmental activities in the statement of net position are different because:

Long-term liabilities, including bonds payable and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(24,339,000)
Accrued bond interest	(6,310,318)
2016 PILOT revenue not received within the period of availability	57,578
Net position of governmental activities	\$ (27,911,209)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

GRANBY RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ -	\$ 674,803	\$ 674,803
Specific ownership taxes	-	44,927	44,927
Net investment income	-	18,443	18,443
Capital facilities fees	-	25,020	25,020
Contribution from Sol Vista Metropolitan District	-	30,334	30,334
Total revenues	<u>-</u>	<u>793,527</u>	<u>793,527</u>
EXPENDITURES			
Current			
Accounting	13,409	-	13,409
Insurance and bonds	3,763	-	3,763
District management	38,388	-	38,388
Legal	45,774	-	45,774
Debt service			
County Treasurer's fees	-	33,874	33,874
Principal - Series 2006 Bonds	-	300,000	300,000
Interest expense - Series 2006 Bonds	-	912,600	912,600
Bond issue costs	-	72,277	72,277
Paying agent fees	-	2,300	2,300
Total expenditures	<u>101,334</u>	<u>1,321,051</u>	<u>1,422,385</u>
NET CHANGE IN FUND BALANCES	(101,334)	(527,524)	(628,858)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>3,309,389</u>	<u>3,309,389</u>
FUND BALANCES - END OF YEAR	<u><u>\$(101,334)</u></u>	<u><u>\$ 2,781,865</u></u>	<u><u>\$ 2,680,531</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$ (628,858)
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Long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond principal payment	300,000
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2016 PILOT revenue not received within the period of availability	57,578
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Bond interest - Change in liability	<u>(1,218,104)</u>
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Changes in net position of governmental activities	<u><u>\$ (1,489,384)</u></u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Current			
Accounting	-	13,409	(13,409)
Insurance and bonds	-	3,763	(3,763)
District management		38,388	(38,388)
Legal	-	45,774	(45,774)
Contingency	-	-	-
Total expenditures	-	101,334	(101,334)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(101,334)	(101,334)
NET CHANGE IN FUND BALANCE	-	(101,334)	(101,334)
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	\$ -	\$ (101,334)	\$ (101,334)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 1 - DEFINITION OF REPORTING ENTITY

The Granby Ranch Metropolitan District (the "District") (originally known as SolVista Metropolitan District No. 2) was organized on November 25, 2003, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed contemporaneously with Headwaters Metropolitan District (originally known as SolVista Metropolitan District No. 1) ("Headwaters"). The District and Headwaters were organized to provide services, programs and facilities, including the financing of construction, maintenance and operation of public infrastructure needed to serve the Granby Ranch Ski and Golf development ("Granby Ranch") (formerly known as the Sol Vista Golf and Ski Ranch development). Granby Ranch Metropolitan Districts Nos. 2 through 8 were established on September 25, 2007 to assist with the development of Granby Ranch.

At the time of organization, the District was the "Taxing District" and Headwaters was the "Service District". The District and Headwaters were organized to work in tandem to finance and operate the public infrastructure needed for Granby Ranch. Pursuant to the Second Amendment to Service Plan of Granby Ranch Metropolitan District as approved by the Town of Granby, Colorado on November 8, 2016, the relationship between the District and Headwaters as the Taxing District and the Service District was terminated.

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either 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. Consideration is also given other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District is governed by an elected Board of Directors. The District has no employees and contracts for all of its management and professional services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a 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.

Separate financial statements are provided for governmental funds. 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 a liability is incurred, regardless of the timing of related cash flows.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual is property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

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 general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District incurred expenditures in excess of appropriation for the year ended December 31, 2016 in the General Fund, which may be in violation of the Local Government Budget Law.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Net Position

For government-wide presentation purposes 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.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - Restricted	<u>\$ 2,854,375</u>
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Cash and investments as of December 31, 2016, consist of the following:

Investments	\$ 2,848,119
Cash	<u>6,256</u>
Total cash and investments	<u>\$ 2,854,375</u>

Deposits with Financial Institutions

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District's cash deposits had a bank balance and a carrying balance of \$6,256.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities and securities of the World Bank

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

Fair Value Measurement and Application

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; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

As of December 31, 2016, the District had the following investments:

Investment	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 2,848,119</u>

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 4 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2016:

	<u>Balance at December 31, 2015</u>	<u>New Issues</u>	<u>Refundings/ Retirements</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
General obligation bonds payable					
Series 2006	\$ 13,520,000	\$ -	\$ (300,000)	\$ 13,220,000	\$ 340,000
Series 2010	11,119,000	-	-	11,119,000	-
	<u>\$ 24,639,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ 24,339,000</u>	<u>\$ 340,000</u>

The details of the District's long-term obligations are as follows:

2006 Limited Tax General Obligation Bonds

On July 5, 2006, the District issued Limited Tax General Obligation Bonds (the Series 2006 Bonds) in the amount of \$14,725,000, to finance the cost of constructing public improvements and for certain other permitted costs previously paid for by the developer, Granby Realty Holdings, LLC and to finance the cost of additional public improvements. Additionally, proceeds of the Series 2006 Bonds were used to fund debt service reserves and to finance costs associated with their issuance. The Series 2006 Bonds bear interest at the rate of 6.75% payable semiannually on June 1 and December 1. The Series 2006 Bonds are subject to mandatory sinking fund redemption beginning annually on December 1, 2010 through 2036. The Series 2006 Bonds are subject to redemption prior to maturity at the option of the District on and after December 1, 2015, at a redemption price equal to their principal amount plus interest accrued thereon to the date of redemption. Accrued interest at December 31, 2016 was \$74,363.

The District is required to pledge a mill levy of up to 50 mills as adjusted for changes in assessment ratios, the revenues from SolVista Metropolitan District, capital facilities fees collected, and specific ownership taxes attributable to the mill levy towards the payment of the bonds. In conjunction with the issuance of the Series 2006 Bonds, Granby Realty Holdings, LLC (GRH), the primary developer within the District, entered into a lot sale escrow agreement. Under the terms of the agreement, GRH is required to deposit an amount equal to the lesser of fifteen percent of the net proceeds of any sale or \$2,500 per platted residential lot or \$5,000 per acre of unplatted property into the account, up to an aggregate maximum amount of \$1,500,000. To the extent the revenues of the District and amounts in the surplus fund are insufficient to make the required payments on the Series 2006 Bonds when due, the shortfall is to be funded from the lot sale escrow account. Since the account is only available to the District in the event revenues and the surplus fund are insufficient to fund the annual debt service costs of the Series 2006 Bonds, the funds are not reported in the financial statements of the District. The account had a balance of \$872,431 as of December 31, 2016.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Also, in conjunction with the issuance of the Series 2006 Bonds, GRH entered into a guaranty agreement. Under the terms of the agreement, to the extent the revenues of the District, the surplus fund and the balance in the lot sale escrow account are insufficient to make the required payments on the Series 2006 Bonds when due, the shortfall is to be funded by GRH pursuant to the guaranty agreement.

Both the lot sale escrow agreement and the guaranty agreement will terminate when the debt to assessed ratio, as defined in the agreements, is equal to or less than 45%.

Subordinate Limited Tax General Obligation Bonds

On April 21, 2010, the District issued \$11,119,000 of Taxable Subordinate Limited Tax Bonds (Series 2010 Bonds) to the Developer, which were used to fund certain costs of designing, acquiring, construction, operating and maintaining public improvements benefiting the District and ultimately payable by the District pursuant to an intergovernmental agreement with Headwaters. The bonds bear interest at the rate of 6.75%, payable annually on December 15, and have a maturity date of December 15, 2049. The Bonds do not have a set maturity schedule as principal and interest is due and payable based on available funding by the District each year. The entire principal amount is therefore shown in 2049 in the schedule of the following page. To the extent the pledged revenues of the District are in excess of the annual debt service requirements of the Series 2006 Bonds, such funds shall be applied first to interest and then to principal of the Series 2010 Bonds. In the event that the remaining pledged revenues are insufficient to pay the then due interest on the Series 2010 Bonds, such interest shall accrue and compound annually each December 15th at the same 6.75% rate. Any amount, including both principal and interest, which remain unpaid as of December 15, 2049 shall be deemed fully discharged and the District shall have no further obligation related to the Series 2010 Bonds. Accrued interest at December 31, 2016 was \$6,235,955.

The current debt service schedule is attached for the Series 2006 Bonds. Debt service schedules for the Series 2010 Bonds are not provided as the Bonds are only paid as funds become available thus the timing of the payments is unknown.

The District's long-term obligations regarding the Series 2016A general obligation bonds will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 340,000	\$ 892,350	\$ 1,232,350
2018	360,000	869,400	1,229,400
2019	280,000	845,100	1,125,100
2020	335,000	826,200	1,161,200
2021	350,000	803,588	1,153,588
2022 - 2026	2,440,000	3,599,779	6,039,779
2027 - 2031	3,280,000	2,655,453	5,935,453
2032 - 2036	5,835,000	1,395,565	7,230,565
	<u>\$ 13,220,000</u>	<u>\$ 11,887,435</u>	<u>\$ 25,107,435</u>

GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

Debt Authorization

In 2003 and 2004, a majority of the qualified electors of the District authorized the issuance of up to \$104,000,000 in general obligation bonds to finance the improvements. During 2011, the District approved a resolution to reduce the remaining authorization by half of the previous balance. As of December 31, 2016, the amount of debt authorized by the District's electorate but unissued was \$39,078,000 for improvements.

NOTE 5 - NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2016, as follows:

	<u>Governmental Activites</u>
Restricted net position:	
Debt service	<u><u>\$ 2,781,865</u></u>

The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets, or the restricted component of net position.

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of bonds issued for public improvements which were conveyed to other governmental entities and which costs were removed from the District's financial records.

NOTE 6 – RELATED PARTIES

During 2016, two of the members of the Board of Directors of the District were employees or had substantial business interest with Granby Ranch Amenities, LLC, Granby Realty Holdings, LLC or related entities.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 7 – AGREEMENTS

Service Plan

The District's service plan was approved by the Town of Granby (the "Town") on July 22, 2003. The service plan, created contemporaneously with the service plan for Headwaters, identified Headwaters as the district responsible to construct, manage and operate public facilities and services throughout the development, while the District was to levy property taxes and produce other revenue sufficient to pay the costs of operations and debt service expenditures incurred for the improvements of public infrastructure.

The District's service plan was first amended on July 22, 2003 to clarify the ability of the District to adjust its mill levy cap for operations and debt service in the event the method of calculating assessed valuation is changed (Gallagher Amendment).

On November 8, 2016 the District amended its service plan a second time to increase the maximum mill levy for the District to 60.000 mills with a limit not to exceed 50.000 mills for operations and not to exceed 50.000 mills for debt service. The mill levy caps are subject to adjustments for the Gallagher Amendment from November 1, 2016 at which time the residential assessment ratio was 7.96%. The service plan amendment also terminated the relationship between the District and Headwaters that established Headwaters as the Service District and Granby Ranch Metropolitan District as the Taxing District.

Intergovernmental Agreement with the Town of Granby

On December 9, 2003 the District and Headwaters, acting jointly, entered into an agreement with the Town of Granby in an effort to promote the coordinated development of the Districts. The agreement was amended May 20, 2005 to increase the aggregate bonded debt limit to \$64,000,000. The agreement was further amended on April 11, 2006 to outline the street maintenance and transportation mill levy (all together, the "2003 IGA").

On February 26, 2008, the Intergovernmental Agreement between the Town of Granby and the District, Headwaters, and Granby Ranch Nos. 2-8 was executed (the "2008 IGA"). The 2008 IGA superseded and replaced the 2003 IGA in its entirety. The 2008 IGA sets forth numerous terms, including compliance with the Town of Granby's land use regulations, the construction, ownership and operation of public improvements, the use and cost of certain amenities, debt and mill levy limitations, and the sharing of the costs of the public transportation system between the Town and Granby Ranch.

The 2008 IGA was amended in 2016 to adjust the mill levy limitation to reflect the increased mill levy caps as reflected in the second amendment to the service plan.

Master Intergovernmental Agreements with Headwaters Metropolitan District

On June 1, 2006, Headwaters and the District entered into the District Facilities Construction and Service Agreement with Headwaters as the "Operating" district and the District as the "Taxing" district (the "2006 Master IGA"). This agreement terminated and replaced the Master Intergovernmental Agreement entered into by the District and Headwaters on December 10, 2003. This agreement coordinated the financing, processing of construction, and operation and maintenance of the development of public infrastructure in Granby Ranch.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 7 – AGREEMENTS (CONTINUED)

The consolidated service plan for additional taxing districts (Granby Ranch Metropolitan Districts Nos. 2 through 8) was approved by the Town of Granby on September 25, 2007. On September 17, 2008, the District, Headwaters, and District Nos. 2-8 entered into the First Amended and Restated District Facilities Construction and Service Agreement (the “2008 Master IGA”). It superseded and replaced the 2006 Master IGA in its entirety.

On April 21, 2010, the District, Headwaters and GRH entered into an Exclusion Agreement setting forth the terms for the exclusion of certain property owned by GRH and Headwaters from the District and provide for the costs of debt service, operations and maintenance. Property excluded from the District under the Exclusion Agreement is liable for its proportionate share of the principal and interest on both the Series 2006 and Series 2010 Bonds. The Exclusion Agreement repudiated the 2008 Master IGA and re-enacted the 2006 Master IGA subject to annual budgeting and appropriation for the ensuing year, and stated that the issuance of the Series 2010 Bonds constituted payment of all money owed to Headwaters by the District under the 2006 Master IGA.

Intergovernmental Funding Agreement with SolVista Metropolitan District

On June 1, 2006, the District and Sol Vista Metropolitan District (“SVMD”) entered into the Intergovernmental Funding Agreement, whereby GRMD contributed \$1,212,693 of the proceeds from the Series 2006 Bonds to SVMD, which SVMD used to repay an obligation to GRH. In exchange, SVMD agreed to pay GRMD’s bond Trustee all revenues generated from a 25 mill levy on all taxable property within SVMD through 2025 (for collection in 2026). The agreement terminates on the earlier of: (i) the date of which all bonds issued by GRMD have been defeased; or (ii) twenty years after the date on which the Series 2006 Bonds were issued by GRMD. During 2016, SVMD paid \$9,443, to the GRMD bond trustee, pursuant to the agreement. As of December 31, 2016, the outstanding balance of the revenue to be transferred by SVMD to the GRMD bond trustee was \$20,891.

Letter Agreement

On August 31, 2016 the District, Granby Realty Holdings, LLC, Headwaters, and Granby Ranch Metropolitan District No. 8 (GRMD No. 8) entered into a letter agreement that agreed to work towards a refinancing of the 2006 Bonds, including the prepayment of facility fees, inclusion of additional property into the District, and the discharge and release of the Series 2010 Bonds. The Letter Agreement also outlined the desire for cost sharing related to road maintenance and snow removal, to be memorialized by a subsequent agreement. The Letter Agreement also set forth the agreement for the transfer of \$75,000 to the District with no repayment obligation from GRH and the termination of the 2006 Master IGA.

**GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

NOTE 7 – AGREEMENTS (CONTINUED)

Payment in Lieu of Taxes Agreement

On November 18, 2009, the District and Granby Realty Holdings LLC (GRH), entered into a payment in lieu of taxes agreement effective January 1, 2009. The agreement states that GRH is required to make an annual payment in lieu of ad valorem property taxes (PILOT) to the District in an amount calculated to approximate, as closely as possible, that portion of the District's debt service mill levy that otherwise would have been paid by property owned or controlled by GRH, generally including the Granby Ranch ski area and golf course (collectively, the "Leased Premises"), classified as tax-exempt by the Grand County Assessor. Payments are to be made to the District no later than April 30 of each year following receipt of a notice from the District, with payments beginning January 1, 2010.

Annual PILOT payments constitute a fee or charge for services, programs or facilities furnished by the District to benefit the Leased Premises, and that the Annual PILOT Payment shall, until paid, constitute a perpetual lien on and against the Leased Premises. Upon an Event of Default, the lien may be foreclosed in the manner as provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j), C.R.S.

The agreement was amended on December 16, 2009 to define the term of the Debt Service Mill Levy as District's ad valorem mill levy for payment of general obligation bonds and interest as certified to the Board of County Commissioners each year.

The agreement was further amended on October 20, 2010, to define Qualified Assessed Valuation as the Assessed Valuation of the tax exempt property, or the product of the current State assessment rate multiplied by the actual value of the tax exempt property, actual value to be determined by an appraisal conducted by a licensed, independent appraiser, which appraisal shall be updated no less than every five years.

As of December 31, 2016, \$57,578 of 2016 PILOT payment remained unpaid by GRH.

NOTE 8 - RISK MANAGEMENT

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

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

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

GRANBY RANCH METROPOLITAN DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 - TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

On November 4, 2003, voters within the District approved election questions allowing the District to collect additional operation and maintenance taxes and fees up to \$2,875,000 annually without regard to any spending, revenue raising, or other limitations contained within TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**GRANBY RANCH METROPOLITAN DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$ 730,193	\$ 674,803	\$ (55,390)
Specific ownership taxes	36,510	44,927	8,417
Net investment income	2,080	18,443	16,363
Capital facilities fees	93,825	25,020	(68,805)
Contribution from Sol Vista Metropolitan District	29,958	30,334	376
Total revenues	<u>892,566</u>	<u>793,527</u>	<u>(99,039)</u>
EXPENDITURES			
Debt service			
County Treasurer's fees	36,510	33,874	2,636
Principal - Series 2006 Bonds	130,014	300,000	(169,986)
Principal - Series 2010 Bonds	137,821	-	137,821
Interest expense - Series 2006 Bonds	140,000	912,600	(772,600)
Interest expense - Series 2010 Bonds	466,112	-	466,112
Bond redemption	13,520,000	-	13,520,000
Bond issue costs	299,000	72,277	226,723
Paying agent fees	2,500	2,300	200
Contingency	30,000	-	30,000
Total expenditures	<u>14,761,957</u>	<u>1,321,051</u>	<u>13,440,906</u>
OTHER FINANCING SOURCES (USES)			
Bond issuance	<u>11,600,000</u>	<u>-</u>	<u>(11,600,000)</u>
Total other financing sources (uses)	<u>11,600,000</u>	<u>-</u>	<u>(11,600,000)</u>
NET CHANGE IN FUND BALANCES	(2,269,391)	(527,524)	1,741,867
FUND BALANCES - BEGINNING OF YEAR	<u>3,309,391</u>	<u>3,309,389</u>	<u>(2)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,040,000</u></u>	<u><u>\$ 2,781,865</u></u>	<u><u>\$ 1,741,865</u></u>

OTHER INFORMATION

**GRANBY RANCH METROPOLITAN DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
LONG TERM DEBT
December 31, 2016**

Bonds and Interest Maturing in the Year Ending December 31,	14,725,000 Limited Tax General Obligation Bonds Series 2006 Interest 6.750% Dated July 5, 2006 Interest Payable June 1 and December 1 Principal Payable December 1		
	Principal	Interest	Total
2017	\$ 340,000	\$ 892,350	\$ 1,232,350
2018	360,000	869,400	1,229,400
2019	280,000	845,100	1,125,100
2020	335,000	826,200	1,161,200
2021	350,000	803,588	1,153,588
2022	405,000	779,963	1,184,963
2023	440,000	752,626	1,192,626
2024	490,000	722,926	1,212,926
2025	525,000	689,851	1,214,851
2026	580,000	654,413	1,234,413
2027	575,000	615,263	1,190,263
2028	635,000	576,451	1,211,451
2029	680,000	533,588	1,213,588
2030	670,000	487,688	1,157,688
2031	720,000	442,463	1,162,463
2032	790,000	393,863	1,183,863
2033	840,000	340,538	1,180,538
2034	920,000	283,838	1,203,838
2035	980,000	221,738	1,201,738
2036	2,305,000	155,588	2,460,588
	<u>\$ 13,220,000</u>	<u>\$ 11,887,435</u>	<u>\$ 25,107,435</u>

**GRANBY RANCH METROPOLITAN DISTRICT
SUMMARY OF ASSESSED VALUATION, MILL LEVY AND
PROPERTY TAXES COLLECTED
December 31, 2016**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mills Levied</u>			<u>Property Taxes</u>		<u>Percent Collected to Levied</u>
		<u>GF</u>	<u>DS</u>	<u>Total</u>	<u>Levied</u>	<u>Collected</u>	
2013	\$ 14,801,130	0.000	53.416	53.416	\$790,617	\$790,618	100.00%
2014	\$ 11,403,900	0.000	55.128	55.128	\$628,674	\$433,585	98.64%
2015	\$ 11,936,260	0.000	55.362	55.362	\$660,815	\$659,910	99.86%
2016	\$ 13,168,257	0.000	55.451	55.451	\$730,193	\$674,803	92.41%
Estimated for year ending December 31, 2017	\$ 14,020,580	20.000	40.000	60.000	\$813,105		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years, as well as reductions for property tax refunds or abatements. Information received from the County Treasurer does not permit identification of specific year of assessment.

APPENDIX B

SUMMARY OF CERTAIN INDENTURE PROVISIONS

Set forth below are the definitions of some of the terms used in this Limited Offering Memorandum and the Indenture, as well as summaries of certain provisions of the Indenture. These summaries do not purport to be definitive summaries of all provisions of the Indenture; investors must obtain and review each of those documents in order to obtain descriptions of all provisions. Copies of the Indenture may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Certain Definitions

In the Indenture, except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below. In addition, unless the context otherwise requires, words of the masculine gender include correlative words of the feminine and neuter genders; words importing the singular number include the plural number and vice versa; and the word “person” or similar term includes, but is not limited to, natural persons, firms, associations, corporations, partnerships, and public bodies; and all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

Act: Title 32, Article 1, Colorado Revised Statutes.

Additional Bonds: (i) all obligations of the District for borrowed money and reimbursement obligations, (ii) all obligations of the District payable from or constituting a lien or encumbrance upon ad valorem property tax revenues of the District, (iii) all obligations of the District evidenced by bonds, debentures, notes, or other similar instruments, including without limitation any Parity Bonds or Subordinate Bonds, (iv) all obligations of the District to pay the deferred purchase price of property or services, (v) all obligations of the District as lessee under capital leases, and (vi) all obligations of others guaranteed by the District; provided that, notwithstanding the foregoing, the term “Additional Bonds” does not include:

(1) obligations the repayment of which is contingent upon the District’s annual determination to appropriate moneys therefor, other than obligations of the District as lessee under capital leases, so long as no amounts due or to become due on such obligations are payable from the Required Mill Levy;

(2) obligations which refund or refinance any Bonds or Additional Bonds, so long as (i) such refunding obligations do not increase the District’s debt service in any year in which both the refunding obligations and any Bonds or Additional Bonds are Outstanding; (ii) such refunding obligations are payable on the same date or dates as the obligations being refunded or refinanced, and are not subject to acceleration, (iii) such refunding obligations are payable from the same or fewer revenue sources, with the same or a subordinate lien priority, as the obligations being refunded or refinanced; and (iv) the remedies for defaults under such refunding or refinancing obligations are substantially the same as the remedies applicable to the obligations being refunded or refinanced;

(3) obligations payable solely from periodic, recurring service charges (and not from tap fees, development fees, or other similar charges of a capital nature) 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 Colorado law;

(4) obligations to reimburse any person in respect of surety bonds, financial guaranties, letters of credit, or similar credit enhancements so long as (i) such surety bonds, financial guaranties, letters of credit, or similar credit enhancements guarantee payment of all principal and interest

on the Bonds or any issue of Additional Bonds, and (ii) such reimbursement obligations are payable from the same or fewer revenue sources, with a subordinate lien priority as the Bonds or Additional Bonds supported by the surety bonds, financial guaranties, letters of credit, or similar credit enhancements; and

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

Authorized Denominations: initially, the amount of \$500,000 or any integral multiple of \$1,000 in excess thereof, provided that: (1) no individual Bond may be in an amount which exceeds the principal amount coming due on any maturity date; and (2) in the event a Bond is partially redeemed and the unredeemed portion is less than \$500,000, such unredeemed portion of such Bond may be issued in the largest possible denomination of less than \$500,000, in integral multiples of not less than \$1,000 each or any integral multiple thereof.

Bond Fund: the “Granby Ranch Metropolitan District Limited Tax General Obligation Refunding Bonds, Series 2018, Bond Fund”, established by the provisions hereof for the purpose of paying the principal of, premium if any, and interest on the Bonds.

Bond Resolution: the resolution authorizing the issuance of the Bonds and the execution of the Indenture, certified by the Secretary or an Assistant 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.

Bonds: the Limited Tax General Obligation Refunding Bonds, Series 2018, in the aggregate principal amount of \$11,970,000, issued by the District pursuant to the Indenture and the Bond Resolution.

Business Day: any day other than Saturday or Sunday or any day on which the Trustee, or banks or trust companies in Denver, Colorado, are not authorized or required to remain closed and on which the New York Stock Exchange is not closed.

Certified Public Accountant: an independent certified public accountant within the meaning of Section 12-2-115, C.R.S., and any amendment thereto, licensed to practice in the State of Colorado.

Code or Tax Code: the Internal Revenue Code of 1986, as amended and in effect as of the date of issuance of the Bonds.

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

C.R.S.: the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

Debt to Assessed Ratio: the ratio (expressed as a percentage) derived by dividing the then-outstanding principal amount of the Bonds and all Additional Bonds of the District payable in whole or in part from property taxes, by the assessed valuation of the taxable property of the District, as such assessed valuation is certified from time to time by the Grand County Assessor.

District: Granby Ranch Metropolitan District, in the Town of Granby, Grand County, Colorado, and its successors and assigns.

District Representative: 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 or

Vice President and attested by its Secretary or an Assistant Secretary, and any alternate or alternates designated as such therein.

DTC: the Depository Trust Company, New York, New York, and its successors and assigns.

Event of Default: any one or more of the events set forth in the Section 8.01 of the Indenture. See “Events of Default and Remedies” below.

Federal Securities: 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.

Guarantor: Granby Realty Holdings LLC, as holder of the 2010 Bonds.

Indenture: the Indenture of Trust as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental thereto entered into pursuant to the applicable provisions thereof.

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

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

(2) Bonds for the payment or redemption of which moneys or Federal Securities in an amount sufficient (as determined pursuant to Section 7.01(b) of 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 Section 7.01(b) of the Indenture) shall have been placed in escrow and in trust; and

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

Owner(s) or Owner(s) of Bonds: the registered owner(s) of any Bond(s) as shown on the registration books maintained by the Trustee.

Parity Bonds: bonds, notes, debentures, or other multiple fiscal year financial obligations having a lien upon the Pledged Revenue or any part thereof on a parity with the lien thereon of the Bonds. Any Parity Bonds hereafter issued may be issued pursuant to such resolutions, indentures, or other documents as may be determined by the District, and will not be issued under this Indenture.

Permitted Investments: shall mean any investment or deposit the District is permitted to make under then applicable law.

Pledged Revenue: the moneys derived by the District from the following sources, net of any costs of collection:

- (1) the Required Mill Levy;
- (2) the SolVista Tax Revenue;
- (3) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and

(4) any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Rebate Fund: the special fund designated as the “Granby Ranch Metropolitan District Limited Tax General Obligation Refunding Bonds, Series 2018, Rebate Fund” created by the provisions hereof for the purposes set forth in Section 6.02 of the Indenture.

Record Date: the fifteenth (15th) day of the calendar month next preceding each interest payment date.

Redemption Date: means the first date or dates on which any Refunded Bonds may be called for redemption as specified in the Indenture.

Refunded Bonds: all of the District’s Limited Tax General Obligation Bonds, Series 2006, originally issued in the aggregate principal amount of \$14,725,000.

Refunding Project: the issuance of the Bonds for the purpose of defraying the costs of refunding the Refunded Bonds and payment of the costs of issuance of the Bonds

Required Mill Levy:

(1) Subject to the provisions of paragraphs (2), (3) and (4) below, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District each year that will raise property tax revenues in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, and, if necessary, to replenish the Reserve Fund to the Required Reserve, but not in excess of 50 mills (as may hereafter be adjusted as described in (2) below) (provided that not more than 50 mills shall be imposed for the payment of the Bonds pursuant to the Service Plan).

(2) In the event the method of calculating assessed valuation is changed after November 1, 2016, the 50 mill levy references in paragraph (1) above 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 Required Mill Levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

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

(4) In the event that the Required Mill Levy would produce revenue, when combined with amounts available in the Reserve Fund, in excess of that required to repay all principal of and interest on the Bonds, then the Required Mill Levy shall be reduced to a mill levy which will produce revenue sufficient, when combined with amounts available in the Reserve Fund, to repay all principal of and interest on the Bonds.

Required Reserve: the maximum amount which may be credited to the Reserve Fund and allow such fund to qualify as a “reasonably required reserve or replacement fund” under Section 148(d) of the Code. Upon the issuance of the Bonds, the Required Reserve is \$901,950.00.

Reserve Fund: a special fund of the District designated as the “Granby Ranch Metropolitan District General Obligation Limited Tax Refunding Bonds, Series 2018, Reserve Fund”, created by the provisions of the Indenture for the purpose of paying, if necessary, the principal of, premium if any, and interest on the Bonds.

Service Plan: the service plan for the District, as approved pursuant to the Act, as may be amended from time to time.

SolVista Metro District: the SolVista Metropolitan District, Grand County, Colorado, formerly known as Silver Creek Metropolitan District, and informally referred to as Kicking Horse.

SolVista Funding Agreement: the agreement between SolVista Metro District and the District, dated as of June 1, 2006, together with any permitted amendments or supplements thereto, pursuant to which SolVista Metro District agrees to impose a mill levy of 25 mills on all taxable property of the SolVista Metro District, and to cause such levy to be made by the Board of Commissioners of Grand County, Colorado, in each of the years 2006 through 2025, and further agrees to pay all amounts derived from such levy, less any operation and maintenance allowance, to the District for payment of the Bonds.

SolVista Tax Revenue: all amounts received by the District pursuant to the SolVista Funding Agreement.

Special Record Date: the record date for determining Bond ownership for purposes of paying unpaid interest, as such date may be determined pursuant to the Indenture.

Specific Ownership Tax: the specific ownership taxes collected by the county and remitted to the District pursuant to §42-3-107, C.R.S., or any successor statute.

Subordinate Bonds: the 2010 Bonds and 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. 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: the “Supplemental Public Securities Act”, being Title 11, Article 57, Part 2, C.R.S.

Tax Certificate: that certificate to be signed by the District relating to the requirements of Sections 103 and 141-150 of the Code.

Trust Estate: the moneys, securities, revenues, receipts, and funds transferred, pledged, and assigned to the Trustee pursuant to the Granting Clauses of the Indenture (described below).

Trustee: UMB Bank, n.a., in Denver, Colorado, or any successor Trustee, appointed, qualified, and acting as trustee, paying agent, and bond registrar under the provisions of the Indenture.

2010 Bonds: the District’s Taxable Subordinate Limited Tax General Obligation Bonds, Series 2010, originally issued and currently outstanding in the aggregate principal amount of \$11,119,000, which 2010 Bonds are expected to be forgiven and discharged by the Guarantor contemporaneously with the issuance of the Bonds.

Underwriter: D.A. Davidson & Co., the original purchaser of the Bonds.

Granting Clauses

1. All right, title, and interest of the District in any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind, given, granted, assigned, pledged, conveyed, mortgaged, or transferred by the District as and for additional security under the Indenture, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture;

2. THE TRUSTEE SHALL HOLD the Trust Estate (as defined above) for the benefit of the Owners from time to time of the Bonds, as their respective interests may appear; and the property granted in the Indenture is also granted for the equal benefit, of all present and future Owners of the Bonds as if all the Bonds had been executed and delivered simultaneously with the execution and delivery of the Indenture;

3. TO HAVE AND TO HOLD the same with all privileges and appurtenances conveyed and assigned by the Indenture, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

4. IN TRUST, NEVERTHELESS, upon the terms set forth in the Indenture for the equal and proportionate benefit, security, and protection of all Owners of the Bonds issued under and secured by the Indenture without privilege, priority, or distinction as to the lien or otherwise (except as expressly provided in the Indenture) of any of the Bonds over any other of the Bonds;

5. PROVIDED, HOWEVER, that if the District, its successors, or assigns, shall well and truly pay, or cause to be paid, the principal of, premium if any, and interest on the Bonds at the times and in the manner provided in the Bonds, according to the true intent and meaning thereof; or shall provide, as permitted by the Indenture and in accordance therewith, for the payment thereof by depositing with the Trustee or placing in escrow and in trust the entire amount due or to become due thereon, or certain securities as permitted in the Indenture, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions thereof, then upon such final payments the Indenture and the rights thereby granted shall cease, terminate, and be void; otherwise the Indenture shall be and remain in full force and effect.

Indenture to Constitute Contract

The Indenture shall constitute a contract among the District, the Trustee, and the Owners, and shall remain in full force and effect until the Bonds are no longer Outstanding thereunder.

Source of Payment of Bonds

The Bonds shall constitute limited tax general obligations of the District as provided in the Indenture. All of the Bonds, together with the interest thereon and any premium due in connection therewith, shall be payable solely from and to the extent of the Pledged Revenue which are pledged to the payment of the Bonds by the Indenture. The Bonds shall constitute an irrevocable lien (but not an exclusive such lien) upon the Pledged Revenue, but not necessarily an exclusive such lien.

Creation of Funds and Accounts

There are hereby created and established 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: (1) the Bond Fund; (2) the Reserve Fund; and (3) the Rebate Fund. Each of these funds is described in more detail below.

Flow of Funds

The District shall transfer all amounts comprising Pledged Revenue to the Trustee as soon as may be practicable after the receipt thereof. The Trustee shall apply the Pledged Revenue in the following order of priority. For purposes of the following, 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.

- FIRST: To the credit of the Bond Fund, the amounts described in “Bond Fund” below, and to the credit of any other similar fund or account established for the 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;
- SECOND: To the credit of the Reserve Fund, the amounts described in “Reserve Fund” below, and to the credit of any other 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;
- THIRD: To the credit of any other fund or account hereafter established for the payment of the principal of, premium if any, and interest on Subordinate Bonds, including any sinking fund, reserve fund, or similar fund or account established therefor, the amounts required by the resolution or other enactment authorizing issuance of the Subordinate Bonds; and
- FOURTH: To the credit of any other fund or account as may be designated by the District, to be used for any lawful purpose, any Pledged Revenue remaining after the payments and accumulations set forth above.

Bond Fund

(1) There shall be credited to the Bond Fund each calendar 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 hereof), will be sufficient to pay the principal of, premium if any, and interest on the Bonds which has or will become due in the calendar year in which the credit is made.

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

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

(ii) 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.

(3) In the event that available moneys in the Bond Fund (including any moneys transferred thereto from other funds pursuant to the terms hereof) 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:

(i) FIRST, the Trustee shall pay such amounts as are available, proportionally in accordance with the amount of interest due on each Bond.

(ii) 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 \$1,000 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.

Notwithstanding the foregoing, as described in “Reserve Fund” below, moneys transferred to the Bond Fund from the Reserve Fund may be used only for the payment of the Bonds, and shall not be used or pledged to the payment of any other obligations.

Reserve Fund

(1) Use of Moneys in Reserve Fund. The Reserve Fund shall be held, disbursed and administered by the Trustee. For so long as the Reserve Fund is in existence, moneys therein shall be used solely as described in this section. The Reserve Fund shall be initially funded from transfers from the reserve fund for the Refunded Bonds in the amount of the Required Reserve and thereafter shall be maintained in an amount equal to the Required Reserve.

(2) Transfers from Reserve Fund. In the event the amounts credited to the Bond Fund from all sources of available Pledged Revenues 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 Bond Fund, will be sufficient to make such payments when due; and in the event the amounts in the Bond Fund and the Reserve Fund are insufficient to pay all principal, premium, if any, and interest on any due date, the Trustee shall nonetheless transfer all of the moneys in the Reserve Fund to the Bond Fund for the purpose of making partial payments. Amounts in the Reserve Fund shall not be used to redeem Bonds being called pursuant to any optional redemption provisions hereof.

(3) Insufficiency of Pledged Revenue. Provided that (i) the District is imposing the Required Mill Levy, and otherwise is causing the enforcement of collection of the other Pledged Revenue pursuant to the provisions hereof, and (ii) all Pledged Revenue is being deposited with the Trustee and applied pursuant to the Section hereof entitled “Flow of Funds,” an insufficiency of Pledged Revenue to replenish the Reserve Fund to the Required Reserve shall not constitute an Event of Default under the Indenture.

(4) Investment Earnings. Moneys credited to the Reserve Fund shall be invested, and the investment earnings thereon shall be deposited as provided in the Indenture.

(5) Maintenance of Reserve Fund. The Reserve Fund shall be maintained in an amount equal to the Required Reserve until the amount on deposit in the Reserve Fund and the Bond Fund is sufficient to fully pay the principal of and interest on the Bonds and has been applied to that purpose.

Trustee’s Fees, Charges, and Expenses

From time to time, the District shall pay the Trustee’s fees for services rendered under the Indenture in accordance with its then-current schedule of fees and reimburse the Trustee for all advances, legal fees, and other expenses reasonably or necessarily made or incurred by, in, or about the execution of the trust created by the Indenture and in or about the exercise and performance of the powers and duties of the Trustee under the Indenture and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever, unless such liabilities resulted from the negligence or willful misconduct of the Trustee.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee under any provision of the Indenture shall be held by the Trustee in trust for the purposes specified in the Indenture, and except for moneys paid to Trustee for its fees and expenses, shall constitute part of the Trust Estate and be subject to the lien hereof. Except to the extent otherwise specifically provided in the Indenture, the District shall have no claim to or rights in any moneys deposited with or paid to the Trustee under the Indenture.

Pledge of Revenues

The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the Bonds provided in the Indenture shall be governed by §11-57-208 of the Supplemental Act, the Indenture, and the Bond Resolution. The amounts pledged to the payment of the Bonds shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge and the obligation to perform the contractual provisions hereof and of the Bond Resolution shall have priority over any or all other obligations and liabilities of the District, except as may be otherwise provided in the Indenture or in the Bond Resolution. 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 the District irrespective of whether such persons have notice of such liens.

Certain Covenants

General. The District covenants that it will faithfully perform and observe at all times any and all covenants, undertakings, stipulations, and provisions contained in the Bond Resolution, the Indenture, the Bonds, and all its proceedings pertaining thereto. Instruments of Further Assurance

Covenant to Impose Required Mill Levy. (1) For the purpose of paying the principal of, premium if any, and interest on the Bonds, replenishing the Reserve Fund, the District covenants to cause to be levied by the Board of County Commissioners of Grand County, Colorado, on all of the taxable property of the District, in addition to all other taxes, direct annual taxes in the amount of the Required Mill Levy. Nothing in the Indenture shall be construed to require the District to levy an ad valorem property tax for payment of the Bonds in excess of the Required Mill Levy.

(2) The Indenture provision described in the preceding paragraph is declared in the Indenture to be the certificate of the Board to the Board of County Commissioners of Grand County, Colorado, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the principal of, premium if any, and the interest on the Bonds.

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

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

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

Additional Covenants and Agreements. In the Indenture, the District further irrevocably covenants and agrees with each and every Owner that so long as any of the Bonds remain Outstanding:

(1) 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.

(2) At least once a year in the time and manner provided by law, the District will cause an audit to be performed of the records relating to its revenues and expenditures. 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.

(3) The District will carry general liability, public officials liability, and such other forms of insurance on insurable District property upon the terms and conditions, and issued by recognized insurance companies, as in the judgment of the District would ordinarily be carried by entities having similar properties of equal value, such insurance being in such amounts as will protect the District and its operations.

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

(5) In the event any ad valorem taxes are not paid when due, the District shall diligently cooperate with the County Treasurer of Grand County to enforce the lien of such unpaid taxes against the property for which the taxes are owed.

(6) The District shall take no action that could have the effect of excluding property from the District unless the District determines in good faith that such action would not have a materially adverse effect upon the amount of Pledged Revenue that would otherwise be collected by the District.

(7) In the event that an exemption from registration for the Bonds under the Colorado Municipal Bond Supervision Act becomes available that permits the issuance or reissuance of the Bonds in denominations of \$1,000 or integral multiples thereof, and if requested in writing by the Owners with respect to not less than a majority in aggregate principal amount of the Bonds, the District shall, at the expense of the Owners so requesting, use its good faith efforts to obtain such an exemption, amend the Indenture as may be required in connection therewith, and issue or reissue the Bonds in denominations of \$1,000 or integral multiples thereof.

Additional Bonds

No Superior Bonds. The District shall not incur any additional debt or other financial obligation having a lien upon the Pledged Revenue or any part thereof superior to the lien thereof of the Bonds.

Additional Parity Bonds and Subordinate Bonds. The District shall not issue or incur any Additional Bonds except as described below. The District may issue Additional Bonds if such issuance is consented to by either the Owners with respect to a majority in aggregate principal amount of the Bonds then Outstanding; provided that, with or without either such consents, the District may issue Additional Bonds if each of the following conditions are met, as of the date of issuance of the Additional Bonds:

- (i) the District is in substantial compliance with all of the covenants of the Indenture;
- (ii) the District is current in the accumulation of all amounts required to be then accumulated in the Bond Fund and Reserve Fund, as required by the Indenture; and

(iii) upon issuance of the Additional Bonds, the Debt to Assessed Ratio of the District will be fifty percent (50%) or less.

A written certificate by the President, Vice President or Treasurer of the District that the conditions described above are met shall conclusively determine the right of the District to authorize, issue, sell, and deliver Additional Bonds in accordance with the Indenture.

Obligations that are not Additional Bonds. Nothing in the Indenture shall affect or restrict the right of the District to issue or incur obligations which are not Additional Bonds thereunder. See "Certain Definitions" above.

Investments

General. All moneys held by the Trustee in any of the funds or accounts created hereby shall be promptly invested or reinvested by the Trustee, upon receipt by the Trustee of written direction of the District Representative, in Permitted Investments only. The Trustee may conclusively rely upon the District Representative's written instruction as to both the suitability and legality of the directed investments. If the District fails to provide written directions concerning investment of moneys held by the Trustee, the Trustee may invest in a money market fund which is a Permitted Investment, provided funds will be available for withdrawal from such money market fund prior to the date such funds will be needed. The interest income derived from the investment and reinvestment of any moneys in any fund or account held by the Trustee under the Indenture shall be credited to the fund or account from which the moneys invested were derived.

Such investments shall mature or be redeemable at the option of the owner thereof no later than the respective dates when moneys held for the credit of such fund or account will be required for the purposes intended. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. The Trustee is not required to issue confirmations of Permitted Investments for any month in which a monthly statement is rendered by the Trustee. The Trustee will not issue a monthly statement for any fund or account if no activity occurred in such fund or account during such month. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the District Representative shall confirm that the investment transactions identified therein accurately reflect the investment directions of the District Representative, unless the District Representative notified the Trustee in writing to the contrary within thirty (30) days of the date of such statement. The Trustee is specifically authorized to purchase or invest in shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation), (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

Any and all such investments shall be subject to full and complete compliance at all times with the covenants and provisions described in "Tax Matters; Rebate Fund" below.

Use of Interest Income. Except as provided hereafter for investments of the Reserve Fund, the interest income derived from the investment and reinvestment of any moneys in any fund or account held by the Trustee under the Indenture shall be credited to the fund or account from which the moneys invested were derived. With respect to the Reserve Fund, so long as the amount of the Reserve Fund is equal to the Required Reserve, all interest income from the investment or reinvestment of moneys credited to the Reserve Fund shall be credited to the Bond Fund; provided that if the amount of the

Reserve Fund is less than the Required Reserve, then such interest income shall be credited to the Reserve Fund.

Tax Matters; Rebate Fund

The District covenants for the benefit of the Owners that it will not take any action or omit to take any action with respect to the Bonds, any funds of the District, or any facilities financed or refinanced with the proceeds of the Bonds, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustments applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present Colorado law.

In the event that at any time the District is of the opinion that for purposes of the covenant described above 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.

In addition to the other funds and accounts created pursuant to the Indenture, there is established and shall be maintained the Rebate Fund as a fund separate from any other fund or account established and maintained thereunder. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the "Rebate Requirement" as defined in the Tax Certificate, for payment to the United States of America. Notwithstanding defeasance of the Bonds or anything to the contrary contained in the Indenture, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the provisions described in this section and by the Tax Certificate (which is incorporated in the Indenture by reference).

Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described above shall be withdrawn and retained by the District.

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

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

Discharge of the Lien of the Indenture

If the District shall pay or cause to be paid to the Trustee, for the Owners of the Bonds, the principal of, premium if any, and interest to become due thereon at the times and in the manner stipulated in the 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 these presents and the estate and rights hereby granted shall cease, determine, 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 requisite to satisfy the lien hereof, 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 this Section 7.01 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 as described above, 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 described in "Investments" above, 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 shall receive 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, satisfactory to the Trustee, 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 as described above 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 hereby created, the exercise of its powers, and the performance of its duties under the Indenture.

Events of Default and Remedies

Events of Default. The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under the 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 described below.

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

(2) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Indenture or the Bond Resolution, and fails to remedy the same after notice thereof pursuant to the Indenture; or

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

It is acknowledged that due to the limited nature of the Pledged Revenue, 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:

(1) *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.

(2) *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, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.

(3) *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 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, 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 nor shall the District be subject to punitive or consequential damages.

Majority of Owners May Control 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 hereof; 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 hereof or for the appointment of a receiver or any other remedy under the Indenture, unless 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 pursuant to the Indenture, and unless such default shall have become an Event of Default and the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit, or proceedings in their own name, nor unless they have also offered indemnity to the Trustee as provided in the Indenture, nor unless 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; and 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 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 described above 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; All Remedies Cumulative. 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; Position of Parties Restored. 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 Owners with respect to not less than 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 Owners 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 defaults or Events of Default of which the Trustee has notice or is deemed to have notice as provided in the Indenture, within ninety (90) days after 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 trust department in good faith determines that the withholding of such notice is not detrimental to the interests of the Owners.

No default as described above shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee, 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.

Certain Provisions Concerning the Trustee

Duties of 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 the rights or remedies or performing any of its duties under the Indenture.

The Trustee may execute any of the trusts or powers hereof 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 standard specified below, and shall be entitled to act upon the advice or an opinion of Counsel concerning all matters of trust hereof 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 hereof. The Trustee may act upon the advice or an opinion of Counsel, the Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon the advice or an opinion of Counsel chosen with due care.

The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document reasonably 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 owner of any Bond shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure to be made any of the payments to the Trustee required to be made hereby, 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 the 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 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.

The Trustee shall not be required to advance its own funds, and before taking any action under the Indenture, other than the payment of monies on deposit in any of the funds as provided for in the Indenture, the Trustee may require that indemnity satisfactory to it be furnished to it for the reimbursement of all costs and expenses which it may incur, including attorney's fees, and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken. To the extent permitted by law, the District agrees to indemnify the Trustee against any claims arising out of the exercise and performance of its powers and duties under the Indenture in good faith and without negligence; provided that this agreement shall not act as a waiver of immunity of the District under the Colorado Governmental Immunity Act.

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 as and when the same become due (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and all advances and expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services, including legal fees and expenses. In no event shall the Trustee be obligated to advance its own funds in order to take any action under the Indenture. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the gross negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefore. The Trustee shall have a first lien with right of payment prior to payment on account of principal of or interest on any Bond, upon all moneys in the Trust Estate for the foregoing reasonable advances, fees, costs and expenses incurred. The Trustee's right to compensation and indemnification as provided in the Indenture 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 described below, 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 a majority of the Owners 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 by the District 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 Owners of a majority in aggregate principal amount of the Bonds then Outstanding by an instrument or concurrent instruments signed by such Owners, 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 Owners 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 Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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 and surplus of not less than \$50,000,000, if there be such an institution willing, qualified, and able to accept the trust upon reasonable or customary terms. Any successor appointed under the 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; but the Trustee retiring shall, nevertheless, on the written demand of its successor, 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 this Section, 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 hereto, provided that such bank, trust company, or other person is legally empowered to accept such trust.

Supplemental Indentures

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

(1) 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;

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

(3) 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

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

Supplemental Indentures Requiring Consent. Except for supplemental indentures delivered as described above, and subject to the provisions described below, the Owners with respect to not less than a majority 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 hereto 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 Owners with respect to all the Outstanding Bonds affected thereby, nothing in the Indenture contained shall permit, or be construed as permitting:

(1) 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;

(2) 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;

(3) a privilege or priority of any Bond or any interest payment over any other Bond or interest payment; or

(4) a reduction in the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners or Owners is required for any such supplemental indenture.

Upon the execution of any supplemental indenture pursuant to the provisions described in 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, 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 described above, 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 by mailing such notice by certified or registered first class mail to each Owner of a Bond to the address shown on the registration books of the Trustee or by electronic means to DTC or its successors, at least thirty (30) days, prior to the proposed date of execution and delivery of any such supplemental indenture. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If, within sixty (60) days or such longer period as shall be prescribed by the District following the giving of such notice, the Owners 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

shall have consented to and approved the execution thereof as provided in the Indenture, 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 the Trustee and the District shall receive and shall be fully protected in relying upon an opinion of nationally recognized municipal bond Counsel experienced in matters arising under Section 103 of the Code and acceptable to the Trustee and the District, to the effect that: (i) the supplement will not adversely affect the exclusion from gross income for federal income tax purposes, of the interest paid or to be paid on the Bonds; (ii) the District is permitted by the provisions hereof to enter into the supplement; and (iii) the supplement is a valid and binding obligation of the District, enforceable in accordance with its terms, subject to matters permitted by the Indenture.

APPENDIX C

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 will be issued for each maturity and interest rate of the Bonds, in the aggregate principal amount of such maturity and interest rate, 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 Registrar 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 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 County 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 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 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 District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds 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 District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF BOND COUNSEL OPINION

[Closing date]

Granby Ranch Metropolitan District
999 Village Road
Granby, Colorado 80446

\$11,970,000
Granby Ranch Metropolitan District
(In the Town of Granby, Colorado)
Limited Tax General Obligation Refunding Bonds
Series 2018

Ladies and Gentlemen:

We have acted as bond counsel to Granby Ranch Metropolitan District, in the Town of Granby, Colorado (the “District”), in connection with its issuance of \$11,970,000 Limited Tax General Obligation Refunding Bonds, Series 2018 (the “Bonds”). In such capacity, we have examined the District’s certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

The Bonds are issued and secured pursuant to an authorizing resolution of the Board of Directors of the District adopted on April 11, 2018 (the “Bond Resolution”), and pursuant to that certain Indenture of Trust dated as of May 3, 2018 (the “Indenture”), between the District and UMB Bank, n.a., Denver, Colorado, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the District’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding limited tax general obligations of the District, payable solely from the Pledged Revenues and from funds and accounts pledged therefor under the Indenture.
2. 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 Bonds.
3. Assuming due authorization, execution and delivery by the Trustee, the Indenture constitutes a valid and binding obligation of the District.

4. The Indenture creates a valid lien on the Pledged Revenues and on the funds and accounts pledged therein for the security of the Bonds on a parity with other Parity Bonds (if any) to be issued, subject to the provisions, conditions and limitations contained in the Indenture. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues or on the funds and accounts created by the Indenture.

5. Interest on the Bonds is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), interest on the Bonds is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that, for tax years beginning before January 1, 2018, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the bonds is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Bonds. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District's certified proceedings and in certain other documents or certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Bonds and the enforceability of the Bonds, the Bond Resolution and the Indenture are 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.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Limited Offering Memorandum or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

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

Respectfully submitted,

BUTLER SNOW LLP

APPENDIX E
FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE AGREEMENT

\$11,970,000
GRANBY RANCH METROPOLITAN DISTRICT
IN THE TOWN OF GRANBY, COLORADO
LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2018

This Continuing Disclosure Agreement (this “Agreement”) is entered into as of May 3 2018, by and among Granby Ranch Metropolitan District, in the Town of Granby, Colorado (the “District”) and UMB Bank, n.a. Denver, Colorado, as trustee (the “Trustee”) under the Indenture (defined below) relating to the above captioned bonds (the “Bonds”).

Section 1. Purpose. This Agreement is being voluntarily executed and delivered by the parties hereto for the benefit of the holders of the Bonds and in consideration for the purchase by D.A. Davidson & Co. (the “Underwriter”) of the Bonds pursuant to the terms of a Bond Purchase Agreement between the Underwriter and the District dated as of April 26, 2018.

Section 2. Definitions. Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings set forth in the Indenture (defined below) and the Limited Offering Memorandum (defined below). The capitalized terms set forth below shall have the following respective meanings for purposes of this Agreement:

“*Annual Report Date Conversion*” means the due date of the Quarterly Report which occurs after the date upon which the ratio of the outstanding general obligation or limited tax general obligation debt of the District is equal to or less than fifty percent (50%) of the certified assessed valuation of the District Taxable Property.

“*Audited Financial Statements*” means the District’s most recent annual financial statements, prepared in accordance with generally accepted accounting principles (“GAAP”) for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”), which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Colorado.

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

“*Bond Resolution*” means the resolution authorizing the issuance of the Bonds adopted by the Board of Directors of the District on April 11, 2018.

“*District Taxable Property*” means the property subject to taxation by the District for the payment of debt service on the Bonds (which, as of the date of issuance of the Bonds, consisted of the GRMD Bond Property).

“*Indenture*” means the Indenture of Trust dated as of May 3, 2018, between the Trustee and the District.

“*Limited Offering Memorandum*” means the Limited Offering Memorandum prepared in connection with the offer and sale of the Bonds dated April 26, 2018.

“*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>.

“*Municipal Advisor*” means an independent registered municipal advisor as defined in 17 C.F.R. Section 240.15Ba1-1(d)(1)(vi)(A).

“*Participant*” means any broker-dealer, bank, or other financial institution from time to time for which DTC (as defined in the Indentures) or another Depository (as defined in the Indentures) holds the Bonds.

“*Report*” means any report provided by the District pursuant to, and as described in, Section 3 of this Agreement.

Section 3. Requirement for Quarterly or Annual Reports.

(a) ***Provision of Information to Trustee.*** The District hereby undertakes and agrees to provide certain information specified below to the Trustee on the dates specified below.

(i) **Timing of Reports.**

A. ***Quarterly Reports.*** On and prior to the Annual Report Date Conversion, the District shall provide the Reports to the Trustee not less than 45 days after each January 1, April 1, July 1 and October 1, commencing July 1, 2018, and such Reports are referred to herein as the “Quarterly Reports” (i.e., Quarterly Reports are due no later than February 15, May 15, August 15 and November 15, commencing August 15, 2018).

B. ***Annual Reports.*** After the Annual Report Date Conversion, the District shall provide Reports to the Trustee not less than 225 days after each January 1, and such Reports are referred to herein as the “Annual Reports” (i.e., Annual Reports are due no later than August 15); provided, however, that for 2018 only, the Annual Report is not due until September 30, 2018.

(ii) **Contents of Reports.**

A. ***Quarterly Reports.*** For each Quarterly Report, the District shall complete the Report (although Section 3 must be completed only on an annual basis and shall be completed with the Quarterly Report due for the quarter ending each July 1, provided that if audited financial statements

for the District are not available upon the date such report is due, the District shall provide such statements when they become available, in no event later than September 30); provided, however, that the District is required only to use its best efforts to obtain the information required by Section 1 of the Quarterly Report from the Town of Granby.

B. *Annual Reports.* For each Annual Report, the District shall complete Sections 2 and 3 of each Report.

Any or all of the items required to be updated in Appendix A may be incorporated by reference from other documents, including official statements of debt issues which are available to the public on the MSRB's Internet Web Site (presently hosted at emma.msrb.org) or filed with the SEC. The District shall clearly identify each such document incorporated by reference.

(b) *Provision of Reports to the MSRB.* Within 10 days after receipt of each Report from the District, the Trustee shall file the Report with the MSRB (in an electronic format as prescribed by the MSRB). Each 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 3(a) above.

If the District fails to provide to the Trustee their respective portions of each Report by the dates required in Section 3(a)(i) the Trustee shall file or cause to be filed a notice in substantially the form attached as Appendix B with the MSRB. If the Trustee files or causes to be filed a notice in substantially the form attached as Appendix B with the MSRB, the Trustee shall submit a copy of such filing to the District as follows:

To the District: Granby Ranch Metropolitan District
 c/o CliftonLarsonAllen LLP
 8390 E. Crescent Parkway, Suite 500
 Greenwood Village, Colorado 80111

In addition to the foregoing, the Trustee shall, prior to the date of each filing of a Report, determine the appropriate electronic format prescribed by the MSRB. After the Trustee files a Report or the notice described in the preceding paragraph with the MSRB, the Trustee shall upon request send a report to the District stating the date that such Report or notice was filed with the MSRB.

(c) *Means of Transmitting Information.* Subject to technical and economic feasibility, the District shall employ such methods of information transmission as the Trustee shall reasonably request. All documents provided to the MSRB pursuant to this 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 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 4. Notice of Material Events. Whenever the District obtains actual knowledge of the occurrence of any of the following events, the District shall cause the Trustee to provide, in a timely manner, a notice of such event to the MSRB:

(a) The failure or refusal by the District to impose or collect the Required Mill Levy, or to collect and apply the other components of the Pledged Revenue as required by the Indenture;

(b) Any other Event of Default occurs under the Indenture, including a description of such default;

(c) A non-payment related default under the Indenture (if the District deems such default to be material to the Owners), including a description of such default;

(d) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice 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;

(e) Modifications to rights of Bond owners, if material;

(f) Bond calls and tender offers; and

(g) Defeasances.

Whenever the Trustee obtains actual knowledge of the occurrence of any of the aforementioned events, the Trustee shall promptly notify the District of such event. For purposes of this paragraph, “actual knowledge” of the Trustee means actual knowledge by an officer of the Trustee having responsibility for matters regarding the Indentures or the Bonds.

Section 5. Termination.

(a) Upon the occurrence of the Annual Report Date Conversion, the District shall complete the Notice of Annual Report Date Conversion attached hereto as Appendix C and provide such notice to the Trustee. The Trustee shall then file the Notice of Annual Report Date Conversion with the MSRB within 10 days of receipt.

(b) The obligations of the District and the Trustee as to the Reports shall terminate at such time as none of the Bonds are Outstanding under the Indenture.

Section 6. Liability for Content of Information Provided. So long as the parties to this Agreement act in good faith, such entities shall not be liable for any errors, omissions or misstatements in the information provided pursuant to this Agreement.

Section 7. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may only be amended with the consent of the majority of the Owners of the Bonds then Outstanding.

Section 8. Failure to Perform.

(a) Any failure by the District to perform in accordance with this Agreement shall not constitute an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of an Event of Default shall not apply to any such failure. If the District fails to comply with this Agreement, any 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 District to comply with its obligations hereunder.

Section 9. Severability. If any section, paragraph, clause, or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Agreement, the intent being that the same are severable.

Section 10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

Section 11. Compensation. As compensation for its services under this Agreement, the Trustee shall be compensated or reimbursed by the District for its reasonable fees and expenses in performing the services specified under this Agreement.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the District, the Trustee, the Underwriter, and the Beneficial Owners from time to time of the Bonds, shall create no rights in any other person or entity.

Section 13. Trustee. The Trustee shall have only such duties as are specifically set forth in this Agreement, and the District agrees, to the extent permitted by law, to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performances of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim or liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The Trustee may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the District. The Trustee shall not be responsible in any manner for the content of any notice or Report prepared by the District pursuant to this Agreement. The obligations of the District under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 14. Electronic Transactions. The parties hereto agree that the transactions described herein 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.

Section 15. Assignment. The covenants and conditions herein contained apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

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

This CONTINUING DISCLOSURE AGREEMENT is executed as of the date first set forth above.

**GRANBY RANCH METROPOLITAN
DISTRICT**

By: _____
Authorized Representative

UMB BANK, n.a., as Trustee

By: _____
Authorized Officer

**APPENDIX A
(TO CONTINUING DISCLOSURE AGREEMENT)**

FORM OF REPORT

**\$11,970,000
GRANBY RANCH METROPOLITAN DISTRICT
IN THE TOWN OF GRANBY, COLORADO
LIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS
SERIES 2018**

Date of Report: _____

All capitalized terms used and not otherwise defined in this report shall have the respective meanings assigned in the Continuing Disclosure Agreement (“Agreement”) entered into as of May 3, 2018, by and among Granby Ranch Metropolitan District, in the Town of Granby, Colorado (the “District”) and UMB Bank, n.a., Denver, Colorado, as trustee (“Trustee”) for the above captioned bonds (the “Bonds”). Unless otherwise stated, all information contained herein is the most current information available as of the Date of Report specified above.

Section 1. Development Activity [District to complete; to be updated each quarter prior to the Annual Report Date Conversion]. The Agreement obligates the District to use its best efforts to obtain the information described in Section 1(b) from the Town of Granby (“Town”).

(a) Check one of the following, as applicable:

___ The District used its best efforts to obtain the information required below in Section 1(b), but was unable to obtain such information.

___ The District obtained the information required in Section 1(b) and that information is provided below.

(b) Updated Development Activity Information:

(i) *Building Permits.* State the number of building permits which have been issued by the Town within the District Taxable Property (as defined in the Agreement) for the following periods: (1) since the date of issuance of the Bonds, and (2) since the date of the last Quarterly Report.

(ii) *Certificates of Occupancy.* Provide the number of certificates of occupancy which have been issued by the Town within the District Taxable Property for the following periods: (1) since the date of issuance of the Bonds, and (2) since the date of the last Quarterly Report.

Section 2. Fund Balances [District to complete; to be updated each quarter on and prior to the Annual Report Date Conversion, and to be updated annually after the Annual Report Date Conversion].

The amount on deposit in each of the following funds for the Bonds is as set forth below:

- (a) amount on deposit in the Bond Fund is \$_____;
- (b) amount on deposit in the Reserve Fund is \$_____;

Section 3. Additional District Information to be Updated [District to complete; to be provided annually with the Report due on or before August 15; provided, however, that for 2018 only, the Annual Report is not due until September 30, 2018].

- (a) The following information shall be attached to the Report:
 - ___ Audited Annual Financial Statements of the District for the previous year (20___).
 - ___ Annual budget of the District for the current years (20___).
- (b) The following tables from the Limited Offering Memorandum shall be updated:
 - History of Assessed Valuations and Mill Levies
 - Property Tax Collections
 - Largest Taxpayers for 2017 – GRMD Bond Property
 - 2017 Assessed Valuation of Classes of Property – GRMD Bond Property
 - General Fund – Budget Summary and Comparison
 - Debt Service Fund – Budget to Actual Comparison
 - General Fund-History of Revenue, Expenditures and Changes in Fund Balance
 - Debt Service Fund-History of Revenue, Expenditures and Changes in Fund Balance
 - Selected Debt Ratios of the District (only those portions pertaining to the direct debt of the District)

The information contained in this Report has been obtained from sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness. The information contained in this Report is neither intended nor shall be construed as a document updating the Limited Offering Memorandum for the Bonds, and is neither intended to, nor shall it be, used by the owners or beneficial owners of the Bonds for the purpose of making a subsequent investment decision with respect to the Bonds.

Receipt of this Report by any person or entity shall create no obligation or liability of the District or the Trustee.

The undersigned hereby certifies that he or she is an authorized representative of the District and further certifies on behalf of the District that the information contained in the foregoing Report is, to his or her actual knowledge, true, accurate and complete. This Report may be executed below on counterpart signature pages.

**GRANBY RANCH METROPOLITAN
DISTRICT**

By: _____
Authorized Representative

[Signature/Certification Page to Report]

APPENDIX B
(To Continuing Disclosure Agreement)

NOTICE OF FAILURE TO FILE REPORT

Name of Issuer: Granby Ranch Metropolitan District, in the Town of Granby, Colorado

Name of Bond Issue(s): Granby Ranch Metropolitan District, Limited Tax General Obligation Refunding Bonds, Series 2018, in the original aggregate principal amount of \$11,970,000 (the "Bonds")

CUSIP: _____

Date of Issuance: May 3, 2018

NOTICE IS HEREBY GIVEN that the District has not provided a Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated May 3, 2018, between the District and the Trustee.

The District anticipates that the Report will be filed by _____.

Dated: _____, 20____

UMB BANK, n.a., as Trustee

By: _____
Authorized Officer

APPENDIX C
(To Continuing Disclosure Agreement)

NOTICE OF ANNUAL REPORT DATE CONVERSION

Name of Issuer: Granby Ranch Metropolitan District, in the Town of Granby, Colorado

Name of Bond Issue(s): Granby Ranch Metropolitan District, Limited Tax General Obligation Refunding Bonds, Series 2018, in the original aggregate principal amount of \$11,970,000 (the "Bonds")

CUSIP: _____

Date of Issuance: May 3, 2018

NOTICE IS HEREBY GIVEN that the Annual Report Date Conversion (as defined in the Continuing Disclosure Agreement dated May 3, 2018) occurred on _____, 20____. Pursuant to the Continuing Disclosure Agreement, the District is no longer obligated to provide Quarterly Reports to the Trustee. The District remains obligated to provide Annual Reports.

Dated: _____, 20____

**GRANBY RANCH METROPOLITAN
DISTRICT**

By: _____
Authorized Representative

APPENDIX F
MARKET AND VALUATION ANALYSIS



Memorandum

To: Granby Ranch Metropolitan District
From: Bruce Martin, King & Associates, Inc.
Date: April 10, 2018
RE: Granby Ranch Metropolitan District Market and Valuation Analysis.

SCOPE

Granby Ranch Metropolitan District, referred to as the District, has retained King & Associates, Inc. to provide an assessment of absorption and valuation pertaining to development planned in the District. To complete the assessment development related factors in Grand County and Granby have been analyzed such as building trends, demographics and employment.¹

BACKGROUND

The District is located in the Town of Granby Colorado, southeast of the town center. Specifically, the District is located east of US Highway 40 and Village Road, west of the Innsbruck subdivision.² The District is part of a master planned community with residential, commercial and recreation land uses. Residential development in the District began in 2005 along with construction of commercial space, a golf course and ski area. Residential development in the District has focused on vacation and second homes, with the majority of homeowners residing along the Colorado front-range and out-of-state locations.

DEVELOPMENT POTENTIAL

- This memo address two development scenarios in the District as outlined by the District's developer (Granby Realty Holdings LLC, a Colorado limited liability company and Granby Ranch Amenities LLC, a Colorado limited liability company, together, the "Developer").
- The first scenario (Scenario 1) is based on limited new construction in the District, totaling construction of 11 units from 2018 through 2019.
- According to the developer, these 11 units are either under construction, have been issued a building permit or are in the process of design review.
 - Single-family attached – 2 units, Single-family detached – 9 units.
- The second scenario (Scenario 2) includes development in the District equaling 478 residential units planned for completion from 2018 through 2048 and includes the 11 planned units in Scenario 1.
 - Single-family attached – 72 units, Single-family detached – 406 units.
- Absorption from 2018 through 2048 averages approximately 16 units annually.
- Estimated base year (2018) price of homes planned in the District is as follows:
 - Development Scenario 1 - \$375,000 to \$630,000 per unit.
 - Development Scenario 2 - \$280,000 to \$630,000 per unit.
- Planned units are anticipated for construction on property currently included in the District, certain property that has been excluded from the District but is still subject to the District's

¹ The term "District" used within this memo refers to Granby Ranch Metropolitan District.

² A small development area in the District is located at the U S Highway 40 and Village road intersection, outside of the municipal boundaries of the Town of Granby, Colorado.

debt levy, and property in Filings 17 and 18 that is expected to be included in the District prior to closing on the bond transaction.

- The following tables outline the two development scenarios for the District.

Scenario 1 – 11 Residential Units

Granby Ranch Metropolitan District
Development and Absorption Forecast

	Ranch View	FILING 6	FILING 8	FILING 8	FILING 10	FILING 1B	Base Camp II	FILING 17	FILING 18
	SF	SF	SF	SF	SF	SF	Duplex	Cabins	Cabins
	Custom	Custom	Enclave	Custom	Custom	Enclave	Enclave	Enclave	Enclave
Year / P/U	\$630,000	\$630,000	\$367,000	\$630,000	\$630,000	\$375,000	\$375,000	\$300,000	\$300,000
	4				3	1	2		
2018	1					1	2		
2019	3				3				
2020									
2021									
2022									
2023									
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2047									
2048									

Source: Granby Realty Holdings LLC and Granby Ranch Amenities LLC.

Notes:

1. P/U – planned units.
2. 2 single-family detached units were completed in the District in 2017 and not listed in table.
3. According to the developer, units expected to be completed in 2018 were under construction or had a building permit. Units expected to be completed in 2019 had a building permit or were in various stages of design review.

Scenario 1 – 11 Residential Units

Granby Ranch Metropolitan District
Development Program and Absorption Forecast (continued)

Year / P/U	Filing 8 SF Enclave \$630,000	Filing 2B SF Enclave \$470,000	Filing 5B TH Enclave \$280,000	Filing 11 SF Custom \$630,000	Total
2018				1	5
2019					6
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					

Source: Granby Realty Holdings LLC and Granby Ranch Amenities LLC.

Scenario 2 – 478 residential units

Granby Ranch Metropolitan District
Development and Absorption Forecast

Year / P/U	Ranch View SF Custom \$630,000 34	FILING 6 SF Custom \$630,000 30	FILING 8 SF Enclave \$367,000 30	FILING 8 SF Custom \$630,000 27	FILING 10 SF Custom \$630,000 42	FILING 1B SF Enclave \$375,000 23	Base Camp II Duplex Enclave \$375,000 16	FILING 17 Cabins Enclave \$300,000 42	FILING 18 Cabins Enclave \$300,000 78
2018	1					1	2		
2019	3	1	1		3	1	2		
2020	2	1	1		2	2	4	20	
2021	2	1	1		2	2	4	22	
2022	2	1	1	1	2	2	4		20
2023	2	1	1	1	2	2			20
2024	2	1	1	1	2	2			20
2025	2	1	1	1	2	2			18
2026	2	1	1	1	2	2			
2027	2	1	1	1	2	2			
2028	2	1	1	1	2	2			
2029	2	1	1	1	2	2			
2030	2	1	1	1	2	1			
2031	2	1	1	1	2				
2032	2	1	1	1	2				
2033	2	1	1	1	2				
2034	2	1	1	1	2				
2035		1	1	1	2				
2036		1	1	1	2				
2037		1	1	1	2				
2038		1	1	1	2				
2039		1	1	1	1				
2040		1	1	1					
2041		1	1	1					
2042		1	1	1					
2043		1	1	1					
2044		1	1	1					
2045		1	1	1					
2046		1	1	1					
2047		1	1	1					
2048		1	1	1					

Source: Granby Realty Holdings LLC and Granby Ranch Amenities LLC.

Notes:

1. P/U – planned units.
2. 2 single-family detached units were completed in the District in 2017 and not listed in table.
3. According to the developer, units expected to be completed in 2018 were under construction or had a building permit. Units expected to be completed in 2019 had a building permit or were in various stages of design review.

Scenario 2 – 478 residential units

Granby Ranch Metropolitan District
Development Program and Absorption Forecast (continued)

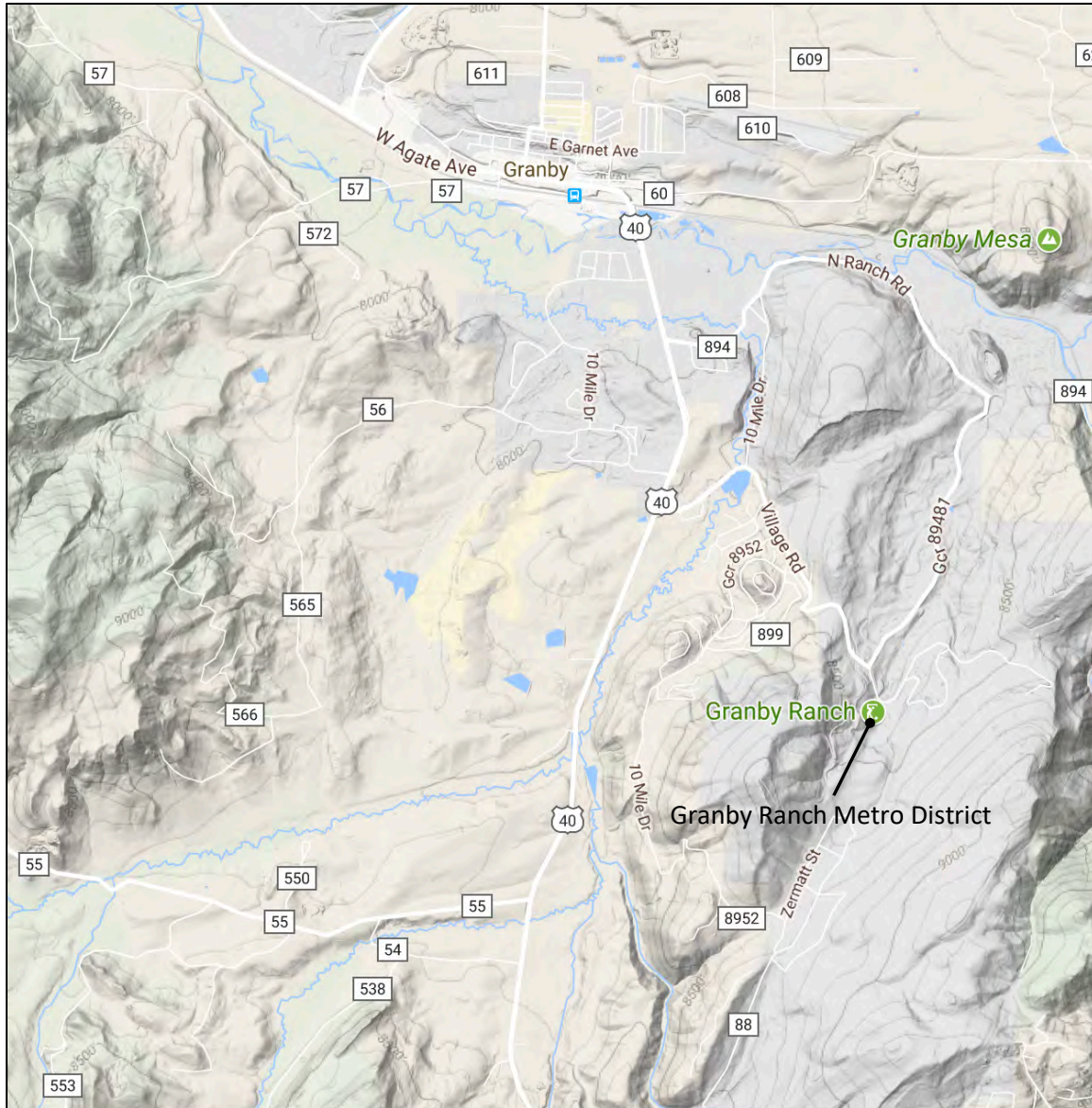
Year / P/U	Filing 8 SF Enclave \$630,000 25	Filing 2B SF Enclave \$470,000 57	Filing 5B TH Enclave \$280,000 56	Filing 11 SF Custom \$630,000 18	Annual Total 478
2018				1	5
2019				1	12
2020		8	8	1	49
2021		8	12	1	55
2022		8	12	1	54
2023		8	12	1	50
2024	1	8	12	1	51
2025	1	8	-	1	37
2026	1	9		1	20
2027	1			1	11
2028	1			1	11
2029	1			1	11
2030	1			1	10
2031	1			1	9
2032	1			1	9
2033	1			1	9
2034	1			1	9
2035	1			1	7
2036	1				6
2037	1				6
2038	1				6
2039	1				5
2040	1				4
2041	1				4
2042	1				4
2043	1				4
2044	1				4
2045	1				4
2046	1				4
2047	1				4
2048	1				4

Source: Granby Realty Holdings LLC and Granby Ranch Amenities LLC.

TRADE AREA

A trade area that includes the boundaries of Grand County, Colorado has been determined as the primary geographic area from which housing market trends and conditions have been reviewed. The following map depicts the location of the District and immediate surrounding area.

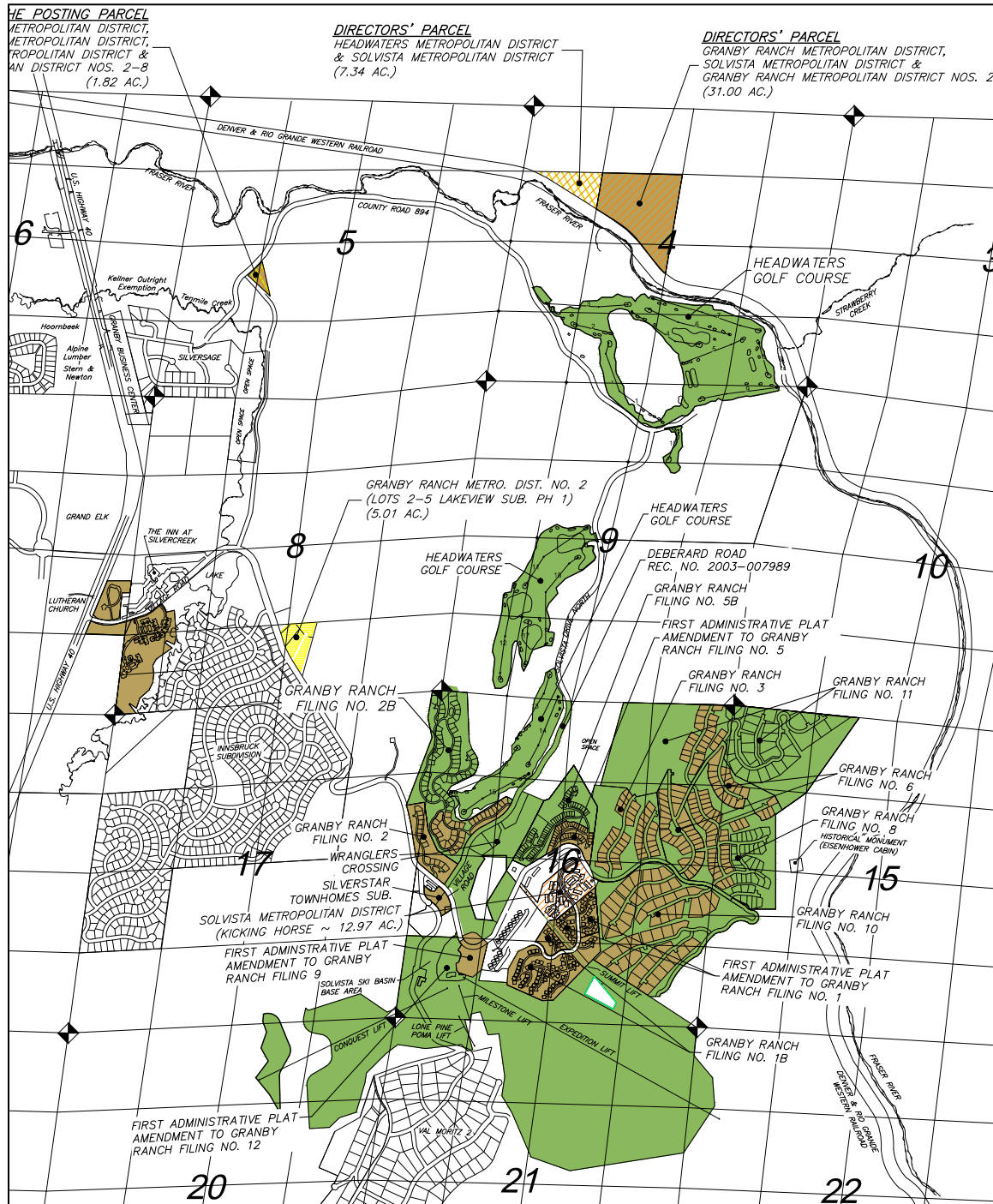
Granby Ranch Metropolitan District – Locator Map



Source: King & Associates, Inc.

The following map generally depicts the location of subdivision filings in the District although may not precisely reflect the boundaries of the District or subdivision parcels with respect to the exact legal descriptions that define such areas.

Granby Ranch Metropolitan District – Boundary and Filings Map



Source: Granby Ranch Metropolitan District.

DEMOGRAPHIC FORECASTS

- Grand County population is projected to increase from 15,039 in 2016 (most recent data) to 27,406 in 2050, equaling growth of 364 residents per year and a corresponding 1.8% average annual growth rate.
- During the same period (2015 -2050), households in the trade area are projected to increase by 165 per year (1.8% annually), growing from 6,551 in 2015 to 12,164 by 2050.

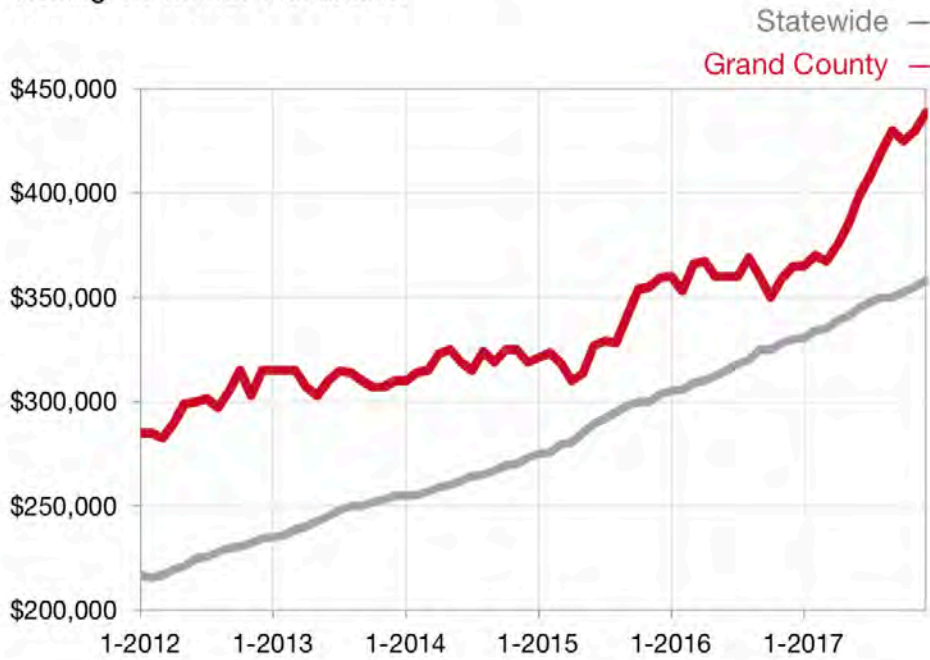
EMPLOYMENT TRENDS & FORECASTS

- Grand County employment has increased each year since 2012, with 264 jobs added in 2013, 252 in 2014, 245 in 2015 and 30 in 2016.
- Through third quarter of 2017 (most current data available), Grand County employment stood at 7,398, representing a positive increase of 273 jobs when compared with third quarter employment in 2016.
- The State of Colorado has forecast employment in the Northwest Colorado region (which includes Grand County) to increase by an average of 2,664 jobs per year from 2016 to 2026 and reflecting a 1.8% average annual growth rate.
- The unemployment rate in Grand County was 2.7% at year-end 2015 and dropped to 2% at the end of 2016.
- The unemployment rate in Grand County as of Q3 2017 was 2.3%.

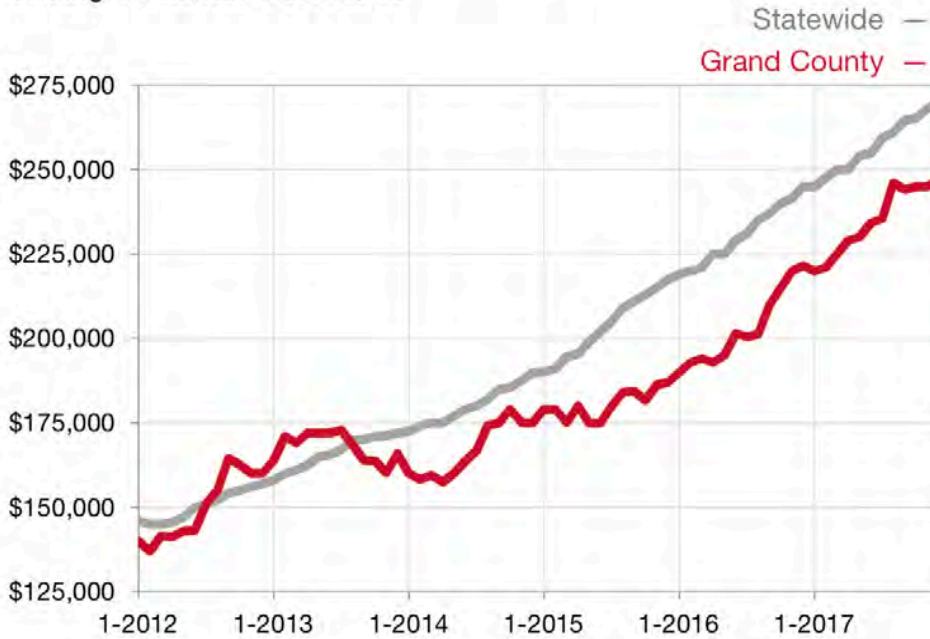
HOUSING MARKET OVERVIEW

- The Grand County housing market experienced a significant downturn starting in 2008 as evidenced by price decreases and limited new home construction.
- This is similar to trends that occurred throughout Colorado as well as nationally.
- Recovery within the Granby County housing market has been slower compared with other locations in the State.
- Coming out of the last recession, consumers have been more cautious in making large-scale, discretionary purchases (including vacation and second homes), which extended recovery within the Grand County housing market.
- Grand County has traditionally attracted upper-income, vacation and second homes buyers from Colorado front-range communities rather than high-wealth buyers who typically purchased very expensive second homes in resort areas such as Vail, Telluride and Aspen.
- Housing market conditions in Grand County began to noticeably improve starting first quarter of 2015.
- At this point, median existing home sales prices started an increasing trend.
- Single-family detached median home prices increased from approximately \$320,000 per unit (Q1 2015) to a current median price of approximately \$438,500 per unit (Q4 2017), representing an average increase of 11% per year.
- Single-family attached median home prices have increased from approximately \$175,000 per unit (Q1 2015) to a current median price of approximately \$247,000 per unit (Q4 2017) and representing an average increase of 12% per year.
- The following charts sourced from the Colorado Association of Realtors highlight improving housing market conditions – reflected by increasing median sales prices - in Grand County.

Median Sales Price – Single Family
Rolling 12-Month Calculation



Median Sales Price – Townhouse-Condo
Rolling 12-Month Calculation



Source: Colorado Association of Realtors.
Note: Tables extend through year-end 2017.

RESIDENTIAL MARKET TRENDS

Several data sources have been used to assess residential market and appreciation trends in Granby and Grand County.

Building Permits

- Building permits have been reviewed to assess Grand County new home construction trends.
- During the past five years, building activity in Grand County has varied, with an average of 135 permits issued per year from 2012 through 2016.
- During the 2012 through 2016 period, single-family detached permits ranged from a high of 148 units in 2016 to 58 units in 2015 with permits averaging 107 units per year.
- During 2016 there were 148 single-family detached permits issued in Grand County.
- From 2012 through 2016, attached building permits (apartments and condos) have ranged from 68 units in 2013 to 0 units in 2015 with permits averaging 28 units annually.
- During 2016 there were 13 attached permits issued in Grand County.

Existing (Resale) Home Sales Price Trends - *Granby*

- Data from Trulia has been used to assess residential appreciation trends from 2012 through August 2017.
- Since 2012, median existing home sales price data has been reviewed for the Granby portion of the Grand County trade area.
- This includes both single-family attached (condos and townhomes) and single-family detached units.
- From 2012 through August 2017, median existing home sales prices in Granby have increased by 11.2% per year, rising from approximately \$172,000 to \$282,000 per unit.
- The following table outlines appreciation trends in Grand County and Granby.

Granby Median Existing Home Sales Price Trends

Year	2012	2013	2014	2015	2016	2017
Median sales price	\$171,788	\$211,375	\$233,750	\$189,938	\$219,000	\$282,000
Change from prior period		23.0%	10.6%	-18.7%	15.3%	28.8%
Avg. ann. Change 2012-2017						11.2%

Source: Trulia

Notes:

1. Data reflect median sales prices in Granby, Colorado for existing (resale) single-family attached and detached homes.
2. 2017 data through August.

Resale Market Trends – *Grand County*

- In addition to data from Trulia, shorter term data is available from the Colorado Association of Realtors (CAR) for Grand County concerning trends in the resale housing market.
- The CAR data is divided between single-family attached and detached market segments.³

³ Data from the Colorado Association of Realtors represents home sales transacted through the real estate brokerage network. The data does not track sales transacted by individual owners. Based on

Single-family Detached

- Existing detached home sales have increased from 567 units in 2015 to 582 units in 2016.
- In 2017, 685 detached homes were sold in Grand County.
- Median sales prices dipped slightly from \$438,000 per unit in 2015 to \$423,000 per unit in 2016
- However, sales prices rebounded markedly during 2017, rising from a median price of \$423,000 per unit in 2016 to \$558,000 per unit at year-end of 2017.
- Months supply of inventory is a term used in the real estate industry to measure the amount of inventory in a given market area in relation to recent sales trends.
- It is generally held that lower measures of inventory signal strength in the local housing market.
- For example, a months supply inventory measure of 5.0 indicates that it would take five months to absorb all the active listings (inventory) in a given market area based on the average annual sales rate.
- In 2015, months supply of detached housing inventory stood at 8.9 in Grand County.
- In 2016 months supply of inventory decreased to 6.7 and inventory declined further to just 3.1 at the end of 2017.

Single-family Attached

- Existing attached home sales have increased from 568 units in 2015 to 596 units in 2016.
- In 2017, 533 attached homes were sold in Grand County, down from the 596 attached home sales in 2016.
- Attached median home sales prices have increased steadily from \$215,000 per unit in 2015 to \$247,000 per unit in 2016 and \$266,000 per unit in 2017.
- Months supply of attached housing inventory has dropped drastically in Grand County since 2016.
- At year-end 2016, months supply of attached housing inventory stood at 4.0 and has since dropped to just 1.5 at year-end 2017.
- The following table highlights resale housing trends in Grand County from 2016 through 2017.

Grand County Existing Home Sales Price and Market Trends

Type / Year	2015	2016	2017
Detached			
Sold listings	567	582	685
Avg. sales price	\$438,000	\$423,000	\$558,000
Active listings	421	273	176
Months supply inventory	8.9	5.6	3.1
Attached			
Sold listings	568	596	533
Avg. sales price	\$215,000	\$247,000	\$266,000
Active listings	189	85	65
Months supply inventory	4.0	1.7	1.5

Source: Colorado Association of Realtors.

information from the District, Town of Granby records show 111 total sales in Granby Ranch in 2017, of which 78 sales were transacted through real estate brokers and 33 sales by individual owners.

HOUSING DEMAND

- King & Associates, Inc. projects Grand County housing demand will range from 125 to 175 units annually from 2018 through 2050.
- The housing demand forecast range considers demand generated from household growth as well as vacation and second homebuyers.
- Increased demand for attached homes (duplexes, townhomes and condos) is projected based on resale market trends indicating very tight supply in the attached housing market.
- Segmented demand has been estimated based on recent building trends in Grand County and also considers anticipated demand by unit type.
 - Single-family detached – 62 to 88 units per year.
 - Single-family attached – 19 to 26 units annually.
 - Apartment and Condominiums – 44 to 61 units per year.

HOUSING SUPPLY

Residential projects have been reviewed in Grand County to assess competition for homes planned in the District. There are two primary competitive residential projects in Grand County; Grand Elk and Rendezvous Colorado.

Grand Elk

The Grand Elk Development is located approximately one mile south of downtown Granby and 2.5 miles west of the District. Similar to Granby Ranch, Grand Elk is targeted to vacation and second homebuyers living in Colorado front-range communities as well as out-of-state locations. The project includes the Grand Elk Golf Club as a signature amenity.

- Grand Elk is planned for approximately 350 residential units.
- An estimated 65 attached and detached units have been built in the project as of late 2017.
- Colorado based homebuilder Koelbel is developing 30 attached and detached units in a portion of the Grand Elk project with prices ranging from approximately \$450,000 to \$500,000 per unit.
- Of the 30 unit Koelbel project, 6 units have been built, 3 sold and 9 are available for purchase as of late 2017.
- Remaining undeveloped lots in Grand Elk are owned by various developers, homebuilders and private individuals.

Rendezvous Colorado

Rendezvous Colorado is the other primary competitive project in Grand County and is located on the east side of Highway 40 between Winter Park and Fraser. Planned development in Rendezvous includes 300 single family homes (custom and semi-custom), paired cabins and townhomes. Rendezvous is also targeted to vacation and second homebuyers living in Colorado front-range communities as well as out-of-state locations.

- Initial development in the project has focused on 54 paired cabins – approximately 42 units have been constructed through 2017 – that are priced from approximately \$450,000 to \$460,000 per unit.
- Second phase development includes 18 custom home lots with prices anticipated from \$1.1 to \$1.3 million per unit.
- Remaining development in the project includes an estimated 172 semi-custom homes and 56 townhomes.

Other competitive projects

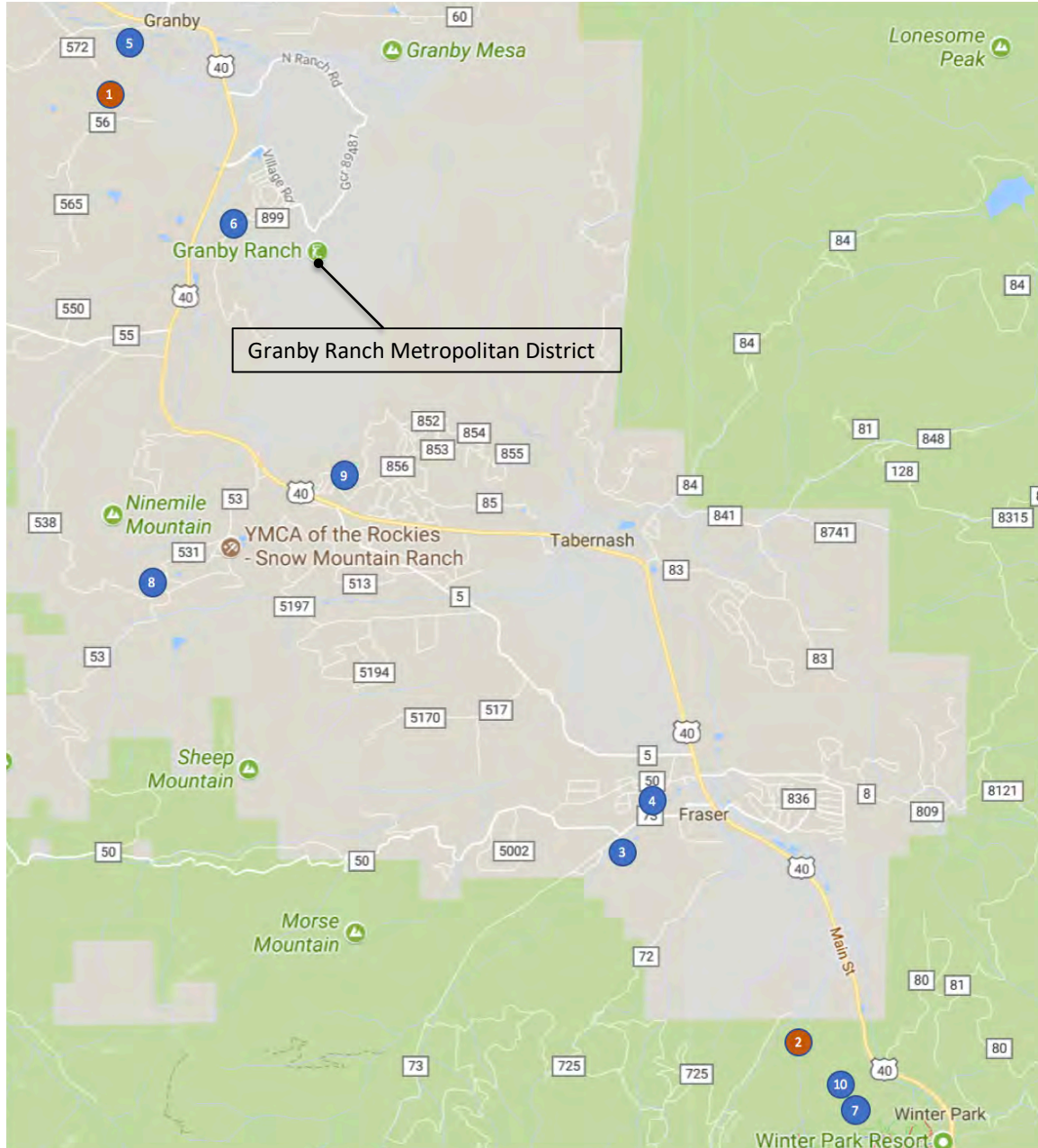
Grand Elk and Rendezvous Colorado are the primary competitive projects to the District. There are also several smaller development areas in Grand County with vacant developable lots. However, these projects are less competitive with homes planned in the District due to smaller size as well as lack of unified ownership structure and targeted marketing programs. The following table and map address competitive projects in the Grand County.

Grand County – Competitive Projects

Map Key	Project Name	Type of units
1	Grand Elk	Single family attached and detached
2	Rendezvous	Single family attached and detached
3	Fraser (west)	Single family
4	Fraser (east)	Single family
5	Granby	Single family
6	Trailside Neighborhood	Single family
7	Winter Park (east)	Single family
8	Tabernash	Single family
9	Tabernash	Single family
10	TrailHead Lodges	Condos

Source: King & Associates, Inc.

Grand County – Competitive Projects Map



Source: King & Associates, Inc.

Note: Orange circles are most competitive projects to Granby Ranch Metropolitan District.

Orange circle 1 – Grand Elk.

Orange circle 2 – Rendezvous Colorado.

ABSORPTION

Trends

- From 2005 through 2017 there have been 394 homes – 191 single family homes and 203 condos – constructed in the District based on review of property tax records and information from the District.
- During this period, absorption has averaged nearly 33 units per year, divided between 16 single-family homes and 17 condominiums.
- However, since 2007 absorption in the District has been limited due to poor real estate market conditions and subsequent recovery in the local area housing.
- From 2008 through 2017, 114 homes have been constructed in the District, divided between 82 single-family and 32 condominium units.
- From 2008 through 2017, absorption has averaged approximately 11 units per year (8 single-family homes and 3 condominiums).

Forecast

- Two development scenarios have been provided by the District.
- Scenario 1 anticipates very limited development of 11 homes in 2018 and 2019.
 - Single-family attached – 2 units.
 - Single-family detached – 9 units.
- Scenario 2 anticipates development of 478 homes from 2018 through 2048 and is inclusive of Scenario 1 planned development.
 - Single-family attached – 72 units.
 - Single-family detached – 406 units.
 - This equals average absorption rate of 16 homes per year.
 - Given Scenario 2, peak absorption equals approximately 50 units annually during a five-year portion (2020 – 2024) of the District’s overall 2018 through 2048 forecast period.
 - Projected absorption given Scenario 2 is less than historic trends in the District when absorption averaged 94 units annually from 2005 through 2007.
- The following table highlights historic and forecast absorption in the District.

Granby Ranch Metropolitan District Historic Absorption trends and Projected Absorption

Unit type	SFD	SFA	Total
Historic absorption (2005-2017):			
Total absorbed	191	203	394
Average annual absorption	16	17	33
Projected absorption (2018-2048):			
Scenario 1			
Projected absorption	9	2	11
Average annual absorption	4.5	1	5.5
Scenario 2			
Projected absorption	406	72	478
Average annual absorption	14	2	16

Source: King & Associates, Inc.

FINDINGS

- King & Associates, Inc. has reviewed housing market conditions and valuations trends in Grand County, Colorado.
- Grand County has registered steady recovery from negative housing market conditions and economic trends that occurred from 2009 through 2011.
- Housing market trends have been very positive since 2015.
 - Median existing home prices have increased by an annual rate of 11% and 12% respectively for single-family detached and attached homes from 2015 through 2017.
 - Construction activity has increased with nearly 150 single-family building permits issued during 2016.
- Employment growth drives housing demand, particularly vacation and second home demand.
 - Grand County employment increased by 180 jobs per year from 2012 through Q3 2017, and the unemployment rate stood at 2.3%.
 - Employment growth has been strong and unemployment rates low along the Colorado front range where the majority (75%) of the District's residential property owners have primary residences.
- Grand Elk and Rendezvous Colorado are the primary competitive projects to homes planned in the District.
- However, the District has a competitive advantage to these two projects given its immediate adjacency to Granby Ranch Ski Area.
- Further, site characteristics in the District are superior to competitive projects with many home sites situated on sloping terrain with pine and aspen trees.
- The District's absorption forecast given development Scenario 1 represents completion of building activity in existing project areas of the District.
- Given development Scenario 2, peak-period absorption (2020 – 2024) equals approximately 50 units per year and is less than prime absorption of 94 units annually that was registered in the District from 2005 through 2007.

CONCLUSION

- Based on review and analysis of the Grand County housing market, King & Associates, Inc. believes that forecast absorption rates given both development Scenarios 1 and 2 in the District are reasonable.
- King & Associates, Inc. further believes that projected new home pricing in the District is also reasonable.

Note: On November 14, 2018, the Developer announced that it would list its property in Granby Ranch for sale beginning in January 2018. It is not possible to predict when or if the property will be sold; however, upon the sale of the property, the Developer will no longer be the developer or the major landowner of property within the District or the Development. Further, the purchaser of the Developer's property will not be obligated to follow the Developer's current plan of development or to continue development in any particular timeframe (or at all). Notwithstanding the foregoing, and based on review and analysis of the Grand County housing market and information provided by the Developer with respect to the development potential of the property identified herein, King & Associates, Inc., believes that the Developer's forecast absorption rates and projected sales prices for planned homes in the District is reasonable.

APPENDIX G

**FORECASTED SURPLUS CASH BALANCES AND
CASH RECEIPTS AND DISBURSEMENTS**

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES
AND
CASH RECEIPTS AND DISBURSEMENTS

April 26, 2018

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Accountant's Report

The Board of Directors of
Granby Ranch Metropolitan District
Grand County, Colorado

Management is responsible for the accompanying forecasted surplus cash balances and cash receipts and disbursements of Granby Ranch Metropolitan District (the "District") for the General Fund and Debt Service Fund using the cash basis of accounting as of December 31, 2017 and for the calendar years ending through 2052 (the "forecast") and the related summary of significant forecast assumptions and accounting policies in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement of the forecast in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the forecast. Furthermore, because events and circumstances frequently do not occur as expected, even if the development of residential units and commercial property occurs with slower build-out, there will usually be differences between the forecasted and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying presentation of projected surplus cash balances and cash receipts and disbursements of the District for the Debt Service Fund as of December 31, 2017, and for the calendar years ending through 2052, under the hypothetical assumptions in Note 11, assuming additional residential development occurs beyond 2019, is not a part of the forecast and is presented for additional analysis only, and should not be used for any other purpose. Such projection has not been subjected to the procedures applied in the compilation of the forecast, and we express no assurance of any kind on it.

As discussed in Note 3, the forecast and the projection are presented on the cash basis of accounting, whereas the historical financial statements for the forecast period and the projection period are expected to be presented in conformity with generally accepted accounting principles on the accrual basis for government wide statements and the modified accrual basis for individual fund financial statements for all funds of the District by fund type.

Guidelines for presentation of a forecast and a projection established by the AICPA require disclosure of the differences resulting from the use of a different basis of accounting in the forecast and the projection than that expected to be used in the historical financial statements for the period. Accordingly, if the AICPA presentation guidelines were followed, the titles in the forecast and the projection would indicate that the presentation reflects the following: surplus cash balances and the cash received and disbursed rather than net assets or fund balances and the revenue and expenses or expenditures that would be recognized under generally accepted accounting principles based on the accrual basis and the modified accrual basis of accounting.

We are not independent with respect to the District.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP". The signature is written in black ink and is positioned above the typed name and date.

Greenwood Village, Colorado
April 26, 2018

GRANBY RANCH METROPOLITAN DISTRICT
FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
SUMMARY - GENERAL FUND
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Collection Year	Total Assessed Value General Fund (See Page 9)	Mill Levy		Cash Receipts				Cash Disbursements		Cash Balances		Collection Year
		General Fund	Total	Net Property Taxes 95.00%	Specific Ownership Taxes 5.00%	Developer Contribution	Total Cash Receipts	General and Administrative 1.0%	Total Cash Disbursements	Annual Surplus Cash (Deficit)	Cumulative Surplus Cash Balances	
2017											(149,713)	2017
2018	12,769,180	0.000	66.203	-	-	75,000	75,000	75,000	75,000	-	(149,713)	2018
2019	12,886,633	37.069	64.534	453,808	22,690	-	476,498	75,000	75,000	401,498	251,785	2019
2020	13,331,396	36.888	64.534	467,181	23,359	-	490,540	75,750	75,750	414,790	666,575	2020
2021	13,465,605	17.722	64.534	226,700	11,335	-	238,035	76,508	76,508	161,528	828,103	2021
2022	13,711,722	5.750	52.536	74,900	3,745	-	78,645	77,273	77,273	1,373	829,476	2022
2023	13,682,824	5.750	52.561	74,742	3,737	-	78,480	78,045	78,045	434	829,910	2023
2024	13,933,864	5.750	52.457	76,114	3,806	-	79,919	78,826	78,826	1,094	831,004	2024
2025	13,904,389	5.750	52.743	75,953	3,798	-	79,750	79,614	79,614	136	831,140	2025
2026	14,160,449	5.750	52.545	77,351	3,868	-	81,219	80,410	80,410	809	831,949	2026
2027	14,130,384	5.750	52.689	77,187	3,859	-	81,047	81,214	81,214	(168)	831,781	2027
2028	14,391,566	5.750	52.810	78,614	3,931	-	82,545	82,026	82,026	518	832,299	2028
2029	14,360,899	5.750	52.670	78,446	3,922	-	82,369	82,847	82,847	(478)	831,821	2029
2030	14,627,305	5.750	52.952	79,902	3,995	-	83,897	83,675	83,675	222	832,043	2030
2031	14,596,025	5.750	52.683	79,731	3,987	-	83,717	84,512	84,512	(795)	831,248	2031
2032	14,867,758	5.750	52.844	81,215	4,061	-	85,276	85,357	85,357	(81)	831,167	2032
2033	14,835,853	5.750	52.783	81,041	4,052	-	85,093	86,211	86,211	(1,118)	830,050	2033
2034	15,113,021	5.750	52.810	82,555	4,128	-	86,683	87,073	87,073	(390)	829,660	2034
2035	15,080,478	5.750	52.934	82,377	4,119	-	86,496	87,943	87,943	(1,447)	828,212	2035
2036	15,363,189	5.750	52.813	83,921	4,196	-	88,117	88,823	88,823	(705)	827,507	2036
2037	15,329,995	5.750	52.806	83,740	4,187	-	87,927	89,711	89,711	(1,784)	825,723	2037
2038	15,618,361	5.750	52.836	85,315	4,266	-	89,581	90,608	90,608	(1,027)	824,696	2038
2039	15,584,502	5.750	52.685	85,130	4,257	-	89,387	91,514	91,514	(2,127)	822,568	2039
2040	15,878,635	5.750	52.845	86,737	4,337	-	91,074	92,429	92,429	(1,355)	821,213	2040
2041	15,844,100	5.750	52.825	86,548	4,327	-	90,876	93,354	93,354	(2,478)	818,735	2041
2042	16,144,116	5.750	52.795	88,187	4,409	-	92,597	94,287	94,287	(1,691)	817,044	2042
2043	16,108,889	5.750	52.886	87,995	4,400	-	92,395	95,230	95,230	(2,836)	814,209	2043
2044	16,414,906	5.750	52.933	89,666	4,483	-	94,150	96,182	96,182	(2,033)	812,176	2044
2045	16,378,975	5.750	52.826	89,470	4,474	-	93,944	97,144	97,144	(3,201)	808,976	2045
2046	16,691,111	5.750	52.935	91,175	4,559	-	95,734	98,116	98,116	(2,382)	806,594	2046
2047	16,654,462	5.750	52.935	90,975	4,549	-	95,524	99,097	99,097	(3,573)	803,021	2047
2048	16,935,459	5.750	52.935	92,510	4,625	-	97,135	100,088	100,088	(2,952)	800,068	2048
2049	16,897,329	5.750	52.935	92,302	4,615	-	96,917	101,089	101,089	(4,172)	795,897	2049
2050	17,183,183	5.750	52.935	93,863	4,693	-	98,556	102,100	102,100	(3,543)	792,353	2050
2051	17,143,512	5.750	52.935	93,646	4,682	-	98,329	103,121	103,121	(4,792)	787,561	2051
2052	17,434,290	5.750	52.935	95,235	4,762	-	99,997	104,152	104,152	(4,155)	783,406	2052
				3,764,235	188,212	75,000	4,027,447	3,094,327	3,094,327	933,119		

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SUMMARY - DEBT SERVICE FUND

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Collection Year	Total Assessed Value Bond (See Page 9)	Mill Levy		Coverage ratio		Cash Receipts				Total Cash Receipts	Cash Used in 2018 Refinancing	Net Debt Service on 2018 Bonds (See Page 10)	Total Cash Disbursements	Cash Balances		Collection Year		
		Debt Service Fund	Total	Coverage ratio at expected mill levy	Coverage ratio at mill levy cap of 55.277	Net Property Taxes 95.00%	Specific Ownership Taxes 5.00%	SolVista Mill Levy Receipts	Capital Facility Fees (to page 11)					Annual Surplus Cash (Deficit)	Cumulative Surplus Cash Balances			
2017																		
2018	14,185,740	66.203	66.203			892,182	38,500	29,086	250,200	1,209,968	2,809,455	401,805	3,211,260	(2,001,292)	557,963	2,559,255	2018	
2019	14,303,193	27.465	64.534	60%	118%	373,198	18,660	29,086	-	420,944		695,944	695,944	(275,000)	282,963		2019	
2020	14,747,956	27.646	64.534	61%	117%	387,335	19,367	29,086	-	435,787		718,750	718,750	(282,963)	-		2020	
2021	14,910,496	46.812	64.534	100%	117%	663,097	33,155	29,086	-	725,338		725,338	725,338	-	-		2021	
2022	15,156,614	46.786	52.536	100%	117%	673,668	33,683	29,086	-	736,438		736,438	736,438	-	-		2022	
2023	15,156,614	46.811	52.561	100%	117%	674,019	33,701	29,086	-	736,806		736,806	736,806	-	-		2023	
2024	15,407,653	46.707	52.457	100%	118%	683,662	34,183	29,086	-	746,931		746,931	746,931	-	-		2024	
2025	15,407,653	46.993	52.743	100%	117%	687,847	34,392	29,086	-	751,325		751,325	751,325	-	-		2025	
2026	15,663,714	46.795	52.545	100%	117%	696,329	34,816	29,086	-	760,231		760,231	760,231	-	-		2026	
2027	15,663,714	46.939	52.689	100%	118%	698,482	34,924	-	-	733,406		733,406	733,406	-	-		2027	
2028	15,924,896	47.060	52.810	100%	117%	711,958	35,598	-	-	747,556		747,556	747,556	-	-		2028	
2029	15,924,896	46.920	52.670	100%	118%	709,833	35,492	-	-	745,325		745,325	745,325	-	-		2029	
2030	16,191,301	47.202	52.952	100%	117%	726,048	36,302	-	-	762,350		762,350	762,350	-	-		2030	
2031	16,191,301	46.933	52.683	100%	118%	721,905	36,095	-	-	758,000		758,000	758,000	-	-		2031	
2032	16,463,035	47.094	52.844	100%	117%	736,548	36,827	-	-	773,375		773,375	773,375	-	-		2032	
2033	16,463,035	47.033	52.783	100%	118%	735,595	36,780	-	-	772,375		772,375	772,375	-	-		2033	
2034	16,740,203	47.060	52.810	100%	117%	748,405	37,420	-	-	785,825		785,825	785,825	-	-		2034	
2035	16,740,203	47.184	52.934	100%	117%	750,381	37,519	-	-	787,900		787,900	787,900	-	-		2035	
2036	17,022,915	47.063	52.813	100%	117%	761,095	38,055	-	-	799,150		799,150	799,150	-	-		2036	
2037	17,022,915	47.056	52.806	100%	117%	760,976	38,049	-	-	799,025		799,025	799,025	-	-		2037	
2038	17,311,281	47.086	52.836	100%	117%	774,357	38,718	-	-	813,075		813,075	813,075	-	-		2038	
2039	17,311,281	46.935	52.685	100%	118%	771,881	38,594	-	-	810,475		810,475	810,475	-	-		2039	
2040	17,605,414	47.095	52.845	100%	117%	787,667	39,383	-	-	827,050		827,050	827,050	-	-		2040	
2041	17,605,414	47.075	52.825	100%	117%	787,333	39,367	-	-	826,700		826,700	826,700	-	-		2041	
2042	17,905,430	47.045	52.795	100%	117%	800,238	40,012	-	-	840,250		840,250	840,250	-	-		2042	
2043	17,905,430	47.136	52.886	100%	117%	801,786	40,089	-	-	841,875		841,875	841,875	-	-		2043	
2044	18,211,446	47.183	52.933	100%	117%	816,310	40,815	-	-	857,125		857,125	857,125	-	-		2044	
2045	18,211,446	47.076	52.826	100%	117%	814,452	40,723	-	-	855,175		855,175	855,175	-	-		2045	
2046	18,523,583	47.185	52.935	100%	117%	830,333	41,517	-	-	871,850		871,850	871,850	-	-		2046	
2047	18,523,583	47.142	52.892	100%	117%	829,571	41,479	-	-	871,050		871,050	871,050	-	-		2047	
2048	18,841,962	47.013	52.763	100%	118%	841,524	42,076	-	-	883,600		883,600	883,600	-	-		2048	
2049	18,841,962	47.017	52.767	100%	118%	841,595	42,080	-	-	883,675		883,675	883,675	-	-		2049	
2050	19,166,709	47.170	52.920	100%	117%	858,881	42,944	-	-	901,825		901,825	901,825	-	-		2050	
2051	19,166,709	47.176	52.926	100%	117%	859,000	42,950	-	-	901,950		901,950	901,950	-	-		2051	
2052	19,497,951	47.196	52.946	100%	117%	874,214	43,711	-	-	917,925		917,925	917,925	-	-		2052	
						26,081,705	1,297,976	261,774	250,200	27,891,655	2,809,455	27,641,455	30,450,910	(2,559,255)				

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GRANBY RANCH METROPOLITAN DISTRICT
FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
SCHEDULE of ESTIMATED ASSESSED VALUATION
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

		Residential Development												
		Filings 6, 8, 10, & 11			Filing 8			Filing 1B & Base Camp			Filing 17 & 18			
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence \$630,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$367,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$375,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$300,000	Annual Value of New Residences	Collection Year
Inflation compounded annually at		2.0%			2.0%			2.0%			2.0%			
2016	2018	-	-	-	-	-	-	-	-	-	-	-	-	2018
2017	2019	-	630,000	-	-	-	-	-	375,000	-	-	-	-	2019
2018	2020	2	630,000	1,260,000	-	-	-	3	375,000	1,125,000	-	-	-	2020
2019	2021	6	630,000	3,780,000	-	-	-	-	-	-	-	-	-	2021
2020	2022	-	-	-	-	-	-	-	-	-	-	-	-	2022
2021	2023	-	-	-	-	-	-	-	-	-	-	-	-	2023
2022	2024	-	-	-	-	-	-	-	-	-	-	-	-	2024
2023	2025	-	-	-	-	-	-	-	-	-	-	-	-	2025
2024	2026	-	-	-	-	-	-	-	-	-	-	-	-	2026
2025	2027	-	-	-	-	-	-	-	-	-	-	-	-	2027
2026	2028	-	-	-	-	-	-	-	-	-	-	-	-	2028
2027	2029	-	-	-	-	-	-	-	-	-	-	-	-	2029
2028	2030	-	-	-	-	-	-	-	-	-	-	-	-	2030
2029	2031	-	-	-	-	-	-	-	-	-	-	-	-	2031
2030	2032	-	-	-	-	-	-	-	-	-	-	-	-	2032
2031	2033	-	-	-	-	-	-	-	-	-	-	-	-	2033
2032	2034	-	-	-	-	-	-	-	-	-	-	-	-	2034
2033	2035	-	-	-	-	-	-	-	-	-	-	-	-	2035
2034	2036	-	-	-	-	-	-	-	-	-	-	-	-	2036
2035	2037	-	-	-	-	-	-	-	-	-	-	-	-	2037
2036	2038	-	-	-	-	-	-	-	-	-	-	-	-	2038
2037	2039	-	-	-	-	-	-	-	-	-	-	-	-	2039
2038	2040	-	-	-	-	-	-	-	-	-	-	-	-	2040
2039	2041	-	-	-	-	-	-	-	-	-	-	-	-	2041
2040	2042	-	-	-	-	-	-	-	-	-	-	-	-	2042
2041	2043	-	-	-	-	-	-	-	-	-	-	-	-	2043
2042	2044	-	-	-	-	-	-	-	-	-	-	-	-	2044
2043	2045	-	-	-	-	-	-	-	-	-	-	-	-	2045
2044	2046	-	-	-	-	-	-	-	-	-	-	-	-	2046
2045	2047	-	-	-	-	-	-	-	-	-	-	-	-	2047
2046	2048	-	-	-	-	-	-	-	-	-	-	-	-	2048
2047	2049	-	-	-	-	-	-	-	-	-	-	-	-	2049
2048	2050	-	-	-	-	-	-	-	-	-	-	-	-	2050
2049	2051	-	-	-	-	-	-	-	-	-	-	-	-	2051
2050	2052	-	-	-	-	-	-	-	-	-	-	-	-	2052
		8		5,040,000	-		-	3		1,125,000	-		-	

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GRANBY RANCH METROPOLITAN DISTRICT
FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
SCHEDULE of ESTIMATED ASSESSED VALUATION
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Construction Year	Collection Year	Filing 2B Enclave			Filing 5B Enclave			Total Number of Residential Units	Annual Value of New Residential Units	Adjust for Partially Completed Units	Est. Biennial Revaluation per State Statute @ 2.0%	Cumulative Market Value of Residential Units	Estimated Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION (To Page 9)	Collection Year
		Number of Residences	Est. Market Value per Residence \$0	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$0	Annual Value of New Residences								
Inflation compounded annually at		2.0%			2%										
2016	2018	-	-	-	-	-	-	-	-	-	-	141,059,994	7.20%	10,156,320	2018
2017	2019	-	-	-	-	-	-	-	-	670,670	-	141,730,664	7.20%	10,204,608	2019
2018	2020	-	-	-	-	-	5	2,385,000	-	-	2,834,613	146,950,277	7.20%	10,580,420	2020
2019	2021	-	-	-	-	-	6	3,780,000	-	-	-	150,730,277	7.20%	10,852,580	2021
2020	2022	-	-	-	-	-	-	-	-	-	3,014,606	153,744,883	7.20%	11,069,632	2022
2021	2023	-	-	-	-	-	-	-	-	-	-	153,744,883	7.20%	11,069,632	2023
2022	2024	-	-	-	-	-	-	-	-	-	3,074,898	156,819,780	7.20%	11,291,024	2024
2023	2025	-	-	-	-	-	-	-	-	-	-	156,819,780	7.20%	11,291,024	2025
2024	2026	-	-	-	-	-	-	-	-	-	3,136,396	159,956,176	7.20%	11,516,845	2026
2025	2027	-	-	-	-	-	-	-	-	-	-	159,956,176	7.20%	11,516,845	2027
2026	2028	-	-	-	-	-	-	-	-	-	3,199,124	163,155,300	7.20%	11,747,182	2028
2027	2029	-	-	-	-	-	-	-	-	-	-	163,155,300	7.20%	11,747,182	2029
2028	2030	-	-	-	-	-	-	-	-	-	3,263,106	166,418,406	7.20%	11,982,125	2030
2029	2031	-	-	-	-	-	-	-	-	-	-	166,418,406	7.20%	11,982,125	2031
2030	2032	-	-	-	-	-	-	-	-	-	3,328,368	169,746,774	7.20%	12,221,768	2032
2031	2033	-	-	-	-	-	-	-	-	-	-	169,746,774	7.20%	12,221,768	2033
2032	2034	-	-	-	-	-	-	-	-	-	3,394,935	173,141,709	7.20%	12,466,203	2034
2033	2035	-	-	-	-	-	-	-	-	-	-	173,141,709	7.20%	12,466,203	2035
2034	2036	-	-	-	-	-	-	-	-	-	3,462,834	176,604,543	7.20%	12,715,527	2036
2035	2037	-	-	-	-	-	-	-	-	-	-	176,604,543	7.20%	12,715,527	2037
2036	2038	-	-	-	-	-	-	-	-	-	3,532,091	180,136,634	7.20%	12,969,838	2038
2037	2039	-	-	-	-	-	-	-	-	-	-	180,136,634	7.20%	12,969,838	2039
2038	2040	-	-	-	-	-	-	-	-	-	3,602,733	183,739,367	7.20%	13,229,234	2040
2039	2041	-	-	-	-	-	-	-	-	-	-	183,739,367	7.20%	13,229,234	2041
2040	2042	-	-	-	-	-	-	-	-	-	3,674,787	187,414,154	7.20%	13,493,819	2042
2041	2043	-	-	-	-	-	-	-	-	-	-	187,414,154	7.20%	13,493,819	2043
2042	2044	-	-	-	-	-	-	-	-	-	3,748,283	191,162,437	7.20%	13,763,695	2044
2043	2045	-	-	-	-	-	-	-	-	-	-	191,162,437	7.20%	13,763,695	2045
2044	2046	-	-	-	-	-	-	-	-	-	3,823,249	194,985,686	7.20%	14,038,969	2046
2045	2047	-	-	-	-	-	-	-	-	-	-	194,985,686	7.20%	14,038,969	2047
2046	2048	-	-	-	-	-	-	-	-	-	3,899,714	198,885,400	7.20%	14,319,749	2048
2047	2049	-	-	-	-	-	-	-	-	-	-	198,885,400	7.20%	14,319,749	2049
2048	2050	-	-	-	-	-	-	-	-	-	3,977,708	202,863,108	7.20%	14,606,144	2050
2049	2051	-	-	-	-	-	-	-	-	-	-	202,863,108	7.20%	14,606,144	2051
2050	2052	-	-	-	-	-	-	-	-	-	4,057,262	206,920,370	7.20%	14,898,267	2052
		-	-	-	-	-	-	11	6,165,000	670,670	59,024,706				

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GRANBY RANCH METROPOLITAN DISTRICT
FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
SCHEDULE of ESTIMATED ASSESSED VALUATION
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

		Platted and Improved Vacant Land												
		Filings 6, 8, 10, & 11			Filing 8			Filing 1B & Base Camp			Filing 17 & 18			
Construction Year	Collection Year	Improved Land \$630,000 10%	Less: Lots Used	Cumulative Actual Value	Improved Land \$367,000 10%	Less: Lots Used	Cumulative Actual Value	Improved Land \$375,000 10%	Less: Lots Used	Cumulative Actual Value	Improved Land \$300,000 10%	Less: Lots Used	Cumulative Actual Value	Collection Year
2016	2018	-	-	-	-	-	-	-	-	-	-	-	-	2018
2017	2019	126,000	-	126,000	-	-	-	112,500	-	112,500	-	-	-	2019
2018	2020	378,000	(126,000)	378,000	-	-	-	-	(112,500)	-	-	-	-	2020
2019	2021	-	(378,000)	-	-	-	-	-	-	-	-	-	-	2021
2020	2022	-	-	-	-	-	-	-	-	-	-	-	-	2022
2021	2023	-	-	-	-	-	-	-	-	-	-	-	-	2023
2022	2024	-	-	-	-	-	-	-	-	-	-	-	-	2024
2023	2025	-	-	-	-	-	-	-	-	-	-	-	-	2025
2024	2026	-	-	-	-	-	-	-	-	-	-	-	-	2026
2025	2027	-	-	-	-	-	-	-	-	-	-	-	-	2027
2026	2028	-	-	-	-	-	-	-	-	-	-	-	-	2028
2027	2029	-	-	-	-	-	-	-	-	-	-	-	-	2029
2028	2030	-	-	-	-	-	-	-	-	-	-	-	-	2030
2029	2031	-	-	-	-	-	-	-	-	-	-	-	-	2031
2030	2032	-	-	-	-	-	-	-	-	-	-	-	-	2032
2031	2033	-	-	-	-	-	-	-	-	-	-	-	-	2033
2032	2034	-	-	-	-	-	-	-	-	-	-	-	-	2034
2033	2035	-	-	-	-	-	-	-	-	-	-	-	-	2035
2034	2036	-	-	-	-	-	-	-	-	-	-	-	-	2036
2035	2037	-	-	-	-	-	-	-	-	-	-	-	-	2037
2036	2038	-	-	-	-	-	-	-	-	-	-	-	-	2038
2037	2039	-	-	-	-	-	-	-	-	-	-	-	-	2039
2038	2040	-	-	-	-	-	-	-	-	-	-	-	-	2040
2039	2041	-	-	-	-	-	-	-	-	-	-	-	-	2041
2040	2042	-	-	-	-	-	-	-	-	-	-	-	-	2042
2041	2043	-	-	-	-	-	-	-	-	-	-	-	-	2043
2042	2044	-	-	-	-	-	-	-	-	-	-	-	-	2044
2043	2045	-	-	-	-	-	-	-	-	-	-	-	-	2045
2044	2046	-	-	-	-	-	-	-	-	-	-	-	-	2046
2045	2047	-	-	-	-	-	-	-	-	-	-	-	-	2047
2046	2048	-	-	-	-	-	-	-	-	-	-	-	-	2048
2047	2049	-	-	-	-	-	-	-	-	-	-	-	-	2049
2048	2050	-	-	-	-	-	-	-	-	-	-	-	-	2050
2049	2051	-	-	-	-	-	-	-	-	-	-	-	-	2051
2050	2052	-	-	-	-	-	-	-	-	-	-	-	-	2052
		504,000	(504,000)		-	-		112,500	(112,500)		-	-		

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT
FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
SCHEDULE of ESTIMATED ASSESSED VALUATION
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Construction Year	Collection Year	Filing 2B Enclave			Filing 5B Enclave			Collection Year
		Improved Land \$0 10%	Less: Lots Used	Cumulative Actual Value	Improved Land \$0 10%	Less: Lots Used	Cumulative Actual Value	
2016	2018	-	-	-	-	-	-	2018
2017	2019	-	-	-	-	-	-	2019
2018	2020	-	-	-	-	-	-	2020
2019	2021	-	-	-	-	-	-	2021
2020	2022	-	-	-	-	-	-	2022
2021	2023	-	-	-	-	-	-	2023
2022	2024	-	-	-	-	-	-	2024
2023	2025	-	-	-	-	-	-	2025
2024	2026	-	-	-	-	-	-	2026
2025	2027	-	-	-	-	-	-	2027
2026	2028	-	-	-	-	-	-	2028
2027	2029	-	-	-	-	-	-	2029
2028	2030	-	-	-	-	-	-	2030
2029	2031	-	-	-	-	-	-	2031
2030	2032	-	-	-	-	-	-	2032
2031	2033	-	-	-	-	-	-	2033
2032	2034	-	-	-	-	-	-	2034
2033	2035	-	-	-	-	-	-	2035
2034	2036	-	-	-	-	-	-	2036
2035	2037	-	-	-	-	-	-	2037
2036	2038	-	-	-	-	-	-	2038
2037	2039	-	-	-	-	-	-	2039
2038	2040	-	-	-	-	-	-	2040
2039	2041	-	-	-	-	-	-	2041
2040	2042	-	-	-	-	-	-	2042
2041	2043	-	-	-	-	-	-	2043
2042	2044	-	-	-	-	-	-	2044
2043	2045	-	-	-	-	-	-	2045
2044	2046	-	-	-	-	-	-	2046
2045	2047	-	-	-	-	-	-	2047
2046	2048	-	-	-	-	-	-	2048
2047	2049	-	-	-	-	-	-	2049
2048	2050	-	-	-	-	-	-	2050
2049	2051	-	-	-	-	-	-	2051
2050	2052	-	-	-	-	-	-	2052
		-	-	-	-	-	-	

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT
FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE of ESTIMATED ASSESSED VALUATION

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Construction Year	Collection Year	Adjust to Assessor 2017 Actual / 2018 Estimated Valuation	Market Value of Residential Land	Estimated Land Assessment Ratio	LAND ASSESSED VALUATION	RESIDENTIAL ASSESSED VALUATION (See Page 6)	COMMERCIAL PROPERTY ASSESSED VALUATION 2%	STATE ASSD PROPERTY ASSESSED VALUATION	TOTAL ASSESSED VALUATION BONDS (To Page 4)	ADJUSTMENT FOR PROPERTIES ONLY INCLUDED IN BOND ASSESSED VALUE 2%	TOTAL ASSESSED VALUATION GENERAL FUND (To Page 3)	Collection Year
2016	2018	8,648,206	8,648,206	29.00%	2,507,980	10,156,320	1,424,800	96,640	14,185,740	1,416,560	12,769,180	2018
2017	2019	1	8,886,707	29.00%	2,577,145	10,204,608	1,424,800	96,640	14,303,193	1,416,560	12,886,633	2019
2018	2020	-	9,026,207	29.00%	2,617,600	10,580,420	1,453,296	96,640	14,747,956	1,416,560	13,331,396	2020
2019	2021	-	8,648,207	29.00%	2,507,980	10,852,580	1,453,296	96,640	14,910,496	1,444,891	13,465,605	2021
2020	2022	-	8,648,207	29.00%	2,507,980	11,069,632	1,482,362	96,640	15,156,614	1,444,891	13,711,722	2022
2021	2023	-	8,648,207	29.00%	2,507,980	11,069,632	1,482,362	96,640	15,156,614	1,473,789	13,682,824	2023
2022	2024	-	8,648,207	29.00%	2,507,980	11,291,024	1,512,009	96,640	15,407,653	1,473,789	13,933,864	2024
2023	2025	-	8,648,207	29.00%	2,507,980	11,291,024	1,512,009	96,640	15,407,653	1,503,265	13,904,389	2025
2024	2026	-	8,648,207	29.00%	2,507,980	11,516,845	1,542,249	96,640	15,663,714	1,503,265	14,160,449	2026
2025	2027	-	8,648,207	29.00%	2,507,980	11,516,845	1,542,249	96,640	15,663,714	1,533,330	14,130,384	2027
2026	2028	-	8,648,207	29.00%	2,507,980	11,747,182	1,573,094	96,640	15,924,896	1,533,330	14,391,566	2028
2027	2029	-	8,648,207	29.00%	2,507,980	11,747,182	1,573,094	96,640	15,924,896	1,563,997	14,360,899	2029
2028	2030	-	8,648,207	29.00%	2,507,980	11,982,125	1,604,556	96,640	16,191,301	1,563,997	14,627,305	2030
2029	2031	-	8,648,207	29.00%	2,507,980	11,982,125	1,604,556	96,640	16,191,301	1,595,277	14,596,025	2031
2030	2032	-	8,648,207	29.00%	2,507,980	12,221,768	1,636,647	96,640	16,463,035	1,595,277	14,867,758	2032
2031	2033	-	8,648,207	29.00%	2,507,980	12,221,768	1,636,647	96,640	16,463,035	1,627,182	14,835,853	2033
2032	2034	-	8,648,207	29.00%	2,507,980	12,466,203	1,669,380	96,640	16,740,203	1,627,182	15,113,021	2034
2033	2035	-	8,648,207	29.00%	2,507,980	12,466,203	1,669,380	96,640	16,740,203	1,659,726	15,080,478	2035
2034	2036	-	8,648,207	29.00%	2,507,980	12,715,527	1,702,768	96,640	17,022,915	1,659,726	15,363,189	2036
2035	2037	-	8,648,207	29.00%	2,507,980	12,715,527	1,702,768	96,640	17,022,915	1,692,920	15,329,995	2037
2036	2038	-	8,648,207	29.00%	2,507,980	12,969,838	1,736,823	96,640	17,311,281	1,692,920	15,618,361	2038
2037	2039	-	8,648,207	29.00%	2,507,980	12,969,838	1,736,823	96,640	17,311,281	1,726,779	15,584,502	2039
2038	2040	-	8,648,207	29.00%	2,507,980	13,229,234	1,771,560	96,640	17,605,414	1,726,779	15,878,635	2040
2039	2041	-	8,648,207	29.00%	2,507,980	13,229,234	1,771,560	96,640	17,605,414	1,761,314	15,844,100	2041
2040	2042	-	8,648,207	29.00%	2,507,980	13,493,819	1,806,991	96,640	17,905,430	1,761,314	16,144,116	2042
2041	2043	-	8,648,207	29.00%	2,507,980	13,493,819	1,806,991	96,640	17,905,430	1,796,541	16,108,889	2043
2042	2044	-	8,648,207	29.00%	2,507,980	13,763,695	1,843,131	96,640	18,211,446	1,796,541	16,414,906	2044
2043	2045	-	8,648,207	29.00%	2,507,980	13,763,695	1,843,131	96,640	18,211,446	1,832,471	16,378,975	2045
2044	2046	-	8,648,207	29.00%	2,507,980	14,038,969	1,879,993	96,640	18,523,583	1,832,471	16,691,111	2046
2045	2047	-	8,648,207	29.00%	2,507,980	14,038,969	1,879,993	96,640	18,523,583	1,869,121	16,654,462	2047
2046	2048	-	8,648,207	29.00%	2,507,980	14,319,749	1,917,593	96,640	18,841,962	1,906,503	16,935,459	2048
2047	2049	-	8,648,207	29.00%	2,507,980	14,319,749	1,917,593	96,640	18,841,962	1,944,633	16,897,329	2049
2048	2050	-	8,648,207	29.00%	2,507,980	14,606,144	1,955,945	96,640	19,166,709	1,983,526	17,183,183	2050
2049	2051	-	8,648,207	29.00%	2,507,980	14,606,144	1,955,945	96,640	19,166,709	2,023,197	17,143,512	2051
2050	2052	-	8,648,207	29.00%	2,507,980	14,898,267	1,995,064	96,640	19,497,951	2,063,660	17,434,290	2052
		8,648,207										

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE of ESTIMATED SERIES 2018 DEBT SERVICE REQUIREMENTS

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Series 2018 General Obligation Bond							
Dated: May 3, 2018				\$ 11,970,000			
Issued: May 3, 2018				Principal payments due on December 1			
Interest Rate: 5.250%							
Year	Principal	Coupon	Interest	Total 2018 Bond Debt Service	Reduce Debt Service By DS Reserve Fund	Net 2018 Bond Debt Service	Year
						(To Page 4)	
2018	25,000	4.875%	376,805	401,805	-	401,805	2018
2019	45,000	4.875%	650,944	695,944	-	695,944	2019
2020	70,000	4.875%	648,750	718,750	-	718,750	2020
2021	80,000	4.875%	645,338	725,338	-	725,338	2021
2022	95,000	4.875%	641,438	736,438	-	736,438	2022
2023	100,000	4.875%	636,806	736,806	-	736,806	2023
2024	115,000	4.875%	631,931	746,931	-	746,931	2024
2025	125,000	4.875%	626,325	751,325	-	751,325	2025
2026	140,000	4.875%	620,231	760,231	-	760,231	2026
2027	120,000	4.875%	613,406	733,406	-	733,406	2027
2028	140,000	**	607,556	747,556	-	747,556	2028
2029	145,000	5.500%	600,325	745,325	-	745,325	2029
2030	170,000	5.500%	592,350	762,350	-	762,350	2030
2031	175,000	5.500%	583,000	758,000	-	758,000	2031
2032	200,000	5.500%	573,375	773,375	-	773,375	2032
2033	210,000	5.500%	562,375	772,375	-	772,375	2033
2034	235,000	5.500%	550,825	785,825	-	785,825	2034
2035	250,000	5.500%	537,900	787,900	-	787,900	2035
2036	275,000	5.500%	524,150	799,150	-	799,150	2036
2037	290,000	5.500%	509,025	799,025	-	799,025	2037
2038	320,000	5.500%	493,075	813,075	-	813,075	2038
2039	335,000	5.500%	475,475	810,475	-	810,475	2039
2040	370,000	5.500%	457,050	827,050	-	827,050	2040
2041	390,000	5.500%	436,700	826,700	-	826,700	2041
2042	425,000	5.500%	415,250	840,250	-	840,250	2042
2043	450,000	5.500%	391,875	841,875	-	841,875	2043
2044	490,000	5.500%	367,125	857,125	-	857,125	2044
2045	515,000	5.500%	340,175	855,175	-	855,175	2045
2046	560,000	5.500%	311,850	871,850	-	871,850	2046
2047	590,000	5.500%	281,050	871,050	-	871,050	2047
2048	635,000	5.500%	248,600	883,600	-	883,600	2048
2049	670,000	5.500%	213,675	883,675	-	883,675	2049
2050	725,000	5.500%	176,825	901,825	-	901,825	2050
2051	765,000	5.500%	136,950	901,950	-	901,950	2051
2052	1,725,000	5.500%	94,875	1,819,875	(901,950)	917,925	2052
	11,970,000		16,573,405	28,543,405	(901,950)	27,641,455	

Uses of Funds	
Cash on hand 2006 Debt Service Reserve Fund	(1,241,463)
Cash on hand 2006 Principal and Interest Fund	(1,526)
Cash on hand Surplus Fund	(1,327,607)
Cash on hand CSAFE Debt Service Funds	(137,509)
Developer Prepaid Facility Fees	(250,200)
Refunding Escrow	13,247,080
Debt Service Reserve Fund	901,950
Cost of Issuance	539,875
Underwriter's Discount	239,400
	<u>11,970,000</u>

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

SCHEDULE OF ESTIMATED CAPITAL FACILITY FEES

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

CAPITAL FACILITY FEES					
Year	Completed Residential Units (See Page 6)	Facility Fees Due Fee per Unit \$6,255	Prepaid Facility Fees	Balance of Prepaid Facility Fees	Cash Flow to Pledged Revenue for Facility Fees (See Page 4)
2018	5	31,275	250,200	218,925	250,200
2019	6	37,530	-	181,395	-
2020	-	-	-	181,395	-
2021	-	-	-	181,395	-
2022	-	-	-	181,395	-
2023	-	-	-	181,395	-
2024	-	-	-	181,395	-
2025	-	-	-	181,395	-
2026	-	-	-	181,395	-
2027	-	-	-	181,395	-
2028	-	-	-	181,395	-
2029	-	-	-	181,395	-
2030	-	-	-	181,395	-
2031	-	-	-	181,395	-
2032	-	-	-	181,395	-
2033	-	-	-	181,395	-
2034	-	-	-	181,395	-
2035	-	-	-	181,395	-
2036	-	-	-	181,395	-
2037	-	-	-	181,395	-
2038	-	-	-	181,395	-
2039	-	-	-	181,395	-
2040	-	-	-	181,395	-
2041	-	-	-	181,395	-
2042	-	-	-	181,395	-
2043	-	-	-	181,395	-
2044	-	-	-	181,395	-
2045	-	-	-	181,395	-
2046	-	-	-	181,395	-
2047	-	-	-	181,395	-
2048	-	-	-	181,395	-
2049	-	-	-	181,395	-
	11	68,805			250,200

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

**GRANBY RANCH METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
APRIL 26, 2018**

NOTE 1) NATURE AND LIMITATION OF FORECAST

This forecast of financial information is for the purpose of a financial analysis of the proposed issuance of the Limited Tax General Obligation Refunding Bonds, Series 2018 (the "Bonds") of Granby Ranch Metropolitan District (the "District"), located in Grand County, Colorado. The forecast displays how the proposed Bonds will be repaid from the forecasted cash receipts and disbursements of the District under the following assumptions.

This financial forecast presents, to the best knowledge and belief of the Board of Directors of the District (collectively, "Management"), the District's expected cash position and results of cash receipts and disbursements for the forecast period for the General Fund and Debt Service Fund. Accordingly, the forecast reflects Management's judgment, as of April 26, 2018, the date of this forecast, of the expected conditions within the District and the District's expected course of action.

The assumptions disclosed herein are those that Management believes are significant to the forecast; however, they are not all-inclusive. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Certain assumptions are based on general environmental factors that are beyond any entity's ability to predict, such as the rate of inflation. Assumptions relating to market values of the residential property, and the build-out schedule of such property are particularly sensitive as they relate to the forecast. A small variation in these assumptions could have a large effect on the forecasted results. There is a high probability that the forecasted assessed values derived from these assumptions will vary from the actual future assessed values.

The forecast is expressed in terms of 2018 dollars, with adjustments for inflation. The market values of residential properties are forecasted to increase 2% compounded annually, starting in 2020, through build-out. After the residential properties are constructed, the market values of the constructed properties are added to the cumulative market value of developed properties. Such cumulative market values are forecasted to increase 2% biennially. General and administrative as well as operations and maintenance costs are inflated 1.0% per year starting in 2020.

The Indenture of Trust authorizing the issuance of the Bonds (the "Indenture") is discussed in this Summary of Significant Forecast Assumptions and Accounting Policies. Any reference to the Indenture herein is a summarization only. The full Indenture is available to the investors of the Bonds and will prevail in the event of a conflict between the Indenture and the forecast.

**GRANBY RANCH METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
APRIL 26, 2018**

NOTE 2) DEVELOPER

Property within the District is currently being developed by Granby Realty Holdings LLC, a Colorado limited liability company (the "Developer"). Certain members of Management are associated with or related to the Developer.

The Developer has prepared the residential construction schedule based upon their knowledge and experience in developing other residential properties. The residential construction schedule is an estimation of absorption and provides assumptions regarding market values for the planned residential development and was independently assessed by the King & Associates, Inc.

NOTE 3) BASIS OF ACCOUNTING

The basis of accounting for this forecast is the cash basis, which is a basis of accounting that is different from that required by the generally accepted accounting principles under which the District will prepare its financial statements.

NOTE 4) KING REPORT

The District retained King & Associates, Inc. to provide an independent evaluation of the market and financial factors regarding development projection as of April 10, 2018 (the "King Report"). The primary purpose of the King Report is to assess the parameters of the Development, including proposed land uses in light of area market trends in order to provide absorption and projected market value per residential unit for residential property within the Development. The assumptions used in the projection are consistent with those used in the King Report.

NOTE 5) PROPERTY TAXES

The primary source of revenue or cash receipts will be ad valorem property taxes. Property taxes are levied by the Board of Directors of the District. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is expressed in terms of mills. A mill is equal to 1/10 of one cent per dollar of assessed valuation. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year.

Pursuant to the Indenture, the District has covenanted to impose the Required Mill Levy each year of 50 mills (subject to adjustment for changes occurring in the method of calculating assessed valuation after November 1, 2016, being the date of the District's Service Plan), or such lesser mill levy which, when combined with other legally available moneys then in the Bond Fund, will permit the District to fully fund the Bond Fund for the next Bond Year and pay the Bonds as they come due. A statutory change in the method of calculating assessed value on residential property (discussed below) has occurred one time since November 1, 2016

**GRANBY RANCH METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
APRIL 26, 2018**

NOTE 5) PROPERTY TAXES (CONTINUED)

The debt mill levy cap for the repayment of debt shall not apply to the District's ability to increase its mill levy as necessary for provision of operation and maintenance services to its taxpayers and service users, but in no case should the total mill levy for debt service and operations exceed 60.000 mills, as adjusted. The District's ability to increase its operations mill levy without an election is constrained by statutory and constitutional limits.

The Gallagher Amendment to the Colorado Constitution states that residential assessed values Statewide must be approximately 45% of total assessed values. When the market values of residential property increase faster than the values of nonresidential property, the residential assessment ratio must decline to keep the 45 percent/55 percent ratio.

According to information prepared by the Colorado Legislative Council Staff, Economics Section, as set forth in the Focus Colorado: Economic and Revenue Forecast issued on December 20, 2017, the residential assessment ratio is forecasted to decline again in 2019 (for tax collection year 2020) to 6.11%. The forecasts of the Legislative Council Staff are estimates only, do not have the force of law, and may or may not occur as forecasted.

Land value for property platted and improved is forecasted to increase in value as such platting and completion of infrastructure occurs at 10% of the total estimated market value of the completed residence. The land value is subsequently reduced during the year in which the residence is expected to be completed. The assessment ratio for such platted and improved vacant lots is 29% until residential construction commences.

The property taxes resultant from the above mill levy and assessed valuation have been reduced for the County Treasurer's 5.0% fee for collection of the taxes.

The assessed valuation for the District is dependent upon the build-out schedule of the residential properties within the District. The forecasted development build-out schedule and conversion to assessed valuation is presented as a Schedule of Estimated Assessed Valuation. An adjustment to residential valuation has been made in collection year 2019 to reverse the values of partially completed residential units that are included in collection year 2018 assessed valuation. Such partially completed units are included at their full values in collection year 2019.

NOTE 6) SPECIFIC OWNERSHIP TAXES

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 5% of the net property taxes collected by both the General Fund and the Debt Service Fund.

NOTE 7) GENERAL AND ADMINISTRATIVE

General administrative costs include the services necessary to maintain the administrative viability of the District such as legal, management, accounting and audit, general engineering, insurance, banking, meeting expense, and other administrative and operational costs.

**GRANBY RANCH METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
APRIL 26, 2018**

NOTE 8) SOLVISTA FUNDING AGREEMENT

In 2006, the District and SolVista District entered into an Intergovernmental Funding Agreement that required the District to transfer a portion of the proceeds of the 2006 Bonds to the Developer and SolVista for past infrastructure costs and for other qualified costs. In exchange, SolVista District agreed to impose the SolVista Mill Levy, which is defined as 25 mills on the SolVista District net of annual operating costs, for the purpose of permitting the SolVista District to pursue dissolution in 2007. SolVista levies and transfers the net amount of the SolVista Mill Levy in each of the years 2005 to 2025 (for collection years 2006 to 2026).

NOTE 9) DEVELOPER CONTRIBUTION

Pursuant to an agreement between the District, Granby Realty Holdings, LLC, Headwaters Metropolitan District, and Granby Ranch Metropolitan District No. 8, Granby Realty Holdings agreed to a one time contribution of \$75,000 to the District for the payment of administrative and operational costs.

NOTE 10) DEBT SERVICE

The District anticipates issuing the Bonds on May 3, 2018, in the amount of \$11,970,000. The proceeds of the Bonds, together with other available funds, will be used to (i) refund all of the District's Limited Tax General Obligation Bonds, Series 2006 which are currently outstanding in the aggregate amount of \$12,880,000, (ii) fund a reserve fund for the Bonds, and (iii) pay the costs of issuing the Bonds.

The District assumes two term bonds will be issued. One term bond maturing on December 1, 2028 in the amount of \$990,000 bearing interest at 4.875% and another term bond in the amount of \$10,980,000 maturing on December 1, 2052 at the rate of 5.50%. Both term bonds are payable semi-annually on June 1, and December 1, beginning on December 1, 2018. The Bonds are secured by the Pledged Revenue defined as the moneys derived by the District from the following sources, net of any costs of collection: (i) the Required Mill Levy; (ii) the SolVista Tax Revenue; (iii) the portion of the Specific Ownership Tax which is collected as a result of the imposition of the Required Mill Levy; and (iv) any other legally available moneys which the District determines in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue.

Assumptions related to debt principal amounts, bond interest rates, Reserve Fund amounts and related interest thereon, and other related debt service costs for the proposed Bonds has been provided to Management by D.A. Davidson & Co., the underwriter of the proposed bond issuance of the District.

**GRANBY RANCH METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
APRIL 26, 2018**

NOTE 11) PROJECTION OF HYPOTHETICAL ASSUMPTIONS WITH GROWTH

For purposes of analyzing the repayment of the Bonds, the District projected cash receipts and disbursements of the District's Debt Service Fund (the General Fund is not included), as displayed on Pages A1 through A8, under the assumption that the remainder of the development will be completed from 2020 through 2048. The results of the analysis using these assumption are as follows:

- The Debt Service Fund Mill Levy is as high 44.825 mills and reduces gradually to 23.062 mills in 2052.
- The District generates an additional \$2,739,690 in system development fee revenue based on the construction of additional units. These revenues are not pledged to the Bonds.

This information should be read in connection with the accompanying Accountant's Report and forecast of financial information.

GRANBY RANCH METROPOLITAN DISTRICT
PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13
SUMMARY - DEBT SERVICE FUND
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Collection Year	Total Assessed Value Bond (See Page A6)	Mill Levy		Coverage Ratio		Cash Receipts				Total Cash Receipts	Cash Used in 2018 Refinancing	Net Debt Service on 2018 Bonds (See Page A7)	Total Cash Disbursements	Cash Balances		Collection Year		
		Debt Service Fund	Total	Coverage Ratio at expected mill levy	Coverage ratio at mill levy cap of 55.277	Net Property Taxes 95.00%	Specific Ownership Taxes 5.00%	SolVista Mill Levy Receipts	Capital Facility Fees					Annual Surplus Cash (Deficit)	Cumulative Surplus Cash Balances			
2017																		
2018	14,185,740	66.203	66.203			892,182	38,500	29,086	250,200	1,209,968	2,809,455	401,805	3,211,260	(2,001,292)	557,963	2,559,255	2018	
2019	14,303,193	27.465	64.534	60%	118%	373,198	18,660	29,086	-	420,944	-	695,944	695,944	(275,000)	282,963	-	2019	
2020	14,809,832	27.530	64.534	61%	118%	387,334	19,367	29,086	-	435,787	-	718,750	718,750	(282,963)	-	-	2020	
2021	15,571,472	44.825	64.534	100%	122%	663,096	33,155	29,086	-	725,337	-	725,337	725,337	-	-	-	2021	
2022	17,071,091	41.539	47.289	100%	132%	673,668	33,683	29,086	-	736,437	-	736,437	736,437	-	-	-	2022	
2023	18,383,018	38.595	44.345	100%	142%	674,019	33,701	29,086	-	736,806	-	736,806	736,806	-	-	-	2023	
2024	19,986,581	36.006	41.756	100%	151%	683,662	34,183	29,086	-	746,931	-	746,931	746,931	-	-	-	2024	
2025	21,291,610	34.006	39.756	100%	160%	687,846	34,392	29,086	-	751,325	-	751,325	751,325	-	-	-	2025	
2026	22,913,028	31.990	37.740	100%	170%	696,329	34,816	29,086	-	760,231	-	760,231	760,231	-	-	-	2026	
2027	23,868,702	30.804	36.554	100%	179%	698,482	34,924	-	-	733,406	-	733,406	733,406	-	-	-	2027	
2028	24,952,677	30.034	35.784	100%	184%	711,958	35,598	-	-	747,556	-	747,556	747,556	-	-	-	2028	
2029	25,414,232	29.401	35.151	100%	188%	709,833	35,492	-	-	745,325	-	745,325	745,325	-	-	-	2029	
2030	26,367,587	28.985	34.735	100%	191%	726,048	36,302	-	-	762,350	-	762,350	762,350	-	-	-	2030	
2031	26,836,913	28.315	34.065	100%	195%	721,905	36,095	-	-	758,000	-	758,000	758,000	-	-	-	2031	
2032	27,800,231	27.889	33.639	100%	198%	736,548	36,827	-	-	773,375	-	773,375	773,375	-	-	-	2032	
2033	28,239,435	27.419	33.169	100%	202%	735,595	36,780	-	-	772,375	-	772,375	772,375	-	-	-	2033	
2034	29,232,274	26.949	32.699	100%	205%	748,405	37,420	-	-	785,825	-	785,825	785,825	-	-	-	2034	
2035	29,689,222	26.605	32.355	100%	208%	750,381	37,519	-	-	787,900	-	787,900	787,900	-	-	-	2035	
2036	30,680,588	26.113	31.863	100%	212%	761,095	38,055	-	-	799,150	-	799,150	799,150	-	-	-	2036	
2037	31,019,049	25.824	31.574	100%	214%	760,976	38,049	-	-	799,025	-	799,025	799,025	-	-	-	2037	
2038	31,941,330	25.519	31.269	100%	217%	774,357	38,718	-	-	813,075	-	813,075	813,075	-	-	-	2038	
2039	32,262,946	25.184	30.934	100%	219%	771,881	38,594	-	-	810,475	-	810,475	810,475	-	-	-	2039	
2040	33,224,677	24.955	30.705	100%	222%	787,667	39,383	-	-	827,050	-	827,050	827,050	-	-	-	2040	
2041	33,502,796	24.737	30.487	100%	223%	787,333	39,367	-	-	826,700	-	826,700	826,700	-	-	-	2041	
2042	34,383,222	24.499	30.249	100%	226%	800,238	40,012	-	-	840,250	-	840,250	840,250	-	-	-	2042	
2043	34,606,509	24.388	30.138	100%	227%	801,786	40,089	-	-	841,875	-	841,875	841,875	-	-	-	2043	
2044	35,519,132	24.192	29.942	100%	228%	816,310	40,815	-	-	857,125	-	857,125	857,125	-	-	-	2044	
2045	35,751,440	23.980	29.730	100%	231%	814,452	40,723	-	-	855,175	-	855,175	855,175	-	-	-	2045	
2046	36,697,493	23.817	29.567	100%	232%	830,333	41,517	-	-	871,850	-	871,850	871,850	-	-	-	2046	
2047	36,939,186	23.640	29.390	100%	234%	829,571	41,479	-	-	871,050	-	871,050	871,050	-	-	-	2047	
2048	37,920,710	23.360	29.110	100%	237%	841,524	42,076	-	-	883,600	-	883,600	883,600	-	-	-	2048	
2049	38,183,585	23.201	28.951	100%	238%	841,595	42,080	-	-	883,675	-	883,675	883,675	-	-	-	2049	
2050	39,120,173	23.110	28.860	100%	239%	858,881	42,944	-	-	901,825	-	901,825	901,825	-	-	-	2050	
2051	39,120,173	23.114	28.864	100%	239%	859,000	42,950	-	-	901,950	-	901,950	901,950	-	-	-	2051	
2052	39,902,577	23.062	28.812	100%	240%	874,214	43,711	-	-	917,925	-	917,925	917,925	-	-	-	2052	
						26,081,702	1,297,976	261,774	250,200	27,891,653	2,809,455	27,641,453	30,450,908	(2,559,255)				

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT
PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13
SCHEDULE of ESTIMATED ASSESSED VALUATION
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

		Residential Development													
		Custom Single Family Homes			Filing 8			Filing 1B & 9			Filing 17 & 18				
Construction Year	Collection Year	Number of Residences	Est. Market Value per Residence \$630,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$367,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$375,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$300,000	Annual Value of New Residences	Collection Year	
Inflation compounded annually at		2.0%			2.0%			2.0%			2.0%				
2016	2018	-	-	-	-	-	-	-	-	-	-	-	-	2018	
2017	2019	-	630,000	-	-	-	-	-	375,000	-	-	-	-	2019	
2018	2020	2	630,000	1,260,000	-	367,000	-	3	375,000	1,125,000	-	300,000	-	2020	
2019	2021	8	642,600	5,140,800	1	374,340	374,340	3	382,500	1,147,500	-	306,000	-	2021	
2020	2022	6	655,452	3,932,712	1	381,827	381,827	6	390,150	2,340,900	20	312,120	6,242,400	2022	
2021	2023	6	668,561	4,011,366	1	389,463	389,463	6	397,953	2,387,718	22	318,362	7,003,973	2023	
2022	2024	7	681,932	4,773,526	1	397,253	397,253	4	405,912	1,623,648	20	324,730	6,494,593	2024	
2023	2025	7	695,571	4,868,996	1	405,198	405,198	2	414,030	828,061	20	331,224	6,624,485	2025	
2024	2026	8	709,482	5,675,859	1	413,302	413,302	2	422,311	844,622	20	337,849	6,756,975	2026	
2025	2027	8	723,672	5,789,376	1	421,568	421,568	2	430,757	861,514	18	344,606	6,202,903	2027	
2026	2028	8	738,145	5,905,163	1	429,999	429,999	2	439,372	878,745	-	-	-	2028	
2027	2029	8	752,908	6,023,267	1	438,599	438,599	2	448,160	896,319	-	-	-	2029	
2028	2030	8	767,966	6,143,732	1	447,371	447,371	2	457,123	914,246	-	-	-	2030	
2029	2031	8	783,326	6,266,607	1	456,318	456,318	2	466,265	932,531	-	-	-	2031	
2030	2032	8	798,992	6,391,939	1	465,445	465,445	1	475,591	475,591	-	-	-	2032	
2031	2033	8	814,972	6,519,777	1	474,754	474,754	-	-	-	-	-	-	2033	
2032	2034	8	831,272	6,650,173	1	484,249	484,249	-	-	-	-	-	-	2034	
2033	2035	8	847,897	6,783,176	1	493,934	493,934	-	-	-	-	-	-	2035	
2034	2036	8	864,855	6,918,840	1	503,812	503,812	-	-	-	-	-	-	2036	
2035	2037	6	882,152	5,292,913	1	513,889	513,889	-	-	-	-	-	-	2037	
2036	2038	5	899,795	4,498,976	1	524,166	524,166	-	-	-	-	-	-	2038	
2037	2039	5	917,791	4,588,955	1	534,650	534,650	-	-	-	-	-	-	2039	
2038	2040	5	936,147	4,680,734	1	545,343	545,343	-	-	-	-	-	-	2040	
2039	2041	5	954,870	4,774,349	1	556,250	556,250	-	-	-	-	-	-	2041	
2040	2042	3	973,967	2,921,902	1	567,375	567,375	-	-	-	-	-	-	2042	
2041	2043	3	993,447	2,980,340	1	578,722	578,722	-	-	-	-	-	-	2043	
2042	2044	3	1,013,315	3,039,946	1	590,296	590,296	-	-	-	-	-	-	2044	
2043	2045	3	1,033,582	3,100,745	1	602,102	602,102	-	-	-	-	-	-	2045	
2044	2046	3	1,054,253	3,162,760	1	614,144	614,144	-	-	-	-	-	-	2046	
2045	2047	3	1,075,338	3,226,015	1	626,427	626,427	-	-	-	-	-	-	2047	
2046	2048	3	1,096,845	3,290,536	1	638,956	638,956	-	-	-	-	-	-	2048	
2047	2049	3	1,118,782	3,356,346	1	651,735	651,735	-	-	-	-	-	-	2049	
2048	2050	3	1,141,158	3,423,473	2	664,770	1,329,539	-	-	-	-	-	-	2050	
2049	2051	-	-	-	-	-	-	-	-	-	-	-	-	2051	
2050	2052	-	-	-	-	-	-	-	-	-	-	-	-	2052	
		177	145,393,299		31	15,851,024		37	15,256,394		120	39,325,328			

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT
PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13
SCHEDULE of ESTIMATED ASSESSED VALUATION

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Construction Year	Collection Year	Filing 2B Enclave			Filing 5B Enclave			Total Number of Residential Units	Annual Value of New Residential Units	Adjust for Partially Completed Units	Est. Biennial Revaluation per State Statute @ 2.0%	Cumulative Market Value of Residential Units	Estimated Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION (To Page A6)	Collection Year
		Number of Residences	Est. Market Value per Residence \$470,000	Annual Value of New Residences	Number of Residences	Est. Market Value per Residence \$280,000	Annual Value of New Residences								
Inflation compounded annually at		2.0%			2.0%										
2016	2018	-	-	-	-	-	-	-	-	-	-	141,059,994	7.20%	10,156,320	2018
2017	2019	-	470,000	-	-	280,000	-	-	-	670,670	-	141,730,664	7.20%	10,204,608	2019
2018	2020	-	470,000	-	-	280,000	-	5	2,385,000	-	2,834,613	146,950,277	7.20%	10,580,420	2020
2019	2021	-	479,400	-	-	285,600	-	12	6,662,640	-	-	153,612,917	7.20%	11,060,130	2021
2020	2022	8	488,988	3,911,904	8	291,312	2,330,496	49	19,140,239	-	3,072,258	175,825,414	7.20%	12,659,430	2022
2021	2023	8	498,768	3,990,142	12	297,138	3,565,659	55	21,348,321	(57,318)	-	197,116,418	7.20%	14,192,382	2023
2022	2024	8	508,743	4,069,945	12	303,081	3,636,972	52	20,995,937	(56,372)	3,942,328	221,998,311	7.20%	15,983,878	2024
2023	2025	8	518,918	4,151,344	12	309,143	3,709,711	50	20,587,795	(55,276)	-	242,530,830	7.20%	17,462,220	2025
2024	2026	8	529,296	4,234,371	12	315,325	3,783,906	51	21,709,033	(58,286)	4,850,617	269,032,194	7.20%	19,370,318	2026
2025	2027	8	539,882	4,319,058	-	-	-	37	17,594,418	(47,239)	-	286,579,373	7.20%	20,633,715	2027
2026	2028	9	550,680	4,956,119	-	-	-	20	12,170,026	(32,675)	5,731,587	304,448,312	7.20%	21,920,278	2028
2027	2029	-	-	-	-	-	-	11	7,358,185	(19,756)	-	311,786,741	7.20%	22,448,645	2029
2028	2030	-	-	-	-	-	-	11	7,505,349	(20,151)	6,235,735	325,507,673	7.20%	23,436,552	2030
2029	2031	-	-	-	-	-	-	11	7,655,456	(20,554)	-	333,142,575	7.20%	23,986,265	2031
2030	2032	-	-	-	-	-	-	10	7,332,974	(19,688)	6,662,851	347,118,712	7.20%	24,992,547	2032
2031	2033	-	-	-	-	-	-	9	6,994,531	(18,779)	-	354,094,464	7.20%	25,494,801	2033
2032	2034	-	-	-	-	-	-	9	7,134,422	(19,155)	7,081,889	368,291,620	7.20%	26,516,997	2034
2033	2035	-	-	-	-	-	-	9	7,277,110	(19,538)	-	375,549,192	7.20%	27,039,542	2035
2034	2036	-	-	-	-	-	-	9	7,422,652	(19,929)	7,510,984	390,462,899	7.20%	28,113,329	2036
2035	2037	-	-	-	-	-	-	7	5,806,801	(15,591)	-	396,254,109	7.20%	28,530,296	2037
2036	2038	-	-	-	-	-	-	6	5,023,142	(13,487)	7,925,082	409,188,847	7.20%	29,461,597	2038
2037	2039	-	-	-	-	-	-	6	5,123,605	(13,756)	-	414,298,696	7.20%	29,829,506	2039
2038	2040	-	-	-	-	-	-	6	5,226,077	(14,031)	8,285,974	427,796,715	7.20%	30,801,364	2040
2039	2041	-	-	-	-	-	-	6	5,330,599	(14,312)	-	433,113,002	7.20%	31,184,136	2041
2040	2042	-	-	-	-	-	-	4	3,489,276	(9,368)	8,662,260	445,255,170	7.20%	32,058,372	2042
2041	2043	-	-	-	-	-	-	4	3,559,062	(9,556)	-	448,804,676	7.20%	32,313,937	2043
2042	2044	-	-	-	-	-	-	4	3,630,243	(9,747)	8,976,094	461,401,265	7.20%	33,220,891	2044
2043	2045	-	-	-	-	-	-	4	3,702,848	(9,942)	-	465,094,171	7.20%	33,486,780	2045
2044	2046	-	-	-	-	-	-	4	3,776,905	(10,141)	9,301,883	478,162,819	7.20%	34,427,723	2046
2045	2047	-	-	-	-	-	-	4	3,852,443	(10,343)	-	482,004,918	7.20%	34,704,354	2047
2046	2048	-	-	-	-	-	-	4	3,929,492	-	9,640,098	495,574,508	7.20%	35,681,365	2048
2047	2049	-	-	-	-	-	-	4	4,008,081	-	-	499,582,590	7.20%	35,969,946	2049
2048	2050	-	-	-	-	-	-	5	4,753,013	-	9,991,652	514,327,254	7.20%	37,031,562	2050
2049	2051	-	-	-	-	-	-	-	-	-	-	514,327,254	7.20%	37,031,562	2051
2050	2052	-	-	-	-	-	-	-	-	-	10,286,545	524,613,799	7.20%	37,772,194	2052
		57		29,632,883	56		17,026,744	478	262,485,673	75,681	120,992,452				

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT
PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13
SCHEDULE of ESTIMATED ASSESSED VALUATION
AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

		Platted and Improved Vacant Land												
		Custom Single Family Homes			Filing 8			Filing 1B & 9			Filing 17 & 18			
Construction Year	Collection Year	Improved Land \$630,000 10%	Less: Lots Used	Cumulative Actual Value	Improved Land \$367,000 10%	Less: Lots Used	Cumulative Actual Value	Improved Land \$375,000 10%	Less: Lots Used	Cumulative Actual Value	Improved Land \$300,000 10%	Less: Lots Used	Cumulative Actual Value	Collection Year
2016	2018	-	-	-	-	-	-	-	-	-	-	-	-	2018
2017	2019	126,000	-	126,000	-	-	-	112,500	-	112,500	-	-	-	2019
2018	2020	514,080	(126,000)	514,080	36,700	-	36,700	112,500	(112,500)	112,500	-	-	-	2020
2019	2021	393,271	(514,080)	393,271	36,700	(36,700)	36,700	225,000	(112,500)	225,000	600,000	-	600,000	2021
2020	2022	401,137	(393,271)	401,137	36,700	(36,700)	36,700	225,000	(225,000)	225,000	660,000	(600,000)	660,000	2022
2021	2023	477,353	(401,137)	477,353	36,700	(36,700)	36,700	150,000	(225,000)	150,000	600,000	(660,000)	600,000	2023
2022	2024	486,900	(477,353)	486,900	36,700	(36,700)	36,700	75,000	(150,000)	75,000	600,000	(600,000)	600,000	2024
2023	2025	567,586	(486,900)	567,586	36,700	(36,700)	36,700	75,000	(75,000)	75,000	600,000	(600,000)	600,000	2025
2024	2026	578,938	(567,586)	578,938	36,700	(36,700)	36,700	75,000	(75,000)	75,000	540,000	(600,000)	540,000	2026
2025	2027	590,516	(578,938)	590,516	36,700	(36,700)	36,700	75,000	(75,000)	75,000	-	(540,000)	-	2027
2026	2028	602,327	(590,516)	602,327	36,700	(36,700)	36,700	75,000	(75,000)	75,000	-	-	-	2028
2027	2029	614,373	(602,327)	614,373	36,700	(36,700)	36,700	75,000	(75,000)	75,000	-	-	-	2029
2028	2030	626,661	(614,373)	626,661	36,700	(36,700)	36,700	75,000	(75,000)	75,000	-	-	-	2030
2029	2031	639,194	(626,661)	639,194	36,700	(36,700)	36,700	37,500	(75,000)	37,500	-	-	-	2031
2030	2032	651,978	(639,194)	651,978	36,700	(36,700)	36,700	-	(37,500)	-	-	-	-	2032
2031	2033	665,017	(651,978)	665,017	36,700	(36,700)	36,700	-	-	-	-	-	-	2033
2032	2034	678,318	(665,017)	678,318	36,700	(36,700)	36,700	-	-	-	-	-	-	2034
2033	2035	691,884	(678,318)	691,884	36,700	(36,700)	36,700	-	-	-	-	-	-	2035
2034	2036	529,291	(691,884)	529,291	36,700	(36,700)	36,700	-	-	-	-	-	-	2036
2035	2037	449,898	(529,291)	449,898	36,700	(36,700)	36,700	-	-	-	-	-	-	2037
2036	2038	458,896	(449,898)	458,896	36,700	(36,700)	36,700	-	-	-	-	-	-	2038
2037	2039	468,073	(458,896)	468,073	36,700	(36,700)	36,700	-	-	-	-	-	-	2039
2038	2040	477,435	(468,073)	477,435	36,700	(36,700)	36,700	-	-	-	-	-	-	2040
2039	2041	292,190	(477,435)	292,190	36,700	(36,700)	36,700	-	-	-	-	-	-	2041
2040	2042	298,034	(292,190)	298,034	36,700	(36,700)	36,700	-	-	-	-	-	-	2042
2041	2043	303,995	(298,034)	303,995	36,700	(36,700)	36,700	-	-	-	-	-	-	2043
2042	2044	310,075	(303,995)	310,075	36,700	(36,700)	36,700	-	-	-	-	-	-	2044
2043	2045	316,276	(310,075)	316,276	36,700	(36,700)	36,700	-	-	-	-	-	-	2045
2044	2046	322,602	(316,276)	322,602	36,700	(36,700)	36,700	-	-	-	-	-	-	2046
2045	2047	329,054	(322,602)	329,054	36,700	(36,700)	36,700	-	-	-	-	-	-	2047
2046	2048	335,635	(329,054)	335,635	36,700	(36,700)	36,700	-	-	-	-	-	-	2048
2047	2049	342,347	(335,635)	342,347	73,400	(36,700)	73,400	-	-	-	-	-	-	2049
2048	2050	-	(342,347)	-	-	(73,400)	-	-	-	-	-	-	-	2050
2049	2051	-	-	-	-	-	-	-	-	-	-	-	-	2051
2050	2052	-	-	-	-	-	-	-	-	-	-	-	-	2052
		14,539,330	(14,539,330)		1,137,700	(1,137,700)		1,387,500	(1,387,500)		3,600,000	(3,600,000)		

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT
PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SCHEDULE of ESTIMATED ASSESSED VALUATION

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Construction Year	Collection Year	Filing 2B Enclave			Filing 5B Enclave			Collection Year
		Improved Land	Less: Lots Used	Cumulative Actual Value	Improved Land	Less: Lots Used	Cumulative Actual Value	
		\$470,000 10%			\$280,000 10%			
2016	2018	-	-	-	-	-	-	2018
2017	2019	-	-	-	-	-	-	2019
2018	2020	-	-	-	-	-	-	2020
2019	2021	376,000	-	376,000	224,000	-	224,000	2021
2020	2022	376,000	(376,000)	376,000	336,000	(224,000)	336,000	2022
2021	2023	376,000	(376,000)	376,000	336,000	(336,000)	336,000	2023
2022	2024	376,000	(376,000)	376,000	336,000	(336,000)	336,000	2024
2023	2025	376,000	(376,000)	376,000	336,000	(336,000)	336,000	2025
2024	2026	376,000	(376,000)	376,000	-	(336,000)	-	2026
2025	2027	423,000	(376,000)	423,000	-	-	-	2027
2026	2028	-	(423,000)	-	-	-	-	2028
2027	2029	-	-	-	-	-	-	2029
2028	2030	-	-	-	-	-	-	2030
2029	2031	-	-	-	-	-	-	2031
2030	2032	-	-	-	-	-	-	2032
2031	2033	-	-	-	-	-	-	2033
2032	2034	-	-	-	-	-	-	2034
2033	2035	-	-	-	-	-	-	2035
2034	2036	-	-	-	-	-	-	2036
2035	2037	-	-	-	-	-	-	2037
2036	2038	-	-	-	-	-	-	2038
2037	2039	-	-	-	-	-	-	2039
2038	2040	-	-	-	-	-	-	2040
2039	2041	-	-	-	-	-	-	2041
2040	2042	-	-	-	-	-	-	2042
2041	2043	-	-	-	-	-	-	2043
2042	2044	-	-	-	-	-	-	2044
2043	2045	-	-	-	-	-	-	2045
2044	2046	-	-	-	-	-	-	2046
2045	2047	-	-	-	-	-	-	2047
2046	2048	-	-	-	-	-	-	2048
2047	2049	-	-	-	-	-	-	2049
2048	2050	-	-	-	-	-	-	2050
2049	2051	-	-	-	-	-	-	2051
2050	2052	-	-	-	-	-	-	2052
		2,679,000	(2,679,000)		1,568,000	(1,568,000)		

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT
PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13
SCHEDULE of ESTIMATED ASSESSED VALUATION

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Construction Year	Collection Year	Adjust to Assessor 2017 Actual / 2018 Estimated Valuation	Market Value of Residential Land	Estimated Land Assessment Ratio	LAND ASSESSED VALUATION	RESIDENTIAL ASSESSED VALUATION (See Page A3)	COMMERCIAL PROPERTY ASSESSED VALUATION 2%	STATE ASSD PROPERTY ASSESSED VALUATION 2%	TOTAL ASSESSED VALUATION BONDS (To Page A1)	ADJUSTMENT FOR PROPERTIES ONLY INCLUDED IN BOND ASSESSED VALUE 2%	TOTAL ASSESSED VALUATION GENERAL FUND	Collection Year
2016	2018	8,648,206	8,648,206	29.00%	2,507,980	10,156,320	1,424,800	96,640	14,185,740	1,416,560	12,769,180	2018
2017	2019	-	8,886,706	29.00%	2,577,145	10,204,608	1,424,800	96,640	14,303,193	1,416,560	12,886,633	2019
2018	2020	(78,580)	9,232,906	29.00%	2,677,543	10,580,420	1,453,296	98,573	14,809,832	1,416,560	13,393,272	2020
2019	2021	(219,517)	10,205,080	29.00%	2,959,473	11,060,130	1,453,296	98,573	15,571,472	1,444,891	14,126,581	2021
2020	2022	(630,620)	9,754,326	29.00%	2,828,755	12,659,430	1,482,362	100,544	17,071,091	1,444,891	15,626,199	2022
2021	2023	(703,371)	8,992,171	29.00%	2,607,730	14,192,382	1,482,362	100,544	18,383,018	1,473,789	16,909,229	2023
2022	2024	(691,760)	8,234,958	29.00%	2,388,138	15,983,878	1,512,009	102,555	19,986,581	1,473,789	18,512,792	2024
2023	2025	(678,313)	7,637,331	29.00%	2,214,826	17,462,220	1,512,009	102,555	21,291,610	1,503,265	19,788,345	2025
2024	2026	(715,255)	6,537,428	29.00%	1,895,854	19,370,318	1,542,249	104,606	22,913,028	1,503,265	21,409,763	2026
2025	2027	(579,689)	5,476,317	29.00%	1,588,132	20,633,715	1,542,249	104,606	23,868,702	1,533,330	22,335,372	2027
2026	2028	(400,970)	4,664,158	29.00%	1,352,606	21,920,278	1,573,094	106,698	24,952,677	1,533,330	23,419,347	2028
2027	2029	(242,433)	4,433,771	29.00%	1,285,794	22,448,645	1,573,094	106,698	25,414,232	1,563,997	23,850,235	2029
2028	2030	(247,281)	4,198,778	29.00%	1,217,646	23,436,552	1,604,556	108,832	26,367,587	1,563,997	24,803,590	2030
2029	2031	(252,227)	3,921,584	29.00%	1,137,259	23,986,265	1,604,556	108,832	26,836,913	1,595,277	25,241,637	2031
2030	2032	(241,602)	3,655,266	29.00%	1,060,027	24,992,547	1,636,647	111,009	27,800,231	1,595,277	26,204,954	2032
2031	2033	(230,451)	3,437,854	29.00%	996,978	25,494,801	1,636,647	111,009	28,239,435	1,627,182	26,612,253	2033
2032	2034	(235,060)	3,216,095	29.00%	932,668	26,516,997	1,669,380	113,229	29,232,274	1,627,182	27,605,091	2034
2033	2035	(239,761)	2,989,900	29.00%	867,071	27,039,542	1,669,380	113,229	29,689,222	1,659,726	28,029,496	2035
2034	2036	(244,557)	2,582,750	29.00%	748,998	28,113,329	1,702,768	115,494	30,680,588	1,659,726	29,020,862	2036
2035	2037	(191,319)	2,312,038	29.00%	670,491	28,530,296	1,702,768	115,494	31,019,049	1,692,920	29,326,128	2037
2036	2038	(165,499)	2,155,537	29.00%	625,106	29,461,597	1,736,823	117,804	31,941,330	1,692,920	30,248,409	2038
2037	2039	(168,809)	1,995,906	29.00%	578,813	29,829,506	1,736,823	117,804	32,262,946	1,726,779	30,536,167	2039
2038	2040	(172,185)	1,833,082	29.00%	531,594	30,801,364	1,771,560	120,160	33,224,677	1,726,779	31,497,898	2040
2039	2041	(175,629)	1,472,208	29.00%	426,940	31,184,136	1,771,560	120,160	33,502,796	1,761,314	31,741,482	2041
2040	2042	(114,962)	1,363,090	29.00%	395,296	32,058,372	1,806,991	122,563	34,383,222	1,761,314	32,621,908	2042
2041	2043	(117,262)	1,251,789	29.00%	363,019	32,313,937	1,806,991	122,563	34,606,509	1,796,541	32,809,969	2043
2042	2044	(119,607)	1,138,262	29.00%	330,096	33,220,891	1,843,131	125,014	35,519,132	1,796,541	33,722,591	2044
2043	2045	(121,999)	1,022,464	29.00%	296,515	33,486,780	1,843,131	125,014	35,751,440	1,832,471	33,918,968	2045
2044	2046	(124,439)	904,351	29.00%	262,262	34,427,723	1,879,993	127,514	36,697,493	1,832,471	34,865,021	2046
2045	2047	(126,928)	783,875	29.00%	227,324	34,704,354	1,879,993	127,514	36,939,186	1,869,121	35,070,065	2047
2046	2048	(129,466)	660,990	29.00%	191,687	35,681,365	1,917,593	130,065	37,920,710	1,869,121	36,051,589	2048
2047	2049	(132,056)	572,346	29.00%	165,980	35,969,946	1,917,593	130,065	38,183,585	1,906,503	36,277,081	2049
2048	2050	(156,599)	-	29.00%	-	37,031,562	1,955,945	132,666	39,120,173	1,906,503	37,213,670	2050
2049	2051	-	-	29.00%	-	37,031,562	1,955,945	132,666	39,120,173	1,944,633	37,175,540	2051
2050	2052	-	-	29.00%	-	37,772,194	1,995,064	135,319	39,902,577	1,944,633	37,957,944	2052
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This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report

GRANBY RANCH METROPOLITAN DISTRICT
PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
GENERAL AND DEBT SERVICE FUNDS ONLY
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13
SCHEDULE of ESTIMATED SERIES 2018 DEBT SERVICE REQUIREMENTS

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Series 2018 General Obligation Bond							
Dated:		May 3, 2018		\$ 11,970,000			
Issued:		May 3, 2018		Principal payments due on December 1			
Interest Rate:		5.250%					
Year	Principal	Coupon	Interest	Total 2018 Bond Debt Service	Reduce Debt Service By DS Reserve Fund	Net 2018 Bond Debt Service	Year
						(To Page A1)	
2018	25,000	4.875%	376,805	401,805	-	401,805	2018
2019	45,000	4.875%	650,944	695,944	-	695,944	2019
2020	70,000	4.875%	648,750	718,750	-	718,750	2020
2021	80,000	4.875%	645,337	725,337	-	725,337	2021
2022	95,000	4.875%	641,437	736,437	-	736,437	2022
2023	100,000	4.875%	636,806	736,806	-	736,806	2023
2024	115,000	4.875%	631,931	746,931	-	746,931	2024
2025	125,000	4.875%	626,325	751,325	-	751,325	2025
2026	140,000	4.875%	620,231	760,231	-	760,231	2026
2027	120,000	4.875%	613,406	733,406	-	733,406	2027
2028	140,000 **		607,556	747,556	-	747,556	2028
2029	145,000	5.500%	600,325	745,325	-	745,325	2029
2030	170,000	5.500%	592,350	762,350	-	762,350	2030
2031	175,000	5.500%	583,000	758,000	-	758,000	2031
2032	200,000	5.500%	573,375	773,375	-	773,375	2032
2033	210,000	5.500%	562,375	772,375	-	772,375	2033
2034	235,000	5.500%	550,825	785,825	-	785,825	2034
2035	250,000	5.500%	537,900	787,900	-	787,900	2035
2036	275,000	5.500%	524,150	799,150	-	799,150	2036
2037	290,000	5.500%	509,025	799,025	-	799,025	2037
2038	320,000	5.500%	493,075	813,075	-	813,075	2038
2039	335,000	5.500%	475,475	810,475	-	810,475	2039
2040	370,000	5.500%	457,050	827,050	-	827,050	2040
2041	390,000	5.500%	436,700	826,700	-	826,700	2041
2042	425,000	5.500%	415,250	840,250	-	840,250	2042
2043	450,000	5.500%	391,875	841,875	-	841,875	2043
2044	490,000	5.500%	367,125	857,125	-	857,125	2044
2045	515,000	5.500%	340,175	855,175	-	855,175	2045
2046	560,000	5.500%	311,850	871,850	-	871,850	2046
2047	590,000	5.500%	281,050	871,050	-	871,050	2047
2048	635,000	5.500%	248,600	883,600	-	883,600	2048
2049	670,000	5.500%	213,675	883,675	-	883,675	2049
2050	725,000	5.500%	176,825	901,825	-	901,825	2050
2051	765,000	5.500%	136,950	901,950	-	901,950	2051
2052	1,725,000	5.500%	94,875	1,819,875	(901,950)	917,925	2052
	11,970,000		16,573,403	28,543,403	(901,950)	27,641,453	

Uses of Funds	
Cash on hand 2006 Debt Service Reserve Fund	(1,241,463)
Cash on hand 2006 Principal and Interest Fund	(1,526)
Cash on hand Surplus Fund	(1,327,607)
Cash on hand CSAFE Debt Service Funds	(137,509)
Developer Prepaid Facility Fees	(250,200)
Refunding Escrow	13,247,080
Debt Service Reserve Fund	901,950
Cost of Issuance	539,875
Underwriter's Discount	239,400
	<u>11,970,000</u>

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

GRANBY RANCH METROPOLITAN DISTRICT

PROJECTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

GENERAL AND DEBT SERVICE FUNDS ONLY

UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SCHEDULE OF ESTIMATED CAPITAL FACILITY FEES

AS OF DECEMBER 31, 2017, AND FOR THE CALENDAR YEARS ENDING THROUGH 2052

Year	CAPITAL FACILITY FEES				
	Completed Residential Units (See Page A3)	Facility Fees Due Fee per Unit \$6,255	Prepaid Facility Fees	Balance of Prepaid Facility Fees	Cash Flow to Pledged Revenue for Facility Fees (See Page A1)
2018	5	31,275	250,200	218,925	250,200
2019	12	75,060	-	143,865	-
2020	49	306,495	-	-	-
2021	55	344,025	-	-	-
2022	52	325,260	-	-	-
2023	50	312,750	-	-	-
2024	51	319,005	-	-	-
2025	37	231,435	-	-	-
2026	20	125,100	-	-	-
2027	11	68,805	-	-	-
2028	11	68,805	-	-	-
2029	11	68,805	-	-	-
2030	10	62,550	-	-	-
2031	9	56,295	-	-	-
2032	9	56,295	-	-	-
2033	9	56,295	-	-	-
2034	9	56,295	-	-	-
2035	7	43,785	-	-	-
2036	6	37,530	-	-	-
2037	6	37,530	-	-	-
2038	6	37,530	-	-	-
2039	6	37,530	-	-	-
2040	4	25,020	-	-	-
2041	4	25,020	-	-	-
2042	4	25,020	-	-	-
2043	4	25,020	-	-	-
2044	4	25,020	-	-	-
2045	4	25,020	-	-	-
2046	4	25,020	-	-	-
2047	4	25,020	-	-	-
2048	5	31,275	-	-	-
2049	-	-	-	-	-
	478	2,989,890			250,200

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.