COUNTY OF ELBERT

COMMUNITY & DEVELOPMENT SERVICES OFFICE
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ADDENDUM TO JUNE 16, 2017 STAFF REPORT DOCUMENT

Date: June 21, 2017
For the Elbert County Planning Commission meeting of June 27, 2017

TO: **ELBERT COUNTY PLANNING COMMISSION**

FROM: **VINCE HOOPER, PMP (BASELINE CORPORATION)**
THRU: VINCE HARRIS, AICP & ETHAN WATEL, AICP (BASELINE CORPORATION)
APPROVED: KYLE FENNER, DIRECTOR OF CDS

RE: **INDEPENDENCE SPECIAL DISTRICTS SERVICE PLANS -**
Case # SR-17-0020 THE INDEPENDENCE WATER & SANITATION DISTRICT;
Case # SR-17-0021, THE INDEPENDENCE OVERLAY METROPOLITAN DISTRICT;
Case # SR-17-0022, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 1;
Case # SR-17-0023, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 2;
Case # SR-17-0024, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 3;
Case # SR-17-0025, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 4

A REQUEST TO APPROVE THE 6 SPECIAL DISTRICT SERVICE PLANS FOR THE INDEPENDENCE WATER & SANITATION SPECIAL DISTRICT; THE INDEPENDENCE OVERLAY METROPOLITAN DISTRICT; AND INDEPENDENCE METROPOLITAN DISTRICTS NO. 1, NO. 2, NO. 3, and NO. 4 LOCATED IN SECTIONS 14 & 15, TOWNSHIP 7 SOUTH, RANGE 65 WEST OF THE 6TH P.M. IN ELBERT COUNTY.

APPLICANTS: Craft Bandera Acquisition Company, LLC (Property Owned by Bluegreen Investments LLC)

REPRESENTATIVE: Tim Craft, Craft Bandera Acquisition Company, LLC

FINANCE PLAN REVIEW

As indicated Anderson Analytics, LLC has been retained to review, analyze and comment on the financing, development phasing, buildout assumptions and market study prepared to support the buildout projections and general master plan and infrastructure plans for the Independence development. As indicated earlier in the June 16, 2017 staff report, the Anderson Analytics, LLC report has been received and is provided as an attachment to this addendum for review and consideration.

A Special District review is not a traditional land use review, but is a financial and allowance review to accommodate/allow the creation of a new quasi-governmental entity in the County. Therefore, considerations of the proposed ‘Service Plans’ do need to be considered and decided upon by the Board of County Commissioners. It is ultimately the Board’s (BOCC) decision to accommodate the request as submitted with one of the following options:

a.) Disapprove the service plan submitted:

b.) Approve, without condition or modification, the service plan submitted:

c.) Conditionally approve the service plan subject to the submission of additional information relating to, or modification of, the proposed Service Plan.

The following are key items of consideration that Planning Commission and ultimately the Board of County Commissioners (BOCC) should consider, understand, and address in the evaluation of the proposed service plans. A decision of this kind is significant and long lasting. In today’s world of development options it is a common development financing strategy that is practiced often throughout the State.

The following and attached information is intended to serve as a guide of topics to the Planning Commission and the Board of County Commissioners to consider when reviewing this request. In addition, the applicant will be addressing these topics at the Planning Commission meeting with their additional information for consideration as they will want to explain their perspective on the County analysis of the proposed Service Plans.

On pages 5 thru 8 of the Anderson Analytics, LLC report is the Summary of Findings that include 10 findings (plus one summary note) of the financial evaluation/analysis of the submitted and proposed financing plans for the Independence Districts. Following are the topics of the findings in the attached analysis;

1. Total of 80 mills proposed for the 6 new Special Districts within Independence.
2. Comparison of proposed mills to the average mills for existing Special Districts in Elbert County.
3. Market implications.
4. Proposed combined total property tax levy.

5. Pricing and demand for homes in Independence.
6. Overlay District proposed to handle usual HOA responsibilities.
7. Relationship between the approved mill levy for the districts and the amount of bonded debt.
8. New residential assessment rate related to the Gallagher Amendment.
9. Financing Assumptions.
10. Assumption on assessed values.

Also included in the Anderson Analytics, LLC report is an analysis, evaluations, and comparisons that are relevant and appropriate to better understand the proposed District Plans and its assumptions.

<u>Summary:</u>

In the previous Staff Report for the Special Districts analysis, dated June 16, 2017, was a memorandum from special legal counsel at White Bear Ankele Tanaka & Waldron, Attorneys at Law indicating that the form and content of the submitted and proposed Service Plans follow the General Statutory Requirements of the Colorado Revised Statutes §32-1-202(2) and the County Regulations. In addition, it is indicated that proposed findings in the format contemplated by the statutes will be presented to the Board of County Commissioners for consideration at their hearing when they contemplate review and consideration of the Service Plans. Such findings will be created for the BOCC as a staff recommendation in the BOCC packet for their potential inclusion in a final decision.

We also now have the attached Financial Plan evaluation for consideration. Planning Commission should look over the staff report, this addendum, the attached financial review, and conduct its hearing with input from staff, the applicant and any testimony provided on the topic. Once having done this, the Planning Commission can weigh in on the topics and formulate their recommendation to the Board of County Commissioners. The Planning Commission should include their Findings and Recommendations on the proposed Service Plans.

Following is a format that can be used as a reference for the Planning Commission to add Findings and potential Conditions in their recommendation to the BOCC once you complete your review and are ready for a motion.

FINDINGS & RECOMMENDATION

Special District Service Plans

Because this application appears to (*meet/not meet*) the Standards For Approval as set forth in the Colorado Revised Statutes §32-1-202(2) and Part II, Section 26 of the Elbert County Regulations the **recommendation of the ELBERT COUNTY PLANNING COMMISSION** is to recommend **APPROVAL/DENIAL with CONDITIONS *(if desired)* of the SERVICE PLANS for:**

Case # SR-17-0020 THE INDEPENDENCE WATER & SANITATION DISTRICT;
Case # SR-17-0021, THE INDEPENDENCE OVERLAY METROPOLITAN DISTRICT;
Case # SR-17-0022, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 1;
Case # SR-17-0023, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 2;
Case # SR-17-0024, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 3;
Case # SR-17-0025, THE INDEPENDENCE METROPOLITAN DISTRICT NO. 4

With the following FINDINGS of fact;

1. .
2. .
3. .
4. .

And, That the Elbert County Planning Commission hereby recommends **INCLUSION OF THE FOLLOWING CONDITIONS:**

1. .
2. .
3. .
4. .

ATTACHMENT B – Anderson Analytics, LLC Report

ANDERSON ANALYTICS

REVIEW OF FINANCING PLANS FOR INDEPENDENCE METROPOLITAN DISTRICTS 1-4, OVERLAY METROPOLITAN DISTRICT, AND WATER & SANITATION DISTRICT (UPDATED)

Prepared for:
Elbert County Community & Development Services
June 19, 2017

ANDERSON ANALYTICS, LLC
1516 N. Nevada Ave.
Colorado Springs Colorado 80907
andersonanalyticsCO.com
(719) 332-2125

GENERAL LIMITING CONDITIONS

This report contains information believed to be reliable. No responsibility, however, is assumed for inaccuracies in reporting by any source. Market and economic conditions can change very rapidly. The data and conclusions contained in this report are valid for a short period of time following their publication. Caution should be used in relying on any information contained herein to make important decisions without verifying current market and economic conditions. The forecasts contained in this report represent a reasonable estimate of likely future activity. They are, however, subject to a variety of uncertainties. Consequently, anyone using them should realize their limitations and perform their own independent analysis of the assumptions contained herein. None of the material contained in this report may be used in any type of prospectus for any type of securities offering without prior written authorization.

Purpose

This report presents findings resulting from our review and analysis of the Financing Plans contained in the service plans submitted for the following six proposed districts: Independence Metropolitan Districts 1-4; Independence Overlay Metropolitan District; and the Independence Water & Sanitation District. All of these proposed Districts overlap the proposed Independence project. The applicant for the proposed Districts is Craft Bandera Acquisition Company.

The proposed service plans for the Independence Metropolitan Districts 1-4 proposes a cap on total bonded debt of $41,840,000. The Financing Plan for the Independence Water & Sanitation District proposes bonded debt of $24,920,000.

The Project includes a total of 430 acres situated immediately north of CR 158/Hilltop Road in Elbert County. It is located 7 miles northwest of Elizabeth and 8 miles southeast of Parker. It is proposed to include 920 single family residential lots, 18 acres of spinal roads, a 14.7 – 24.7 acre school site, and 2 acres dedicated to the Elizabeth Fire Protection District.

Approach

The review of the proposed financing Plans for the six proposed districts included the following steps:

- Review of draft service plans and market study prepared to support the projected build-out and absorption of the Project.

- Review and evaluation of the development phasing and build-out assumptions/projections used in the preparation of projected assessed valuation, property tax, specific ownership, and other taxes/fees proposed for use in the Financing Plans to pay proposed bonded indebtedness and operations & maintenance expenses of the Districts.

- Analysis of the proposed debt structure in the Financing Plans. Evaluation of the appropriateness and level of risk to bondholders; property owners; and Elbert County that may result from the proposed debt structure.

- Preparation of spreadsheet models to replicate the projections of assessed valuation, tax and fee revenue, and projected debt service schedules for the proposed bonded debt in the Financing Plans.

- Compare the key financing assumptions used in the preparation of the Financing Plans to current market conditions and industry norms including: inflation; coupon interest rates; issuance expenses; underwriters discount; and debt service reserves.

- Examine the cumulative property tax mill levy load on the proposed Independence project and compare to cumulative total mill levies on competitive developments in the area.

Summary of Findings

Following is a summary of the key findings of our review/analysis of the Financing Plans for the six proposed Districts:

- The five Metropolitan Districts are proposed to have the authority to levy a combined total of 80 mills. Of that total, 55 mills are proposed to pay bonded debt, 10 mills for operation and maintenance costs of the four debt districts, and 15 mills for an "overlay" district that will assume the responsibilities and maintenance functions of a homeowner's association.

- Including the 80 mills for the proposed metropolitan Districts, the combined total mill levy for Independence will be at approximately 162.625 mills including the proposed district levies. That combined levy would be very high in Elbert County and among the highest for active residential districts anywhere along the entire Colorado Front Range. The total tax levy proposed for Independence would be twice the Elbert County average of 81.739. There are five areas in Elbert County having total tax levies in the 130 – 143 mill range (all within metropolitan districts), but the assessed valuation of the property in those districts currently comprise just 8.1 percent of the total assessed valuation in the County.

- Very high tax levies for special districts have market implications for the proposed Project as well as policy and fiscal implications for local governments. These implications are generally two-fold: 1. High tax levies can impact the marketability and affordability of homes in the proposed districts; and 2. Approval of very high levies for a particular project are likely to serve as de-facto policy by the City/County and make it hard to turn down similarly high levies proposed for other new districts in the future. These increases in district mill levies, if widespread, can make it more difficult for other local governmental entities (e.g. school district, County, Fire District, etc.) to obtain voter approval of tax increases in the future due to a crowding-out effect.

- The proposed combined total property tax levy (all taxing entities combined) for Independence is 25.6% higher than the current average combined levies in each of the seven existing competitive projects that the market study identified (Springs Valley Ranch, Meridian Village, Sierra Ridge, Idyllwilde, The Meadows, Crystal Valley, Cobblestone Ranch). Taxes on a $400,000 home in Independence would run about $80/month more than in the competing developments, on average. That difference would translate into an additional $3,400/yr of income necessary to qualify for a mortgage.

- When considering only property taxes, the higher property taxes proposed for Independence could be significant enough to have an unfavorable impact on pricing and demand for homes in Independence. However, most of this difference is eliminated when HOA fees are added. The applicant reports that Independence will not have any HOA fees. The seven competing developments have average fees of just over $66/month, HOA fees in Independence would $0. The combined taxes and HOA fees on a $400,000 home in Independence would run only about $13 more per month than in the competing developments, on average. That difference would be fairly insignificant and translate into just $572/yr of additional income necessary to qualify for a mortgage in Independence when compared to competing projects.

- In lieu of an HOA, the Independence Overlay Metropolitan District is proposed to be used to fulfill most of the functions of an HOA. **The 15 mills proposed for that District is effectively intended to replace the cost of HOA fees.** This approach would have some benefits to homeowners in that the property tax is currently deductible from Federal and state income taxes. Additionally, the property tax is capped at 15 mills, whereas, HOA fees sometimes can be increased unilaterally. However, this approach does shift to a Metropolitan district the costs and functions that have traditionally (at least in the Douglas/Elbert County markets) been within the realm and responsibility of homeowner associations and HOA fees. HOA fees are effectively swapped for a property tax. Given the implications of very high combined total mill levies for local governments, this is a policy matter for the County to consider.

- To demonstrate the relationship between the approved mill levy for the districts and the amount of bonded debt that can be supported, several sensitivity analyses were prepared. For example, if the 80 mills being proposed for the districts were lowered to 55 mills, the combined total levy would be about 138 mills which would be consistent with the combined levies found in competing developments. However, after subtracting out the proposed mill levies for maintenance and operations, only 35 mills would be available for debt. But, the total bonded debt that could be supported would fall from the $41.84 million being requested in the service plans, to a total of only about $25.2 million being supportable by the projected revenue streams (this also includes the assumption the res assessment ratio is corrected to 7.2% as explained below).

- The submitted financing plans assume the old residential assessment ratio of 7.96%. The ratio has recently been lowered by the state Board of Equalization to 7.2% due to the Gallagher Amendment. This roughly 10% reduction in the assessment ratio means that all of the property tax revenue calculations contained in the proposed Finance Plans are overstated by that same amount. The result is a commensurate (about $2.6 million) reduction in the amount of bonded debt the Project can support.

- All of the financing assumptions (coupon interest rates, debt service reserve amounts, underwriter's discount, and issuance expenses) were evaluated. While the assumptions for underwriter's discount and issuance expenses are reasonable, the assumed coupon interest rates for the metro district bonds and the assumed debt service reserve amounts appear to be a bit aggressive.

- Similarly, the finance plans for the metro districts assume a 2% increase in assessed values every two years due to reassessment. This assumption is reasonable and matches current practice in the industry. But, the Finance Plans also assume that the average sales price of homes in Independence will increase by 4.5%/yr in each of the next 10 years. While realistic today, that assumption may be overly ambitious over a 10-year period. Again, while this assumption does not appear to be very important on the surface, the compounding effect of this assumed inflation in housing prices is quite large in its impact on the projections of property tax revenue and ultimately the amount of bonded debt that can be supported and justified in the Service Plans.

- In sum, the residential assessment ratio correction should be made to the Finance Plans (which lowers the amount of debt that can be supported). Additionally, the County may want to consider the potential policy and fiscal implications of approving the metro district mill levy cap at such a high level. An additional policy consideration is the proposed shift of homeowner association responsibilities, typically funded by HOA fees, to a metropolitan district and funded via a higher district mill levy.

Review of Market Analysis in Support of Projected Build-Out/Absorption of the Project

In accordance with the County's Special District Regulations, a detailed market analysis was submitted by the applicant to support the projected build-out and absorption of the Project. The market analysis was prepared in October 2015 by John Burns Real Estate Consulting. The analysis is quite comprehensive and thorough. It includes an overview of the Denver MSA housing market, a location analysis, economic & demographics overview; an assessment of demand and future supply; and projected absorption and build-out of the Project.

It should be noted that the market analysis was based upon a revised master plan that allowed for up to 1,250 residential units on lots ranging from 4,500 sq ft to 1.0 acre. That plan differs somewhat from the current master plan upon which the proposed District Financing Plans were prepared which assume a total of 920 dwelling units. The current plan excludes the duplex units and most of the estate lots that had been included in the revised version of the master plan upon which the market analysis was based.

The market analysis concludes that the Project could capture between 1.0% to 1.5% of annual new homes sales in the Denver metro area over the next 9 years. That would translate into the opportunity for 75 to 180 sales per year. The study further projects annual absorption of the Project at about 139 units/year. The proposed District Financing Plans include the assumption that a total of 920 units will be absorbed between 2019 and 2028 with annual average absorption at 92 units. The assumed absorption used in the District Financing Plans are consistent with the market study and appear to be reasonable given current and projected market conditions.

Property taxes, and HOA fees, influence home prices and can impact the demand for housing in a project if they are substantially higher than competing projects. The John Burns market analysis clearly states that it had assumed the property taxes in Independence would be generally competitive and in the same range as those for competing developments. Specifically, the market analysis assumed the proposed metro districts would have a combined property tax levy of 55 mills. That would result in a total tax rate of about 137 mills in Independence when taxes for all the other local governmental entities (school district, County, fire district, etc.) are included.

The analysis concluded that combined total tax rate for Independence would be competitive with those of other projects in the competitive market that they identified as being the following seven projects:

Meridian Village (Parker)
Sierra Ridge (Parker)
Idyllwilde (Parker)
The Meadows (Castle Rock)
Crystal Valley (Castle Rock)
Cobblestone Ranch (Castle Rock)
Spring Valley Ranch (Elbert County)

The John Burns study specifically caveats its analysis and recommendations by stating that "Differences in property taxes and HOA fees will influence the results of this analysis". This statement is repeated several times in their market analysis report.

In sum, the approach, analysis and findings of the John Burns study appear to be reasonable and consistent with current and anticipated market conditions.

Mill Levies for the Proposed Metropolitan Districts

As described above, the market analysis submitted to support the projected build-out and absorption for the Project assumed the proposed Districts would have a combined levy of 55 mills. The proposed service plans, and associated financing plans, for the Independence Metropolitan Districts, however, call for a total of 80 mills. When added to the current total levy of 82.625 mills for all other local taxing entities, the combined total tax levy on property in Independence would be 162.625 mills. That combined levy would be very high in Elbert County and among the highest for residential districts anywhere along the entire Colorado Front Range.

Independence Metropolitan District

		2016 Mills
Elbert County		**28.065**
Elizabeth Schools		**35.836**
Elizabeth Fire		**13.742**
Elizabeth Park & Rec		**2.466**
Elbert County Library		**2.516**
	Sub-Total	**82.625**
Plus Proposed Districts:		
Independence Overlay Metropolitan District		**15.000**
Independence Metropolitan Districts 1-4 Bond Levy		**55.000**
Independence Metropolitan Districts 1-4 Operations/Maint		**10.000**
	Sub-Total	**80.000**
	TOTAL	**162.625**

At 162.625 mills, the total tax levy in Independence would be twice the Elbert County average of 81.739. There are five areas in Elbert County having total tax levies in the 130 – 143 mill range (all within metropolitan districts), but the assessed valuation of the property in those districts currently comprise just 8.1 percent of the total assessed valuation in the County. *(Note: There is a sixth area that has a combined total levy of 163.6 mills within the Town of Elizabeth and within the Ritoro Metro District that has a levy of 60 mills. But, interestingly, that metro district has been in place since 2009 but has very little, if any, development activity since the current assessed value within that district is just $13,760.)*

Very high tax levies for special districts have market implications for the proposed Project as well as policy and fiscal implications for local governments. These implications are generally two-fold:

1. Very high tax levies can impact the marketability an affordability of homes in the proposed districts; and

2. Approval of very high levies for a particular project are likely serve as de-facto policy by the City/County and make it hard to turn down similarly high levies proposed for other new districts in the future. These increases in district mill levies, if widespread, can make it more difficult for other local governmental entities (e.g. school district, County, Fire District, etc.) to obtain voter approval of tax increases in the future due to a crowding-out effect.

Although the combined total property tax levy within Independence would be very high, it is not likely to adversely impact the marketability and pricing of homes within its districts since no homeowner association (HOA fees are proposed within Independence.

Current total property tax rates for the seven competitive projects that the market study identified are presented in the Table 1 below. Presented are 2016 tax rates, with taxes payable in 2017. The combined total mill levies in those projects range from a low of 100.990 mills for The Meadows to a total of 148.292 in the Sierra Ridge project in the Town of Parker. The average total tax levy (unweighted) is 129.502 for the seven competitive projects. At 162.625, the proposed combined total property tax levy (all taxing entities combined) for Independence would be almost 26% higher than the average combined levies in the seven existing competitive projects.

Independence Metropolitan District

TABLE 1

Comparison of Total Property Tax Rate - Competitive Projects

Independence	2016 Mills
Elbert County	28.065
Elizabeth Schools	35.836
Elizabeth Fire	13.742
Elizabeth Park & Rec	2.466
Elbert County Library	2.516
Sub-Total	82.625
Plus Proposed Districts:	
Independence Overlay Metropolitan District	15.000
Independence Metropolitan Districts 1-4 Bond Levy	55.000
Independence Metropolitan Districts 1-4 Operations/Maint	10.000
Sub-Total	80.000
TOTAL	162.625

Spring Valley Ranch	2016 Mills
Elbert County	28.065
Elizabeth Schools	35.836
Rattlesnake Fire	9.841
Elizabeth Park & Rec	2.466
Elbert County Library	2.516
Spring Valley Ranch Metro 3	60.000
TOTAL	138.724

Meridian Village (Parker)	2016 Mills
Meridian Village Metro 2	60.000
Douglas County Re-1 School	41.064
Douglas County	19.274
South Metro Fire	9.250
Douglas County Law Enf	4.500
Douglas County Library	4.016
Urban Drainage & Flood Control	0.559
Cherry Creek Basin Water Quality	0.473
Urban Drainage & Flood South Platte	0.061
TOTAL	139.197

Sierra Ridge (Parker)	2016 Mills
Sierra Ridge Metro 2	60.000
Douglas County Re-1 School	41.064
Douglas County	19.274
South Metro Fire	9.250
Douglas County Law Enf	4.500
Douglas County Library	4.016
Urban Drainage & Flood Control	0.559
Cherry Creek Basin Water Quality	0.473
Urban Drainage & Flood South Platte	0.061
Parker Water & Sanitation	9.095
TOTAL	148.292

Idyllwilde (Parker)	2016 Mills
Reata North Metro District	35.000
Douglas County Re-1 School	41.064
Douglas County	19.274
South Metro Fire	9.250
Town of Parker	2.602
Douglas County Library	4.016
Urban Drainage & Flood Control	0.559
Cherry Creek Basin Water Quality	0.473
Urban Drainage & Flood South Platte	0.061
Parker Water & Sanitation	9.095
TOTAL	121.394

The Meadows (Castle Rock)	2016 Mills
Meadows Metro 1	35.000
Douglas County Re-1 School	41.064
Douglas County	19.274
Town of Castle Rock	1.474
Douglas County Library	4.016
Cedar Hill Cemetery	0.162
TOTAL	100.990

Crystal Valley (Castle Rock)	2016 Mills
Crystal Valley Metro 2	55.940
Douglas County Re-1 School	41.064
Douglas County	19.274
Town of Castle Rock	1.474
Douglas County Library	4.016
Cedar Hill Cemetery	0.162
TOTAL	121.930

Cobblestone Ranch (Castle Rock)	2016 Mills
Villages at Castle Rock Metro 6	70.000
Douglas County Re-1 School	41.064
Douglas County	19.274
Town of Castle Rock	1.474
Douglas County Library	4.016
Cedar Hill Cemetery	0.162
TOTAL	135.990

As presented in Table 2 below, taxes on a $400,000 home in Independence would run about $80/month more, on average, than in the competing developments. That difference would translate into an additional $3,400/yr of income necessary to qualify for a mortgage in Independence when compared to competing to competing projects.

Independence Metropolitan District **TABLE 2**

Comparison of Total Property Taxes - Competitive Projects

	$400,000 Home Price				
	Total Property Tax Rate (mills)	Total Property Taxes	Monthly Taxes	Monthly Taxes Difference from Independence	Difference in Required Income to Qualify for Mortgage 1/
Meridian Village (Parker)	139.197	$4,008.87	$334.07	-$56.23	-$2,409.74
Sierra Ridge (Parker)	148.292	$4,270.81	$355.90	-$34.40	-$1,474.25
Idyllwilde (Parker)	121.394	$3,496.15	$291.35	-$98.95	-$4,240.90
The Meadows (Castle Rock)	100.990	$2,908.51	$242.38	-$147.92	-$6,339.60
Crystal Valley (Castle Rock)	121.930	$3,511.58	$292.63	-$97.67	-$4,185.77
Cobblestone Ranch (Castle Rock)	135.990	$3,916.51	$326.38	-$63.92	-$2,739.60
Spring Valley Ranch	138.724	$3,995.25	$332.94	-$57.36	-$2,458.39
Average	129.502	$3,729.67	$310.81	-$79.49	-$3,406.89
Independence (with proposed Districts)	162.625	$4,683.60	$390.30	$0.00	$0.00

1/assumes annual mortgage payment equal to 28% of income.

When considering only property taxes, it would appear that such a difference could be significant enough to have an unfavorable impact on pricing and demand for homes in Independence. However, in determining the size of a mortgage that a homebuyer can afford, homeowner association fees are also considered by the lender (in addition to property taxes). Although the John Burns market study assumed an HOA fee of $60/month and a total district tax levy of 55 mills, **the applicant reports that Independence will not have any HOA fees. When existing HOA fees for competing developments are added, the cost of the higher mill levy in Independence is largely offset by those HOA fees.** As presented in Table 3 below, the combined taxes and HOA fees on a $400,000 home in Independence would run only about $13 more per month than in the competing developments, on average. That difference would be fairly insignificant and translate into just $572/yr of additional income necessary to qualify for a mortgage in Independence when compared to competing projects. Such a combined difference in costs is not likely significant enough to impact the over marketability and pricing on homes in Independence.

Independence Metropolitan District **TABLE 3**

Comparison of Combined Total Property Taxes and HOA Fees - Competitive Projects

	$400,000 Home Price					
	Total Property Tax Rate (mills)	Total Property Taxes	Monthly Taxes	Monthly HOA Fees	Monthly Taxes/HOA Fees Difference from Independence	Difference in Required Income to Qualify for Mortgage 1/
Meridian Village (Parker)	139.197	$4,008.87	$334.07	$69.00	$12.77	$547.41
Sierra Ridge (Parker)	148.292	$4,270.81	$355.90	$50.00	$15.60	$668.61
Idyllwilde (Parker)	121.394	$3,496.15	$291.35	$115.00	$16.05	$687.67
The Meadows (Castle Rock)	100.990	$2,908.51	$242.38	$65.00	-$82.92	-$3,553.89
Crystal Valley (Castle Rock)	121.930	$3,511.58	$292.63	$52.00	-$45.67	-$1,957.20
Cobblestone Ranch (Castle Rock)	135.990	$3,916.51	$326.38	$70.00	$6.08	$260.40
Spring Valley Ranch	138.724	$3,995.25	$332.94	$42.00	-$15.36	-$658.39
Average	129.502	$3,729.67	$310.81	$66.14	-$13.35	-$572.20
Independence (with proposed Districts)	162.625	$4,683.60	$390.30	$0.00	$0.00	$0.00

1/assumes annual mortgage payment equal to 28% of income.

In lieu of an HOA, the Independence Overlay Metropolitan District is proposed to be used to fulfill most of the functions of an HOA including: covenant design control, review and enforcement services; operation and maintenance of park, recreation, and open space; and maintenance of landscaping. **The 15 mills proposed for that District is intended to effectively replace the cost of HOA fees.**

This approach could have some benefits to homeowners in that the property tax is currently deductible from Federal and state income taxes. Additionally, the property tax is capped at 15 mills, whereas, HOA fees sometimes can be increased unilaterally.

However, this approach shifts to a Metropolitan district the costs and functions that have traditionally (at least in the Douglas/Elbert County markets) been within the realm and responsibility of homeowner associations and HOA fees. HOA fees are effectively swapped for a property tax. In the case of Independence, the property tax is proposed to be an additional 15 mills.

As described above, the approval of higher metropolitan district property tax levies for a particular project are likely serve as de-facto policy by the City/County and make it hard to turn down similarly high levies proposed for other new districts in the future. The higher levies, if widespread, could make it more difficult for other local governments to obtain future voter approval of property taxes to support their operations. While that is an important policy matter for the County to consider, an additional policy consideration is whether homeowner association fees and functions, that have typically been paid via HOA fees, should be shifted to metropolitan districts and funded via property taxes. Those are complicated policy matters that are beyond the scope of this current review and analysis.

Replication of Financing Plan Models for the 6 Proposed Districts

Spreadsheet models were prepared to replicate the Financing Plans submitted for the Independence Water & Sanitation District; the Independence Overlay Metropolitan District; and the Independence Metropolitan district 1-4. The purpose of replicating the Financing Plan models is to ensure mathematical accuracy, but to also promote an understanding of the underlying assumptions and proposed debt structures. Replicating the models also allowed us to perform some sensitivity analyses. Hard copies of those replicated models are presented in the Appendix to this report.

One of the sensitivity analyses conducted assumed that the total combined mill levy of the proposed Independence Metropolitan Districts was at 55 mills (as compared to the 80 proposed in the Service Plans). At 55 mills for the Districts, the total tax rate within Independence would be within the 130 to 140 range assumed in the John Burns market analysis and within the total levies for competitive projects. Keeping the Overlay district levy at 15 mills and the operations/maintenance levy of Districts 1-4 at 10 mills, leaves a total of 35 mills to pay bonded debt. Utilizing the replication spreadsheet model, the total amount of bonded debt that can be supported drops considerably, falling from the $41.84 million reflected in the proposed Service Plans to only $25.2 million. That is a significant difference in the amount of bonded debt that can be supported, but demonstrates the impact and implications that differences in the assumed mill levy make in the Financing Plans.

Residential Assessment Ratio

The Financing Plans for the proposed Districts appear to have been prepared in early March 2017. Those Plans all assume a residential assessment ratio of 7.94%. In accordance with the Colorado Constitution, that ratio is applied to the estimated market value of real property to yield the assessed value of the property for purposes of property taxation. That ratio has remained at 7.96% for over a decade. However, in accordance with Section 20(4) article X of the Colorado Constitution (known as the “Gallagher Amendment”) every two years the State Board of Equalization commissions a study to review and adjust the residential assessment ratio. Such a study was released on April 17, 2017 that lowers the residential assessment ratio to 7.2% effective with taxes levied in

2017 and payable in 2018. Therefore, all of the Financing Plans submitted for the proposed Metropolitan Districts are overstating projected property tax revenues by about 9.5%.

Utilizing the Financing Plan replication models, we were able to estimate the reduction in the amount of bonded debt that can be supported as a result of this required change in the residential assessment ratio. Total bonded debt that can be supported falls to about $39.1 million, which is down about $2.6 million from the $41,840,000 bonded debt proposed in the service plans for those Districts. The Financing Plan for the proposed Independence Water and Sanitation District is unaffected by the reduction in the residential assessment ration since the proposed bonded debt for that District is supported wholly through water and sewer fees.

Review of Financing Assumptions

A large number of assumptions are used in the preparation of the Financing Plans for the proposed Districts. As described above, the most critical assumption is the projected build-out and absorption of the Project and the assumed mill levy of the District. However, there are a number of other assumptions used in the Financing Plans that were also reviewed and evaluated against current market conditions and industry norms. These other assumptions included:

- coupon interest rates
- issuance expenses
- underwriters discount
- debt service reserves
- inflation (in home prices and increased market values due to reassessment)

Coupon Interest Rates: The Financing Plans for the proposed metropolitan districts assume A coupon interest rate of 5.5%. For purposes of comparison, we examined 33 recent Colorado metropolitan district bond issues listed on the EMMA (Electronic Municipal Market Access) system of the MSRB. Specifically, these were unrated issuances between December 2016 and May 2017. The average coupon interest rates for these bond issues ranged from a high of 7.875% to a low of 5.125%. The median interest rate for those 33 issues was 5.75% and the unweighted average was 5.94%. With the likely prospect of higher interest rates in the future, the use of 5.5% for in the Financing Plans for bond issues anticipated to occur in 2021 and 2023 may be achievable, although a bit aggressive.

The Financing Plan for the proposed Water and Sanitation District assumes a coupon rate of 6.0%, although for a relatively short 10-year maturity. That assumed rate, however, appears to be consistent with recent similar issues and is higher that the assumed rate for the metropolitan district bond issues due to the revenue source being water and sewer fees which are a bit less secure than a limited tax obligation that secures the metropolitan district bonds.

Issuance Expenses: Issuance expenses include the legal fees of bond counsel, underwriter's council, printing of offering circulars, any required market studies, and any necessary accounting verification studies. The Financing Plans for the proposed metropolitan districts assume a flat $120,000 for each of the proposed bond issues. That amount appears to be sufficient to cover those costs.

Underwriters Discount: This is the compensation to the investment banking for the cost of marketing and underwriting the bond issue. A flat $15/$1,000 of bonded debt is assumed in each of the Financing Plans. We pulled the official offering statements for a number of recent unrated metropolitan district issues in Colorado and computed the average underwriter's discount for those actual issues. The discounts ranged from $20.00/$1000 to $21.82/$1000. The $15/$1000 assumed in the proposed Financing Plans appears to be reasonable.

Debt Service Reserves: This is the amount held in reserve to assist with the payment of annual debt service in the event actual revenues fall short of projected amounts. The industry and market norm is either 10% of the par value of the bond issue or an amount equal to average (or maximum) annual debt service. The Financing Plans for the proposed districts all assume a debt service reserve equal to 5% of par. That assumed amount appears to a bit aggressive as it is lower than the industry norm. A higher debt service reserve translates into a lower amount of bonded debt that can be dedicated to project costs.

Inflation: The Financing Plans all assume the price of new homes sold in Independence will increase by 4.5% in each year over the next 10 years. The Plans also include 2% inflation in the total market value of property in the Districts every 2 years with reassessment. The reassessment inflation assumption is consistent with current industry practices and assumptions. The 4.5% annual inflation in housing prices over 10 years, however, could be high. While current housing market conditions have resulted in sizable increases in housing prices, current industry efforts have been to contain increases in prices to ensure broader affordability by buyers. Additionally, it is hard to imagine that current strong Denver housing market conditions can be sustained over a ten-year period.

Independence Overlay Metropolitan District

As with the other proposed Districts, the Finance Plan for the proposed Overlay Metropolitan District was replicated. As a result of that effort, it became apparent that the proposed 15 mill levy was resulting in annual revenue substantial in excess of projected operations and maintenance expenses of the District, resulting in a fairly large cumulative unappropriated fund balance. Upon closer examination, however, it was clear that the projected expenditures in the Plan were not being adjusted for inflation. Inflating those expenditures by 2% per year resulted in lower annual surpluses and a somewhat lower cumulative fund balance. However, by 2025, the unappropriated fund balance was in excess of $1.0 million which was almost three times projected expenditures in that year ($362,000). This exercise raises a question of whether the full 15 mill property tax is necessary to accomplish the necessary maintenance of improvements in the District.

APPENDIX

REPLICATION OF FINANCING PLAN MODELS:

- **INDEPENDENCE METROPOLITAN DISTRICTS 1-4**
- **INDPEPENDENCE OVERLAY METROPOLITAN DISTRICT**
- **INDEPENDENCE WATER AND SANITATION DISTRICT**

Replication of Financing Plan for:

Independence Metropolitan District
Elbert County, Colorado
Limited Tax General Obligation Bonds

6/14/17

TABLE 1

Independence Metropolitan District
Projection of assessed Valuation

Completion Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2038	2048	2050
Tax Collection Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2040**	**2050**	**2052**
50's Units Built	0	0	36	36	36	36	32	36	16	0	0	0	0	0	0
Unit Price	$0	$0	$402,565	$420,680	$439,611	$459,394	$480,066	$501,669	$524,244	$547,835	$572,488	$598,250	$929,064	$1,442,808	$1,575,582
Market Value	$0	$0	$14,492,340	$15,144,495	$15,825,998	$16,538,167	$15,362,120	$18,060,092	$8,387,910	$0	$0	$0	$0	$0	$0
Cumulative Units	0	0	36	72	108	144	176	212	228	228	228	228	228	228	228
Cumulative Market Value:	$0	$0	$14,492,340	$29,636,835	$45,462,833	$62,001,000	$77,363,120	$95,423,213	$103,811,122	$103,811,122	$103,811,122	$103,811,122	$103,811,122	$103,811,122	$103,811,122
60's Units Built	0	0	36	36	36	36	36	36	36	36	11	0	0	0	0
Unit Price	$0	$0	$475,432	$496,826	$519,184	$542,547	$566,962	$592,475	$619,136	$646,997	$676,112	$706,537	$1,097,231	$1,703,966	$1,860,773
Market Value	$0	$0	$17,115,552	$17,885,752	$18,690,611	$19,531,688	$20,410,614	$21,329,092	$22,288,901	$23,291,901	$7,437,234	$0	$0	$0	$0
Cumulative Units	0	0	36	72	108	144	180	216	252	288	299	299	299	299	299
Cumulative Market Value:	$0	$0	$17,115,552	$35,001,304	$53,691,915	$73,223,603	$93,634,217	$114,963,309	$137,252,209	$160,544,111	$167,981,344	$167,981,344	$167,981,344	$167,981,344	$167,981,344
70's Units Built	0	0	0	24	24	24	24	24	24	24	24	24	0	0	0
Unit Price	$0	$0	$550,616	$575,394	$601,286	$628,344	$656,620	$686,168	$717,045	$749,312	$783,031	$818,268	$1,270,745	$1,973,428	$2,155,033
Market Value	$0	$0	$0	$13,809,449	$14,430,874	$15,080,264	$15,758,876	$16,468,025	$17,209,086	$17,983,495	$18,792,752	$19,638,426	$0	$0	$0
Cumulative Units	0	0	0	24	48	72	96	120	144	168	192	216	216	216	216
Cumulative Market Value:	$0	$0	$0	$13,809,449	$28,240,324	$43,320,588	$59,079,463	$75,547,488	$92,756,575	$110,740,070	$129,532,822	$149,171,249	$149,171,249	$149,171,249	$149,171,249
80's Units Built	0	0	0	13	16	24	24	24	24	12	0	0	0	0	0
Unit Price	$0	$0	$632,127	$660,573	$690,298	$721,362	$753,823	$787,745	$823,194	$860,238	$898,948	$939,401	$1,458,861	$2,265,566	$2,474,055
Market Value	$0	$0	$0	$8,587,445	$11,044,776	$17,312,686	$18,091,757	$18,905,886	$19,756,651	$10,322,850	$0	$0	$0	$0	$0
Cumulative Units	0	0	0	13	29	53	77	101	125	137	137	137	137	137	137
Cumulative Market Value:	$0	$0	$0	$8,587,445	$19,632,221	$36,944,907	$55,036,664	$73,942,550	$93,699,201	$104,022,051	$104,022,051	$104,022,051	$104,022,051	$104,022,051	$104,022,051
1/2 Acre Units Built	0	0	0	0	0	0	0	0	20	0	0	0	0	0	0
Unit Price	$0	$0	$701,996	$733,586	$766,597	$801,094	$837,143	$874,815	$914,181	$955,320	$998,309	$1,043,233	$1,620,109	$2,515,979	$2,747,512
Market Value	$0	$0	$0	$0	$0	$0	$0	$0	$18,283,628	$0	$0	$0	$0	$0	$0
Cumulative Units	0	0	0	0	0	0	0	0	20	20	20	20	20	20	20
Cumulative Market Value:	$0	$0	$0	$0	$0	$0	$0	$0	$18,283,628	$18,283,628	$18,283,628	$18,283,628	$18,283,628	$18,283,628	$18,283,628
1 Acre Units Built	0	0	0	0	0	0	0	0	12	8	0	0	0	0	0
Unit Price	$0	$0	$778,514	$813,547	$850,157	$888,414	$928,392	$970,170	$1,013,828	$1,059,450	$1,107,125	$1,156,946	$1,796,702	$2,790,223	$3,046,993
Market Value	$0	$0	$0	$0	$0	$0	$0	$0	$12,165,933	$8,475,600	$0	$0	$0	$0	$0
Cumulative Units	0	0	0	0	0	0	0	0	12	20	20	20	20	20	20
Cumulative Market Value:	$0	$0	$0	$0	$0	$0	$0	$0	$12,165,933	$20,641,533	$20,641,533	$20,641,533	$20,641,533	$20,641,533	$20,641,533
TOTAL UNITS BUILT	**0**	**0**	**72**	**109**	**112**	**120**	**116**	**120**	**132**	**80**	**35**	**24**	**0**	**0**	**0**
Market Value	**$0**	**$0**	**$31,607,892**	**$55,427,142**	**$59,992,259**	**$68,462,806**	**$69,623,367**	**$74,763,095**	**$98,092,108**	**$60,073,847**	**$26,229,986**	**$19,638,426**	**$0**	**$0**	**$0**
Cumulative Units	**0**	**0**	**72**	**181**	**293**	**413**	**529**	**649**	**781**	**861**	**896**	**920**	**920**	**920**	**920**
Cumulative Imprmnt Market Value:	**$0**	**$0**	**$31,607,892**	**$87,035,034**	**$147,027,292**	**$215,490,098**	**$285,113,465**	**$359,876,560**	**$457,968,668**	**$518,042,515**	**$544,272,501**	**$563,910,927**	**$563,910,927**	**$563,910,927**	**$563,910,927**
Cumulative Res Improv Market Value	**$0**	**$0**	**$31,607,892**	**$87,035,034**	**$147,027,292**	**$215,490,098**	**$285,113,465**	**$359,876,560**	**$457,968,668**	**$518,042,515**	**$544,272,501**	**$563,910,927**	**$563,910,927**	**$563,910,927**	**$563,910,927**
Residential Assessment Ratio	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**
PROJECTED IMPRMNT ASSESSED VALUATION	**$0**	**$0**	**$2,515,988**	**$6,927,989**	**$11,703,372**	**$17,153,012**	**$22,695,032**	**$28,646,174**	**$36,454,306**	**$41,236,184**	**$43,324,091**	**$44,887,310**	**$44,887,310**	**$44,887,310**	**$44,887,310**
				$4,412,000	**$4,775,384**	**$5,449,639**	**$5,542,020**	**$5,951,142**	**$7,808,132**	**$4,781,878**	**$2,087,907**	**$1,563,219**	**$0**	**$0**	**$0**
# of Unsold Lots	**920**	**920**	**920**	**848**	**739**	**627**	**507**	**391**	**271**	**139**	**59**	**24**	**0**	**0**	**0**
Improved Lots	**328**	**120**	**118**	**118**	**118**	**118**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Beginning Land Value	**$0**	**$16,400,000**	**$22,400,000**	**$24,700,000**	**$25,150,000**	**$25,450,000**	**$25,350,000**	**$19,550,000**	**$13,550,000**	**$6,950,000**	**$2,950,000**	**$1,200,000**	**$0**	**$0**	**$0**
Added Lot Value @ $50,000/Lot	**$16,400,000**	**$6,000,000**	**$5,900,000**	**$5,900,000**	**$5,900,000**	**$5,900,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
# of Lots sold	**0**	**0**	**72**	**109**	**112**	**120**	**116**	**120**	**132**	**80**	**35**	**24**	**0**	**0**	**0**
Less Value of Lots Built @ $50,000/Lot	**$0**	**$0**	**($3,600,000)**	**($5,450,000)**	**($5,600,000)**	**($6,000,000)**	**($5,800,000)**	**($6,000,000)**	**($6,600,000)**	**($4,000,000)**	**($1,750,000)**	**($1,200,000)**	**$0**	**$0**	**$0**
Ending Market Value of Land	**$16,400,000**	**$22,400,000**	**$24,700,000**	**$25,150,000**	**$25,450,000**	**$25,350,000**	**$19,550,000**	**$13,550,000**	**$6,950,000**	**$2,950,000**	**$1,200,000**	**$0**	**$0**	**$0**	**$0**
Net Market Value of Land	**$16,400,000**	**$22,400,000**	**$24,700,000**	**$25,150,000**	**$25,450,000**	**$25,350,000**	**$19,550,000**	**$13,550,000**	**$6,950,000**	**$2,950,000**	**$1,200,000**	**$0**	**$0**	**$0**	**$0**
Non-Residential Assessment Ratio	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**

TABLE 2

Independence Metropolitan District

Tax Revenues

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2050	2052
Total Property Tax Revenue Impacts																
Total Assessed Valuation:		$4,756,000	$6,496,000	$9,678,988	$14,415,068	$19,277,452	$25,083,641	$28,943,661	$33,733,676	$39,627,808	$44,042,242	$45,622,649	$47,750,321	$52,720,213	$58,207,375	$59,371,522
Bond Fund Mill Levy:	55															
Property Tax Revenue	1/	$257,656	$351,921	$524,359	$780,936	$1,044,356	$1,358,906	$1,568,023	$1,827,522	$2,146,836	$2,385,988	$2,471,607	$2,586,874	$2,856,118	$3,153,385	$3,216,452
Specific Ownership Tax Revenue @6%		$15,459	$21,115	$31,462	$46,856	$62,661	$81,534	$94,081	$109,651	$128,810	$143,159	$148,296	$155,212	$171,367	$189,203	$192,987

1/ Net of 1.5% collection fees.

ANDERSON ANALYTICS has compiled this information based upon key assumptions provided by others. We have not independently examined or evaluated those assumptions, and consequently disclaim any form of assurance or opinion on them. Actual results may differ materially from projected results.

Independence Metropolitan District
Summary of Net Revenue Available for Debt Service

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2050	2052
Total Project Revenues																
Property Taxes																
Bond Fund Mill Levy	**55.000**	$257,656	$351,921	$524,359	$780,936	$1,044,356	$1,358,906	$1,568,023	$1,827,522	$2,146,836	$2,385,988	$2,471,607	$2,586,874	$2,856,118	$3,153,385	$3,216,452
Operating Mill Levy	**10.000**	$46,847	$63,986	$95,338	$141,988	$189,883	$247,074	$285,095	$332,277	$390,334	$433,816	$449,383	$470,341	$519,294	$573,343	$584,809
Bond Fund - Specific Ownership Taxes	**@6.0%**	$15,459	$21,115	$31,462	$46,856	$62,661	$81,534	$94,081	$109,651	$128,810	$143,159	$148,296	$155,212	$171,367	$189,203	$192,987
Interest on Series 2021 Debt Service Reserve	**@1.0%**	$0	$0	$7,002	$9,336	$9,336	$9,336	$9,336	$9,336	$9,336	$9,336	$9,336	$9,336	$9,336	$9,336	$0
Interest on Series 2023 Debt Service Reserve	**@1.0%**	$0	$0	$0	$0	$8,209	$10,945	$10,945	$10,945	$10,945	$10,945	$10,945	$10,945	$10,945	$10,945	$10,945
Series 2021 Debt Service Reserve		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$933,571	$0
Series 2023 Debt Service Reserve		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,094,500
Operating Fund - Specific Ownership Taxes	**@6.0%**	$2,811	$3,839	$5,720	$8,519	$11,393	$14,824	$17,106	$19,937	$23,420	$26,029	$26,963	$28,220	$31,158	$34,401	$35,089
District Impact Fees 1/	**$6,695**	$482,040	$762,594	$818,844	$916,813	$926,134	$1,001,183	$1,150,859	$728,878	$333,234	$238,786	$0	$0	$0	$0	$0
Total Revenues:		**$804,813**	**$1,203,455**	**$1,482,725**	**$1,904,449**	**$2,251,972**	**$2,723,802**	**$3,135,445**	**$3,038,545**	**$3,042,915**	**$3,248,059**	**$3,116,530**	**$3,260,928**	**$3,598,217**	**$4,904,182**	**$5,134,782**
Operating Expenses																
Estimated Operating Expense		-$49,657	-$67,825	-$101,058	-$150,508	-$201,276	-$261,898	-$302,201	-$352,213	-$413,754	-$459,845	-$476,346	-$498,561	-$550,452	-$607,743	-$619,898
Total Operating Expenses:		**-$49,657**	**-$67,825**	**-$101,058**	**-$150,508**	**-$201,276**	**-$261,898**	**-$302,201**	**-$352,213**	**-$413,754**	**-$459,845**	**-$476,346**	**-$498,561**	**-$550,452**	**-$607,743**	**-$619,898**
Net Revenue Available for Project Costs:		**$755,156**	**$1,135,630**	**$1,381,667**	**$1,753,941**	**$2,050,696**	**$2,461,904**	**$2,833,244**	**$2,686,332**	**$2,629,161**	**$2,788,214**	**$2,640,184**	**$2,762,367**	**$3,047,765**	**$4,296,439**	**$4,514,884**

1/ Per sold lot at $6,695 escalated at 4.5% per year.

ANDERSON ANALYTICS has compiled this information based upon key assumptions provided by others. We have not independently examined or evaluated those assumptions, and consequently disclaim any form of assurance or opinion on them. Actual results may differ materially from projected results.

TABLE 4

Independence Metropolitan District
Series 2021 Limited Tax General Obligation Bonds

Sources of Funds

Grant Revenue		0
Contribution from Developer		0
Par Amount of Bonds 1/		19,950,000
Total Sources of Funds:	**$**	**19,950,000**

Uses of Funds

Funds Available for Project Construction 2/	$	18,597,179
Bond financing costs		
Capitalized Interest 3/		0
Issuance expenses 4/		120,000
Underwriters Bond Discount 5/		299,250
Bond Insurance Premium		0
Debt service reserve 6/		933,571
Total Uses of Funds:	**$**	**19,950,000**

Annual Gross Debt Service:

Principal and Interest	**$1,410,789**
Interest Only	**$1,147,125**

Rate	5.750%
Term	30
Amort	30.00

year	net revenue available for debt service	beginning balance	interest	principal	total debt service pmt	ending balance	annual surplus
2021	$ 1,381,667	$ 19,950,000	$ 860,344	$ -	$ 860,344	$ 19,950,000	$ 2,412,109
2022	$ 1,753,941	$ 19,950,000	$ 1,147,125	$ -	$ 1,147,125	$ 19,950,000	$ 606,816
2023	$ 2,050,696	$ 19,950,000	$ 1,147,125	$ -	$ 1,147,125	$ 19,950,000	$ 903,571
2024	$ 2,461,904	$ 19,950,000	$ 1,147,125	$ -	$ 1,147,125	$ 19,950,000	$ 1,314,779
2025	$ 2,833,244	$ 19,950,000	$ 1,147,125	$ 245,000	$ 1,392,125	$ 19,705,000	$ 1,441,119
2026	$ 2,686,332	$ 19,705,000	$ 1,133,038	$ 365,000	$ 1,498,038	$ 19,340,000	$ 1,188,294
2027	$ 2,629,161	$ 19,340,000	$ 1,112,050	$ 280,000	$ 1,392,050	$ 19,060,000	$ 1,237,111
2028	$ 2,788,214	$ 19,060,000	$ 1,095,950	$ 235,000	$ 1,330,950	$ 18,825,000	$ 1,457,264
2029	$ 2,640,184	$ 18,825,000	$ 1,082,438	$ 310,000	$ 1,392,438	$ 18,515,000	$ 1,247,747
2030	$ 2,762,367	$ 18,515,000	$ 1,064,613	$ 330,000	$ 1,394,613	$ 18,185,000	$ 1,367,754
2031	$ 2,762,367	$ 18,185,000	$ 1,045,638	$ 350,000	$ 1,395,638	$ 17,835,000	$ 1,366,729
2032	$ 2,817,208	$ 17,835,000	$ 1,025,513	$ 480,000	$ 1,505,513	$ 17,355,000	$ 1,311,696
2033	$ 2,817,208	$ 17,355,000	$ 997,913	$ 500,000	$ 1,497,913	$ 16,855,000	$ 1,319,296
2034	$ 2,873,147	$ 16,855,000	$ 969,163	$ 530,000	$ 1,499,163	$ 16,325,000	$ 1,373,985
2035	$ 2,873,147	$ 16,325,000	$ 938,688	$ 560,000	$ 1,498,688	$ 15,765,000	$ 1,374,460
2036	$ 2,930,204	$ 15,765,000	$ 906,488	$ 595,000	$ 1,501,488	$ 15,170,000	$ 1,428,717
2037	$ 2,930,204	$ 15,170,000	$ 872,275	$ 680,000	$ 1,552,275	$ 14,490,000	$ 1,377,929
2038	$ 2,988,403	$ 14,490,000	$ 833,175	$ 730,000	$ 1,563,175	$ 13,760,000	$ 1,425,228
2039	$ 2,988,403	$ 13,760,000	$ 791,200	$ 775,000	$ 1,566,200	$ 12,985,000	$ 1,422,203
2040	$ 3,047,765	$ 12,985,000	$ 746,638	$ 820,000	$ 1,566,638	$ 12,165,000	$ 1,481,128
2041	$ 3,047,765	$ 12,165,000	$ 699,488	$ 865,000	$ 1,564,488	$ 11,300,000	$ 1,483,278
2042	$ 3,108,315	$ 11,300,000	$ 649,750	$ 890,000	$ 1,539,750	$ 10,410,000	$ 1,568,565
2043	$ 3,108,315	$ 10,410,000	$ 598,575	$ 935,000	$ 1,533,575	$ 9,475,000	$ 1,574,740
2044	$ 3,170,076	$ 9,475,000	$ 544,813	$ 1,005,000	$ 1,549,813	$ 8,470,000	$ 1,620,263
2045	$ 3,170,076	$ 8,470,000	$ 487,025	$ 1,065,000	$ 1,552,025	$ 7,405,000	$ 1,618,051
2046	$ 3,233,072	$ 7,405,000	$ 425,788	$ 1,115,000	$ 1,540,788	$ 6,290,000	$ 1,692,284
2047	$ 3,233,072	$ 6,290,000	$ 361,675	$ 1,175,000	$ 1,536,675	$ 5,115,000	$ 1,696,397
2048	$ 3,297,327	$ 5,115,000	$ 294,113	$ 1,280,000	$ 1,574,113	$ 3,835,000	$ 1,723,215
2049	$ 3,297,327	$ 3,835,000	$ 220,513	$ 1,355,000	$ 1,575,513	$ 2,480,000	$ 1,721,815
2050	$ 4,296,439	$ 2,480,000	$ 142,600	$ 2,480,000	$ 2,622,600	$ -	$ 1,673,839
2051	$ 3,353,533	$ -	$ -	$ -	$ -	$ -	$ 3,353,533
2052	$ 4,514,884	$ -	$ -	$ -	$ -	$ -	$ 4,514,884

1/ Assumes a 30 year term with an average interest rate of 5.75%
2/ Net bond proceeds available for project construction.
3/ Months of capitalized interest assumed is 0.0
4/ Includes bond counsel, underwriters counsel, and printing costs.
5/ Assumes an underwriter's discount per $1,000 of $15
6/ Assumes 10% of par amount of bonds.

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Independence Metropolitan District
Series 2023 Limited Tax General Obligation Bonds

Sources of Funds

Grant Revenue	0
Contribution from Developer	0
Par Amount of Bonds 1/	21,890,000
Total Sources of Funds:	**$ 21,890,000**

Uses of Funds

Funds available for Project Construction 2/	$ 20,347,150
Bond financing costs	
Capitalized Interest 3/	0
Issuance expenses 4/	120,000
Underwriters Bond Discount 5/	328,350
Bond Insurance Premium	0
Debt service reserve 6/	1,094,500
Total Uses of Funds:	**$ 21,890,000**

Annual Gross Debt Service:

Principal and Interest	**$1,547,978**
Interest Only	**$1,258,675**

Rate	5.750%
Term	30
Amort	30.00

year	surplus releases available for debt service	beginning balance	interest	principal	total debt service pmt	ending balance	annual surplus	Cumulative Fund Balance
2021	$2,412,109	$ -	$ -	$ -	$ -	$ -	$ 2,412,109	$ 2,412,109
2022	$ 606,816	$ -	$ -	$ -	$ -	$ -	$ 606,816	$ 3,018,925
2023	$ 903,571	$ 21,890,000	$ 944,006	$ 520,000	$ 1,464,006	$ 21,370,000	$ (560,435)	$ 2,458,489
2024	$1,314,779	$ 21,370,000	$ 1,228,775	$ 550,000	$ 1,778,775	$ 20,820,000	$ (463,996)	$ 1,994,493
2025	$1,441,119	$ 20,820,000	$ 1,197,150	$ 195,000	$ 1,392,150	$ 20,625,000	$ 48,969	$ 2,043,463
2026	$1,188,294	$ 20,625,000	$ 1,185,938	$ 440,000	$ 1,625,938	$ 20,185,000	$ (437,643)	$ 1,605,819
2027	$1,237,111	$ 20,185,000	$ 1,160,638	$ 600,000	$ 1,760,638	$ 19,585,000	$ (523,526)	$ 1,082,293
2028	$1,457,264	$ 19,585,000	$ 1,126,138	$ 405,000	$ 1,531,138	$ 19,180,000	$ (73,873)	$ 1,008,419
2029	$1,247,747	$ 19,180,000	$ 1,102,850	$ 30,000	$ 1,132,850	$ 19,150,000	$ 114,897	$ 1,123,316
2030	$1,367,754	$ 19,150,000	$ 1,101,125	$ 110,000	$ 1,211,125	$ 19,040,000	$ 156,629	$ 1,279,945
2031	$1,366,729	$ 19,040,000	$ 1,094,800	$ 110,000	$ 1,204,800	$ 18,930,000	$ 161,929	$ 1,441,875
2032	$1,311,696	$ 18,930,000	$ 1,088,475	$ 190,000	$ 1,278,475	$ 18,740,000	$ 33,221	$ 1,475,096
2033	$1,319,296	$ 18,740,000	$ 1,077,550	$ 205,000	$ 1,282,550	$ 18,535,000	$ 36,746	$ 1,511,842
2034	$1,373,985	$ 18,535,000	$ 1,065,763	$ 275,000	$ 1,340,763	$ 18,260,000	$ 33,222	$ 1,545,064
2035	$1,374,460	$ 18,260,000	$ 1,049,950	$ 290,000	$ 1,339,950	$ 17,970,000	$ 34,510	$ 1,579,573
2036	$1,428,717	$ 17,970,000	$ 1,033,275	$ 365,000	$ 1,398,275	$ 17,605,000	$ 30,442	$ 1,610,015
2037	$1,377,929	$ 17,605,000	$ 1,012,288	$ 335,000	$ 1,347,288	$ 17,270,000	$ 30,642	$ 1,640,657
2038	$1,425,228	$ 17,270,000	$ 993,025	$ 400,000	$ 1,393,025	$ 16,870,000	$ 32,203	$ 1,672,860
2039	$1,422,203	$ 16,870,000	$ 970,025	$ 420,000	$ 1,390,025	$ 16,450,000	$ 32,178	$ 1,705,038
2040	$1,481,128	$ 16,450,000	$ 945,875	$ 505,000	$ 1,450,875	$ 15,945,000	$ 30,253	$ 1,735,290
2041	$1,483,278	$ 15,945,000	$ 916,838	$ 535,000	$ 1,451,838	$ 15,410,000	$ 31,440	$ 1,766,731
2042	$1,568,565	$ 15,410,000	$ 886,075	$ 650,000	$ 1,536,075	$ 14,760,000	$ 32,490	$ 1,799,221
2043	$1,574,740	$ 14,760,000	$ 848,700	$ 695,000	$ 1,543,700	$ 14,065,000	$ 31,040	$ 1,830,261
2044	$1,620,263	$ 14,065,000	$ 808,738	$ 780,000	$ 1,588,738	$ 13,285,000	$ 31,526	$ 1,861,786
2045	$1,618,051	$ 13,285,000	$ 763,888	$ 815,000	$ 1,578,888	$ 12,470,000	$ 39,163	$ 1,900,949
2046	$1,692,284	$ 12,470,000	$ 717,025	$ 945,000	$ 1,662,025	$ 11,525,000	$ 30,259	$ 1,931,208
2047	$1,696,397	$ 11,525,000	$ 662,688	$ 1,000,000	$ 1,662,688	$ 10,525,000	$ 33,709	$ 1,964,917
2048	$1,723,215	$ 10,525,000	$ 605,188	$ 1,090,000	$ 1,695,188	$ 9,435,000	$ 28,027	$ 1,992,945
2049	$1,721,815	$ 9,435,000	$ 542,513	$ 1,150,000	$ 1,692,513	$ 8,285,000	$ 29,302	$ 2,022,247
2050	$1,673,839	$ 8,285,000	$ 476,388	$ 1,175,000	$ 1,651,388	$ 7,110,000	$ 22,451	$ 2,044,699
2051	$3,353,533	$ 7,110,000	$ 408,825	$ 2,850,000	$ 3,258,825	$ 4,260,000	$ 94,708	$ 2,139,406
2052	$4,514,884	$ 4,260,000	$ 244,950	$ 4,260,000	$ 4,504,950	$ -	$ 9,934	$ 2,149,340

1/ Assumes a 30 year term with an average interest rate of 5.75%
2/ Net bond proceeds available for project construction.
3/ Months of capitalized interest assumed is 0.0
4/ Includes bond counsel, underwriters counsel, and printing costs.
5/ Assumes an underwriter's discount per $1,000 of $15
6/ Assumes 10% of par amount of bonds.

Replication of Financing Plan for:

Independence Water & Sanitation District
Elbert County, Colorado
Water & Sewer Revenue Bonds

6/14/17

TABLE 1

Independence Water & Sanitation District
Projected Fee Revenue

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Number of Homes Completed:		72	109	112	120	116	120	132	80	35	24
Water and Sewer Fee (one-time)	1/	$28,738	$30,031	$31,382	$32,794	$34,270	$35,812	$37,424	$39,108	$40,868	$42,707
Projected Water and Sewer Fee Revenue		$2,069,100	$3,273,345	$3,514,792	$3,935,311	$3,975,320	$4,297,458	$4,939,928	$3,128,621	$1,430,367	$1,024,960
Water Resource Fee (ongoing annual fee)		$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
Projected Water Resource Fee Revenue		$18,000	$45,250	$73,250	$103,250	$132,250	$162,250	$195,250	$215,250	$224,000	$230,000
Fee Revenue		$2,087,100	$3,318,595	$3,588,042	$4,038,561	$4,107,570	$4,459,708	$5,135,178	$3,343,871	$1,654,367	$1,254,960

1/ Assumes 4.5% annual inflation in fee.

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TABLE 2

Independence Water & Sanitation District
Summary of Net Revenue Available for Debt Service

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Project Revenues										
Projected Water and Sewer Fee Revenue	$2,069,100	$3,273,345	$3,514,792	$3,935,311	$3,975,320	$4,297,458	$4,939,928	$3,128,621	$1,430,367	$1,024,960
Projected Water Resource Fee Revenue	$18,000	$45,250	$73,250	$103,250	$132,250	$162,250	$195,250	$215,250	$224,000	$230,000
Interest on Series 2019 Debt Service Reserve	$9,345	$12,460	$12,460	$12,460	$12,460	$12,460	$12,460	$12,460	$12,460	$12,460
Series 2019 Debt Service Reserve	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,246,000
Total Revenues:	**$2,096,445**	**$3,331,055**	**$3,600,502**	**$4,051,021**	**$4,120,030**	**$4,472,168**	**$5,147,638**	**$3,356,331**	**$1,666,827**	**$2,513,420**
Operating Expenses										
Estimated Operating Expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Expenses:	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Net Revenue Available for Debt Service:	**$2,096,445**	**$3,331,055**	**$3,600,502**	**$4,051,021**	**$4,120,030**	**$4,472,168**	**$5,147,638**	**$3,356,331**	**$1,666,827**	**$2,513,420**

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TABLE 3

Independence Metropolitan District
Series 2019 Water & Sewer Revenue Bonds

Sources of Funds

Grant Revenue		0
Contribution from Developer		0
Par Amount of Bonds 1/		24,920,000
Total Sources of Funds:	**$**	**24,920,000**

year	revenue available for debt service	beginning balance	interest	principal	total debt service pmt	ending bond balance	annual revenue surplus	cumulative surplus
2019	$ 2,096,445	$ 24,920,000	$ 1,121,400	$ 885,000	$ 2,006,400	$ 24,035,000	$ 90,045	$ 90,045
2020	$ 3,331,055	$ 24,035,000	$ 1,442,100	$ 1,780,000	$ 3,222,100	$ 22,255,000	$ 108,955	$ 199,000
2021	$ 3,600,502	$ 22,255,000	$ 1,335,300	$ 2,160,000	$ 3,495,300	$ 20,095,000	$ 105,202	$ 304,202
2022	$ 4,051,021	$ 20,095,000	$ 1,205,700	$ 2,740,000	$ 3,945,700	$ 17,355,000	$ 105,321	$ 409,523
2023	$ 4,120,030	$ 17,355,000	$ 1,041,300	$ 2,970,000	$ 4,011,300	$ 14,385,000	$ 108,730	$ 518,253
2024	$ 4,472,168	$ 14,385,000	$ 863,100	$ 3,505,000	$ 4,368,100	$ 10,880,000	$ 104,068	$ 622,322
2025	$ 5,147,638	$ 10,880,000	$ 652,800	$ 4,385,000	$ 5,037,800	$ 6,495,000	$ 109,838	$ 732,160
2026	$ 3,356,331	$ 6,495,000	$ 389,700	$ 2,855,000	$ 3,244,700	$ 3,640,000	$ 111,631	$ 843,792
2027	$ 1,666,827	$ 3,640,000	$ 218,400	$ 1,400,000	$ 1,618,400	$ 2,240,000	$ 48,427	$ 892,218
2028	$ 2,513,420	$ 2,240,000	$ 134,400	$ 2,240,000	$ 2,374,400	$ -	$ 139,020	$ 1,031,238
				$ 24,920,000				

Uses of Funds

Funds Available for Project Construction 2/	$	23,180,200
Bond financing costs		
Capitalized Interest 3/		0
Issuance expenses 4/		120,000
Underwriters Bond Discount 5/		373,800
Bond Insurance Premium		0
Debt service reserve 6/		1,246,000
Total Uses of Funds:	**$**	**24,920,000**

Rate	6.000%
Term	10
Amort	10.00

1/ Assumes a 30 year term with an average interest rate of 6.00%
2/ Net bond proceeds available for project construction.
3/ Months of capitalized interest assumed is 0.0
4/ Includes bond counsel, underwriters counsel, and printing costs.
5/ Assumes an underwriter's discount per $1,000 of $15
6/ Assumes 10% of par amount of bonds.

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Independence Overlay Metropolitan District
Elbert County, Colorado
Sensitivity Analysis 1

Includes Original "Operations Fee" Revenue Projections submitted with Service Plan
Assumes 2.0% annual inflation in Projected Operating Expenses

6/14/17

TABLE 1

Independence Overlay Metropolitan District
Projection of Assessed Valuation

Completion Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2038	2048	2050
Tax Collection Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2050	2052
50's Units Built	0	0	36	36	36	36	32	36	16	0	0	0	0	0	0
Unit Price	$0	$0	$402,565	$420,680	$439,611	$459,394	$480,066	$501,669	$524,244	$547,835	$572,488	$598,250	$929,064	$1,442,808	$1,575,582
Market Value	$0	$0	$14,492,340	$15,144,495	$15,825,998	$16,538,167	$15,362,120	$18,060,092	$8,387,910	$0	$0	$0	$0	$0	$0
Cumulative Units	0	0	36	72	108	144	176	212	228	228	228	228	228	228	228
Cumulative Market Value:	$0	$0	$14,492,340	$29,636,835	$45,462,833	$62,001,000	$77,363,120	$95,423,213	$103,811,122	$103,811,122	$103,811,122	$103,811,122	$103,811,122	$103,811,122	$103,811,122
60's Units Built	0	0	36	36	36	36	36	36	36	36	11	0	0	0	0
Unit Price	$0	$0	$475,432	$496,826	$519,184	$542,547	$566,962	$592,475	$619,136	$646,997	$676,112	$706,537	$1,097,231	$1,703,966	$1,860,773
Market Value	$0	$0	$17,115,552	$17,885,752	$18,690,611	$19,531,688	$20,410,614	$21,329,092	$22,288,901	$23,291,901	$7,437,234	$0	$0	$0	$0
Cumulative Units	0	0	36	72	108	144	180	216	252	288	299	299	299	299	299
Cumulative Market Value:	$0	$0	$17,115,552	$35,001,304	$53,691,915	$73,223,603	$93,634,217	$114,963,309	$137,252,209	$160,544,111	$167,981,344	$167,981,344	$167,981,344	$167,981,344	$167,981,344
70's Units Built	0	0	0	24	24	24	24	24	24	24	24	24	0	0	0
Unit Price	$0	$0	$550,616	$575,394	$601,286	$628,344	$656,620	$686,168	$717,045	$749,312	$783,031	$818,268	$1,270,745	$1,973,428	$2,155,033
Market Value	$0	$0	$0	$13,809,449	$14,430,874	$15,080,264	$15,758,876	$16,468,025	$17,209,086	$17,983,495	$18,792,752	$19,638,426	$0	$0	$0
Cumulative Units	0	0	0	24	48	72	96	120	144	168	192	216	216	216	216
Cumulative Market Value:	$0	$0	$0	$13,809,449	$28,240,324	$43,320,588	$59,079,463	$75,547,488	$92,756,575	$110,740,070	$129,532,822	$149,171,249	$149,171,249	$149,171,249	$149,171,249
80's Units Built	0	0	0	13	16	24	24	24	24	12	0	0	0	0	0
Unit Price	$0	$0	$632,127	$660,573	$690,298	$721,362	$753,823	$787,745	$823,194	$860,238	$898,948	$939,401	$1,458,861	$2,265,566	$2,474,055
Market Value	$0	$0	$0	$8,587,445	$11,044,776	$17,312,686	$18,091,757	$18,905,886	$19,756,651	$10,322,850	$0	$0	$0	$0	$0
Cumulative Units	0	0	0	13	29	53	77	101	125	137	137	137	137	137	137
Cumulative Market Value:	$0	$0	$0	$8,587,445	$19,632,221	$36,944,907	$55,036,664	$73,942,550	$93,699,201	$104,022,051	$104,022,051	$104,022,051	$104,022,051	$104,022,051	$104,022,051
1/2 Acre Units Built	0	0	0	0	0	0	0	0	20	0	0	0	0	0	0
Unit Price	$0	$0	$701,996	$733,586	$766,597	$801,094	$837,143	$874,815	$914,181	$955,320	$998,309	$1,043,233	$1,620,109	$2,515,979	$2,747,512
Market Value	$0	$0	$0	$0	$0	$0	$0	$0	$18,283,628	$0	$0	$0	$0	$0	$0
Cumulative Units	0	0	0	0	0	0	0	0	20	20	20	20	20	20	20
Cumulative Market Value:	$0	$0	$0	$0	$0	$0	$0	$0	$18,283,628	$18,283,628	$18,283,628	$18,283,628	$18,283,628	$18,283,628	$18,283,628
1 Acre Units Built	0	0	0	0	0	0	0	0	12	8	0	0	0	0	0
Unit Price	$0	$0	$778,514	$813,547	$850,157	$888,414	$928,392	$970,170	$1,013,828	$1,059,450	$1,107,125	$1,156,946	$1,796,702	$2,790,223	$3,046,993
Market Value	$0	$0	$0	$0	$0	$0	$0	$0	$12,165,933	$8,475,600	$0	$0	$0	$0	$0
Cumulative Units	0	0	0	0	0	0	0	0	12	20	20	20	20	20	20
Cumulative Market Value:	$0	$0	$0	$0	$0	$0	$0	$0	$12,165,933	$20,641,533	$20,641,533	$20,641,533	$20,641,533	$20,641,533	$20,641,533
TOTAL UNITS BUILT	**0**	**0**	**72**	**109**	**112**	**120**	**116**	**120**	**132**	**80**	**35**	**24**	**0**	**0**	**0**
Market Value	**$0**	**$0**	**$31,607,892**	**$55,427,142**	**$59,992,259**	**$68,462,806**	**$69,623,367**	**$74,763,095**	**$98,092,108**	**$60,073,847**	**$26,229,986**	**$19,638,426**	**$0**	**$0**	**$0**
Cumulative Units	**0**	**0**	**72**	**181**	**293**	**413**	**529**	**649**	**781**	**861**	**896**	**920**	**920**	**920**	**920**
Cumulative Imprmnt Market Value:	**$0**	**$0**	**$31,607,892**	**$87,035,034**	**$147,027,292**	**$215,490,098**	**$285,113,465**	**$359,876,560**	**$457,968,668**	**$518,042,515**	**$544,272,501**	**$563,910,927**	**$563,910,927**	**$563,910,927**	**$563,910,927**
Cumulative Res Improv Market Value	**$0**	**$0**	**$31,607,892**	**$87,035,034**	**$147,027,292**	**$215,490,098**	**$285,113,465**	**$359,876,560**	**$457,968,668**	**$518,042,515**	**$544,272,501**	**$563,910,927**	**$563,910,927**	**$563,910,927**	**$563,910,927**
Residential Assessment Ratio	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**	**7.96%**
PROJECTED IMPRMNT ASSESSED VALUATION	**$0**	**$0**	**$2,515,988**	**$6,927,989**	**$11,703,372**	**$17,153,012**	**$22,695,032**	**$28,646,174**	**$36,454,306**	**$41,236,184**	**$43,324,091**	**$44,887,310**	**$44,887,310**	**$44,887,310**	**$44,887,310**
				$4,412,000	**$4,775,384**	**$5,449,639**	**$5,542,020**	**$5,951,142**	**$7,808,132**	**$4,781,878**	**$2,087,907**	**$1,563,219**	**$0**	**$0**	**$0**
# of Unsold Lots	**920**	**920**	**920**	**848**	**739**	**627**	**507**	**391**	**271**	**139**	**59**	**24**	**0**	**0**	**0**
Improved Lots	**328**	**120**	**118**	**118**	**118**	**118**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Beginning Land Value	**$0**	**$16,400,000**	**$22,400,000**	**$24,700,000**	**$25,150,000**	**$25,450,000**	**$25,350,000**	**$19,550,000**	**$13,550,000**	**$6,950,000**	**$2,950,000**	**$1,200,000**	**$0**	**$0**	**$0**
Added Lot Value @ $50,000/Lot	**$16,400,000**	**$6,000,000**	**$5,900,000**	**$5,900,000**	**$5,900,000**	**$5,900,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
# of Lots sold	**0**	**0**	**72**	**109**	**112**	**120**	**116**	**120**	**132**	**80**	**35**	**24**	**0**	**0**	**0**
Less Value of Lots Built @ $50,000/Lot	**$0**	**$0**	**($3,600,000)**	**($5,450,000)**	**($5,600,000)**	**($6,000,000)**	**($5,800,000)**	**($6,000,000)**	**($6,600,000)**	**($4,000,000)**	**($1,750,000)**	**($1,200,000)**	**$0**	**$0**	**$0**
Ending Market Value of Land	**$16,400,000**	**$22,400,000**	**$24,700,000**	**$25,150,000**	**$25,450,000**	**$25,350,000**	**$19,550,000**	**$13,550,000**	**$6,950,000**	**$2,950,000**	**$1,200,000**	**$0**	**$0**	**$0**	**$0**
Net Market Value of Land	**$16,400,000**	**$22,400,000**	**$24,700,000**	**$25,150,000**	**$25,450,000**	**$25,350,000**	**$19,550,000**	**$13,550,000**	**$6,950,000**	**$2,950,000**	**$1,200,000**	**$0**	**$0**	**$0**	**$0**
Non-Residential Assessment Ratio	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**	**29.0%**
PROJECTED ASSESSED VALUATION OF LAND	**$4,756,000**	**$6,496,000**	**$7,163,000**	**$7,293,500**	**$7,380,500**	**$7,351,500**	**$5,669,500**	**$3,929,500**	**$2,015,500**	**$855,500**	**$348,000**	**$0**	**$0**	**$0**	**$0**
Market Re-Valuation Rate	**0.0%**	**0.0%**	**0.0%**	**2.0%**	**0.0%**	**2.0%**	**0.0%**	**2.0%**	**0.0%**	**2.0%**	**0.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Re-valuation Value	**$0**	**$0**	**$0**	**$193,580**	**$0**	**$385,549**	**$0**	**$578,873**	**$0**	**$792,556**	**$0**	**$912,453**	**$1,033,730**	**$1,141,321**	**$1,164,147**
TOTAL PROJECTED ASSESSED VALUATION	**$4,756,000**	**$6,496,000**	**$9,678,988**	**$14,415,068**	**$19,277,452**	**$25,083,641**	**$28,943,661**	**$33,733,676**	**$39,627,808**	**$44,042,242**	**$45,622,649**	**$47,750,321**	**$52,720,213**	**$58,207,375**	**$59,371,522**

TABLE 2

Independence Overlay Metropolitan District
Tax Revenues and Impact Fees

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2050	2052
Total Property Tax Revenue Impacts																
Total Assessed Valuation:		$4,756,000	$6,496,000	$9,678,988	$14,415,068	$19,277,452	$25,083,641	$28,943,661	$33,733,676	$39,627,808	$44,042,242	$45,622,649	$47,750,321	$52,720,213	$58,207,375	$59,371,522
Operating Fund Mill Levy:	15															
Property Tax Revenue	1/	$70,270	$95,978	$143,007	$212,983	$284,824	$370,611	$427,643	$498,415	$585,501	$650,724	$674,075	$705,511	$778,941	$860,014	$877,214
Specific Ownership Tax Revenue @6%		$4,216	$5,759	$8,580	$12,779	$17,089	$22,237	$25,659	$29,905	$35,130	$39,043	$40,444	$42,331	$46,736	$51,601	$52,633
District Impact (Operations?) Fees																
Number of Unsold Lots		256	267	273	271	273	271	139	59	24	0	0	0	0	0	0
Impact (Operations?) Fee Revenue	$25/mo	$76,800	$80,100	$81,900	$81,300	$81,900	$81,300	$41,700	$17,700	$7,200	$0	$0	$0	$0	$0	$0

1/ Net of 1.5% collection fees.

ANDERSON ANALYTICS has compiled this information based upon key assumptions provided by others. We have not independently examined or evaluated those assumptions, and consequently disclaim any form of assurance or opinion on them. Actual results may differ materially from projected results.

TABLE 3

Independence Overlay Metropolitan District
Summary of Revenues and Operating Expenditures

		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	2050	2052
Total Project Revenues																
Property Taxes																
Operating Mill Levy	**15.000**	$70,270	$95,978	$143,007	$212,983	$284,824	$370,611	$427,643	$498,415	$585,501	$650,724	$674,075	$705,511	$778,941	$860,014	$877,214
Specific Ownership Taxes	**@6.0%**	$4,216	$5,759	$8,580	$12,779	$17,089	$22,237	$25,659	$29,905	$35,130	$39,043	$40,444	$42,331	$46,736	$51,601	$52,633
District Impact (Operatons?) Fees 1/	**$25/mo**	$76,800	$80,100	$81,900	$81,300	$81,900	$81,300	$41,700	$17,700	$7,200	$0	$0	$0	$0	$0	$0
Total Revenues:		**$151,286**	**$181,837**	**$233,487**	**$307,062**	**$383,814**	**$474,147**	**$495,001**	**$546,020**	**$627,831**	**$689,768**	**$714,519**	**$747,842**	**$825,678**	**$911,615**	**$929,847**
Operating Expenses																
Estimated Operating Expense 2/		$119,020	$130,621	$78,042	$199,864	$258,199	$62,073	$361,657	$383,451	$487,401	$505,040	$529,980	$540,579	$658,963	$803,272	$835,725
Total Operating Expenses:		**$119,020**	**$130,621**	**$78,042**	**$199,864**	**$258,199**	**$62,073**	**$361,657**	**$383,451**	**$487,401**	**$505,040**	**$529,980**	**$540,579**	**$658,963**	**$803,272**	**$835,725**
Annual Surplus/Deficit		**$32,266**	**$51,216**	**$155,445**	**$107,198**	**$125,615**	**$412,075**	**$133,344**	**$162,569**	**$140,430**	**$184,727**	**$184,539**	**$207,262**	**$166,714**	**$108,342**	**$94,122**
Cumulative Fund Balance		**$32,266**	**$83,482**	**$238,927**	**$346,125**	**$471,740**	**$883,815**	**$1,017,159**	**$1,179,728**	**$1,320,158**	**$1,504,885**	**$1,689,425**	**$1,896,687**	**$3,720,542**	**$5,040,425**	**$5,226,825**

1/ Prposed Service Plan calls these "Operations Fees" to be imposed on builder-owned lots.

2/ Includes 2.0% annual inflation in operating expenses.

ANDERSON ANALYTICS has compiled this information based upon key assumptions provided by others. We have not independently examined or evaluated those assumptions, and consequently disclaim any form of assurance or opinion on them. Actual results may differ materially from projected results.