

CITY CENTER WEST RESIDENTIAL METROPOLITAN DISTRICT DISCLOSURE TO PURCHASERS

This Disclosure to Purchasers has been prepared by City Center West Residential Metropolitan District (the “**Residential District**”) to provide prospective property owners with general information regarding the Residential District and its operations. This Disclosure to Purchasers is intended to provide an overview of pertinent information related to the Residential District and does not purport to be comprehensive or definitive. You are encouraged to independently confirm the accuracy and completeness of all statements contained in this Disclosure to Purchasers.

RESIDENTIAL DISTRICT’S POWERS

The Residential District’s powers, as authorized by Section 32-1-1004, C.R.S., and under the Second Amended and Restated Consolidated Service Plan for the City Center West Commercial Metropolitan District (the “**Commercial District**, and together with the Residential District, the “**Original Districts**”), the Residential District, and City Center West Residential Metropolitan District No. 2 (“**Residential District No. 2**,” and together with the Original Districts, the “**Service Plan Districts**”), as approved by the City of Greeley, Colorado (the “**City**”) on August 16, 2016 (the “**Consolidated Service Plan**”), are to plan for, design, finance, acquire, construct, install, relocate, and/or redevelop certain public improvements, including, but not limited to, sanitation improvements, water improvements, street improvements, safety protection improvements, park and recreation improvements, transportation improvements, mosquito control, storm drainage, security services, and covenant enforcement and design review services to the Service Plan Districts.

RESIDENTIAL DISTRICT’S SERVICE PLAN

The Consolidated Service Plan, which can be amended from time to time, includes a description of the powers and authority of the Service Plan Districts. A copy of the Consolidated Service Plan is available from the Division of Local Government in the State Department of Local Affairs (the “**Division**”). Although the Service Plan Districts are subject to the same Consolidated Service Plan, Residential District No. 2 is operated independently from, and is governed by a Board of Directors which is independent from, the Original Districts.

The Service Plan Districts are authorized by Title 32 of the Colorado Revised Statutes to use a number of methods to raise revenues for capital needs and general operations costs. These methods, subject to the limitations imposed by Section 20 of Article X of the Colorado Constitution (“**TABOR**”), include issuing debt, levying taxes, and imposing fees and charges. Information concerning the Original Districts’ directors, management, meetings, elections, and current taxes are provided annually in the Notice to Electors described in Section 32-1-809(1), C.R.S., which can be found at the office of General Counsel for the Original Districts, on file at the Division, or on file at the office of the Clerk and Recorder of Weld County, Colorado.

DEBT AUTHORIZATION AND DEBT

Pursuant to the Consolidated Service Plan, the Service Plan Districts have the authority to issue up to an aggregate of Twenty Million Dollars (\$20,000,000) in debt to provide and pay for public infrastructure improvement costs. Pursuant to an Intergovernmental Agreement Regarding Debt Allocation between the Service Plan Districts, the Original Districts were allocated up to an aggregate of Thirteen Million Dollars (\$13,000,000) in debt in to provide and pay for public infrastructure improvement costs.

Any debt issued by the Residential District will be repaid through ad valorem property taxes, from a Residential District-imposed debt service mill levy on all taxable property of the Residential District, together with any other legally available revenues of the Residential District, which may include, without limitation, certain revenues pledged to the Commercial District from the Residential District.

In April 2020, the Commercial District issued its \$7,995,000 Limited Tax General Obligation Refunding and Improvement Bonds, Series 2020A (the “**2020A Bonds**”), and its \$1,162,000 Subordinate General Obligation Limited Tax Bonds, Series 2020B (the “**2020B Bonds**,” and together with the 2020A Bonds, the “**2020 Bonds**”). The proceeds of the 2020 Bonds will be used for the purposes of: (a) refinancing bonds issued in 2014 by the Residential District (the “2014 Bonds”); (b) financing certain public improvements that benefit the users and residents of the Original Districts; (c) paying capitalized interest on the 2020A Bonds; (d) funding a reserve fund for the 2020A Bonds; and (e) paying the costs of issuing the 2020 Bonds. The 2020A Bonds mature December 1, 2049 and bear interest at 7.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2020. The 2020B Bonds mature December 15, 2049 and bear interest at 9.00%, payable annually on each December 15, commencing on December 15, 2020, provided there is subordinate pledged revenue available to pay the 2020B Bonds.

The 2020A Bonds are secured by and payable from the senior pledged revenue, which consists of pledged revenue from the Commercial District and pledged revenue from the Residential District. The revenue pledged from the Commercial District consists of a required mill levy in an amount sufficient to pay the 2020A Bonds when they become due, but not in excess of 50.000 mills, and for so long as the surplus fund is less than \$799,500, not less than 50.000 mills (adjusted for changes occurring after the issuance the bonds in the ratio of assessed values to market values), specific ownership taxes, revenue generated pursuant to certain covenants that impose payments in lieu of taxes on certain tax-exempt property, and any other legally available moneys available to the Commercial District. The revenue pledged from the Residential District consists of a required mill levy in the amount of 50.000 mills (adjusted for changes occurring after the issuance of such bonds in the ration of assessed values to market values), specific ownership taxes, revenue generated pursuant to certain covenants that impose payments in lieu of taxes on certain tax-exempt property, and any other legally available moneys available to the Residential District, which the Residential District determines, in its sole discretion, to pledge to the Commercial District. The 2020A Bonds are also secured by capital interest, the reserve fund, and the surplus fund.

The 2020B Bonds are “cash flow” bonds, meaning that principal is payable from, and only to the extent of, available subordinate pledged revenue, which is any revenue available from the

senior pledged revenue after all the debt service on the 2020A Bonds has been paid in the relevant year.

TAXES AND FEES IMPOSED ON PROPERTIES WITHIN THE RESIDENTIAL DISTRICT

Ad Valorem Property Taxes

The Residential District’s primary source of revenue is from property taxes imposed on property within the Residential District. Along with other taxing entities, the Residential District certifies a mill levy by December 15th of each year which determines the taxes paid by each property owner in the following year. In 2019, the Residential District imposed a total mill levy of 66.797 mills for tax collection year 2020. The 66.797 mills consist of an Operations Mill Levy of 11.133 mills and a debt service mill levy of 55.644 mills (as described below). As discussed above, the 2020 Bonds are secured by a required mill levy of 50.000 mills (adjusted for changes occurring after the issuance of such bonds in the ratio of assessed values to market values). The total overlapping mill levy for the property within the Residential District for tax collection year 2020 was 154.197 mills (inclusive of the Residential District’s Mill Levy), as described in the “Overlapping Mill Levy” section below.

The various mill levies described in this Disclosure to Purchasers are examples only and were the mill levies certified in 2019, for collection in 2020. The mill levies certified for collection in future years may change.

Debt Service Mill Levy

The maximum debt service mill levy the Residential District is permitted to impose under the Consolidated Service Plan (“**Maximum Debt Mill Levy**”) upon the taxable property of the Residential District for payment of debt is fifty (50) mills. The Maximum Debt Mill Levy may be adjusted due to changes in the statutory or constitutional method of assessing property tax or in the assessment ratio. The purpose of such adjustment is to assure, to the extent possible, that the actual tax revenues generated by the mill levy are neither decreased nor increased, as shown in the example below. In 2017, the residential assessment ratio was 7.96%. The State Legislature adjusted the residential assessment ratio in 2018, for collection in 2019, from 7.96% to 7.2%. The State Legislature adjusted the residential assessment ratio for 2019, for collection in 2020, from 7.2% to 7.15%. For tax collection year 2020, the Residential District imposed a debt service mill levy of 55.644 mills.

THE FOLLOWING EXAMPLE IS PROVIDED SOLELY FOR THE PURPOSE OF ILLUSTRATION AND IS NOT TO BE INTERPRETED AS A REPRESENTATION OF ANY ACTUAL CURRENT OR FUTURE VALUE INCLUDING, BUT NOT LIMITED TO, ANY ACTUAL VALUE, ASSESSMENT RATIO, OR MILL LEVY.

***Residential District Property Tax (Debt Service Mill Levy ONLY) Calculation Example-
Reduction in Residential Assessment Ratio***

Tax Collection Year	Actual Value (V)	Assessment Ratio ®	Assessed Value (AV) [V x R = AV]	Mill Levy¹/Rate² (M)	Amount of District Tax Due [AV x M]
(a) 2017	\$300,000	7.96%	\$23,880	50.000/0.05000	\$1,194
(b) 2018 and 2019	\$300,000	7.20%	\$21,600	55.277/0.055277	\$1,194
(c) 2020	\$300,000	7.15%	\$21,450	55.644/0.055644	\$1,194

¹ Based on a projected mill levy, not a representation of any actual current or future mill levy

² Each mill is equal to 1/1000th of a dollar

(a) If in 2017 the Actual Value of the Property was \$300,000, and the Residential Assessment Ratio established by the State Legislature for that year was 7.96%, the Assessed Value of the Property was \$23,880 (i.e., \$300,000 x 7.96% = \$23,880). Therefore, a certified debt service of 50.000 mills would have generated approximately \$1,194 in revenue for the Residential District.

(b) If in 2018 and 2019, the Actual Value of the Property remains at \$300,000, based upon the State Legislature’s determination to change the Residential Assessment Ratio for 2017 and 2018 (for collection in 2018 and 2019) to 7.2%, the Assessed Value would be \$21,600 (i.e., \$300,000 x 7.2% = \$21,600). Therefore, if the Residential District had imposed a debt service mill levy for collection in 2018 and 2019, the Residential District could have certified a debt service mill levy of 55.277 mills to generate the same revenue in 2018 that it had received from the 2017 debt service mill levy.

(c) If in 2020, the Actual Value of the Property remains at \$300,000, based upon the State Legislature’s determination to change the Residential Assessment Ratio for 2019 (for collection in 2020) to 7.15%, the Assessed Value would be \$21,450 (i.e., \$300,000 x 7.15% = \$21,450). Therefore, the Residential District imposed a debt service mill levy of 55.644 mills to generate the same revenue in 2020 that it could have received from the 2018 and 2019 debt service mill levy.

Operations Mill Levy

In addition to imposing a debt service mill levy, the Residential District is also authorized by the Consolidated Service Plan to impose a separate mill levy to generate revenues for the provision of administrative, operations and maintenance services (the “**Operations Mill Levy**”). Pursuant to the Consolidated Service Plan, the Maximum Operations Mill Levy is 10.000 mills (adjusted for changes occurring in the ratio of assessed values to market values). The Residential District’s Operations Mill Levy was imposed at 11.133 mills for tax collection year 2020.

Residential District Property Tax (Operations Mill Levy) Calculation Example

Tax Collection Year	Actual Value (V)	Assessment Ratio (R)	Assessed Value (AV) [V x R = AV]	Mill Levy¹/Rate² (M)	Amount of District Tax Due [AV x M]
(a) 2017	\$300,000	7.96%	\$23,880	10.000/0.01000	\$239
(b) 2018 and 2019	\$300,000	7.20%	\$21,600	11.055/0.011055	\$239
(c) 2020	\$300,000	7.15%	\$21,450	11.133/0.011133	\$239

1 Based on a projected mill levy, not a representation of any actual current or future mill levy

2 Each mill is equal to 1/1000th of a dollar

There are several benefits to the use of a metropolitan district as opposed to, or in cooperation with, an owners’ association, including, but not limited to the following: (a) Cost Efficiency. Metropolitan districts fund their operations from revenues generated from real property taxes while homeowner’s associations assess dues and collect them from property owners; (b) Tax Deduction. Taxes paid to a metropolitan district may be deductible from income taxes, in general, while owners’ association dues are generally not; and (c) Transparency. A metropolitan district is subject to various regulatory requirements, such as annual reporting of budgets and audited financials; annual audits, or audit exemptions.

Overlapping Mill Levies

In addition to the Residential District’s imposed mill levies for debt and operations as described above, the property located within the Residential District is also subject to additional “overlapping” mill levies from additional taxing authorities. The overlapping mill levy for tax collection year 2020, for the property within the Residential District, exclusive of the Residential District’s imposed mill levies was 87.400 mills. Mill levies are certified in December of each year, and generally published by the County by the end of the first quarter. The breakdown of the overlapping mill levies for tax collection year 2020 was as follows:

Taxing Authority	Levy
Weld County	15.038
School Dist #6-Greeley	50.517
Northern Colorado Water (NCW)	1.000
High Plains Library	3.217
Greeley City	11.274
Aims Junior College	6.354
TOTAL OVERLAPPING MILL LEVY (2020)	87.400
City Center West Residential Metropolitan District	66.797
TOTAL WITH DISTRICT MILL LEVY	154.197

Overlapping Mill Levy Property Tax Calculation Example-2018

Tax Collection Year	Actual Value (V)	Assessment Ratio (R)	Assessed Value (AV) [V x R = AV]	Mill Levy¹/Rate² (M)	Amount of Total Property Tax Due [AV x M]
(a) 2020	\$300,000	7.15%	\$21,450	154.197/.154197	\$3,308

¹ Based on a projected mill levy, not a representation of any actual current or future mill levy

² Each mill is equal to 1/1000th of a dollar

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Fees

In addition to property taxes, the Residential District may also rely upon various other revenue sources authorized by law to offset the expenses of capital construction and district management, operations and maintenance. Pursuant to the Consolidated Service Plan, the Residential District has the power to impose and collect facilities fees.

RESIDENTIAL DISTRICT BOUNDARIES

This Disclosure shall apply to the property within the boundaries of the Residential District, which property is described on **Exhibit A**, which is attached hereto and incorporated herein by this reference.

CONTACT INFORMATION

For any questions regarding the Residential District or this Disclosure to Purchasers, please contact:

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Dated: October _____, 2020.

EXHIBIT A

Residential District Map and Legal Description