

**DISCLOSURE TO PURCHASERS OF PROPERTY
REATA RIDGE VILLAGE METROPOLITAN DISTRICT NOS. 1 AND 2**

Pursuant to the Consolidated Service Plan for Reata Ridge Village Metropolitan District Nos. 1 and 2, approved by the Town of Parker, Colorado on April 4, 2016 (the “**Service Plan**”), and as amended and approved by the Town of Parker, Colorado on January 17, 2017, Reata Ridge Village Metropolitan District Nos. 1 and 2 (each a “**District**” and collectively, the “**Districts**”) shall disclose, via written notice recorded against all of the property within the Districts, the total (overlapping) tax burden that could be imposed by the Districts. Accordingly, the Districts hereby disclose the following in relation to the property described in Exhibit A. Unless otherwise defined herein, initially capitalized terms used herein shall have the same meaning as set forth in the Service Plan.

1. What do the Districts do?

The Districts were organized pursuant to the Service Plan, approved by Resolution No. 16-023 of the Town Council for the Town of Parker, Colorado, on April 4, 2016, and as such Service Plan was amended as approved by Resolution No. 17-014 of the Town Council for the Town of Parker, Colorado, on January 17, 2017, for the purpose of designing, acquiring, constructing, installing, relocating, redeveloping and financing certain public improvements within the boundaries of the Districts. The Districts are governmental entities, each governed by an elected board of directors made up of property owners and property taxpayers within the respective District’s boundaries. Reata Ridge Village Metropolitan District No. 1 (“**District No. 1**”) is comprised entirely of residential properties and Reata Ridge Village Metropolitan District No. 2 (“**District No. 2**”) is comprised entirely of commercial properties.

The Districts’ boundaries are set forth in **Exhibit A** attached hereto. It is conceivable that additional boundary adjustments may be made within either District. Any such boundary adjustment is subject to prior approval by the owners of the property to be included and must be considered at a public hearing of the District’s board of directors. Further, neither District may include within their boundaries any additional property other than as shown on **Exhibit A** without the prior written consent of the Town Council of the Town of Parker. Neither District can exclude any property from its boundaries if such exclusion would result, or is reasonably anticipated to result, in a detriment to the remaining residents and taxpayers in the District, or to the District’s bondholders.

Pursuant to the Service Plan, each District is authorized to design, acquire, construct, install, relocate, redevelop and finance a sanitary sewer system, storm drainage, potable water system, non-potable irrigation system, street system and traffic safety, and parks and recreation improvements for the benefit of the property owners of each District. The Districts may dedicate certain public improvements to the Town of Parker or other governmental or quasi-governmental entities. The operations and maintenance of public improvements dedicated to the Town of Parker or others shall rest with the Town of Parker or such others to whom such public improvements are dedicated. The Districts have the authority to impose property taxes to fund the construction of all improvements identified in the Service Plan. The Districts are not authorized to impose any fees, rates, tolls, penalties or charges, other than property taxes, without first amending the Service, Plan, which requires the approval of the Town Council of the Town of Parker.

Certain services may be provided within the Districts by property owner associations organized as Colorado non-profit organizations comprised of all property owners in the applicable District. Currently, Reata Ridge Village Homeowners Association, Inc. has been organized for the property within District No. 1. Reata Ridge Village Center Commercial Association, Inc. has been organized relative to the property within District No. 2. Owners may be subject to fees and assessments payable to each such association, which are separate from and in addition to any taxes or assessments payable to the Districts.

2. How much property tax will the Districts collect to construct improvements?

The Districts have the authority to impose property taxes for the design, acquisition, construction, installation, relocation, redevelopment and financing of the improvements identified in the Service Plan. The Districts may issue bonds to provide for the costs of capital improvements within the boundaries of the Districts. In order to meet the debt service requirements for bonds, the Districts will impose a mill levy under the Service Plan.

For any portion of any debt issued by District No. 1 which is equal to or less than 50% of District No. 1's assessed valuation, the mill levy authorized for District No. 1 under the Service Plan is not limited. For any portion of debt issued by District No. 1 which is more than 50% of the District's assessed valuation, the mill levy imposed to service such debt may not exceed 35 mills (adjusted up or down as permitted in the Service Plan), less the mills assessed for any debt which is equal to or less than 50% of District No. 1's assessed valuation. In relation to the adjustment permitted in the Service Plan, the Service Plan provides that if, on or after January 1, 2000, there are or were changes in the ratio of actual valuation to assessed valuation, pursuant to Article X, Section 3(1)(b) of the Colorado Constitution and legislation implementing such Section, then the mill levy limitation set forth in the Service Plan may be increased above 35 mills to offset such change in the ratios of actual to assessed valuation so that to the extent possible, the actual tax revenues generated by the mill levy are neither diminished nor enhanced as a result of such changes. As the residential assessment rate has been adjusted in order to maintain a consistent relationship between the total assessed value of residential compared to non-residential property, taking such adjustment into account, at the time of the approval of the Service Plan, the adjusted maximum mill levy was 42.827.

For District No. 2, for any portion of debt issued by District No. 2 which is more than 50% of District No. 2's assessed valuation, the mill levy imposed to service such debt may not exceed 50 mills (adjusted up or down as permitted in the Service Plan), less the mills assessed for any debt which is equal to or less than 50% of District No. 2's assessed valuation. At the time of the approval of the Service Plan, the adjusted maximum mill levy was 50.000.

In addition, various voter limitations exist which affect the taxing powers of the Districts, including maximum annual taxing limitations and expenditure limitations. The TABOR Amendment, Article X, Section 20 of the Colorado Constitution, also provides for various legal limitations which may restrict the taxing and spending authority of the Districts.

3. What are the advantages of metropolitan districts providing public improvements in lieu of cities or counties?

Many areas in Colorado utilize special districts to finance public improvements. As cities and counties often do not provide water and wastewater systems, roads, or recreation facilities in new communities, special districts have been organized to build these facilities. Special districts, and the financial powers they utilize, may also permit earlier construction of recreation facilities and other amenities for the benefit of the community when compared with developments not within special districts. Where special districts are utilized, the costs of improvements within the community are generally spread over 20 to 30 years and are paid from mill levies. Special districts are governed by property owners within the community who are better able to address issues of concern to the community than could a larger city or county.

4. **How can I be assured that the District will not issue too many bonds and create unreasonably high mill levies?**

All bonds issued by either District will be governed by the controls adopted by the Colorado legislature governing the process by which bonds are issued by special districts. In addition, the organization and operation of the Districts are governed by the terms of the Service Plan, which limits the mill levy that may be assessed by the Districts for the payment of debt obligations and related expenses as set forth above, subject to adjustments to account for changes in state law with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters. The adjustment allows for tax revenues to be realized by the District in an equivalent amount as would have been realized by the Districts based on a levy of 35 or 50 mills, as applicable, absent any change in the manner of the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters.

The mill levy limits will remain in place unless and until the Service Plan is amended to permit a change in this limit for the Districts. This limit, as well as others existing under Colorado law and various voter approvals, are believed to be adequate to control the tax levies within the Districts. As noted above, however, many of the limits of the Service Plan and existing voter limits may be amended from time to time.

Market constraints on property sales by the developer also require that the mill levy within the Districts be comparable to mill levies in competing development areas in order to further the community as an attractive place for individuals to purchase residential or commercial property. Therefore, in the initial stages of the development, it is in the Districts' and the project developer's best interest to maintain mill levies in the Districts comparable to the total property taxes in other similar communities so that the property taxes paid for the amenities and services in the Districts are a good value.

5. **Who bears the risk that the community may not fully develop?**

Bondholders will be providing funding to the Districts for the Districts' construction of public improvements authorized by the Service Plan. These initial bonds for the District may be supported, in part, by the developer of the project. Property taxes paid by property owners on residential or commercial property will help pay the costs of all bonds issued by the District. This results in the risk of development being shared in part by bondholders and the developer. The property owners also share risk relative to the bonds which are currently limited as noted above in paragraph 4.

6. **What will my tax bill look like?**

In determining the tax liability for residential or commercial property, the Douglas County Assessor's Office first determines the actual value of the property based upon cost, market and/or income approaches to appraisal. Up to five years of market activity are analyzed. The actual value of the property is then multiplied by the assessment rate. The assessment rate for commercial properties is fixed at 29% of the actual value. For residential properties, the assessment rate is set by the state legislature on a periodic basis. The current assessment rate on residential property is 7.2%. The mill levy is then multiplied by the assessed valuation of the property, resulting in the assessment for the property. For example, residential property with an actual value of \$300,000 would have an assessed value of \$21,600 ($\$300,000 \times 7.2\%$). One mill (0.001) applied to that valuation for assessment produces \$21.60 of taxes ($\$21,600 \times 0.001$). Similarly, a commercial property with an actual value of \$300,000 would have an assessed value of \$87,000 ($\$300,000 \times 29\%$). One mill applied to that valuation for assessment produces

\$87.00 in taxes ($\$87,000 \times .0001$).

It is anticipated that the tax bill for your property will show mill levies for the Town of Parker, Douglas County Government, Douglas County RE-1 School District, South Metro Fire Rescue Fire Protection District, Parker Water and Sanitation District, Douglas Public Library District, Urban Drainage and Flood Control District, Cherry Creek Basin Water Quality Authority, Urban Drainage and Flood South Platte, Regional Transportation District, Douglas County Soil Conservation District and either District No. 1 or District No. 2.

According to information available from the Douglas County Assessor, the total overlapping mill levy imposed upon the property within the boundaries of District No. 1, but without any District No. 1 mill levy, is currently 84.798 for tax year 2017 for collection in 2018. Therefore, without the District, the annual tax bill levied on a residential property with an actual value of \$300,000 would be approximately \$1,832 ($\$21,600$ assessed value $\times .084798$). The mill levy imposed by District No. 1 for tax year 2017 for collection in 2018 was 42.827. The portion of the annual tax bill levied by District No. 1 on a residential property with an actual value of \$300,000 would be approximately \$925 ($\$21,600 \times .042827$). Your tax bill for your property will also include the mill levies from the other taxing entities that overlap with District No. 1's boundaries, and in this example, the total annual tax bill levied on the residential property would be approximately \$2,757 ($\$1,832 + \925).

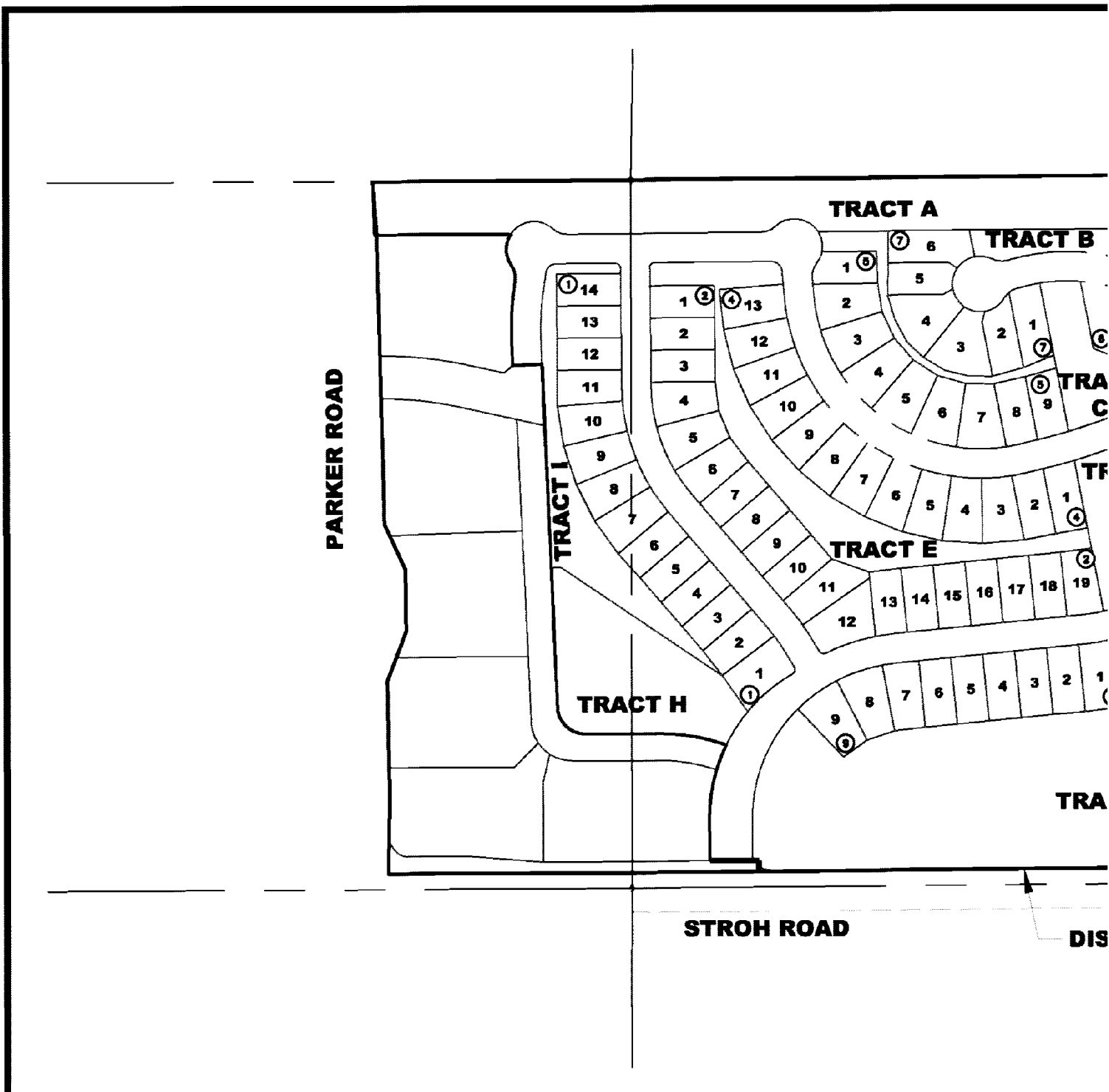
According to information available from the Douglas County Assessor, the total overlapping mill levy imposed upon the property within the boundaries of District No. 2, but without any District No. 2 mill levy, is currently 84.798 for tax year 2017 for collection in 2018. Therefore, without the District, the annual tax bill levied on a commercial property with an actual value of \$300,000 would be approximately \$7,377 ($\$87,000$ assessed value $\times .084798$). The mill levy imposed by District No. 2 for tax year 2017 for collection in 2018 was 50.000. The portion of the annual tax bill levied by District No. 2 on a residential property with an actual value of \$300,000 would be approximately \$4,350 ($\$87,000 \times .05$). Your tax bill for your property will also include the mill levies from the other taxing entities that overlap with District No. 2's boundaries, and in this example, the total annual tax bill levied on the commercial would be property approximately \$11,727 ($\$7,377 + \$4,350$).

Exhibit B attached hereto sets forth the approximate mill levies that are currently levied against the property within each District and outlines the annual tax bills levied both with and without the applicable District. Colorado taxing entities certify their mill levies on an annual basis, so the most accurate manner of ascertaining the specific taxing entities and current mill levies imposed on any property is by contacting the Douglas County Assessor's office directly.

7. Where can I get additional information regarding the District?

This document is not intended to address all issues associated with special districts generally or with the Districts specifically. The Service Plan for the Districts contains a full description of the Districts' purposes and functions. Prospective purchasers of property within the Districts are encouraged to read the Service Plan to be fully informed. A copy of the District's Service Plan is available in the Town of Parker's Clerk's Office. For additional information about the District, prospective purchasers may also contact the District's attorney's office of White Bear Ankele Tanaka & Waldron (Clint Waldron, 303-858-1800 or cwaldron@wbapc.com). The Districts' meetings are open to the public, at which time you can raise questions regarding any matter related to the activities of the Districts.

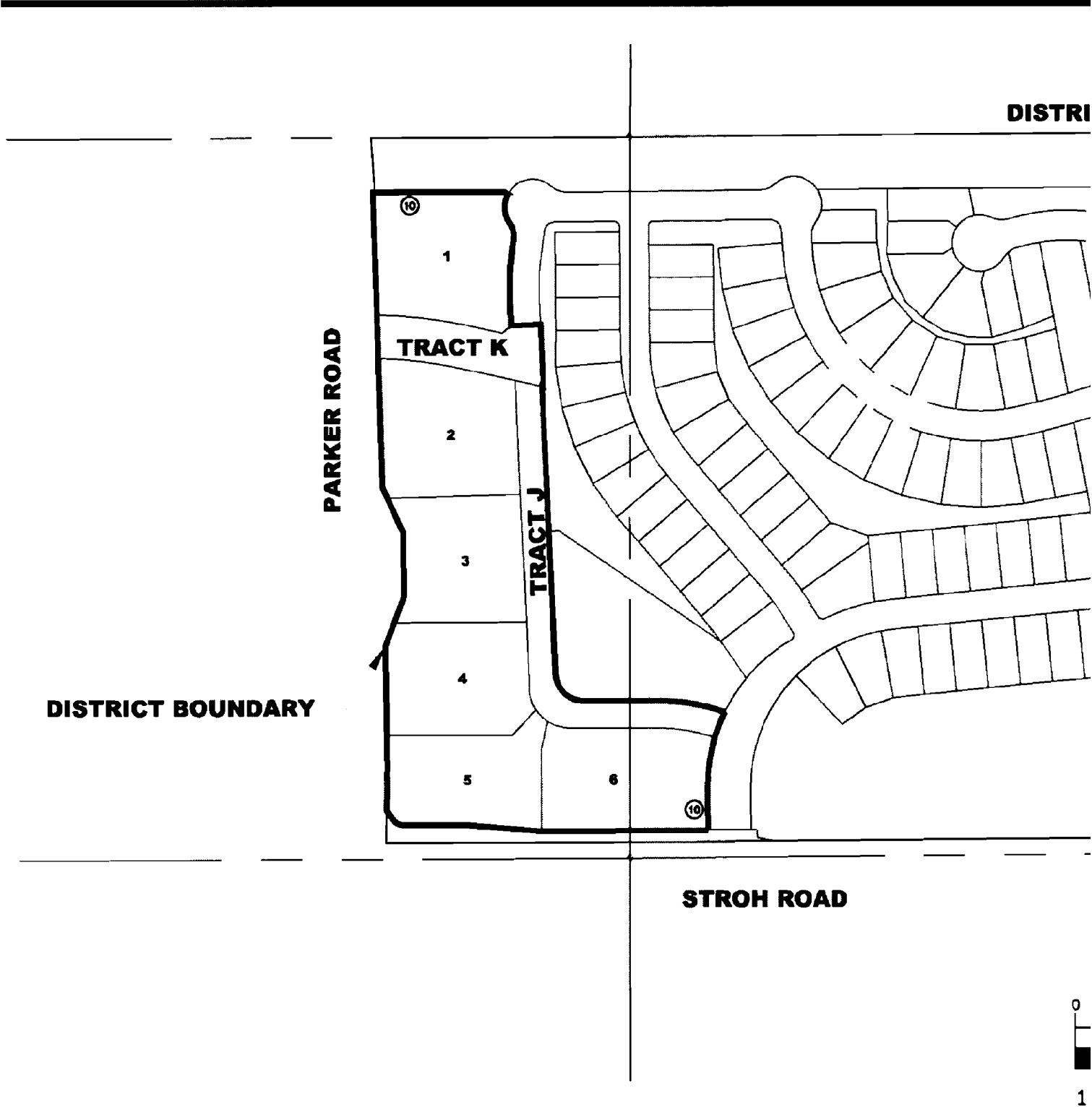
EXHIBIT A
DISCLOSURE TO PURCHASERS OF RESIDENTIAL PROPERTY
REATA RIDGE VILLAGE METROPOLITAN DISTRICT NOS. 1 AND 2
DISTRICT BOUNDARIES



Calibre

Calibre Engineering, Inc.
9090 South Ridgeline Boulevard, Suite 105
Highlands Ranch, CO 80129 (303) 730-0434
www.calibre-engineering.com
Construction Management Civil Engineering Surveying

REATA RIDGE VILLA
METROPOLITAN DISTRICT NO. 1 (RESIDENTIAL)
BOUNDARY MAP
IMPROVEMENTS EXHIBIT



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REATA RIDGE VILLAGE
BOUNDARY MAP



EXHIBIT B
DISCLOSURE TO PURCHASERS OF PROPERTY
REATA RIDGE VILLAGE METROPOLITAN DISTRICT NOS. 1 AND 2

ESTIMATE OF PROPERTY TAXES
DISTRICT NO. 1

Annual Tax Levied on Residential Property with a \$300,000 Actual Value
Without District No. 1 District

<u>Taxing Entity</u>	Mill Levies (2018**)	Annual tax levied
Douglas County Re-1 School District	30.942	\$ 668
Douglas County Government	19.774	\$ 427
South Metro Fire Rescue	9.250	\$200
Parker Water and Sanitation District	9.145	\$198
Douglas County Schools – Debt Service	8.054	\$174
Douglas Public Library District	4.021	\$87
Town of Parker	2.602	\$56
Urban Drainage & Flood Control District	0.500	\$11
Cherry Creek Basin Water Quality Authority	0.453	\$10
Urban Drainage & Flood South Platte	0.057	\$1
Douglas County Schools – Cap Reserve	0.000	\$0
Douglas County Schools – Insurance Reserve	0.000	\$0
Regional Transportation District	0.000	\$0
Douglas County Soil Conservation District	0.000	\$0
TOTAL:	84.798	\$ 1,832

****This estimate of Overlapping Mill Levies is based upon mill levies certified by the Douglas County Assessor's office in December 2017 for collection in 2018, and is intended only to provide approximations of the total overlapping mill levies within the District. The stated mill levies are subject to change and you should contact the Douglas County Assessor's office to obtain the most accurate and up to date information.**

**Annual Tax Levied on Residential Property with a \$300,000 Actual Value
With District No. 1**

<u>Taxing Entity</u>	<u>Mill Levies</u> (2018**)	<u>Annual tax levied</u>
Reata Ridge Village Metropolitan District No. 1	42.827	\$925
Douglas County Re-1 School District	30.942	\$ 668
Douglas County Government	19.774	\$ 427
South Metro Fire Rescue	9.250	\$200
Parker Water and Sanitation District	9.145	\$198
Douglas County Schools – Debt Service	8.054	\$174
Douglas Public Library District	4.021	\$87
Town of Parker	2.602	\$56
Urban Drainage & Flood Control District	0.500	\$11
Cherry Creek Basin Water Quality Authority	0.453	\$10
Urban Drainage & Flood South Platte	0.057	\$1
Douglas County Schools – Cap Reserve	0.000	\$0
Douglas County Schools – Insurance Reserve	0.000	\$0
Regional Transportation District	0.000	\$0
Douglas County Soil Conservation District	0.000	\$0
TOTAL:	127.63	\$ 2,757

****This estimate of Overlapping Mill Levies is based upon mill levies certified by the Douglas County Assessor's office in December 2017 for collection in 2018, and is intended only to provide approximations of the total overlapping mill levies within the District. The stated mill levies are subject to change and you should contact the Douglas County Assessor's office to obtain the most accurate and up to date information.**

ESTIMATE OF PROPERTY TAXES
DISTRICT NO. 2

**Annual Tax Levied on Commercial Property with a \$300,000 Actual Value
Without District No. 2 District**

<u>Taxing Entity</u>	Mill Levies (2018**)	Annual tax levied
Douglas County Re-1 School District	30.942	\$2,692
Douglas County Government	19.774	\$1,720
South Metro Fire Rescue	9.250	\$805
Parker Water and Sanitation District	9.145	\$796
Douglas County Schools – Debt Service	8.054	\$701
Douglas Public Library District	4.021	\$350
Town of Parker	2.602	\$226
Urban Drainage & Flood Control District	0.500	\$44
Cherry Creek Basin Water Quality Authority	0.453	\$39
Urban Drainage & Flood South Platte	0.057	\$5
Douglas County Schools – Cap Reserve	0.000	\$0
Douglas County Schools – Insurance Reserve	0.000	\$0
Regional Transportation District	0.000	\$0
Douglas County Soil Conservation District	0.000	\$0
TOTAL:	84.798	\$ 7,378

****This estimate of Overlapping Mill Levies is based upon mill levies certified by the Douglas County Assessor's office in December 2017 for collection in 2018, and is intended only to provide approximations of the total overlapping mill levies within the District. The stated mill levies are subject to change and you should contact the Douglas County Assessor's office to obtain the most accurate and up to date information.**

**Annual Tax Levied on Commercial Property with a \$300,000 Actual Value
With District No. 2 District**

<u>Taxing Entity</u>	<u>Mill Levies</u> (2018**)	<u>Annual tax levied</u>
Reata Ridge Village Metropolitan District No. 2	50.000	\$4,350
Douglas County Re-1 School District	30.942	\$2,692
Douglas County Government	19.774	\$1,720
South Metro Fire Rescue	9.250	\$805
Parker Water and Sanitation District	9.145	\$796
Douglas County Schools – Debt Service	8.054	\$701
Douglas Public Library District	4.021	\$350
Town of Parker	2.602	\$226
Urban Drainage & Flood Control District	0.500	\$44
Cherry Creek Basin Water Quality Authority	0.453	\$39
Urban Drainage & Flood South Platte	0.057	\$5
Douglas County Schools – Cap Reserve	0.000	\$0
Douglas County Schools – Insurance Reserve	0.000	\$0
Regional Transportation District	0.000	\$0
Douglas County Soil Conservation District	0.000	\$0
TOTAL:	134.798	\$ 11,728

****This estimate of Overlapping Mill Levies is based upon mill levies certified by the Douglas County Assessor's office in December 2017 for collection in 2018, and is intended only to provide approximations of the total overlapping mill levies within the District. The stated mill levies are subject to change and you should contact the Douglas County Assessor's office to obtain the most accurate and up to date information.**