

COLORADO CROSSING METROPOLITAN DISTRICT NOS. 1, 2 AND 3
AMENDED AND RESTATED DISCLOSURE TO PURCHASERS

UPDATED: MARCH 2021

This Amended and Restated Disclosure to Purchasers has been prepared by Colorado Crossing Metropolitan District Nos. 1, 2 and 3 (collectively, the “**Districts**”) to provide prospective property owners with general information regarding the Districts and their operations. This Amended and Restated Disclosure to Purchasers is intended to provide an overview of pertinent information related to the District and does not purport to be comprehensive or definitive. You are encouraged to independently confirm the accuracy and completeness of all statements contained herein.

DISTRICT’S ORGANIZATION / SERVICE PLAN

The property within the Victory Ridge development is located within the boundaries and/or service area of the Districts as described on the map attached hereto as **Exhibit A**. The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado organized in the City of Colorado Springs. The Districts operate pursuant to the Consolidated Service Plan for Colorado Crossing Metropolitan District Nos. 1-3, as approved by the City Council of the City of Colorado Springs (the “**City**”) on August 22, 2006, and amended on October 25, 2016, December 11, 2018, and November 10, 2020, (the “**Service Plan**”) and by the powers authorized by Section 32-1-1004, of the Colorado Revised Statutes (the “**C.R.S.**”). District No. 2 generally contains residential portions of the development within its boundaries and District Nos. 1 and 3 contain the commercial portions of the development within their boundaries.

The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop, and finance certain water, sanitary sewer and storm sewer, street, and safety protection improvements and services as defined in the Service Plan. The Service Plan, which can be amended from time to time, includes a description of the Districts’ powers and authority.

The Districts have entered into an Amended and Restated Intergovernmental Agreement dated July 11, 2017 (the “**IGA**”), under which the Districts agreed that District No. 1 would manage and provide for the construction, design, operation, and maintenance of Public Improvements (as defined in the IGA) within the boundaries of all of the Districts, as well as the overall administration of the Districts. The IGA also provided for the flow of funds by and among the Districts.

A copy of the Service Plan and IGA are available from the Division of Local Government in the State Department of Local Affairs (the “**Division**”) or from the Districts’ Manager, whose information is provided below.

DISTRICT BOARD OF DIRECTORS

The Districts are each governed by a five-member Board of Directors. Board members are elected by eligible electors within each District and are elected to staggered four-year terms of office. Any individual who resides within the boundaries of a district, or who owns or is under contract to purchase taxable real or personal property situated within the boundaries of a district, and is a registered voter in the State of Colorado, is eligible to serve on the Board of Directors of a

District. The Board’s regular meeting dates may be obtained from the District Manager, Josh Miller, CliftonLarsonAllen LLP, 111 South Tejon Street, Suite 705, Colorado Springs, CO 80903; (719) 635-0330.

TAXES AND FEES IMPOSED ON PROPERTIES WITHIN THE DISTRICTS

Ad Valorem Property Taxes

The Districts’ primary source of revenue is from property taxes imposed on property within their respective boundaries. Along with other taxing entities, the Districts each certify a mill levy by December 15th of each year which determines the taxes paid by each property owner in the following year. Each of the Districts imposed both a debt service mill levy for repayment of outstanding debt of the Districts, and an operations mill levy for payment of operations, maintenance and general administration expenses of the Districts as more specifically described below. For tax collection in year 2021, each District imposed a total combined mill levy (debt service mill levy and operations mill levy) and overlapping mill levy (as described in the “Overlapping Mill Levy” section below) on property within their respective districts as follows:

	Combined Mill Levy	Overlapping Mill Levy
District 1	29.513 mills	106.89 mills
District 2	40.649 mills	118.026 mills
District 3	70.000 mills	147.377 mills

****These mill levy figures are provided as an example only and may change from year to year. You are encouraged to independently confirm the accuracy and completeness of this information.**

Debt Service Mill Levy

The maximum mill levy the Districts may impose for repayment of debt are as follows (“**Debt Mill Levy Cap**”): the Districts may impose up to thirty (30) mills for repayment of debt in residential portions of the Districts and the Districts may impose up to fifty (50) mills for repayment of debt in commercial or retail portions of the Districts (“**Debt Mill Levy**”). The Service Plan prohibits the imposition of a Debt Mill Levy against residential property after 40 years from the date of initial imposition. The Debt Mill Levy Cap 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 Debt Mill Levy are neither decreased nor increased, as shown in the example below.

Operations Mill Levy

In addition to imposing a debt service mill levy, the Districts are each also authorized by the Service Plan to impose a separate mill levy to generate revenues for the provision of administrative, operations and maintenance services (the “**Operations and Maintenance Mill Levy**”). The Districts are permitted to impose a maximum of twenty (20) mills in commercial portions of the development so long as the Districts own and operate the public parking infrastructure. In residential portions of the development, the maximum Operations and Maintenance Mill Levy that may be imposed is ten (10) mills. The amount of the Operations and Maintenance Mill Levy may be increased as necessary, separate and apart from the Debt Mill Levy Cap, and the Operations and

Maintenance 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.

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.

District Property Tax Calculation Example-Reduction in Residential Assessment Ratio

Tax Collection Year	Actual Value (V)	Assessment Ratio (R)	Assessed Value (AV) [V x R = AV]	Mill Levy ¹ /Rate ² (M)	Amount of District Tax Due [AV x M]
(a) 2019	\$450,000	7.20%	\$32,400	50.000/0.05000	\$1,620.00
(b) 2020	\$450,000	7.15%	\$32,175	50.350/0.050350	\$1,620.00

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

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

(a) If in 2019 the Actual Value of the Property was \$450,000, and the Residential Assessment Ratio established by the State Legislature for that year was 7.20%, the Assessed Value of the Property was \$32,400 (i.e., \$450,000 x 7.20% = \$32,400). If a District certified a combined debt and operations mill levy of 50.000 mills, it would generate approximately \$1,620.00 in revenue for a District.

(b) If in 2020 the Actual Value of the Property remained at \$450,000, *but if the State Legislature determined to change the Residential Assessment Ratio for that year to 7.15%*, the Assessed Value would be \$32,175 (i.e., \$450,000 x 7.15% = \$32,175). Therefore, the District would need to certify a 50.350 mill levy in order to generate the same revenue as in 2019.

Overlapping Mill Levies

In addition to the Districts’ imposed mill levies for debt and operations as described above, the property located within each of the Districts is also subject to additional “overlapping” mill levies from additional taxing authorities. The overlapping mill levy **for tax collection year 2021**, for the property within the Districts, **exclusive of the Districts’ imposed mill levies**, is 77.377. The breakdown of the overlapping mill levies is as follows:

Taxing Authority	Levy
El Paso County (2021)	7.755
EPC Road & Bridge Share (2021)	0.165
City of Colorado Springs (2021)	4.279
EPC – Colorado Spgs Road & Bridge Share (2021)	0.165
Academy School No. 20 (2021)	60.216
Pikes Peak Library (2021)	3.855
Southeastern Colo Water Conservancy (2021)	0.942
TOTAL OVERLAPPING MILL LEVY	77.377

****These overlapping mill levy figures are provided as an example only and may change from year to year. You are encouraged to independently confirm the accuracy and completeness of this information.**

Fees

In addition to property taxes, the Districts 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 Service Plan, the Districts have the power to assess fees, rates, tolls, penalties, or charges as provided in Title 32 of the Colorado Revised Statutes, as amended.

DEBT AUTHORIZATION

Pursuant to the Service Plan, the Districts have authority to issue up to an aggregate of Fifty Million Dollars (\$50,000,000) of debt to provide and pay for public infrastructure improvement costs (“**Debt Limit**”). Issuances of debt as a result of refinancing previously issued debt do not count against the Debt Limit, so the amount of debt outstanding may exceed \$50,000,000 as a result.

In 2020, District No. 2 issued its \$23,797,000 Limited Tax General Obligation Refunding Bonds, Series 2020A-1, \$26,835,000 Limited Tax General Obligation Bonds, Series 2020A-2, and \$6,985,000 Subordinate Limited Tax General Obligation Bonds, Series 2020B-2 (collectively, the “**2020 Bonds**”). The Districts entered into a Capital Pledge Agreement with District No. 2, pursuant to which the Districts pledged to contribute revenue from their respective Debt Mill Levies, and certain other revenues of the Districts, towards the repayment of the 2020 Bonds. The 2020 Bonds were issued to refund and refinance debt previously issued by the Districts and to generate funds to pay for additional public infrastructure to serve the Districts and their constituents. Additional information regarding the Districts’ debt may be obtained from the Districts’ Manager.

CONTACT INFORMATION

Should you have any questions with regard to these matters, please contact:

District Manager:
Josh Miller
CliftonLarsonAllen LLP
111 South Tejon Street, Suite 705
Colorado Springs, CO 80903
Phone: 719-635-0330

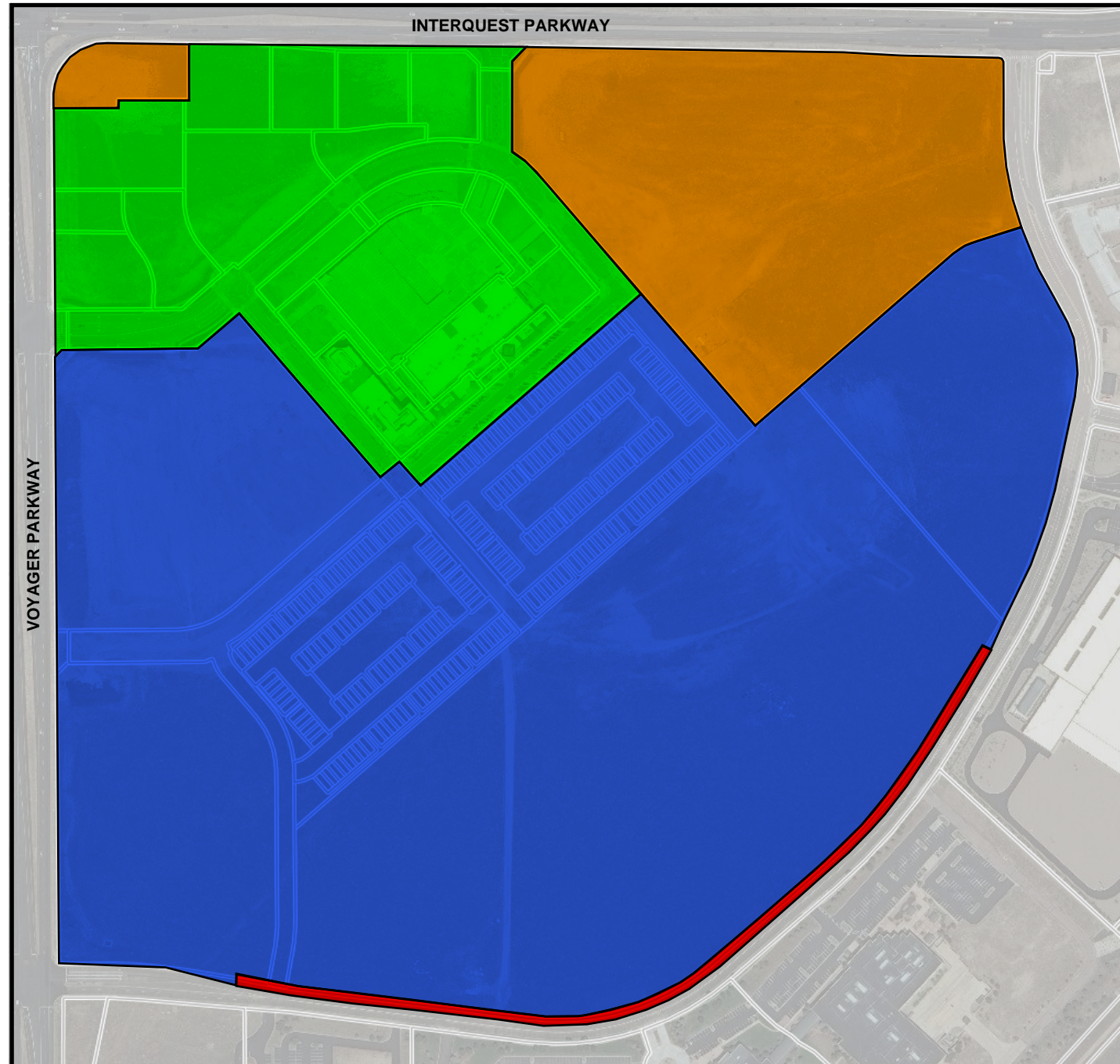
EXHIBIT A

Map of Districts' Boundaries

COLORADO CROSSING METROPOLITAIN DISTRICT NOS. 1, 2 & 3

CURRENT BOUNDARY EXHIBIT

9/17/20



- District No. 1
- District No. 2
- District No. 3
- Excluded Parcels

District No. 1 (Commercial)
Max 20 debt mills

District No. 2 (Residential)
Max 30 debt mills, subject to
Gallagher adjustment

District No. 3 (Commercial)
Max 50 debt mills

Excluded Parcels
Max 50 debt mills. Responsible
for 2017 Bonds and any
refunding thereof.