

RITORO METROPOLITAN DISTRICT DISCLOSURE TO PURCHASERS

This Disclosure to Purchasers has been prepared by Ritoro Metropolitan District (the “**District**”) to provide prospective property owners with general information regarding the District and its operations. This 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 in this Disclosure to Purchasers.

DISTRICT’S POWERS

The District’s powers, as authorized by Section 32-1-1004, C.R.S., and under the District’s Amended and Restated Service Plan, as approved by the Board of Trustees of the Town of Elizabeth, Colorado (the “**Town**”) on September 27, 2016 (the “**Service Plan**”), are to plan for, design, finance, acquire, construct, install, relocate, and/or redevelop certain public improvements, including, but not limited to, street improvements, water improvements, sanitation improvements, safety protection improvements, park and recreation improvements, transportation improvements, mosquito control, fire protection, television relay and translation improvements, storm drainage, security services, and covenant enforcement and design review services to the District.

DISTRICT’S SERVICE PLAN

The District’s Service Plan, which can be amended from time to time, includes a description of the District’s powers and authority. A copy of the District’s Service Plan is available from the Division of Local Government in the State Department of Local Affairs (the “**Division**”).

The District is 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 District 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 District, on file at the Division, or on file at the office of the Clerk and Recorder of Elbert County, Colorado.

DEBT AUTHORIZATION

Pursuant to its Service Plan, the District has authority to issue up to Twenty Million Dollars (\$20,000,000) of debt to provide and pay for public infrastructure improvement costs.

Any debt issued by the District will be repaid through ad valorem property taxes, from a District imposed debt service mill levy on all taxable property of the District, together with any other legally available revenues of the District.

TAXES AND FEES IMPOSED ON PROPERTIES WITHIN THE DISTRICT

Ad Valorem Property Taxes

The District’s primary source of revenue is from property taxes imposed on property within the District. Along with other taxing entities, the District certifies a mill levy by December 15th of each year which determines the taxes paid by each property owner in the following year. The District imposed an Operations Mill Levy of 66.333 for tax collection year 2018 (as described below). The total overlapping mill levy for the property within the District for tax collection year 2018 was 167.284 mills (inclusive of the 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 2017, for collection in 2018. The mill levies certified for collection in future years may change.

Debt Service Mill Levy

The maximum debt service mill levy the District is permitted to impose under the Service Plan (“**Maximum Debt Mill Levy**”) upon the taxable property of the 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. The State Legislature adjusted the residential assessment ratio for 2017, for collection in 2018, from 7.96% to 7.2%. For tax collection year 2018, the District did not impose a mill levy for debt service; however, given the adjustment in the residential assessment ratio, the District could have imposed a Maximum Debt Mill Levy that was adjusted from 50.000 mills to 55.277 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.

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

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	50.000/0.05000	\$1,194
(b) 2018	\$300,000	7.20%	\$21,600	55.277/0.055277	\$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, the District’s certified debt service of 50.000 mills generated approximately \$1,194 in revenue for the District.

(b) If in 2018 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 (for collection in 2018) to 7.2%, the Assessed Value would be \$21,600 (i.e., \$300,000 x 7.2% = \$21,600). Therefore, if the District had imposed a debt service mill levy for collection in 2018, the District would have needed to certify a debt service mill levy of 55.277 mills to generate the same revenue in 2018 that it received from the 2017 debt service mill levy.

Operations Mill Levy

In addition to imposing a debt service mill levy, the District is 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 Mill Levy**”). Pursuant to the Service Plan, the Maximum Debt Mill Levy does not apply to the District’s ability to increase its Operations Mill Levy, which may be increased as necessary, separate and apart from the Maximum Debt Mill Levy. Thus, the Maximum Debt Mill Levy described above does not apply to the District’s ability to increase its mill levy as necessary for provision of operation and maintenance services to its taxpayers and users.

The District’s Operations Mill Levy was imposed at 66.333 mills for tax collection year 2018.

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 Levy ¹ /Rate ² (M)	Amount of District Tax Due [AV x M]
(a) 2018	\$300,000	7.2%	\$21,600	66.333/0.066333	\$1,432.79.

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 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 are deductible from income taxes, in general, while owners’ association dues are generally not.
- (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 District’s imposed mill levies for debt and operations as described above, the property located within the District is also subject to additional “overlapping” mill levies from additional taxing authorities. The overlapping mill levy for tax collection year 2018, for the property within the District, exclusive of the District’s imposed mill levies was 100.951. Mill levies are certified in December of each year, and generally published by the County by the end of the first quarter. Therefore, currently the District is unable to provide more detailed information on the anticipated overlapping mill levy for collection in 2019. The breakdown of the overlapping mill levies for tax collection 2018 was as follows:

Taxing Authority	Levy
Elbert County General Fund	16.33
Elbert County Road and Bridge	9.5
Elbert County Social Service	1.5
Elbert County Retirement	0.703
Elizabeth School District G	26.721
Elizabeth School District B	7.661
Elizabeth Town General Fund	19.908
Elizabeth Fire General Fund	13.714
Elizabeth Park/Rec General	2.398
Elbert County Library	2.516
TOTAL OVERLAPPING MILL LEVY (2018)	100.951
Ritoro Metropolitan District (2018)	66.333
TOTAL WITH DISTRICT MILL LEVY	167.284

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) 2018	\$300,000	7.2%	\$21,600	167.284/167284	\$3,613.33

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 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 its Service Plan, the District has the power to assess fees,

rates, tolls, penalties, or charges as provided in Title 32 of the Colorado Revised Statutes, as amended.

DISTRICT BOUNDARIES

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

CONTACT INFORMATION

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

District Manager:
Special District Solutions, Inc.
9250 E. Costilla Avenue, Suite 660
Phone: (303) 662-1999
Email: kurt@specialdistrictsolutions.com
Attn: Kurt Schlegel

Dated this 14th day of September, 2018.

EXHIBIT A

District Map

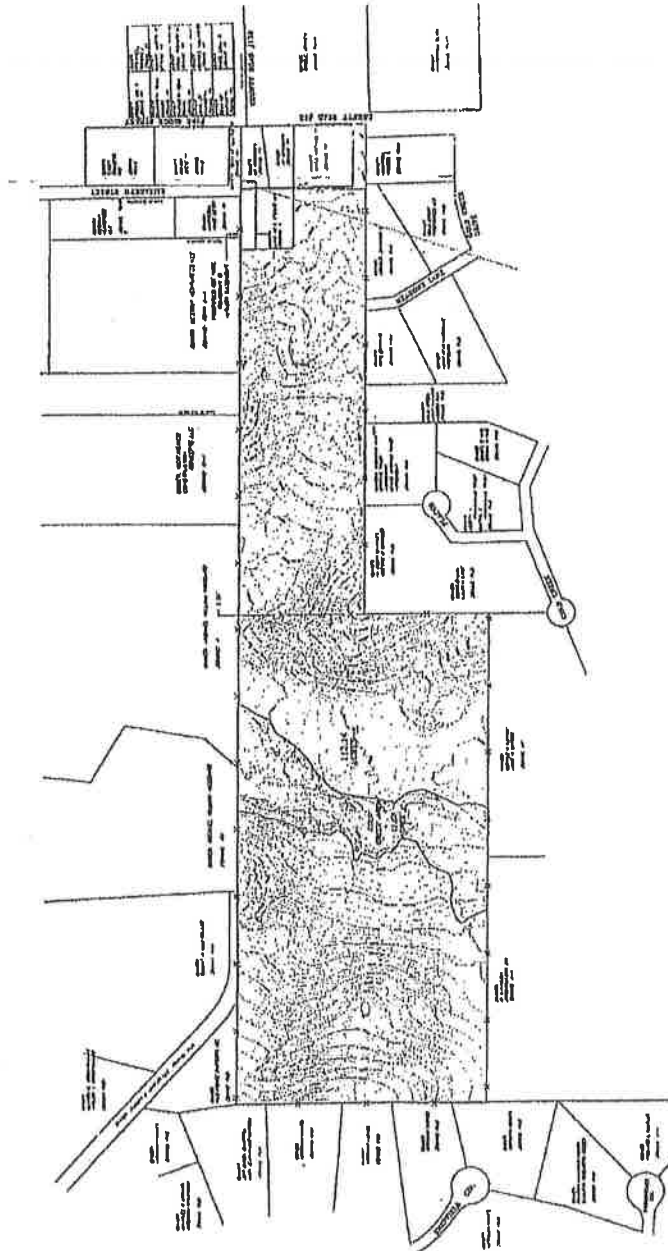


EXHIBIT B

Legal Description

RITORO LEGAL DESCRIPTION

A TRACT OF LAND SITUATED IN THE SOUTH 1/2 OF SECTION 13, TOWNSHIP 8 SOUTH, RANGE 85 WEST OF THE 6TH PRINCIPAL MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTH HALF AND CONSIDERING THE WEST LINE OF SAID SOUTH 1/2 TO BEAR N00°00'00"E WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO:

THENCE S89°18'54"E ALONG THE NORTH LINE OF SAID SOUTH 1/2 A DISTANCE OF 5283.83 FEET TO THE NORTHEAST CORNER OF SAID SOUTH 1/2;

THENCE S00°40'34"E ALONG THE EAST LINE OF SOUTH 1/2 A DISTANCE OF 660.00 FEET;

THENCE N89°18'54"W PARALLEL WITH THE NORTH LINE OF SAID 1/2 A DISTANCE OF 2640.00 FEET;

THENCE S00°00'00"W PARALLEL WITH THE WEST LINE OF SAID SOUTH 1/2 A DISTANCE OF 660.70 FEET;

THENCE N89°18'54"W PARALLEL WITH THE NORTH LINE OF SAID SOUTH 1/2 A DISTANCE OF 2631.62 FEET TO A POINT ON THE WEST LINE OF SAID SOUTH 1/2;

THENCE N00°00'00"E ALONG SAID WEST LINE A DISTANCE OF 1320.56 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PART DESCRIBED ON THE FINAL PLAT OF JJS ESTATES, RECEPTION NO. 268455

CONTAINING 113.14 ACRES MORE O R LESS

COUNTY OF ELBERT
STATE OF COLORADO