

PRAIRIESTAR METROPOLITAN DISTRICT NOS. 1 AND 2 GENERAL INFORMATION AND DISCLOSURE SHEET

GENERAL INFORMATION

This General Information Sheet has been prepared by PrairieStar Metropolitan District Nos. 1 and 2 (“District No. 1” and “District No. 2”, collectively, the “Districts”) to provide prospective property owners with general information regarding the Districts and their operations. This information sheet is intended to provide an overview of pertinent information related to the Districts and does not purport to be comprehensive or definitive. You are encouraged to independently confirm the accuracy and completeness of all statements contained herein.

ORGANIZATION OF DISTRICTS

The Districts were organized, together with PrairieStar Metropolitan District Nos. 3 and 4 (“District Nos. 3 and 4”), pursuant to an order and decree entered by the District Court of Larimer County and recorded in the real property records of Larimer County (“County”) on December 8, 2010. The Districts each operate pursuant to their respective Service Plans approved by the Town of Berthoud (the “Town”) on July 27, 2010 (the “Service Plans”). The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado. The property within the PrairieStar development (“Development”) is located within the boundaries of the Districts. A map of the Districts is attached hereto as **Exhibit A**.

DISTRICTS’ BOARD OF DIRECTORS

Each District is governed by a five-member Board of Directors. Board members are elected by the property owners within their respective Districts and are elected to staggered four-year terms of office. Any individual who resides within the boundaries of the respective District, or who owns taxable real or personal property situated within the boundaries of the respective District and is a registered voter in Colorado, is eligible to serve on the respective District’s Board of Directors. The Districts’ regular meeting dates, as well as a copy of each District’s Service Plan, may be obtained from the District Manager, Special District Management Services, Inc., at: 141 Union Blvd., Suite 140, Lakewood, CO 80228; (303) 987-0835.

DISTRICTS’ POWERS, IMPROVEMENTS AND SERVICES

The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance certain “Public Improvements”, as defined in the Service Plans. The Districts intend to dedicate the Public Improvements to the Town, or other appropriate jurisdictions, in a manner consistent with the development plan or other process established by the Town for identifying Public Improvements necessary for facilitating development of the area to be serviced by the Districts, as well as other rules and regulations of the Town and applicable provisions of the Town’s Development Code. The Districts shall not be authorized to operate and maintain any part or all of the Public Improvements unless the provisions of such operation and maintenance are pursuant to an agreement with the Town. However, the Districts intend to provide operations and maintenance services of some Public Improvements.

Under the Service Plans, the Districts have authority to issue general obligation debt in the aggregate amount of Thirty-Eight Million One Hundred Fifty Thousand Dollars (\$38,150,000) to provide and pay for public infrastructure improvement costs. In 2016, District No. 2 issued Limited Tax General Obligation Bonds, Series 2016 in the Aggregate Principal Amount of \$6,195,000.

All bonds are to be repaid through ad valorem property taxes imposed by District No. 2 on all taxable property located within the Districts, together with other rates, fees, tolls, and charges imposed by the Districts and dedicated to repayment of the bonds.

TAXES AND FEES IMPOSED ON PROPERTIES WITHIN THE DISTRICTS

Ad Valorem Property Taxes

The Districts’ primary source of revenue to repay any bonds and to pay for operations and maintenance obligations will be from property taxes imposed on property within the Districts. Along with other taxing entities, the Districts may certify a mill levy by December 15th of each year which determines the taxes paid by each property owner in the following year. District No. 2 serves as the District which certifies the mill levy each year. The maximum debt service mill levy the Districts are permitted to impose under the Service Plans is 50 mills (the “Debt Mill Levy Cap”). The Debt Mill Levy Cap shall not apply to a mill levy the Districts may impose for the provision of operation and maintenance services, but such operations and maintenance mill levy shall not exceed 15 mills without the prior written consent of the Town.

Pursuant to the Service Plans and the State of Colorado Constitution, the mill levy may also 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.

Example

Tax Collection Year	Actual Value (V)	Assessment Ratio (R)	Assessed Value (AV) [V x R = AV]	Mill Levy/Rate ¹ (M)	Amount of District Tax Due [AV x M]
(a) 2017	\$400,000	7.96%	\$31,840	45.00 / 0.04500	\$1,432.80
(b) 2018	\$400,000	7.2%	\$28,800	49.75 / 0.04975	\$1,432.80

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

(a) In 2017, if the Actual Value of the Property is \$400,000, the Assessment Ratio established by the State Legislature for that year is 7.96%, then the Assessed Value of the Property is \$31,840 (i.e., \$400,000 x 7.96% = \$31,840). In 2017, District No. 2 certified a 45.00 mill levy, which would generate approximately \$1,432.80 in revenue.

(b) If in 2018 the Actual Value of the Property remains at \$400,000, but the Assessment Ratio established by the State Legislature for that year is 7.2%, the Assessed Value would be \$28,800 (i.e., \$400,000 x 7.2% = \$28,800). The District would need to certify a 49.75 mill levy in order to generate the same revenue as in 2017.

THE ABOVE 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.

Overlapping Mill Levies

In addition to the Districts' imposed mill levies for debt and operations as described above, the property located within the Districts is also subject to additional "overlapping" mill levies from additional taxing authorities. As of November 2017, the overlapping mill levy for tax collection year 2017 for the property within the Districts, including the Districts' imposed mill levies, is 139.086. The overlapping mill levies are subject to change every year, so the mill levies for taxes collected in years after 2018 may be different. The breakdown of the overlapping mill levies for taxes collected in 2018 is as follows:

Taxing Authority	Levy
THOMPSON R2-J GEN FUND	31.497
LARIMER COUNTY	22.521
BERTHOUD FIRE DISTRICT	13.774
BERTHOUD	9.383
THOMPSON R2-J BOND PYMT	6.852
BERTHOUD COMM LIBRARY DIST	2.400
THOMPSON VALLEY HLTH SVC DST	1.768
N COLO WATER CONS DIST	1.000
LARIMER CO PEST CTRL DST	0.142
TOTAL OVERLAPPING MILL LEVY	89.337
PRAIRIESTAR METRO DIST NO. 2 – DEBT SERVICE	38.694
PRAIRIESTAR METRO DIST NO. 2 – OPERATIONS	11.055
TOTAL WITH DISTRICT MILL LEVY	139.086

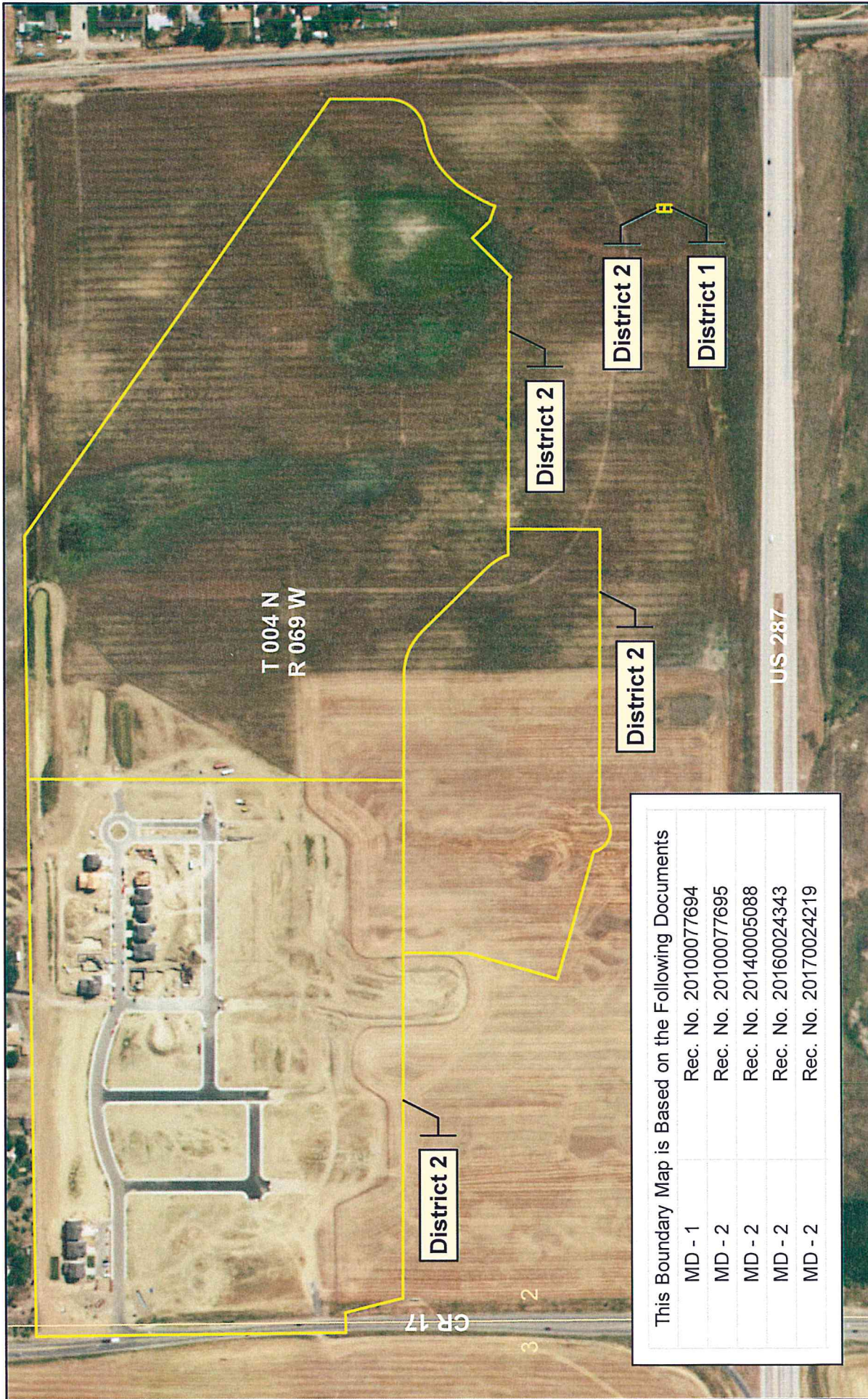
Fees

Colorado law and the Service Plans authorize the Districts to adopt and charge fees for services. These fees for services that the Districts provide may include fees for general operations. In Resolution No. 2016-04-04; a Joint Resolution between the Districts, the Districts adopted Transfer Fees and Design Review Fees. The Districts may revise those fees and may adopt additional fees if they deem necessary.

Should you have any questions with regard to these matters, please contact the District Manager at the address and phone number listed above.

EXHIBIT A

DISTRICT NOS. 1 AND 2 BOUNDARY MAP



This Boundary Map is Based on the Following Documents

MD - 1	Rec. No. 20100077694
MD - 2	Rec. No. 20100077695
MD - 2	Rec. No. 20140005088
MD - 2	Rec. No. 20160024343
MD - 2	Rec. No. 20170024219

PrairieStar Metropolitan Districts 1 & 2
Larimer County, CO

