

SHERIDAN STATION WEST METROPOLITAN DISTRICT DISCLOSURE TO PURCHASERS

This Disclosure to Purchasers has been prepared by Sheridan Station West 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 Service Plan, as approved by the City of Lakewood, Colorado (the “**City**”) on August 26, 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, 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 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 Jefferson County, Colorado.

DEBT AUTHORIZATION

Pursuant to its Service Plan, the District has authority to issue up to Twenty Million Dollars (\$7,250,000) 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.

In November 2017 the District issued its \$3,625,000 General Obligation Limited Tax Bonds, Series 2017, (the “**2017 Bonds**”). The 2017 Bonds will be used for the purposes of: (a)

funding and reimbursing the costs of the public improvements for the District; (b) funding the initial interest to accrue on the 2017 Bonds; (c) funding a debt service reserve for the 2017 Bonds; (d) partially funding a surplus fund for the 2017 Bonds; and (e) paying the costs of issuing the 2017 Bonds. The 2017 Bonds mature December 1, 2047 and bear interest at 6.00%, payable semiannually on each June 1 and December 1, commencing on June 1, 2018.

The 2017 Bonds are secured by and payable from the pledged revenue, consisting of the moneys derived from a required mill levy of not to exceed 50.000 mills (adjusted for changes occurring after the issuance of such bonds in the ration of assessed values to market values), and any other legally available moneys of the District credited to the Bond Fund. The 2017 Bonds are also secured by amounts held by the Trustee in the reserve fund of \$155,000 and, amounts accumulated in the surplus fund to a maximum amount of \$543,750. The Reserve Fund and the Surplus Fund shall be maintained by the Trustee until the 2017 Bonds are matured. The 2017 Bonds will convert to unlimited tax general obligations at such time the Debt to Assessed Ratio is less than 50%.

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. In 2017, the District imposed a total mill levy of 66.222 mills for collection in 2018. The 66.222 mills consist of an Operations Mill Levy of 22.000 mills and a debt service mill levy of 44.222 mills (as described below). As discussed above, the 2017 Bonds are secured by a required mill levy not to exceed 50.000 mills (as adjusted, discussed below). The total overlapping mill levy for the property within the District for tax collection year 2018 was 151.1258 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 Levy ¹ /Rate ² (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 22.000 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	22.000/0.022000	\$475.00.

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.

(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 84.9038. 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
Jefferson County	22.420
East Lakewood Sanitation District	3.682
City of Lakewood	2.148
Regional Transportation District	0.000
School District	42.878
Urban Drainage & Flood Control South Platte	0.057
Urban Drainage & Flood Control Cont Dist	0.500
West Metro Fire Protection - G	12.382
West Metro Fire Protection Sub	0.8368
TOTAL OVERLAPPING MILL LEVY (2018)	84.9038
Sheridan Station West Metropolitan District (2018)	66.222
TOTAL WITH DISTRICT MILL LEVY	151.1258

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 Levy ¹ /Rate ² (M)	Amount of Total Property Tax Due [AV x M]
(a) 2018	\$300,000	7.2%	\$21,600	151.1258/.1511258	\$3,264.32

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 impose and collect fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance.

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 Management Services, Inc.
 141 Union Blvd., Ste. 150
 Lakewood, CO 80228
 Phone: 303-987-0835
 Email: dsolin@sdmsi.com
 Attn: David Solin

Dated this _____ day of September, 2018.

EXHIBIT A

District Map

EXHIBIT B

Legal Description