

**AGREEMENT REGARDING DISTRICT DISCLOSURES
(FOUNDRY LOVELAND METROPOLITAN DISTRICT)**

THIS AGREEMENT REGARDING DISTRICT DISCLOSURES (this "Agreement") is executed as of the 8th day of April, 2019, by and between the CITY OF LOVELAND, COLORADO, a municipal corporation (the "City"), and THE FOUNDRY HOTEL, LLC, a Colorado limited liability company, THE FOUNDRY LINCOLN, LLC, a Colorado limited liability company, THE FOUNDRY CLEVELAND, LLC, a Colorado limited liability company, and THE FOUNDRY THEATER, LLC (individually, the "Property Owner"; collectively, the "Property Owners").

Recitals

A. The Property Owner owns certain real property located within the City's boundaries, which property is currently being developed for commercial uses (the "Property"). However, all or a portion of the Property may be converted to residential use in the future. The Property is more particularly described on **Exhibit A**.

B. The Property comprises a portion of the property in Foundry Loveland Metropolitan District (the "District") as defined and provided for in the Service Plan for Foundry Loveland Metropolitan District (the "Service Plan").

C. As a condition to its approval of the Service Plan, the City requires that the Property Owners and the City enter into an agreement requiring the Property Owners to provide a mill levy disclosure statement regarding the District to all prospective purchasers ("Lot Purchasers," as further defined herein) of lots ("Lots") in the District prior to any purchaser entering into a contract to purchase a Lot from the Property Owners, or their successors and assigns; provided that the use of such Lots has been converted to residential use.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agree as follows.

Agreement

1. Disclosure Requirement. At the time all or a portion of the Property has been converted to residential use and, thereafter, any Lot Purchaser enters into a reservation agreement with a Property Owner for a Lot within the Property, or if such Lot Purchaser does not enter into a reservation agreement, then prior to the time such Lot Purchaser enters into a written contract with a Property Owner for the purchase of a Lot within the Property, the Property Owner will provide to the Lot Purchaser a copy of a General Disclosure and Common Questions Regarding Foundry Loveland Metropolitan District, which shall include the Estimate of Property Taxes with and without the District's proposed maximum mill levy, in the form attached hereto as **Exhibit B** (the "Disclosure"). The Property Owner shall retain a copy of the Disclosure signed by all Lot Purchasers for its records. The Property Owner shall include the Estimate of Property Taxes

attached as Exhibit B to the Disclosure in all printed pricing schedules and related cost materials provided to prospective purchasers for the Property.

2. Amendments to Disclosure. The Property Owner shall not amend the Disclosure without the prior written approval by the City Attorney of such amendments, except that the Property Owner may (a) correct minor typographical or clerical errors, and (b) periodically update the assessment ratios, mill levies, and similar information contained in the Disclosure without the prior written approval of the City Attorney.

3. City's Remedies. In the event that the Property Owner fails to comply with the requirements of this Agreement, the City shall be entitled to seek specific performance thereof, and if the City prevails, it shall be entitled to recover from the Property Owner all of its costs and expenses incurred in connection therewith, including reasonable attorneys' fees and costs.

4. Lot Purchasers' Remedies. In the event that a Lot Purchaser does not receive a copy of the Disclosure prior to the time such Lot Purchaser enters into a written contract with the Property Owner for the purchase of a Lot within the Property, such Lot Purchaser shall be entitled to terminate such contract and receive a full refund of its deposits thereunder at any time prior to the earlier of: (a) fifteen (15) days after a copy of the Disclosure is provided to such Lot Purchaser; or (b) the closing of Lot Purchaser's acquisition of the Lot from Property Owner.

5. Disclosure by Subsequent Owners. The Property Owner's obligation under this Agreement shall be a covenant running with the land which shall bind subsequent Developers (as defined below). All subsequent Developers of a Lot within the Property shall be required by the Property Owner in a written agreement to comply with the disclosure requirements of Section 1 and shall be subject to the remedies set forth in Sections 3 and 4 in connection with their sale of such Lot. Following the first sale of a Lot to a Lot Purchaser, such Lot shall cease to be subject to this Agreement. For the purposes of this Agreement, a "Developer" shall be a party which acquires and then sells a Lot to a Lot Purchaser or acquires a Lot for constructing improvements for residential use thereon for resale to a Lot Purchaser, and a "Lot Purchaser" shall be a party who acquires a Lot with improvements for residential use constructed thereon or who acquires a Lot without improvements for the purpose of constructing improvements for residential use thereon.

6. No Third Party Beneficiaries. Except as provided in Section 4, this Agreement is for the benefit of, and may only be enforced by, the parties hereto. Except as set forth in Section 4, no third party shall have any rights, or be entitled to any remedies, arising out of this Agreement or any breach hereof.

7. Recitals. The Recitals set forth at the beginning of this Agreement are hereby incorporated in and made a part of this Agreement.

8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

9. Facsimile Signatures; Counterparts. The facsimile signature of any party on this Agreement shall be deemed an original for all purposes. This Agreement may be executed in counterparts, each of which shall be deemed a duplicate original.

10. Recording. This Agreement shall be recorded in the Larimer County Clerk and Recorder's Office at the Property Owner's expense.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

STATE OF COLORADO)
) ss:
COUNTY OF Larimer)

The foregoing instrument was acknowledged before me this 8 day of April, 2019, by Sarah Jacobsen as City Clerk of the City of Loveland, a municipal corporation. acting deputy

Witness my hand and official seal.



My commission expires: July 18, 2022.


Hannah V. Hill
Notary Public

THE FOUNDRY LINCOLN, LLC,
a Colorado limited liability company

By: THE FOUNDRY LOVELAND, LLC
a Colorado limited liability company, Member

By: GP FOUNDRY, LLC
a Colorado limited liability company, Manager

By: BRINKMAN ENTITY MANAGEMENT, LLC
a Colorado limited liability company, Administrative Manager

By: 
Kevin Brinkman, Manager

STATE OF COLORADO)
) ss:
COUNTY OF Larimer)

The foregoing instrument was acknowledged before me this 27 day of March, 2019, by Kevin Brinkman, Manager of Brinkman Entity Management, LLC, Administrative Manager of GP Foundry, LLC, Manager of The Foundry Loveland, LLC, Member of The Foundry Lincoln, LLC.

Witness my hand and official seal.

My commission expires: 2/5/2020.



Notary Public

THE FOUNDRY CLEVELAND, LLC,
a Colorado limited liability company

By: THE FOUNDRY LOVELAND, LLC
a Colorado limited liability company, Member

By: GP FOUNDRY, LLC
a Colorado limited liability company, Manager

By: BRINKMAN ENTITY MANAGEMENT, LLC
a Colorado limited liability company, Administrative Manager

By: 
Kevin Brinkman, Manager

STATE OF COLORADO)
) ss:
COUNTY OF Larimer)

The foregoing instrument was acknowledged before me this 27 day of March, 2019, by Kevin Brinkman, Manager of Brinkman Entity Management, LLC, Administrative Manager of GP Foundry, LLC, Manager of The Foundry Loveland, LLC, Member of The Foundry Cleveland, LLC.

Witness my hand and official seal.

My commission expires: 2/5/2020.


Notary Public

Exhibit A

To Agreement Regarding District Disclosures

Legal Description of the Property

PROPERTY OWNED BY THE FOUNDRY HOTEL LLC:

LOT 1, BLOCK 1, LOVELAND ELEVENTH SUB, LOV (20170026758) ALSO POR OF
2ND ST ROW PER 20180008055

**PROPERTY OWNED BY THE FOUNDRY LINCOLN, LLC (INCLUDES APARTMENT
UNITS):**

LOT 3, BLOCK 2, LOVELAND ELEVENTH SUB, LOV (20170026758)

PROPERTY OWNED BY THE FOUNDRY CLEVELAND, LLC:

Lot 1, LOVELAND TWELFTH SUB, LOV (20170063418)

PROPERTY OWNED BY THE FOUNDRY THEATER, LLC:

LOT 2, BLOCK 3, LOVELAND ELEVENTH SUB, LOV (20170026758)

Exhibit B

To Agreement Regarding District Disclosures

Form of Disclosure

GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING FOUNDRY LOVELAND METROPOLITAN DISTRICT

1. What does the District do?

Foundry Loveland Metropolitan District (the "District") was organized on December 8, 2016, pursuant to a Service Plan, approved by Resolution No. R#-90-2016 of the City Council for the City of Loveland, Colorado, on September 20, 2016 (the "Service Plan") for purposes of constructing, operating and maintaining certain public improvements within the boundaries of the District. The District is a governmental entity governed by an elected board of directors made up of property owners and property taxpayers within the District's boundaries.

The District's boundaries are set forth in **Exhibit 1** attached hereto. It is conceivable that additional boundary adjustments may be made within the District. Any such boundary adjustment is subject to prior approval by the owners of the property to be annexed and must be considered at a public hearing of the District's board of directors.

Pursuant to the Service Plan, the District has the power and authority to provide public improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, other applicable statutes, common law, and the Colorado Constitution, as the same currently exist and as may be amended from time to time in the future, subject to the limitations set forth in the Service Plan. The District may dedicate certain public improvements to the City of Loveland (the "City"). The operations and maintenance of public improvements dedicated to the City shall rest with the City. Public improvements not dedicated to the City shall be owned, operated, and maintained by the District. The District has authority to impose property taxes and other fees, rates, tolls, penalties, or charges to fund the construction and operations and maintenance for all improvements identified in the Service Plan. At some point in the future, the District may impose fees and/or rates; all District fees and rates may be adopted and/or amended from time to time by the District's board of directors at their discretion, as permitted by law.

Certain services may be provided within the District by one or more property owner associations organized as Colorado non-profit organizations comprised of all property owners in the District. Currently, no property owners association has been established within the boundaries of the District. If a property owners association is established, property owners will be subject to fees and assessments payable to the association which will be separate from and in addition to any fees or assessments payable to the District.

2. How much property tax will the District collect to construct improvements and pay for operations?

The District has authority to impose property taxes for the construction, operation, and maintenance of the improvements identified in the Service Plan. The District may issue bonds to provide for the costs of capital improvements within its boundaries. In order to meet the debt service requirements for bonds and to pay operations and maintenance costs associated with the provision of services, the District will impose a mill levy under the Service Plan. The mill levy authorized for the District under the Service Plan may not exceed 50 mills for the payment of debt obligations and operations and maintenance expenses combined, which may be adjusted upward or downward over time as permitted in the Service Plan. In addition, various voter limitations exist which affect the taxing powers of the District, 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 District.

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, public parking improvements, recreation areas and facilities or other public improvements 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 the 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 District are governed by the terms of the Service Plan, which limits the mill levy that may be assessed by the District for the payment of debt obligations and operations and maintenance expenses combined to 50 mills, 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 District based on a levy of 50 mills 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 District. 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 District. 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 District be comparable to mill levies in competing development areas in order to further the community as an attractive place for individuals to purchase residential property. Therefore, in the initial stages of the development, it is in the District's and the project developer's best interest to maintain a mill levy in the District comparable to the total property taxes in other similar communities so that the property taxes paid for the amenities and services in the District are a good value.

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

Bondholders will be providing funding to the District for the District's construction of public improvements authorized by the Service Plan. Property taxes paid by property owners on residential 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. As previously stated, it is within the District's discretion to impose other fees to help pay for public improvements.

6. What will my tax bill look like?

In determining the tax liability due to for residential property, the County Assessor's Office first determines the actual value of the residential property based upon market approach to appraisal. Up to five years of market activity are analyzed. The actual value of the residential property is then multiplied by the assessment rate, which is set every odd numbered year by the state legislature, to determine the assessed valuation of the residential property. The current assessment rate on residential property is 7.2%. The mill levy is then multiplied by the assessed valuation of the residential property, resulting in the assessment for the residential property. For example, residential property with an actual value of \$450,000 would have an assessed value of \$32,400 ($\$450,000 \times 7.2\%$). One mill (0.001) applied to that valuation for assessment produces \$32.40 of taxes ($\$32,400 \times 0.001$).

It is anticipated that the tax bill for your property will show mill levies for the City of Loveland, Larimer County, Larimer County Pest Control District, Northern Colorado Water Conservancy District, Thompson R2-J School District, Thompson Valley Health Services District, Loveland General Improvement District No. 1, Loveland Downtown Development Authority and other service providers, including Foundry Loveland Metropolitan District. According to information available from the Larimer County Assessor, the total overlapping mill levy imposed upon the property within the boundaries of the District, but without any District mill levy, is currently 84.893 mills for tax year 2018 for collection in the year 2019. Therefore, without the District, the annual tax bill levied on a residential property with an actual value of \$450,000 would be approximately \$2,750.53 (32.40×84.893).

The maximum mill levy the District is permitted to levy is 50.000 mills (0.055), and the portion of the annual tax bill levied by the District on a residential property with an actual value of \$450,000 would be approximately \$1,620 (32.40×50.000). Your tax bill for your property will also include mill levies from other taxing entities that overlap with the District's boundaries, making the total annual tax bill levied on the residential property approximately \$4,402.53 ($\$2,750.53 + \$1,620$).

Exhibit 2 attached hereto sets forth the approximate mill levies that are currently levied against the property within the District and outlines the annual tax bills levied both with and without the 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 Larimer 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 Foundry Loveland Metropolitan District specifically. The Service Plan for the District contains a full description of the District's purpose and functions. Prospective purchasers of property within the District are encouraged to read this document to be fully informed. A copy of the District's Service Plan is available in the Loveland City Clerk's Office. For additional information about the District, prospective purchasers may also contact the District's attorney's office of Icenogle Seaver Pogue, P.C., at 4725 South Monaco Street, Suite 360, Denver, CO 80237, (303) 292-9100. The District's meetings are open to the public, at which time you can raise questions regarding any matter related to the activities of the District.

Dated this ___ day of _____, 20__.

By: _____
President, Board of Directors
Foundry Loveland Metropolitan District

Purchaser's Signature Acknowledging Receipt: _____

**EXHIBIT 1
TO GENERAL DISCLOSURE AND COMMON QUESTIONS**

**LEGAL DESCRIPTION OF
FOUNDRY LOVELAND METROPOLITAN DISTRICT**

320 N. Cleveland Avenue, City of Loveland, Colorado, legally described as Lot 1, Morgan Subdivision, Loveland, Colorado

210 N. Cleveland Avenue, City of Loveland, Colorado, legally described as Lots 13 & 14, less S 85 Ft, Block 19, Loveland, Colorado

206 N. Cleveland Avenue, City of Loveland, Colorado, legally described as S 85 Ft of Lots 13 & 14, Block 19, Loveland, Colorado

130 N. Cleveland Avenue, City of Loveland, Colorado, legally described as Lots 10, 11, & 12, Block 24, Loveland, Colorado; less ROW 2001069804

215 E. 2nd Street, City of Loveland, Colorado, legally described as Lots 15 & 16, Block 19, Loveland, Colorado

219 E. 2nd Street, City of Loveland, Colorado, legally described as Lots 17 & 18, Block 19, Loveland, Colorado

227 E. 2nd Street, City of Loveland, Colorado, legally described as Lots 19 & 20, Block 19, Loveland, Colorado

220-232 E. 2nd Street, City of Loveland, Colorado, legally described as Lots 6 through 9, Block 24, Loveland, Colorado, Less ROW as per 2002085435

240-242 E. 2nd Street, City of Loveland, Colorado, legally described as Lots 3 through 5, Block 24, Loveland, Colorado, less ROW as per 2002085435

201 N. Lincoln Avenue, City of Loveland, Colorado, legally described as Lots 21 through 24, Block 19, Loveland, Colorado

123 N. Lincoln Avenue, City of Loveland, Colorado, legally described as Lots 1 & 2, Block 24, Loveland Colorado; less RD per 2001053327

216 E. 3rd Street, City of Loveland, Colorado, legally described as Lots 8 through 12, Block 19, Loveland, Colorado

270 E. 3rd Street, City of Loveland, Colorado, legally described as Lot 1, AMD Lots 1 – 7, Block 19, Loveland, Colorado (20100065440)

301 N. Lincoln Avenue, City of Loveland, Colorado, legally described as BEG AT SE COR, BLK 18, LOV, TH W ALG S LN SD BLK 18, 80 FT; TH N PAR TO E LN SD BLK 18, 62.9 FT; TH

ERLY 80 FT M/L TO PT ON E LN BLK 18, WH PT IS 64.1 FT N OF SE COR SD BLK 18; TH
S ALG E LN BLK 18, 64.1 FT TPOB

319 N. Lincoln Avenue, City of Loveland, Colorado, legally described as E 10 FT OF LOT 21,
LESS E 5 FT OF S 62.7 FT, BLK 18, LOV, LOTS 22 THRU 24, LESS 862-339, BLK 18, LOV

225 E. 3rd Street, City of Loveland, Colorado, legally described as LOT 18-21 LESS E 10 FT N
75.9 FT LOT 21 AND LESS 5FT OF S 62.9 FT LOT 21, BLK 18, LOV

**EXHIBIT 2
 TO GENERAL DISCLOSURE AND COMMON QUESTIONS**

ESTIMATE OF PROPERTY TAXES

Annual Tax Levied on Residential Property With \$451,000 Annual Value Without the District

<u>Taxing Entity</u>	<u>2018**</u>	<u>Annual tax levied</u>
Thompson RC-1 School District Gen Fund	37.406	\$ 1,211.95
Thompson RC-1 School District Bond Fund	10.022	\$ 324.71
Larimer County	22.403	\$ 725.86
City of Loveland	9.564	\$ 309.87
Northern Colorado Water Conservancy District	1.000	\$ 32.40
Thompson Valley Health Services District	1.763	\$ 57.12
Larimer County Pest Control District	0.142	\$ 4.60
Loveland General Improvement District No. 1	2.593	\$ 84.01
TOTAL:	84.893	\$ 2,750.52

Annual Tax Levied on Residential Property With \$451,000 Annual Value With the District (Assuming Maximum District Mill Levy)

<u>Taxing Entity</u>	<u>2018**</u>	<u>Annual tax levied</u>
Foundry Loveland Metropolitan District	50.000	\$1,620.00
Thompson RC-1 School District Gen Fund	37.406	\$1,211.95
Thompson RC-1 School District Bond Fund	10.022	\$ 324.71
Larimer County	22.403	\$ 725.86
City of Loveland	9.564	\$ 309.87
Northern Colorado Water Conservancy District	1.000	\$ 32.40
Thompson Valley Health Services District	1.763	\$ 57.12
Larimer County Pest Control District	0.142	\$ 4.60
Loveland General Improvement District No. 1	2.593	\$ 84.01
TOTAL:	134.893	\$4,370.53

**This estimate of Overlapping Mill Levies is based upon mill levies certified by the Larimer County Assessor's office in December 2018 for collection in 2019 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 Larimer County Assessor's office to obtain the most accurate and up to date information.