After Recordation Please Return To:
White, Bear & Ankele, P.C.
2154 East Commons Avenue, Suite 2000
Centennial, Colorado 80122

GREATROCK NORTH WATER AND SANITATION DISTRICT
SUMMARY DESCRIPTION
AS OF JANUARY 2014

WHAT IS THE GREATROCK NORTH WATER AND SANITATION DISTRICT?

The Greatrock North Water and Sanitation District (the "District") is a Special District organized in accordance with Title 32 of the Colorado Revised Statutes. The area within the District encompasses several subdivisions: Greatrock North, Rocking Horse Farms, Box Elder Creek Ranch, Hayesmount Estates, Homestead Heights and Ridgeview Estates. The District's current boundaries are comprised of approximately 1,192 acres. Additional properties may include into the District's boundaries by petitioning the District and processing the request through the procedures outlined by statute and the District's Rules and Regulations. The District is also permitted to serve properties outside of its physical boundaries; however, the District does not currently have properties which it serves under this arrangement.

WHAT IS THE PURPOSE OF THE DISTRICT?

The District was organized to fund public water and storm drainage infrastructure necessary to the developments served by the District. Once constructed, the water facilities are owned, operated and maintained by the District to ensure uniformity in service and compliance with State drinking water regulations. Storm drainage facilities are conveyed to Adams County for ownership, operation and maintenance.

WHAT ARE THE DISTRICT'S WATER SOURCES?

The District possesses decreed water rights to 531.84 acre-feet per year of groundwater from the Denver, Upper Arapahoe, Lower Arapahoe, and Laramie-Fox Hills aquifers. Of this amount, 59.7 acre-feet per year are allocated to post pumping reserve under currently decreed augmentation plans and 472.14 acre-feet per year are available to the District. The District obtained judicial approval of an augmentation plan which utilizes alluvial ground water as an additional source of in-house domestic service in the Box Elder Creek Ranch subdivision, with 26.7 acre-feet per year of Laramie-Fox Hills aquifer ground water reserved as a source of augmentation.

The District has two augmentation plans recently approved by the Water Court for Water Division 1. In Case No. 08CW43, the augmentation plan utilizes a portion of the above described Upper Arapahoe aquifer ground water for irrigation and in-house service for the Homestead Heights subdivision, with 9.2 acre-feet per year of Lower Arapahoe aquifer ground water to be allocated for post pumping reserve. In Case No. 08CW66, the augmentation plan utilizes alluvial ground water as an additional source of irrigation and in-house domestic water service for the Greatrock North, Homestead Heights, Hayesmount and Rocking Horse Farms subdivisions. The augmentation plan relies upon return flows and direct delivery of a portion of the water rights referenced above, if necessary, for augmentation purposes. The District anticipates that these water rights and augmentation plans will be sufficient to provide irrigation and in-house domestic water service to the Greatrock North, Homestead Heights,

Hayesmount and Rocking Horse Farms subdivisions and all in-house domestic water service to the Box Elder Creek Ranch subdivision when build-out of these subdivisions is complete. Box Elder Creek Ranch Water Company is responsible for providing irrigation water service to the Box Elder Creek Ranch subdivision.

The District's water system includes 8 central water supply wells with raw water being treated with chlorination at either the wellheads or at the 0.194 million gallons per day ("mgd") reverse osmosis treatment plant built in 2002. The treated water is stored in four storage tanks: a 250,000 gallon below ground concrete tank (Greatrock North); two 500,000 gallon above ground steel tanks (Box Elder); and a 300,000 gallon above ground steel tank (Rocking Horse Farms). The District's water distribution network consists of a loop type system with an in line booster pump to pressurize the system. The water distribution system consists entirely of 4 inch, 6 inch and 10 inch PVC lines.

WHAT IS THE SOURCE OF FUNDING FOR DISTRICT DEBT AND OPERATIONS?

The District is funded from a property tax mill levy, which is divided between debt service and operations, as well as monthly service fees and system development fees (a/k/a tap fees). For collection in 2014, the District's Board of Directors has certified 46.840 mills for debt service and operations expenses. In addition, the District charges users monthly service charges which are comprised of a base rate of $40 per month plus usage fees based upon a property owner's actual consumption during that month.

When a property is constructed, it is required to connect to the District's water infrastructure. In order to do so, a water tap must be purchased from the District and a system development fee, which pays for the water tap and associated capital costs, is due. The District's current system development fee (tap fee) (for 2014) is $12,300.

In 2014, the District imposed an availability of service charge on properties which are located within 100 feet of the District's water lines and which are not receiving service from the District. This charge cannot exceed 50% of the monthly water rates and all revenues are pledged to repay the District's outstanding debt.

The District's Board of Directors adopts a budget annually and sets its mill levy for the following year based upon the needs of the District. This meeting is conducted as a public hearing and property owners are encouraged to attend and provide comments. The District may change its fees, rates, tolls, penalties and charges at any time during the year without conducting a public hearing. To obtain a copy of the District's most recent budget, please contact the District's Manager (contact information set forth below) or visit the District's website at www.colorado.gov/greatrocknorthwsd.

HOW ARE TAXES CALCULATED?

Property taxes are determined by completing the following calculation for an individual parcel of property: Assessed Valuation x mill levy = Annual Tax Bill.

The assessed valuation of a property is determined by the County Assessor. For residential properties, the County Assessor determines the actual value of a residential property and multiples it by 7.96%, the assessment ratio in 2014. For example, if a property is valued by the County Assessor at $350,000, the assessed valuation is $27,860 ($350,000 x 7.96% = $27,860).

Once the assessed valuation is determined, the County Treasurer applies the total mill levy of all governmental entities which tax that parcel to the assessed valuation to determine the annual tax bill for that property. For example, in 2013, the total mill levy within the Greatrock North subdivision was 135.410 mills. Using the example above, if a home is valued by the Assessor at $350,000, the annual tax bill would be $3,772.52 ($27,860 x 0.135410 = $3,772.52).

It is important to note that the total tax bill is for ALL governmental entities taxing that property and is not solely for the District. As noted above, in 2014, the District's mill levy is 46.840 mills. Therefore, using the examples set forth above, the portion of the annual tax bill attributable to the District is $1,304.96.

GOVERNANCE AND MEETINGS

The District is governed by a five-member Board of Directors. In order to serve on the Board of Directors for the District, one must be either an owner, or the spouse of an owner, (as an individual) of taxable real property interests within the legal boundaries of the District, or a permanent resident within the District AND registered to vote in the State of Colorado.

The District meets regularly to conduct business and all meetings are open to the public. Currently, regular meetings are scheduled the first Tuesday of each month at 5:30 p.m., at the offices of United Power, 500 Cooperative Way, Brighton, Colorado. Special Meetings may also be held as the needs of the District require. Notices of regular and special meetings are posted at various locations within the District. However, due to unforeseen circumstances, meetings are subject to cancellation and to avoid inconvenience, any interested parties are encouraged to verify the status of an upcoming meeting with the District's Manager, whose contact information is listed below.

HOW DOES THE DISTRICT RELATE TO THE HOMEOWNERS' ASSOCIATIONS?

The District is a separate legal entity, has a separate Board of Directors, and does not have any formal relationship with the homeowners' associations within the subdivisions (the "Association"). An Association is formed pursuant to its declarations for purposes of care and maintenance of any common elements created pursuant to that particular declaration, and collection of assessments and enforcement of covenants and restrictions imposed by the declaration. Any assessments due from owners to an Association are separate from and in addition to taxes and fees payable to the District.

NEED MORE INFORMATION?

The principal office of the District is the District's Manager, Special District Management Services, Inc., located at 141 Union Boulevard, Suite 150, Lakewood, Colorado 80228; (303) 987-0835. District information can also be obtained by visiting the District's website at www.colorado.gov/greatrocknorthwsd or by following the District on twitter (@greatrock_north) or liking the District on Facebook (Greatrock North Water and Sanitation District).

THIS DISCLOSURE NOTICE SHALL BE RECORDED IN THE REAL PROPERTY RECORDS OF THE ADAMS COUNTY CLERK & RECORDER"S OFFICE AND SHALL BE RECORDED ON ALL PROPERTY SET FORTH IN EXHIBIT A, ATTACHED HERETO.

EXHIBIT A