

Founders Village/ Villages at Castle Rock Metropolitan District No. 4

PRESENTED BY:



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What is a Title 32 Special District?

- Title 32 Special Districts
 - Local Government (Quasi-municipal)
 - Formed under Title 32 of the Colorado Revised Statutes
 - Single Purpose District
 - Water District
 - Sanitary Sewer District
 - Fire District
 - Metropolitan District
 - Providing two or more specific services, including but not limited to: Domestic Water, Sanitary Sewer, Roadways, Irrigation Water, Park and Recreation, Transportation, Traffic and Safety Controls

District Service Plan

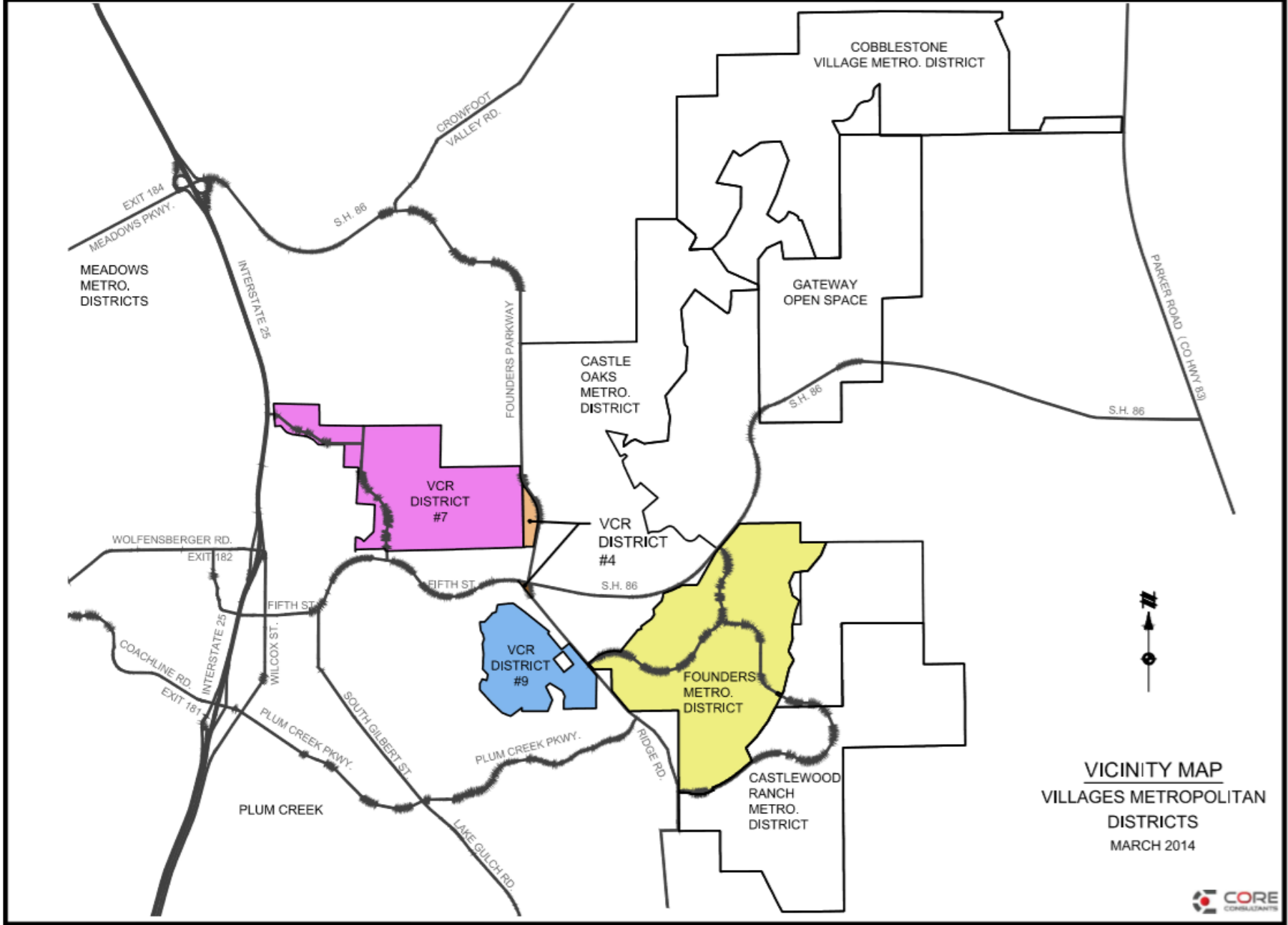
- District Service Plan
 - District services and powers
 - Defines facility ownership and operation
 - Debt cap
 - Mill levy cap
- Exhibits provided with Service Plan
 - District infrastructure maps
 - District boundary maps and legal descriptions
 - Capital and operations & maintenance cost estimates
 - Financial modeling with revenue, operating & debt projections
 - Intergovernmental Agreements (IGAs), if applicable

Governance of the District

- District is an independent governmental entity separate and distinct from municipalities
- Governed by an elected Board of Directors
 - Regular elections are held in May of even-numbered years
 - Eligible electors of a district participate in election
- Local municipality is not liable for debt or other obligations of a district
- Not a government of general jurisdiction
- No police power
- No land use regulatory authority
- Governmental Immunity

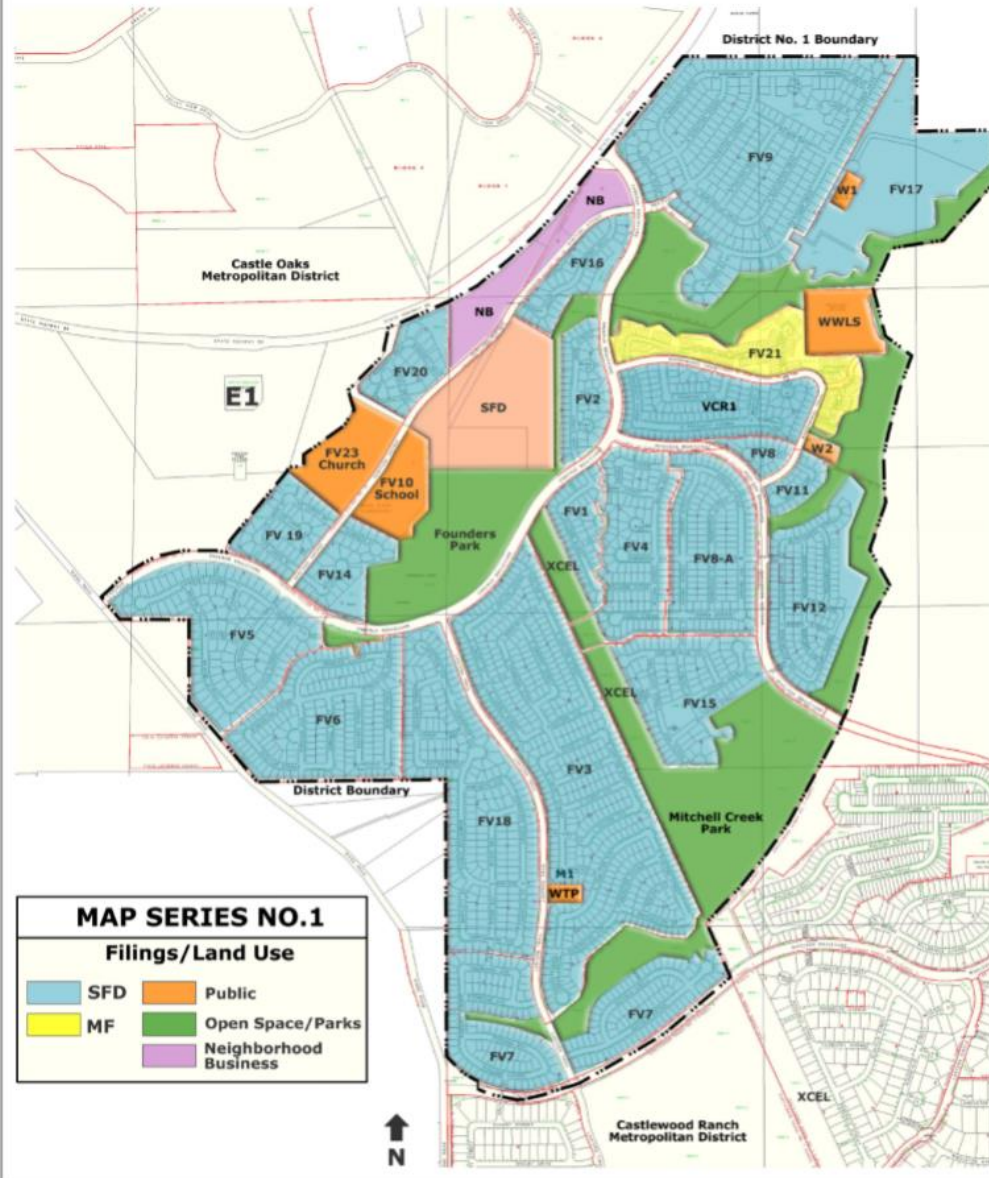
District Operations

- Management and administration
 - Daily operations
 - State and local compliance
 - Contract administration
 - Board meetings
- Accounting and financial management
- Facility operations
 - Facilities retained by the district
 - Most common improvements operated: parks, street landscaping, open space, irrigation systems
- Capital program
 - Continued construction of public infrastructure and facilities



FOUNDERS
VILLAGE

Villages at Castle Rock
Metropolitan District No. 1



District History

- **Metropolitan District Formation**

- District 4 and District 1 (Founders) organized in 1984
- Castle Rock unable to fund or construct Major Infrastructure and Utility Capacity
- Originally 9 Villages Districts (District 4 as "Lead" District)
- Governed by simple Facilities Plan and many IGA's with Town

- **District Board of Directors**

- Districts controlled by Park Funding Corporation until 1994
- Homeowners & Mikelson Developers control Board thru 1999
- 100% Homeowner Board of Directors for past 18 years

- **Governing Documents and Amendments**

- 1991 - Chapter 9 Bankruptcy Plan and Bond Resolution
- 1995 - New MIGA and Service Plan (Town)
- 1998 - Assigned Operations & Maintenance to Founders Master Association (HOA)
- 2006 - Service Plan Amendment - District assumes Operations & Maintenance

District History Continued

- **Infrastructure by District 4 (funded by Bonds and Fees)**

Arterial & Collector Streets:	\$ 8,975,000
Regional Storm Drainage:	\$ 2,855,000
Water Supply/Treatment/Storage/Transmission:	\$ 17,950,000
Wastewater Interceptors/Treatment/Lift Stations:	\$ 8,600,000
Recreational/Parks/Pool/Trails:	\$ 4,225,740
Entry Monuments/Streetscape/Irrigation/Fencing:	\$ 6,844,000
TOTAL INFRASTRUCTURE (THRU 12/31/17)	\$ 49,449,740

- **Major Capital Projects**

- Founders Parkway & Ridge Road
- 12 Wells/Water Plants/6 MG Water Tanks/Transmission
- Mitchell Creek Sewer Lift Station/Force Mains/Regional Interceptors
- Founders Park/Original Pool & Cabana
- 9 Miles of Trail Systems
- Founding Member - Plum Creek Wastewater Authority

District History Continued

- **District Maintenance Obligations**

- Town operates and maintains Streets/Water/Sewer/Storm/District maintains balance
- 23.5 Miles of Boulevard & Open Space Fencing
- Streetscapes/Trees/Turf/Irrigation/Enhancements (1.1 Million SF on Enderud, Lantern Trail, Mikelson, & Heritage Blvd.)
- Native Open Space/Breezeways/Tracts/Trailheads
- Founders Pool, Clubhouse, & Grounds
- Major Streetscape Enhancements & Rehabilitation

- **Future Improvements to Buildout**

- Secondary Entry Monuments & Landscaping
- Trail Kiosks/Trailhead Improvements/Signage
- Future Streetscapes (Mikelson/Wagonwheel/Heritage)
- South Pool/Clubhouse/Park Facilities
- Neighborhood Entry Monuments

- **District Benefits to Founders Village HOA**

- District's expanded O & M helped "slash" HOA expenses.
- Current HOA Assessments \$ 50 per quarter (\$ 16.66 per month) / LOW
- Would be approx. \$ 70 per month if District O & M assumed by the HOA
- Property Taxes deductible / HOA Assessments not deductible

District Financing

- Revenue
 - Property tax mill levy
 - Operations
 - Debt
 - Mill levy limitations: Service Plan, TABOR, State 5.5% limitation
- Fees, rates, tolls, and charges for services, facilities, and programs:
 - Utility tap fees
 - Utility use rates
 - System development fee
 - Operation and maintenance fee
 - Park and recreation fee



Mill Levy Calculation

- Residential

- Sample calculation of district property taxes (87.314 mills)

Assessed Value

\$350,000 Actual Value x 7.20% assessment rate
= \$25,200 assessed value

Property tax: \$25,200 assessed / divide by 1,000 (mill levy applies to every \$1,000 of value) x
87.314 mills
= \$2,200.31 in annual property tax *for district only*
\$183.36 PER MONTH

- Commercial

- Sample calculation of district property taxes (87.314)

Assessed Value

\$500,000 Actual Value x 29% assessment rate
= \$145,000 assessed value

Property tax: \$145,000 assessed / divide by 1,000 (mill levy applies to every \$1,000 of value) x
87.314 mills
= \$12,660.53 in annual property tax *for district only*



Mill Levy Calculation Continued

- Your Property Taxes/2018 Mill Levy

- Residential Market Values (MV) increased 20-24% since 2016
- Your increased Tax Bill reflects increased MV, not Mill Levy Increase
- State lowered Assessment Rate from 7.96% to 7.2% of MV
- District required to adjust Mill Levy from 79.146 to 87.314 Mills
- Mill Levy Increase is "Revenue Neutral"

- 2018 Mill Levy Adjustment

- Assume Sample Market Value of \$350,000
- Assessed Value @ 7.96% Rate = \$27,860
- **Taxes Generated @ 79.146 Mills = \$2,205**

- Same Sample Market Value of \$350,000
- Assessed Value @ 7.20% Rate = \$25,200
- **Taxes Generated @ 87.314 Mills = \$2,205**

Chapter 9 Bankruptcy Plan

- Chapter 9 Bankruptcy Plan/Taxes/Fees/Revenues
 - 430 homes in 1991/2,430 homes at Buildout (2019)
 - 1986 - District 4 issues \$32 Million G.O. Revenue Bonds
 - 1986-1989 - Bond Proceeds funded Major Infrastructure & Capacity
 - 1989 - Economic Downturn/S&L Failures/Bonds Debt Crisis
 - 1989 - District 4 and Districts in 5 States File for Chapter 9 Protection
 - 1989-1991 - District 4 Negotiated Debt Restructure with Major Bondholders
 - Dec. 1991 - Chapter 9 Plan Approved & Implemented
- Revenues Pledged in Bankruptcy Plan
 - Property Taxes (with Stepped Mill Levy & Gallagher Adjustment)
 - Specific Ownership Taxes
 - System Development Fees (from Builders to Capital Projects)
 - Facilities Development Fees (if Revenue Targets not realized)

FOUNDERS VILLAGE METROPOLITAN DISTRICT and VILLAGES METROPOLITAN DISTRICT NO. 4

HISTORY OF ANNUAL DEBT SERVICE PAYMENTS TO TRUSTEE

(Annual Yield computed on outstanding Principal of \$25,911,000)

Prepared by CCI : 2/13/2018

Fiscal Year Ended December 31	Taxes Funded to Trustee (Debt Service)	Annual Yield to Bondholders
1991	\$ -	0.00%
1992	\$ 316,901	1.22%
1993	\$ 294,009	1.13%
1994	\$ 380,545	1.47%
1995	\$ 432,000	1.67%
1996	\$ 590,000	2.28%
1997	\$ 655,000	2.53%
1998	\$ 710,000	2.74%
1999	\$ 830,000	3.20%
2000	\$ 1,180,000	4.55%
2001	\$ 1,380,683	5.33%
2002	\$ 1,998,920	7.71%
2003	\$ 2,110,000	8.14%
2004	\$ 2,300,000	8.88%
2005	\$ 2,300,000	8.88%
2006	\$ 2,300,000	8.88%
2007	\$ 2,250,000	8.68%
2008	\$ 2,300,000	8.88%
2009	\$ 2,300,000	8.88%
2010	\$ 2,200,000	8.49%
2011	\$ 2,200,000	8.49%
2012	\$ 1,900,000	7.33%
2013	\$ 1,950,000	7.53%
2014	\$ 1,950,000	7.53%
2015	\$ 1,975,000	7.62%
2016	\$ 2,300,000	8.88%
2017	\$ 2,500,000	9.65%
TOTAL PAYMENTS:	\$ 41,603,058	
	Average Annual Yield:	5.95%

Chapter 9 Bankruptcy Plan Continued

- **Taxes Allocated and 2031 Bond Term**

- Thru 2017, District 4 payments to Trustee total \$40,145,000
- Approximately 34% of Tax Revenues fund General Fund (varies)
- Balance of 66% of Tax Revenues fund Bondholder Payments (June/December)
- Unpaid Principal (\$25,911,000) is extinguished in 2031
- Current unpaid/accrued Interest is \$94,296,029 (also extinguished 2031)
- Cash Flow Bonds/Bondholder yield is approximately 5.92% (over 27 years)

- **District No. 9 (Memmen Properties)**

- 206 Acres west of Ridge Road
- Undeveloped/Listed/Several Interested Developers
- No Board of Directors/Future Agreements with District 4 required
- Tied to Chapter 9 Plan/District 9 owes District 4 approximately \$4.0M

Three Key Challenges Posed to District

- Are Mill Levy Adjustments and Methodology per Plan? (Opinion)
- Are Comparison Districts and Methodology per Plan? (Opinion)
- Can the Chapter 9 Bankruptcy Plan be Re-Opened? (Memorandum)

Community Input and Questions

Thank You



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