



FREQUENTLY ASKED QUESTIONS

The original document distributed to potential homebuyers to educate them about the Solterra Metro District was prepared in 2019 by Brookfield Residential, a Canadian based billion dollar developer who is still selling homes in Solterra and demanding the payment of an additional \$30 million in bond debt for unaccounted-for costs.

These Answers to Frequently Asked Questions by Brookfield Residential regarding Metro Districts in general and Solterra in particular are either misleading or completely false.

Accurate responses are provided in red italics following the relevant portion of material published by Brookfield Residential. The information provided in red italics is not from Brookfield Residential and in most cases challenges and corrects misinformation provided by Brookfield Residential. Any references to Brookfield Residential And Solterra in the heading or footer of the document were there in the original document prepared by Brookfield Residential and are simply repeated here because the responsive comments follow text prepared by Brookfield Residential in the document they originally prepared for distribution to potential homebuyers.

A community of residents throughout the Front Range is actively working at the local and state level on special district reform. Here are a few references for additional information:

<http://rooneyvalleynews.com/denver-post-special-district-series-plus-commentaries-and-letters-to-the-editor/>

<http://solterracommunity.org/index.php/2019/09/08/special-district-video/>

This response to the Brookfield Residential material on special districts was prepared on June 10, 2020, by John Henderson, a resident of Solterra who has researched and published on special district abuse in Colorado over the past three and a half years.

Again, the text below in black or blue un-italicized print was prepared by Brookfield Residential in 2019. The red italicized print was prepared in response by Mr. Henderson June 10, 2020:

HOW MANY HOMES ARE IN THE SOLTERRA COMMUNITY?

As of June, 2019, there are approximately 800 homes in the Solterra Community, with only 189 home sites remaining for future construction.

WHAT ARE METROPOLITAN (“METRO”) DISTRICTS AND WHY DO THEY EXIST?

Prior to building a master planned community, it must be decided which government entity—i.e. the city or a metro district (a limited purpose government entity)—will construct the roads, water and sewer

systems, parks, and other public improvements serving the new community. Often, the city does not want to be responsible for putting in the infrastructure, in which case the city and developer discuss how a metro district can be formed to build and/or maintain the improvements. Ultimately, the arrangement agreed upon is set forth in a written Service Plan—which is **reviewed and approved by the city** at a public hearing. After approval, the metro district is organized.

This is a false statement. Historically and throughout the United States, there is no discussion about whether or not the city or a metro district will build the roads, water, sewer and other infrastructure for a development. Metro districts (special districts for residential development) are unusual and don't exist in most parts of the country. And the city does not build infrastructure inside new residential developments. The developer builds and ultimately the homebuyer pays for the infrastructure as part of the cost of the lot.

The developer, not the city, the developer, builds and pays for the roads, water, sidewalks, streetlights - all the infrastructure for the new community. That cost incurred by the developer is paid back to the developer in the form of money paid for the lot.

The developer sells lots to home builders or directly to the home owner. The cost of the lot includes three items. First, the cost of the land. Second, the cost of the infrastructure (roads, sidewalks, water, sewer). Third, profit to the developer.

Not only does the city "not want to incur the cost of the infrastructure", it never did incur this cost. It has always been the cost of the developer, not the city.

The developers, including Brookfield Residential, used the special district law to create a brand new profit center guaranteed by the property taxes of the new homebuyers. And, they imposed this additional tax burden on the residents by prohibiting the new residents from ever voting on these taxes.

Residents still pay the cost of the infrastructure when they pay for the home/lot. They still pay for the cost of the land and they still pay a profit to the developer when they pay for the home/lot.

But when a special district is created (metro district), it adds two additional loans and interest on the loans - all paid for out of the residents' property taxes and guaranteed by the value of the home. This pays for . . . it appears simply more profit. There has been no genuine accountability offered for this additional cost.

The developers use three documents to establish this additional debt. The documents should be available through the following link and if the developer did not disclose them on this site, then directly from the district - its attorney or manager. The districts are reluctant to provide this information so it usually saves time to simply file a Colorado freedom of information request.

<https://dola.colorado.gov/lgis/>

The first document is the ballot issue for the first "election". This document describes in detail, certain ballot issues that are voted on and passed creating the power to issue tax debt, the amount of tax debt and the power to vote. These ballot issues are virtually the same for all metro districts.

The people voting are usually 3-7 employees of the developer. They vote unanimously to eliminate the right of future residents - homebuyers - to vote on their own tax debt and issuing bonds (loans and interest) which will be paid by the homeowners through their property taxes.

The developer employees also vote to impose a debt limit much higher than what is approved by the city in the Service Plan (discussed next).

The developer employees also vote to give all the power to issue tax debt and bond debt to the board of directors. And, the board of directors are "elected" and they are all employees of the developer. The developer, as Brookfield Residential did in the case of Solterra, will actively mislead residents into believing they could not vote or serve on a board until the development is completely built out. The developer makes these misrepresentations to suppress the residents right to vote and serve on the boards, even though, under the statutes a resident can vote and serve on the board as soon as they have a contract to buy a lot or home. In Solterra's case, the board of directors was Brookfield Residential employees for 11 years, every election was cancelled for 11 years, until the community woke up and recalled the Brookfield Residential employees from the boards.

Here is the ballot issue for Solterra: <http://rooneyvalleynews.com/special-district-key-documents/>

The second document is the Service Plan. The developers try to characterize the Service Plan as a document that gives them all the powers available under the special district statutes, unless the Service Plan says no. That is also false. The statutes provide that the Service Plan identifies what the developer can do - not what they can't do.

The Service Plan creates a government. A limited government. Limited by what is in the Service Plan.

The Service Plans are also cookie cutter documents which are virtually the same from one metro district to another. The Service Plan states that this new government is being created to pay for the infrastructure (that the homebuyer already paid for in the cost of the lot) for a specific new residential development. The costs are supposed to be those incurred in building the roads, etc within the boundaries of the district, not outside the district.

The boundaries are defined. The Service Plan does not allow payment for anything outside the boundary of the new government district unless expressly stated and it is shown that the improvements outside the boundary benefit the future residents of the new district.

The Service Plan also sets limits on the amount of money the developer may collect from the residents through loans and bonds. But the ballots, described above, set different, much higher limits, and those are the only real limits - because they were created by a "vote" of the district "electors" - who are all employees of the developer.

Attached to the Service Plan is an estimate of the costs of the infrastructure and proposed schedules of loans and bonds to repay the developer for these "costs".

Notably absent from all these Service Plans is any accountability for the developer's income and expenses by the residents or the city that creates this new government . How much of the cost of the lot went for the cost of the land, infrastructure and profit. What did the money - allegedly spent on infrastructure and financed in the loans and bonds - pay for.

Any suggestion that the developer should not have to disclose these finances because it is a "private company" ignores the fact that as a metro district the developer is now a government. As a government, all financials must be disclosed. If the developer, acting as a metro district government, is going to tax the residents to pay loans and bond debt, they must disclose the income and expenses for those items - the cost of building the infrastructure.

Here is the Service Plan for Solterra: <http://rooneyvalleynews.com/special-district-key-documents/>

The third documents - are actually two documents. There may be more if there are several subdistricts. But the two sets of documents all do the same thing. They create the alleged loan between the developer and the residents.

They use intergovernmental agreements - IGA's. The first agreement is between the developer and the "managing" district. This agreement says that the "managing" district promises to pay all the expenses of the developer to build the infrastructure and charges interest. Again, these agreements are the same from one metro district to another.

What is "fun" about these agreements is that they are signed by the same person. Of all the agreements I have seen, including the agreements for Solterra, literally the same person with the same signature signed as the developer and signed again as the district. The developer entered into an agreement with himself that all the future residents shall pay him - whatever he says he should be paid. With no effective oversight, accountability or checks and balances.

Also, the "managing" district, as it was in Solterra, is typically about 10 square feet where no one could live and is always owned by the developer. The developer is both the developer and the "managing" district. Typically the "managing" district makes all the decisions about spending. The other subdistricts, which are actually occupied by residents as the homes are sold, pay the taxes. Similar to feudal Europe. The king collects all the taxes and decides how the money is spent. The serfs pay the taxes and do not participate in deciding how the money is spent.

The second agreement is between the "managing district" and the other subdistricts - where residents actually live. These agreements state that the subdistricts will pay all the expenses of the "managing" district and confirms that the managing district will make all the spending decisions.

Again, the signatures on the second agreements are the same. The same person signed for the "managing" district and for the subdistricts. An employee of the developer. The developer agreeing with himself that the future residents will pay all the bills.

Neither one of these two agreements are enforceable. There is no contract and there is an obvious conflict of interest. At no time does anyone signing these "agreements" represent the interests of the residents. I cannot enter into an agreement with myself that my neighbor will pay the cost of building a deck on my house. Unenforceable.

These agreements are relied upon by the developer to say they had a loan with the residents to pay for the infrastructure, plus interest. Based upon these unenforceable agreements, Brookfield Residential is demanding payment by Solterra residents of another \$30 million.

Here are the agreements for Solterra: <http://rooneyvalleynews.com/special-district-key-documents/>

The developer, as the board of directors, then refinances this alleged loan created by the "agreements" with a second loan - bond debt. Bonds are issues to pay the "loan" plus interest. There is a significant amount of interest in the bonds - interest in the bonds paying for interest on the loan - over at least 40 years. With no accountability to the city or the residents of the district.

And, again, what happened to the money in the cost of the lots that went to pay for infrastructure.

The good news in Solterra is that in early 2017 the residents woke up and a few days before the 4th of July, 2017, recalled all the Brookfield Residential employees off the board of directors. 24 residents collected 749 signatures turning control of the boards and the district over to the residents.

<http://solterracommunity.org/index.php/2017/06/30/board-resignations/>

With respect to the Solterra community ("Solterra"), the City of Lakewood ("City") and the property owner, Brookfield Residential agreed on an initial plan in 2005 for public improvements. An amended plan was approved by the City in 2007 in the form of a Second Amended and Restated Service Plan ("Service Plan").

In reliance on the Service Plan, Brookfield Residential advanced in excess of **100 million dollars** for Solterra public improvements, including roads, water and sewer systems, parks, recreational facilities, and storm

drainage. Brookfield Residential advanced this money in accordance with the standard operating metrics of a Metro service plan with the **express promise of repayment** by the applicable metro districts, namely the Fossil Ridge Metro Districts (collectively “FRMD”).

Brookfield Residential claims here that it spent \$164 million dollars building the infrastructure for Solterra. However, Brookfield Residential told the City of Lakewood in 2006 that the cost of the infrastructure would be about \$34 million. That number - \$34 million - is consistent with the industry standard cost for infrastructure of \$30,000 per lot.

Despite repeated requests to Brookfield Residential to disclose the actual costs for the infrastructure, relying upon normal accounting resources - Brookfield Residential has refused. They did have an engineer on their payroll who vouched for expenses in excess of \$34 million. But when he was interviewed by an attorney for the district after the recall, this engineer, who only works for special districts on behalf of developers, essentially admitted that he just repackaged the numbers provided to him by Brookfield Residential.

<http://solterracommunity.org/index.php/2017/12/10/one-of-the-most-important-conversations-related-to-brookfield-and-the-bonds-frmd-meeting-with-guy-ford-last-monday-11-27-at-1030-a-m-foreshadowing-of-board-decisions-to-come-critical-to-un/>

Again, where did the money go that was spent on the lots for infrastructure. Where are the documents (receipts, copies of checks or their equivalent) which show how much was actually spent on the infrastructure for Solterra. There has never been an independent audit of those costs - money spent on the lots or money claimed to be spent on infrastructure in Solterra.

This paragraph written by Brookfield Residential also refers to the loan - the unenforceable agreement between the developer and himself to "loan" himself money to pay for the infrastructure and "agree" that the future residents shall pay this loan plus interest, which is then financed by a second "loan" - the bonds - with a second layer of interest. Interest on interest. With no accountability to the city or the residents of the district. An unenforceable agreement.

And, again, what happened to the money in the cost of the lots that went to pay for infrastructure.

Metro districts, as limited purpose governments, operate within the same laws applying to other government entities. In addition to being governed by the Service Plan, district activities are public and related documents are available (from the district upon request), such as meeting minutes, budgets, audits, agreements, bonds, and construction records.

Unfortunately, the statutes limiting the operation of special districts places most of that power and authority with the city or county that creates the metro district - and the city or county have no idea that they have this power, how to apply it or the abuses they should be policing. Much of the current special district abuse reform effort is directed towards educating the city and county as to their obligations under the statutes to stop the abuses and represent the interests of the future residents until those residents arrive and take control of the governing boards.

HOW DO METRO DISTRICTS WORK?

Metro districts are governed by state law and a Board of Directors, which oversee public aspects of the development. As the community is built out and homes are occupied, the Board of Directors transitions to include homeowners who contribute their time and management. The Board of Directors ultimately makes decisions about operations, projects, and finances.

Here is a revealing admission regarding Brookfield Residential's own abuse of the metro districts. "As the community is built out and homes are occupied, the Board of Directors transitions to include homeowners." This is deliberately misleading and simply false. The residents may and should be elected to the board of directors as soon as they arrive - they are eligible as soon as they have a contract to purchase and don't have to wait for any "transition". This is critical since, again as Brookfield Residential admits, "The Board of Directors ultimately makes decisions about operations, projects and finances". Those decisions must be made by residents, not the developer. The developer has no right to tax and spend the residents' money without authority from the residents.

Also, metro districts are not just governed by state law. They are also governed by the city that created them. And that governance must continue until the board of directors is residents, not developers.

Oversight of metro districts is provided by the Colorado's Department of Local Affairs. Capital is advanced to pay for infrastructure and is repaid over the long-term through property taxes called a mill levy—a rate of taxes calculated at \$1 per \$1000 of home value and collected by the county in which the Metro District is located.

False. The Department of Local Affairs only collects documents. It does not even police whether or not all the documents have been submitted. The only oversight is 1.) through the city or county creating the district and 2.) the residents, once they arrive and take positions on the board of directors. Neither the Department, the Attorney General or any state agency provides any oversight or check and balance over the operation and abuses of special districts by the developers. None.

The "financing" described here is described in more detail and more accurately above. Two loans. Two sets of interest. All to pay significant profits to the developers. Not for infrastructure.

WHAT METRO DISTRICT COVERS THE SOLTERRA COMMUNITY?

There are three metro districts serving Solterra—Fossil Ridge Metro Districts (**FRMD**) Nos. 1, 2, and 3. These district boundaries do not overlap, they exist side by side. In this FAQ, these three districts

are referred to collectively because they have the same powers and are meant to work together—A Solterra resident only resides in one of the districts.

False. District 1 was the 10 square feet of land owned by the developer that makes all the financing and operations decisions. Districts 2 and 3 had no power other than taxing its residents and then paying that money to District 1. It was inconvenient at one point to go through Districts 2 and 3 so the developer just started issuing invoices payable directly to District 1 even though no one lived there.

The three districts do not have the same powers. In Solterra, that was remedied by recalling the Brookfield Residential employees off of District 1. But in other Brookfield Residential developments, as long as Brookfield Residential employees run District 1, the residents have no say in the decisions - especially when it comes to issuing new bond debt.

AS A SOLTERRA RESIDENT, WHAT IS MY MILL LEVY AND WHAT DO THOSE TAXES PAY FOR?

As a Solterra resident, the property taxes you pay includes money for the FRMD. Pursuant to the Service Plan, there is a limit on property tax for repayment of debt (incurred by Brookfield Residential) for public improvements and operations. **The limit for FRMD is 50 mills.** The plan for FRMD financing was to initially set the mill levy for the first phases of public improvements at 35 mills, and to increase it to 40 mills in 2019 and 45 mills in 2023 (as more public improvements were completed). The current mill levy for FRMD, **35 mills, is on the low end** of district mill levies in the Rooney Valley and Jefferson County. Those mill levies range from a low of 40 mills to as high as 70 mills.

The limit is actually what was passed as part of the ballot issue by the Brookfield "electors" when they "voted" in 2006 to establish a financing debt limit of \$4.9 billion. Yes, billion.

The current mill rate is over 43 mills. Brookfield is demanding that the residents incur another \$30 million in bonds. Brookfield issued \$29 million in bonds before the recall and were poised to issue another \$30 million - but it was stopped by the recall.

Again, Brookfield has failed to account for the first \$29 million and has similarly made no attempt to honestly account for the extra \$30 million or what happened to the money spent on the lots for infrastructure.

Additional bonds will likely exhaust the 50 mill limit and further extend, for at least another 40 years, payment on that second loan. Right now, residents are paying over \$2 million each year in taxes for unaccounted costs which appear to be pure profit to the developer. Over \$2 million each year - for the next 40 years. This to allegedly reimburse the costs of the infrastructure at \$30,000 per lot already paid for by the cost of the lot.

The 50 mill limit is actually 71.9 mills when the Mt. Carbon tax is included. This tax paid for the land (lot).

Mill levy funds pay for all of the public infrastructure mentioned above, including the Retreat, which are essential to the quality of life in Solterra. These improvements could not have been made without the mill levy, and without them Solterra residents would not be enjoying the outstanding quality of life they have today.

False. There are many ways to pay for that \$30,000 per lot infrastructure..

It appears the \$30,000 was already paid in the cost of the lot. The lots weren't free and charged premium prices.

The \$30,000 could have been paid in cash by the homebuyer to avoid interest.

The \$30,000 could have been paid it whole or in part as part of the mortgage loan - less interest and shorter payment term.

Under the special district financing, the \$30,000 is unaccounted for. We don't know what happened to the money from the cost of the lot or what the actual cost of the infrastructure was - no check and balance - no oversight.

Under the special district financing, the developer creates a "loan" for that amount. He adds unknown costs and expenses to that amount. He adds interest. No oversight.

Then under the special district financing he refinances that loan with a second loan - a bond - with even more interest now paying interest on the interest for the loan.

Moreover, these public improvements were deemed essential by independent consultants and **were approved by the City**. Although the Service Plan authorized \$70 million of debt, the total cost of the improvements was well in **excess of \$100 million**. Even though the improvements cost far more than anticipated, Brookfield Residential advanced the additional sums—but only did so in reliance on being reimbursed (under the Service Plan) at least up to the **\$70 million cap**.

Again, Brookfield Residential disclosed as part of its application for the special district, and consistent with the Service Plan, that the cost of the infrastructure was \$34 million. Not \$164 million. \$34 million. The Service Plan authorized up to \$70 million in debt but the ballot issue authorized up to \$4.9 billion in debt. What Brookfield is saying is that even though the cost was \$34 million, it can demand payment of at least \$70 million - because that was the limit in the Service Plan. Essentially, according to Brookfield Residential, it doesn't matter what the actual cost was. It only matters how much money you have in your wallet.

The public improvements were not "essential" and not evaluated by "independent consultants". The anticipated infrastructure was described as an attachment to the Service Plan. The city did not provide any oversight whatsoever in approving or monitoring the expenses and certainly did not approve or monitor the loan or bond debt. Indeed, the only number the city had was \$34 million for the cost of the infrastructure. Not \$70 million or \$164 million. And the city made no effort to account for the expenses.



WHY DID BROOKFIELD RESIDENTIAL ADVANCE MONEY FOR PUBLIC IMPROVEMENTS BEYOND THE ORIGINAL \$70 MILLION CAP?

As Solterra's infrastructure was being built, it became clear that the improvements required to create and sustain this special community would exceed \$70 million. The initial plan that was approved by the City called for the cost of infrastructure to be shared with neighboring developments, which is common. However the Great Recession hit in the late 2000s, plans were suspended and/or changed by neighboring developments. Nonetheless, Brookfield Residential decided to continue to advance the funding because it was essential to creating the distinctive, vibrant community that is Solterra.

This makes no sense. There is no factual support for the claim that the costs outlined in 2006 of \$34 million ballooned into \$164 million, multiplying by 5 times the industry cost of infrastructure per lot. If the costs were higher, Brookfield Residential could provide proof that they were higher and ask for a higher limit. In 2007 they applied to increase the limit from \$60 million to \$70 million, which was granted by the city (again, with no accountability).

And the costs of putting pipe in the ground in the Solterra district has nothing to do with unknown developments to the west.

AS A SOLTERRA RESIDENT, DOES ANY OF MY MONEY PAY FOR INFRASTRUCTURE OTHER COMMUNITIES USE?

No. Solterra residents pay only for their portion of the infrastructure.

False. Brookfield Residential admitted that a portion of the \$29 million bond debt being paid by Solterra residents went to pay for the private funding of the Alameda/C-470 Interchange built by the Three Dinosaurs (Green Tree Metro District) providing direct access to their property at Dinosaur Ridge. Brookfield Residential also admitted that the \$29 million in bonds Solterra Residents are paying also went to pay for enlarged water and sewer pipe to literally pave the way for future development. The pipes were enlarged to accommodate the development of the rest of Rooney Valley. Direct water was not available so Brookfield Residential had the Solterra residents pay to bring water over 6 miles to Rooney Valley. Solterra also paid for the dog park land and improvements now owned by the city at the corner of Indiana and Alameda, widening Alameda, McIntyre and Yale as well as all the sidewalks and plantings. None of these improvements are inside the district boundaries.

ARE SOLTERRA RESIDENTS PAYING FOR INFRASTRUCTURE BUILT TO BENEFIT OTHER NEARBY DEVELOPMENTS?

The mill levy Solterra residents pay are allocated for **District** and **Regional** improvements. Residents can only be taxed a certain percentage for **Regional** improvements—as opposed to **District** improvements. Solterra residents pay only their share for **Regional** improvements.

This of course confirms that Brookfield Residential's answer to the question above was false. The Solterra residents are paying for infrastructure outside the boundaries of its district.

WHAT ARE ALL THE METRO DISTRICTS IN THE ROONEY VALLEY AND WHAT IS BROOKFIELD RESIDENTIAL'S RELATIONSHIP WITH THEM?

Below are the metro districts in the Rooney Valley—which operate independently and are governed by their own Board of Directors. Each district may raise revenues by issuing debt, levying taxes, and imposing fees and charges with oversight. The districts may also share infrastructure through special agreements. Currently, the only special agreement in place is between Green Tree Metro District (“GTMD”) and Brookfield Residential for the C-470 and Alameda Interchange (a regional improvement).

The Rooney Valley developers and their districts do not operate independently. At one time, the directors of the Solterra district also served on the Three Dinos - Green Tree District. They all coordinate their activities and are now engaged in concert suing Green Mountain Water and Sanitation District. They collaborated to sue Green Mountain because, once resident oriented citizens were elected to its board, Green Mountain terminated a proposed agreement that would have established one of the Districts - Big Sky - as the new sanitation district for Rooney Valley - privately run at a profit by a developer. The director running Big Sky used to be the director for Solterra.

Fossil Ridge Metro District (FRMD): Brookfield Residential being the owner of the Solterra property, worked with the City to determine what **FRMD** would provide. The original service plan was approved in 2005 and modified in 2007 (to address improvement changes). **Brookfield Residential advanced all of the money required to build the Solterra improvements.** Brookfield Residential representatives initially served on the **FRMD** Board of Directors, but as the community matured the Board transitioned to the residents. Today, the Board consists **exclusively** of Solterra residents. Thus, **Brookfield Residential has no representatives on FRMD Boards.** However, Brookfield Residential does have representatives serving on the Solterra HOA, Design Review Board, and Architecture/ Landscape Review Board.



False. The Brookfield Residential employees didn't leave "as the community matured". They were kicked of the boards in a hostile takeover by the residents as part of the recall.

<http://solterracommunity.org/index.php/2017/06/30/board-resignations/>

<http://solterracommunity.org/index.php/2017/06/24/recall-what-i-learned-from-meeting-with-the-mayors-group/>

Again, Brookfield Residential continues to refuse to disclose or be accountable for the money spent on the lots for infrastructure or the money they claim was used for infrastructure expenses.

Green Tree Metro District (GTMD): Initially, **GTMD** was to be an overlay district for all future districts in the area. As the first district, **GTMD** entered into an agreement with the City and Jefferson County (“JeffCo”) to build regional improvements such as the C-470 and Alameda Interchange. The City, JeffCo, and Brookfield Residential co-funded this early regional infrastructure in return for a promise to be repaid their out-of-pocket costs—roughly \$10M by Brookfield Residential, \$6M from JeffCo, and \$3M from the City. GTMD has yet to develop commercial property but has its own Board of Directors and service plan. A company called Three Dinos, LLC (“Three Dinos”) plans to develop in the GTMD. Neither GTMD nor Three Dinos is affiliated with Brookfield Residential or FRMD. **Brookfield Residential has no current relationship with GTMD, and Brookfield Residential has no representatives sitting on the GTMD Board.**

Again, Brookfield used money financed through the \$29 million in bonds to pay for the Alameda/ C-470 Interchange.

Note, that neither Jefferson County or the City of Lakewood have taken genuine measures to obtain repayment of the loan to the Three Dinos developers.

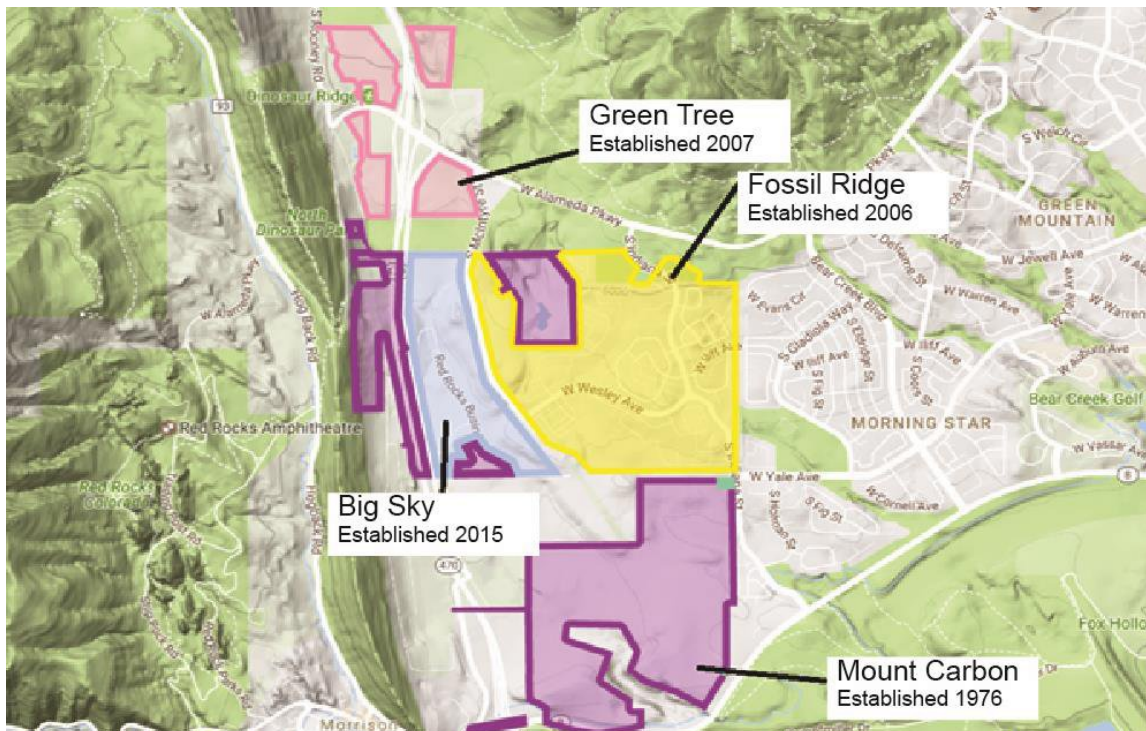
Big Sky Metro District (BSMD): Established in 2015 by CDN Properties (“CDN”), the **BSMD** borders **FRMD** to the west. Tom Morton, a former Brookfield Residential employee (who left Brookfield Residential in January 2014) is President of BSMD. **Neither CDN nor Mr. Morton is affiliated with Brookfield Residential in any way. BSMD** operates independently from **FRMD**, through its own Board of Directors, with its own responsibilities. There are no special agreements between **BSMD** and **FRMD**.

SOLTERRA

There are only two directors on the board - the statute requires 5 or 7. Tom Morton is the lead director. He was also the lead director as the VP of Brookfield Residential for the Solterra board during the time Brookfield Residential was actively suppressing the right to vote in Solterra.

Mount Carbon Metro District (MCMD): Established in 1976, **MCMD** declared bankruptcy in 1999. In accordance with State Statutes, property excluded from a Metropolitan District after bonds are issued, continues to be subject to the mill levy imposed until the bonds are repaid. The current **MCMD** mill levy imposed on parcels within Solterra is 21.9 mills imposed to repay debt that was incurred prior to the exclusion of the Solterra development from the boundaries of the Mount Carbon Metropolitan District. **FMRD** nor Brookfield Residential had any choice in the matter.

The cost of the land included in the cost of the lots for Solterra was paid for with this 21.9 mills. The cost of the land was paying off the bankruptcy. A banker involved with the purchase and sale stated that Brookfield Residential paid pennies on the dollar for the land. The land was essentially purchased with the 21.9 mill paid every year by the Solterra residents.





In evaluating the cost of the lots, the cost of the land was insignificant. So, in Solterra's case, the money spent on the lots paid for the infrastructure and profit to the developer. Costs of lots in Solterra ranged from \$50,000 to \$150,000. \$30,000 per lot for infrastructure still leaves a significant amount of profit for Brookfield Residential. So how does Brookfield Residential justify another \$29 million in bonds plus a demand for another \$30 million in bonds to pay for "infrastructure". Solterra residents already paid for the infrastructure with the cost of the lots.

HOW DO LATER HOMEBUYERS BENEFIT FROM METRO DISTRICTS WHEN MUCH OF THE INFRASTRUCTURE HAS ALREADY BEEN BUILT?

Through metro districts, bonds are issued to provide capital for infrastructure—so new communities can have basic services and amenities ensuring a high quality of life. This up-front investment allows current and future homeowners to benefit from the millions of dollars in essential improvements—while paying for them in relatively small amounts (via mill levy) over a long period time. If this funding approach was not used it would be cost prohibitive for the community to be developed. Whether you are a first, second, or third time Solterra homeowner you are able to benefit from earlier Metro District investments while paying a mill levy during your time as the homeowner.

"It would be cost prohibitive" to pay for infrastructure without special districts, says Brookfield Residential. False.

Longmont prohibits special districts for residential development and developers have no problem building wonderful residential developments there.

Developments in most of the United States are built without special districts.

Before developers started using special districts to fund a separate profit centers in the 1980's , they had no problem building wonderful residential developments.

It is very easy and much less expensive to pay the \$30,000 per lot for infrastructure without the two loans and interest paid over 40+ years.

SOLTEERRA

HOW CAN I FIND OUT MORE?

As an entity of the State of Colorado, all of the information regarding **FRMD** is publicly available.

- Visit www.dola.colorado.gov/lgis/
- www.solterra-connect.com
- Call the Brookfield Residential Information Line at 303-223-6565

The information is hard to find. Most documents are not on the DOLA site. DOLA does not enforce complete disclosure by the developer districts. Most of the developer districts resist providing the critical documents. And, as you can tell by the less than accurate "sales" piece provided here by Brookfield Residential, they are not a reasonable source for accurate information about metro districts.

Again, the articles by the Denver Post help pull the curtain back:

<http://rooneyvalleynews.com/denver-post-special-district-series-plus-commentaries-and-letters-to-the-editor/>

<http://solterracommunity.org/index.php/2019/09/08/special-district-video/>