

August 17, 2020

Richard Dengler  
President  
Solterra LLC aka Brookfield Residential  
6465 Greenwood Plaza Blvd Suite 700  
Centennial, Colorado 80111

Dear Mr. Dengler:

Thank you for your letter of November 7, 2019 to the residents of Solterra (not LLC). I am very sorry that the residents did not have an opportunity to respond sooner than nine months later, but we only just today received your letter from the Board - who had decided to keep the letter to themselves all this time.

The Board has also decided not to disclose to the residents their responses to your letter of November 7, 2019. We have asked for a copy.

As you may be aware, a new recall petition is pending. One reason for the recall is the Board's failure to restore the residents right to vote on future bond debt - the right that you took from the residents in 2006. We hope to have that right to vote restored within the next several months.

But before the resident vote on issuing any new bond debt takes place, we also plan to secure an independent forensic financial audit of the finances related to the cost of the land, the actual cost of the infrastructure, the cost of each lot, your profit for the sale of each lot and, with reference to verifiable documentation what you spent the first \$29 million of bond debt on. That information will provide the residents with the bare minimum amount of data so they can make an informed and responsible decision about whether or not we owe you any money.

Your letter argues that you are entitled to at least \$41.87 million from the residents of Solterra (not LLC) and some unknown more amount of money.

That has always been a curious source of confusion.

In 2006 you told the City of Lakewood the total cost of the infrastructure, including a profit margin to you, would be \$37 million. But in April, 2017, you told the residents that the total cost was \$160 million. We know from independent industry resources that the average cost of infrastructure per lot is \$30,000. And that number times the total number of Solterra (not LLC) lots is just about the number you provided to Lakewood - \$37 million.

And when we asked you what did the \$29 million in bonds already paid to you and billed to us go to pay for, in April 2017 you told us that \$7 million was for principal on the "loan" for the cost of the infrastructure and \$22 million was for interest on the total amount of the "loan" which was ultimately limited by the Service Plan to \$70 million.

But when I asked your attorney in May of 2017 what the \$29 in prior bonds went to pay for she looked at me in the presence of 7 other people engaged in a "mediation" and told me "they [Brookfield] was trying to figure that out."

In your letter you rely upon the Guy Ford IDES "study" to justify the expenses. But we talked to Guy Ford - for over two hours - I have it recorded - and he essentially said that what he did was take the numbers you gave him and simply repackage them in a glossy "report". The report is pretty, I'll grant you that. But you can understand that his "report" is of no value. Guy Ford also made it clear that he worked for you and exuberantly extolled the virtues of "going along to get along" with Brookfield.

I expect that you would agree that if you were in our position, the prudent step to take would be to obtain a (very) independent forensic financial audit of the finances related to the construction of Solterra (not LLC). We look forward to your cooperation in disclosing verifiable data. And if it turns out that you over charged us in issuing the \$29 million in bonds during the time you all suppressed the public vote, public election and controlled our boards, then I anticipate you will refund the money you collected, with interest.

In your letter of November 7, 2019, you also rely heavily upon the "agreements" aka "loan agreements" to establish our obligation to pay you more money. And that you spent money "in reliance" upon those "agreements".

But surely your attorneys have advised you that those "agreements" aka "loan agreements" aren't enforceable. Those "agreements" were written by you, signed by your employee as both the developer and the districts, at a time when you and the person signing the "agreements" had an express conflict of interest with all future residents.

No person who could possibly represent the interests of the residents ever agreed to those "agreements". And if you all relied upon those agreements with yourselves to spend money, you certainly and plainly did so at your own risk - that at some point in time the actual residents would wake up and say "no".

You simply can't enter into an "agreement" with yourself to argue that people who were never parties to those agreements are somehow bound by those agreements. Its a sham agreement.

Of interest to you certainly was or should have been this statement by the attorney for Lakewood who reviewed these agreements in 2006:

"Such review was for the sole purpose of determining if the Agreements are in substantial compliance with the terms of such Service Plan. The City **assumes no responsibility for the validity, enforceability, or any other aspect of the Agreements.**" (Emphasis added)

And, as you may be aware, at least one Court has observed that:

"We recognize, as the District has pointed out, that in the early stages, special district boards are generally made up of the developer's representatives. But the representatives, **when serving in their capacities as board members, may not take actions based on their own self-interests as the developer.** See Geudner, 786 P.2d at 436-37. . . . **In other words, the Developer spoke for the District and the District acted for the Developer.** . . . Carousel Farms Metropolitan District v. Woodcrest Homes, Inc., 2017 COA 149, Para 42 \*p. 19 (November 30, 2017)(reversed on other grounds 442 P.3d 402 (Colo. 2019).

Of course, you all did take actions based upon your own self-interests as the developer - and you can try to "get away with it" - but as I am sure your attorney has advised you - if the residents say "no" - these "agreements" between you and yourself as both the developer and director at the same time are simply unenforceable.

You also make reference in your letter to the Service Plan for the Districts. But, as you know, the Service Plans are guides with certain limitations. You can only claim a debt of so much money. **But you still have to prove it.**

**The Service Plan is not a blank check.** You don't get to issue bonds for the maximum limit in the Service Plan just because its in the Service Plan. Lakewood didn't do a financial audit and say you are owed \$70 million. Colorado didn't review the verifiable expenses and income and say you are owed \$70 million. Guy Ford did. And his credibility on that issue is less than zero.

Just like your subcontractors and vendors, you have to prove to our community that we actually owe you some money. And from what credible evidence we have collected so far it appears that you may owe us money. And we are collecting more information to support that conclusion.

So, thank you again for your letter.

We look forward to the independent forensic financial audit to determine once and for all the actual cost of the land, the actual cost of the infrastructure, the cost of the lots, your profit and what the \$29 million in prior bond debt actually paid for.

Once we have that information we then look forward to you making your case for more money to the voters of Soterra (not LLC) and their vote at the ballot box to decide once and for all whether or not to go into further bond interest debt to pay you any more money.

As we have said from the beginning in 2017, during the recall of your employees off of our boards, if we owe you any money we will gladly pay - and there are other options than going further into bond interest debt. But, if it turns out that you owe us money, we expect full and prompt reimbursement, with interest.

Sincerely,