



FREQUENTLY ASKED QUESTIONS

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.

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”).

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.

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.



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.

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.

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

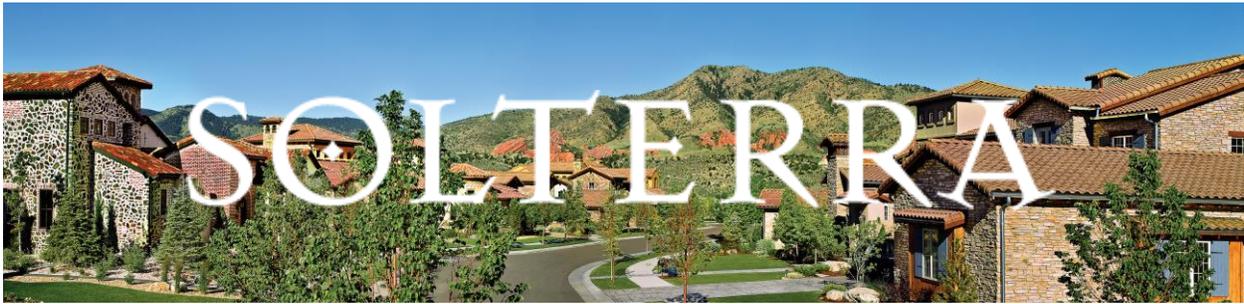
As a Solterra resident, the property taxes you pay includes money for the FRMD. Pursuant to the Service Plan, there is a limit on property tax for repayment of debt (incurred by Brookfield Residential) for public improvements and operations. **The limit for FRMD is 50 mills.** The plan for FRMD financing 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.

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.

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.**

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, when



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.

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.

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.

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).

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.

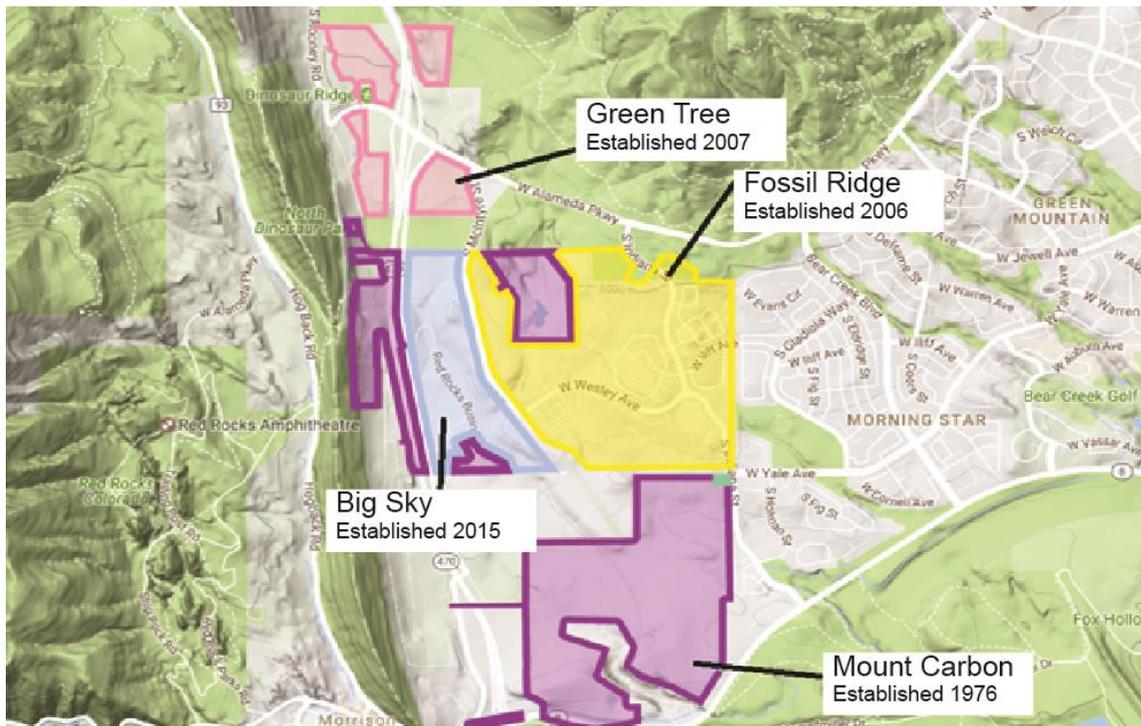
Green Tree Metro District (GTMD): Initially, **GTMD** was to be an overlay district for all future districts in the area. As the first district, **GTMD** entered into an agreement with the City and Jefferson County (“JeffCo”) to build regional improvements such as the C-470 and Alameda Interchange. The 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.**

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**.

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. **FRMD** nor Brookfield Residential had any choice in the matter.





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.

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