

Macanta Community Meeting

February 22, 2024

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Agenda

- Introductions
- Education Regarding Crowfoot Valley Ranch Metropolitan District Nos. 1&2
- Q&A with Community Representatives

Metropolitan Districts 101

Metropolitan District Overview

- Metropolitan Districts (“Metro Districts”) are authorized by Title 32 of the Colorado Revised Statutes and are organized to:
 - Provide for the financing and construction of public improvements for a particular neighborhood or community
 - Provide on-going operations and maintenance for public areas
 - Provide covenant enforcement (in some cases)
- Metro Districts localize the cost of public improvements to fund new development rather than spreading those costs throughout the entire governing jurisdiction (i.e., City, Town, County)
- 1000’s of Metro Districts throughout Colorado
 - Metro Districts have become one of the primary financing tools for the construction of public improvements in the state

Powers of Metropolitan Districts

- Metro Districts can provide any two or more of the following services to a community and bond proceeds can be used to fund related infrastructure:
 - Street improvements
 - Water facilities, services and water rights acquisition
 - Sanitation facilities and services
 - Park and recreation facilities
 - Traffic-related safety protection improvements
 - Transportation facilities and services
 - Television relay and transmission facilities and services
 - Mosquito control facilities and services
 - Security services
 - Covenant enforcement services
- Power to levy taxes and assess fees, rates, tolls, charges and penalties
- Power to issue bonds and other forms of financial obligations
- May provide for the ongoing operation and maintenance of public improvements within the community
- Power of eminent domain (condemnation)

Metro District Transparency

- Metro Districts are required to file annually a Transparency Notice
- Must hold open meetings with due notice to members of the public, including one Annual Townhall Meeting that covers the District's finances and projects
- Must maintain minutes of all meetings and other records for public inspection
- Must hold elections for the governing board of directors
- Must adopt annual budgets
- Must undergo an annual financial audit
- Must maintain a website

Advantages of Metro Districts

- Publicly accountable
- Ability to impose ad valorem property taxes to pay for public improvements
- Ability to finance public improvements over long period of time
- Ability to issue tax-exempt bonds with a lower interest rate than private funding or taxable bonds
- Sophisticated insurance pool resulting in lower insurance costs, along with Governmental immunity
- Provision of public improvements and services to new and existing developments that the Town or the County may be unable or unwilling to provide
- As the cost of development in Colorado has increased Metro Districts have become a popular and statutorily authorized way to fund the necessary public improvements in a cost-effective way that results in savings for residents

Metro District Governance – Service Plan

- Metro Districts are governed by the Special District Act, § § 32-1-101, et seq., C.R.S.
- The Special District Act requires the Metro District to operate within its approved Service Plan. The Service Plan is the Metro District’s governing document and is similar to a town charter or constitution
- The Crowfoot Valley Ranch Metropolitan District No. 1 (“District No. 1) and Crowfoot Valley Ranch Metropolitan District No. 2 (“District No. 2” and collectively the “Districts”) are governed by their Amended and Restated Consolidated Service Plan, which was approved by the Douglas County Board of County Commissioners on December 16, 2008 (the “Service Plan”)
- The Service Plan provides that:
 - District No. 1 has or will construct, own and operate the majority of the public services and facilities for the Development
 - District No. 2 has or will fund and assist in the coordination of the metropolitan district services and facilities
- The basic charge of District No. 2 is to collect tax revenues to pay off debt and to fund the operations and maintenance obligations of District No. 1
- The Service Plan contemplates that the Districts will either consolidate or District No. 1 will dissolve at some point and District No. 2 will ultimately have the obligation to own and maintain any District-related public improvements

Metro District Governance – Board of Directors

- Metro Districts are local governments and are governed by their Boards of Directors, which operate similarly to a Town Council or Board of County Commissioners
- The term of office for each director position is 4 years and Regular Elections are held in May of odd numbered years
- Anyone who is an eligible elector as defined in the Colorado Special District Act is eligible to vote for and serve on the Board of the Metro District
- The Crowfoot Valley Ranch Metropolitan District No. 2 Board of Directors consists of the following 5 Directors:
 - Chad Murphy (2025)
 - Richard Cross (2027)
 - Ryan Marsh (2025)
 - Sean Logue (2027)
 - Chris Crawford (2025)
- The next Regular Election occurs May 2025
- Section 1-13.5-501, C.R.S., details requirements related to Notice of a Call for Nominations for Metro District Regular Elections

Sources of Revenues

- All bonds issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes to be imposed upon on taxable property within the Districts, which shall not exceed 60 mills, as adjusted
- District No. 2 has pledged 50 mills, as adjusted, to payment of its Bonds
- The maximum mill levy District No. 2 shall impose for the payment of general obligation debt and for operations and maintenance shall be 80 mills, as adjusted

District Bonds, Use of Proceeds and Certified Costs

- District No. 2 issued its Series 2018A, Series 2018B and 2023C(3) Bonds to fund public improvements constructed and/or accepted by District No. 1
- Work that District No. 1 contracted directly for was funded with the proceeds from the Series 2018A and Series 2018B Bonds
- In addition, District No. 1 engaged a third party engineer to review and certify costs related to construction of public improvements completed by the developer entity prior to such costs being accepted funded through the Bonds

Bond Financing Overview

Bond Issuance Process

- Once the District's Service Plan has been approved, they may issue and incur debt.
- The Service Plan dictates the maximum amount of debt that may be issued by a District, the maximum repayment term and the maximum mill levies available to repay the debt.
- The maximum debt limitation in the Service Plan will typically be greater than the initial cost estimates for the infrastructure to accommodate (1) escalating cost of the improvements over time, (2) increases in market interest rates and (3) reserves required for bond issuances.
- The amount of debt to be issued by a District will be constrained by (1) the actual amount of "eligible and qualified" improvements to be funded and (2) the amount of debt that can be repaid based on build out AV (illustrated on next slides).
- The cost of qualified improvements typically exceeds the amount of District debt that can be raised in the debt market. The difference is funded by the Developer.

Bond Sizing / General

- **Metro District bonds are sized based on the following:**
 - Anticipated development absorption with the boundaries of the District (residential or commercial)
 - Anticipated average home price or price / SF
 - The maximum mill levy available to pay the debt (per to the Service Plan)
 - Prevailing interest rates at time of issuance
 - Term of the bonds (typically 30 years)
 - Debt service coverage requirements (if any)
 - Bond sizing can never exceed the District's debt limit (per the Service Plan)
- **Development absorptions are verified by an independent 3rd party market study provider**
 - Market study will determine whether annual absorption assumptions and values are justified based on market comps from other developments of similar size and scope
- **Qualified public infrastructure costs must be certified by an independent 3rd party engineer**
 - Bond proceeds are held by the bond trustee and only released upon certification from the engineer, ensuring that the improvements are completed
- **Metro District bonds are sold to institutional investors who must meet qualification and eligibility requirements**

Crowfoot Valley Ranch

MD No. 2

Financing Overview

Crowfoot Valley Ranch Metropolitan District Nos. 1 and 2

Overview

- Douglas County BOCC approved an amended and restated Consolidated Service Plan on December 16, 2008 for both districts
- District No. 1 was intended to construct, own and operate the majority of the public services and facilities for the Development
- District No. 2 was intended to fund and assist in the coordination of metropolitan district services and facilities and has authorized bonded and other indebtedness to finance a portion of the infrastructure necessary to develop the property.
 - Maximum debt issued cannot exceed \$70,000,000
 - Maximum interest rate of 15%
 - Maximum debt levy of 60 mills (as adjusted)
 - Maximum operating levy of 20 mills (as adjusted)
 - 40 year maximum term
- Bonds issued to help fund public improvements in the District in a cost-effective way through tax-exempt financing

Existing Debt Structure

Overview

- 3 series of Bonds outstanding issued within the provisions outlined in the Service Plan
- Residential community expected to contain 968 total residential units
 - 387 homes have been completed
- District is currently levying 58 mills for debt service and 23 mills for operating & maintenance

	Series 2018A	Series 2018B	Series 2022C(3)
Principal at Issuance	\$31,945,000 ⁽¹⁾	\$3,260,000 ⁽¹⁾	\$28,563,000 ⁽²⁾
Interest Rate	5.625% to 5.750%	8.000%	AAA 30 Year MMD + 300 basis points, currently 6.42% ⁽³⁾
Current Debt Mill Levy	58 mills (adjusted from 50 mills, as of 12/16/2008)		
Call Date	12/1/2023	12/15/2023	Anytime
Final Maturity	12/01/2048	12/15/2048	12/15/2052

⁽¹⁾Estimated as of 01/01/2024 and denotes current outstanding principal.

⁽²⁾Represents maximum par amount; currently drawn to \$27,542,000.

⁽³⁾Rate is variable and resets quarterly. MMD as of 12/29/2023 was 3.42%.

Mill Levy Comparisons – Surrounding Residential Properties

Metropolitan District	County	City	Operations Mills	Town Mills	Debt Service Mills	District Mills	Debt Issuance Date	Buildout Percentage
Trails at Crowfoot Valley MD No. 2	Douglas County	Parker	11.289	11.288	64.347	86.924	2019 & 2022	75%
Hess Ranch MD No. 4	Douglas County	Parker	10.767	10.766	61.378	82.911	2020 & 2022	10%
<i>Crowfoot Valley Ranch MD No. 2</i>	<i>Douglas County</i>	<i>Castle Rock</i>	<i>23.210</i>	<i>0.000</i>	<i>58.026</i>	<i>81.236</i>	<i>2018 & 2022</i>	<i>40%</i>
Belford South MD	Douglas County	Parker	10.394	5.197	64.444	80.035	2020	31%
Villages at Castle Rock MD No. 6	Douglas County	Castle Rock	3.200	0.000	73.786	76.986	2007	100%
Cherry Creek South MD No. 5	Douglas County	Parker	0.000	10.446	59.546	69.992	2021	0%
Canyons MD No. 5, 6, & 7	Douglas County	Castle Pines	8.480	0.000	60.431	68.911	2017	50%
Reata South MD	Douglas County	Parker	5.411	0.000	57.001	62.412	2018	71%
Overlook MD	Douglas County	Parker	3.623	0.000	50.585	54.208	2021	100%
Castle Oaks MD	Douglas County	Castle Rock	3.000	0.000	36.000	39.000	2018	100%
Pinery West MD No. 2	Douglas County	Castle Rock	11.410	0.000	26.460	37.870	2007	100%
Meadows MD No. 6	Douglas County	Castle Rock	5.416	0.000	29.584	35.000	1989	100%

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