

# Fossil Ridge Metropolitan Districts 1, 2 & 3 (“District” or “Solterra”) 2022 Business Plan Update

This update is provided through December 31, 2022, and includes information presented at the January 16, 2023, Board meeting.

As discussed at the FRMD Board Meetings on December 8, 2022, and January 16, 2023, Brookfield filed a lawsuit against the Fossil Ridge Metropolitan Districts 1, 2 and 3 on November 23, 2022. This suit requested, amongst other things, that the Jefferson County District Court direct District No. 1 to immediately issue \$31.8 million in bonds to repay the Brookfield claims. They are also demanding the reimbursement for the maintenance costs associated with public improvements which they claim that District No. 1 has either failed to maintain or refused to take possession of. In response, the Districts’ legal team has filed a Motion to Dismiss for all but one of Brookfield’s claims. Information relating to the lawsuit can be found on the Solterra Connect web site.

## 2022 Plan Update

The 2022 Business/Community Plan follows the founding documents, i.e., the Second Amended and Restated Service Plan, and is focused on continuing the well-being and fairness of all residents, making Solterra a highly desirable community within the Denver area, while staying within prudent financial limits. The goals for 2022, as approved by the Boards, are included as well as the status acknowledged in bold.

1. Governance (Board specific activities)
  - a. Define and use “dashboards” to measure success of 2022 Plan (reviewing status of the Plan 2 times a year).  
**Status: The primary “dashboard” is the budget variance report, which continues to be reported to the Board each quarter.**
  - b. Semiannual reporting to residents on the Status of the Community.  
**Status: This is the second and final semiannual report for 2022.**
  - c. Board meetings for 2022 have 7 prescheduled meetings.  
**Status: Public board meetings have been held: January 10, 2022 (Regular Meeting); January 24, 2022 (Special Meeting); March 14, 2022 (Regular Meeting); May 3, 2022 (Work Session); May 23, 2022 (Regular Meeting); June 22, 2022 (Special Meeting), July 11, 2022 (Regular Meeting), August 29, 2022 (Regular Meeting), October 17, 2022 (Regular Meeting), November 29, 2022 (Regular Meeting), and December 8, 2022 (Regular Meeting) .**
  - d. Conduct a community outreach program to encourage resident participation and solicit input.  
**Status: Ongoing throughout the year.**
  - e. Hold community elections in 2022.  
**Status: Completed.**
  - f. Populate a committee, define the role and responsibilities of the committee, to look at and consider feasibility of consolidating the 3 Districts.  
**Status: Tabled for 2022.**
  - g. Respond to resident comments and questions raised at the board meeting.  
**Status: Completed.**
  - h. Oversee activities of all FRMD’s Committees.

**Status: Completed.**

2. Acceptance Procedures for New Filings

One of the Board's key challenges and responsibilities is acquisition of filings from the developer, resulting in additional expense for the District. Of the 21 filings that make up Solterra, only Filings 1-12 have been accepted. The Reimbursement and Acquisition Agreement provides a step-by-step approval process for Board acceptance of the (a) filings from the developer. The goal is to continue to work with Brookfield to obtain acceptance.

**Status: No new filings were submitted from January 1 through December 31, 2022.**

3. Tributary and Water Feature

The Solterra tributary moves surface water through the community. It is the primary drainage conduit for the storm water flowing from homes west of Indiana street. It consists of 9 water quality detention ponds, a circulating water feature and a large retention pond. **The District's position is this asset has not been accepted** and the District is working with the developer to require the following improvements prior to final acceptance:

- a. Liner for the water feature,
- b. Repair erosion damage in the main channel,
- c. Determine whether the water feature can be put back in operation and whether the B2 Retention Pond can be retained in its current configuration,
- d. Manage the algae & cattails in the water feature, tributary and B2 detention pond, and
- e. Have in place an approved augmentation plan.

Although resolution is at the forefront of the board's goals, the timing for resolving these objectives is out-of-the-hands of the District, as action needs to be made by the developer.

**Status: Updates are periodically posted to the Solterra Connect website. The Board is working on determining whether the water feature can be put back in operation and whether the B2 Retention Pond can be retained in its current configuration.**

4. Committees

Each committee follows their own unique mission statement.

A. Financial Committee

Mission: The Finance Committee is established for the purpose of reviewing various financial matters concerning the District, including budgets, audits and financing matters and to further make recommendations to the Boards regarding such matters. The focus for 2022 will be:

- a. Finalized 2022 Budget and Plan.

**Status: Both the 2022 Business Plan and Budgets(s) were approved by the Boards and posted to Solterra Connect website.**

- b. Spread 2022 final budget by quarters.  
**Status: Completed**
- c. Quarterly, "actual to budget reporting" within 30 days of the end of the quarter.  
**Status: Completed for all Quarters. Pre audit results indicate that that all budgets are coming in as projected.**
- d. Oversee 12/31/2021 independent audit.  
**Status: completed with "clear opinions" issued for all 3 Districts.**
- e. With the assistance of CRS track bond compliance requirements.  
**Status: Completed for 2021, CRS is doing the work.**
- f. Explore the formation of a committee or similar oversight of common grounds in the community including coordination between CRS, District Engineer, Finance, Landscaping, and Pool/Retreat committees.  
**Status: After further review, this initiative has been shelved.**
- g. Review current financial guidelines regarding budget management, purchase authority, payment authority and update as needed.  
**Status: In process.**
- h. Develop list of Enterprise Risk Management (ERM) attributes, document and review with CRS and the auditors.  
**Status: This Initiative has been deferred for reconsideration in 2023.**
- i. Oversee the 2023 budget process.  
**Status: Completed**
- j. Using the 2019 Reserve Study and working with the Retreat & Pool Committee, the District Engineer, and the Community Manager, project out the capital and repair needs for the next 5 years.  
**Status: Mat Birkeness (CRS) and Gerry Reese (FRMD) have met and worked on individual items with assistance of the district engineer.**
- k. Develop 3-5-year Strategic projection of revenue and expenses.  
**Status: Deferred for reconsideration in 2023.**
- l. Evaluate how to move more of the analytical work to CRS.  
**Status: On going.**
- m. Assist the Boards, as needed, with development of the Private Access Area Policy.  
**Status: Completed.**

#### B. Pool and Retreat Committee

Mission: The Retreat/Pool Committee is established for the purpose of working on strategies to provide facilities for residents of Solterra. This includes providing sustainable solutions that meet the needs of today's residents while planning for future growth, ensuring fair and equitable use of the facilities to all members of the Solterra community, and to ensure that the Retreat and pool are available for the enjoyment of the homeowners, with safety, security, health, and comfort of the community being the primary objective. The focus for 2022 will be:

- a. Work with CRS for the running of the Retreat & Pool as far as policies, hours, rentals, etc., and for the enjoyment of all residents.  
**Status: Ongoing.**
- b. Work with CRS & Perfect Pools to ensure the pool facilities are being maintained as needed.

**Status: Ongoing.**

- c. Retreat interior - replace/repair furniture (community assets) as needed and within 2022 budget.

**Status: Deferred in 2022 as furniture was purchased in 2021.**

- d. Replace pool/patio furniture (and community assets) as needed and within 2022 budget.

**Status: Ongoing in connection with the items identified in the annual budget.**

- e. Ensure maintenance of the interior and exterior of the Retreat & Pool is completed as needed, working with CRS.

**Status: Ongoing in connection with the items identified in the budget.**

C. Social Committee

Mission: The Social Committee is established for the purpose of assessing the need for appropriate community and social events, necessary funding therefor, and to make recommendations to the Boards regarding community and social events.

Such opportunities help homeowners get to better know each other and promote community spirit. The work put in by the social liaisons to generate a more active, involved, and friendly community creates a greater sense of unity and understanding among the homeowners. The focus for 2022 will be:

- a. Easter – likely April 3<sup>rd</sup>, 2022 (Saturday before)  
**Status: Completed.**
- b. Cinco de Mayo – May 5<sup>th</sup>  
**Status: Completed.**
- c. Food Truck Gathering – Date TBD  
**Status: Scheduled monthly at the Retreat House.**
- d. 4<sup>th</sup> of July  
**Status: Completed.**
- e. Rocktoberfest  
**Status: Date is set for September 24th**
- f. Holiday Party (Santa & Mrs. Claus) –  
**Status: Event held in December**

Opportunities held by the social committee may evolve in 2022 creating unique, inexpensive ways to gather and enjoy the beautiful community center of the Retreat.

D. Landscape Committee

Mission: The Landscaping Committee was established for the purpose of reviewing all common areas within the Districts, and to further make recommendations regarding the care and maintenance of the common areas within the Districts. The focus for 2022 will be the accepted filings of 1-12:

- a. Spring: Replace evergreens identified in 2021 and spring 2022. Repair beds identified in the previous year (2021) for repair.
- b. Summer: Identify deciduous trees for replacement or remediation in the fall. Identify rock beds to be remediated in the spring of 2022.
- c. Fall: Replace or remediate deciduous trees identified in the summer. Identify evergreen trees for replacement in the spring of 2022.

**Status: Landscape constitutes a major expense to the community. The Landscape committee's primary focus is on the upkeep of the trees/plant life and necessary replacements in 2022. Replacement and repair of many rock and plant beds are being addressed with a recognition of Solterra' unique microclimate in Solterra. For more detailed updates, see the Landscape Report presented at the Regular Board meetings.**