

# Fossil Ridge Metropolitan Districts 1, 2 & 3 (“District” or “Solterra”) 2023 Business/Community Plan

## Our Mission

The Boards of Fossil Ridge Metropolitan Districts (“the Boards”), on behalf of and with the input of the residents, exist to guide the community’s priorities, projects, and activities in accordance with the founding documents, i.e., the Second Amended and Restated Service Plan.

As part of its responsibility, the Boards oversee the financial affairs (in a prudent, cost-effective, fair, timely, and transparent manner) in compliance with statutory requirements and existing agreements.

## Our Vision

We envision a community that offers an inspiring lifestyle and quality of life while preserving property values. We will enhance the character of Solterra, the quality of life to its residents, the feeling of community and inform and represent its members.

The Boards will strive to make Solterra a highly desirable community in the Denver area by maintaining high standards and fairness through Community Resident Boards who are committed to efficient, sustainable, and cost-effective operations and maintenance.

The Boards will lead community efforts to:

- promote and protect the quality of life, safety, and well-being of its residents,
- enhance the character of the Solterra neighborhoods with responsive service and support in the management of district assets, and
- encourage community involvement and collaboration.

Fossil Ridge Metropolitan Districts were organized October 10, 2006, as a quasi-municipal corporation and political subdivision of the State of Colorado pursuant to the Colorado Special District Act. All three districts are governed by the same Service Plan (as amended by the Second Amended and Restated Service Plan approved by the City of Lakewood on August 27, 2007), which provides that District No. 1 is the “Operating District” and District Nos. 2 and 3 are the “Taxing Districts”. The Taxing Districts provide funding to the Operating District for the construction, operation, and maintenance of various public improvements. The Operating District is expected to manage such construction, operations, and maintenance. The District’s primary revenue streams are property taxes for debt service payments and Homeowner Assessments for operations and maintenance. The Districts are governed by an elected Board of Directors and include an individual Board for each of the three Districts.

As a governmental entity, the Districts have the power to impose property taxes, as well as other fees and charges as governed by a board of directors.

## 2023 Plan

The 2023 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 2023 include:

1. Governance (Board specific activities)
  - a. Semiannual reporting to residents on the status of the community.
  - b. There are 7 prescheduled Board meetings in 2023.
  - c. Conduct a community outreach program to encourage resident participation and solicit input.
  - d. Hold mandated community elections in 2023.

- e. Respond to resident comments and questions raised at Board meetings.
- f. Oversee activities of all FRMD's Committees.

## 2. Acceptance Procedures for New Filings

One of the Board's key challenges and responsibilities is the acquisition of filings from the developer, resulting in additional expense to the Districts. 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 filings from the developer. The goal remains to work with Brookfield on obtaining acceptance.

## 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. **This asset has not been accepted by the District** and the District is working with the developer to require the following improvements prior to final acceptance:

- a. Repair erosion damage in the main channel,
- b. Determine whether the water feature can be put back in operation and whether the B2 Retention Pond can be retained in its current configuration,
- c. Manage the algae & cattails in the water feature, tributary and B2 detention pond, and
- d. Continue to pursue a water 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 Districts, as action needs to be taken by the developer.

## 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 Districts, including budgets, audits and financing matters and to further make recommendations to the Boards regarding such matters. The focus for 2023 will be:

- a. Finalize and oversee the 2023 Annual Business Plan.
- b. Spread 2023 final budget by quarters and monitor quarterly.
- c. Oversee 12/31/2022 independent audit.
- d. Track bond compliance requirements with the assistance of CRS.
- e. Review current financial guidelines regarding budget management, payment authority and update as needed.
- f. Develop list of Enterprise Risk Management (ERM) attributes, document and review with CRS and the auditors.
- g. Oversee the 2024 budget process.
- h. Project out the capital and repair needs for the next 5 years using the 2019 Reserve Study and working with the Retreat & Pool Committee, the District Engineer, and the Community Manager.
- i. Develop 3-5-year strategic projection of revenue and expenses (moved from the 2022 Business Plan).
- j. Evaluate how to move more of the analytical work to CRS.
- k. Monitor and analyze the Special Revenue Fund balances relating to Private Access Area Policy.

**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, 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 2023 will be:

- a. Enhance resident use and enjoyment of the facilities, working with CRS on the operation of the retreat (policies, hours, rentals, etc.).
- b. Ensure proper timely pool facility maintenance as needed, working with CRS and Perfect Pools.
- c. Replace/repair retreat interior furniture (community assets) as needed and within 2023 budget.
- d. Replace pool/patio furniture (and community assets) as needed and within 2023 budget.
- e. Ensure proper timely maintenance of the interior and exterior of the retreat & pool as needed, working with CRS.

**C. Social Committee**

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

Such opportunities help homeowners get to know each other, so that they can feel as part of the community. 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 2023 will be:

- a. Easter Event – likely Saturday before Easter
- b. Cinco de Mayo – May 5<sup>th</sup>
- c. Food Truck Gatherings – Dates TBD
- d. 4<sup>th</sup> of July
- e. Rocktoberfest – date TBD
- f. Holiday Party (Santa & Mrs. Claus) – December date TBD

Opportunities held by the Social Committee may evolve in 2024 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 2023 will be the accepted filings of 1-12:

- a. Spring: Replace evergreens identified in 2022 in the spring 2023.
- b. Summer: Identify deciduous trees for replacement or remediation in the fall. Identify rock beds to be remediated in the spring of 2024.
- c. Fall: Replace or remediate deciduous trees identified in the summer. Identify evergreen trees for replacement in the spring of 2024.

Landscape is a major expense of the community. The Landscape committee is primarily focused on the upkeep of the trees/plant life and will be making many replacements in 2023. Along with replacements and the beautification of many rock and plant beds will be addressed with the understanding and focus of the unique microclimate in Solterra.

## 5. Budget(s)

Since there are three Districts, each District has its own set of budgets.

**FRMD #1**, for 2023, there are four budgets that FMRD #1 controls: 1) the operational budget (general fund), 2) the capital budget (fund), 3) the reserve study budget (fund), and 4) a special revenue budget (fund).

The operational budget's source of revenue is primarily from homeowner assessments and transfers from Districts #2 and #3. Expenditures are incurred for maintaining items within the Metro District that are not turned over to the City of Lakewood and all associated costs of maintaining the community. These items are maintained in perpetuity by the Metro District. A major asset in the district is the landscaping throughout the community, as well as the retreat and pool. Having control over these assets helps keep the property at a high value and aesthetically pleasing.

The capital (fund) budget is for the capital improvements to the community. The source of revenue is primarily builder advances and developments fees on new houses. For 2023 the main cost will be the replacement of trees and shrubs, sewer cleaning (every 3 years), fees to the District Engineer, and various other capital expenditures. Once the neighbor is built-out the remaining fund balance will be transferred to the reserve study fund.

The reserve study (fund) budget is primarily made up of capital replacement items identified in the Reserve Study. For 2023 the main source of revenue is a transfer from the general fund and expenditures relate to the pool, retreat buildings and common areas.

The special revenue (fund) budget is for the maintenance fee areas (MFA). Revenues are the collection of fees and expenditures related to costs incurred in the specific areas.

**FRMD #2** has an operational budget and a debt service budget. Since FRMD #2 is a taxing district, its purpose is to collect property taxes and Specific Ownership Taxes ("SOT"), which are transferred to either the FRMD #1 operational budget or to the FRMD #3 debt service budget.

**FRMD #3** holds all the bond debt. FRMD #3 has an operational budget and a debt service budget. FRMD #3 is also a taxing district, so its purpose is to collect property and SOT taxes. Some tax revenue is transferred to the FRMD #1 operational budget but most of the tax revenue is retained in the FRMD #3 debt service budget.

The 2023 budgeting process started in mid-June. Budget work sessions were held in August and September (available and noticed to all FRMD residents). The draft budget was made available on October 14, 2022; and the FRMD Boards will be asked for approval of the 2023 budgets at its regularly scheduled meeting on December 8, 2022.

Assessed property values for the community (for 2023) creased by 1.87% as a result of Colorado changing the way it calculated assessed values for 2023 compared to 2022. The board was able to minimize the impact to homeowners by adjusting the Mill Levy from 35.5 to 36.5, 2022 and 2023, respectively, making the mill levy impact to individual homeowners as neutral as possible.

