

Answers to May 24, 2021 Board Meeting, Public Comment Session Questions:

Questions from Jim Cantrell

1. Asked about Executive Session with Brookfield.

Brookfield has no involvement in the Board's Executive Sessions. Executive sessions are conducted to discuss matters that are sensitive in nature and whose premature disclosure could be used to the community's financial and legal disadvantage. Sessions are primarily focused on obtaining legal advice and identifying potential courses of action that the community may want to consider pursuing. The Boards follow the required legal procedures when conducting Executive Sessions and make no decisions in these sessions. Where appropriate, and once options have been considered and requisite legal advice received, options are presented to the community and voted on in Board meeting open sessions.

2. Regarding the district engineer's report identifying what we believe we owe Brookfield, when will it be released?

As build out of Solterra is completed and the analysis of costs is concluded, a final determination of what the District owes the developer will be possible. The district engineer has developed a methodology by which this final cost is being determined, however significant research continues to be done by the District Engineer and the Finance Committee before a finalized report can be provided. What we do know is that under our Service Plan, we have a General Obligation Debt cap of \$70M. With the issuance of the 2020 Bonds, the maximum amount left to bond is \$31,870,00. Once the analysis is completed and before additional bonds are issued, the community will be fully updated with respect to the cost analysis, capacity to bond, and bond proceeds just as with the 2020 issuance.

Questions from Gary Greaser

1. Water treatment area. \$375K for water area. Now that the area is not in compliance, how do we make sure that the fees do not come back to residents?

Pond & Water Feature:

Neither Pond B2 nor the water feature have been accepted by the District so we assume no financial responsibility for resolution of the problem. Brookfield has engaged a Water Attorney and the engineering firm who initially designed the water feature to identify solutions and the District has been involved in identification of potential solutions.

2. Trees on McIntyre do not look good. How do we control costs on this?

The type and number of trees planted in the common areas are controlled by the City of Lakewood. This area is in compliance with the City's requirements. Pete Hendel, as chairman of the community landscape committee, has attempted to reduce the number and find more hardy trees but has been turned down by the City. They insist that the type trees required are ones successful in use throughout the area.

3. Construction waste on Yale. Who has that cost & how does it not hit us?

The following notice was posted on 12/14/2020 in Solterra Connect shortly after the lamppost installation began in late November. This information is still correct.

Lamppost Installation

Seventeen lampposts have been installed to date on McIntyre. Seventy additional lampposts will be installed on the remainder of McIntyre and then east on Yale to Indiana. This process will alter and damage irrigation systems and the landscaping. Brookfield will return all landscaping to its original condition at no cost to the Fossil Ridge Metropolitan District.

4. Reserve study fund balance. There is currently \$239K cash in the reserve. However, a sum of the three components of the fund should equal over \$800K. The reserve study fund balance should still be around \$700K after the expenses subtracted. Explain the shortfall of balance.

In 2020, the Reserve Study Fund was a component of the FRMD #1 Capital Projects Fund. In an effort to provide more transparency, a new FRMD #1 'Reserve Study Fund' fund was created for 2021. Once the 2020 Audit has been completed, the Reserve Study Fund balance in the Capital Projects Fund will be transferred to the new Reserve Study Fund. The unaudited balance of the fund at the end of 2020 was \$634,600. The addition to the Reserve Study Fund in 2021 is budgeted at \$374,400 and will bring the total before any audit corrections or Reserve Study Fund expenditures in 2021 to \$1,009,000.

5. Reserve study showed over \$500K and I want a further explanation as to where all of this money is.

The 2019 Reserve Study Report provides guidance on when certain components should be repaired/replaced based on expected life. The Reserve Study is a guide on what to address and when to address it. It is not strictly followed. Each referenced component for 2021 plus components referenced in prior years that were not addressed, plus components planned for the next year or two will be evaluated by a team of board members, CRS (our Community Manager), the District Engineer, and the Finance Committee before a recommendation is made to the Board on which need addressing. Some components have already been identified in the 2021 budget. Other components could be added if it is decided that they should be addressed now.