Fossil Ridge Metropolitan District Nos.1-3 Frequently Asked Questions

I. History of Rooney Valley and Development

See the following links:

History Colorado https://www.historycolorado.org/

Rooney's Custom Floors - History https://rooneyscustomfloors.net/

Colorado Encyclopedia https://coloradoencyclopedia.org/

II. Who is Brookfield Residential?

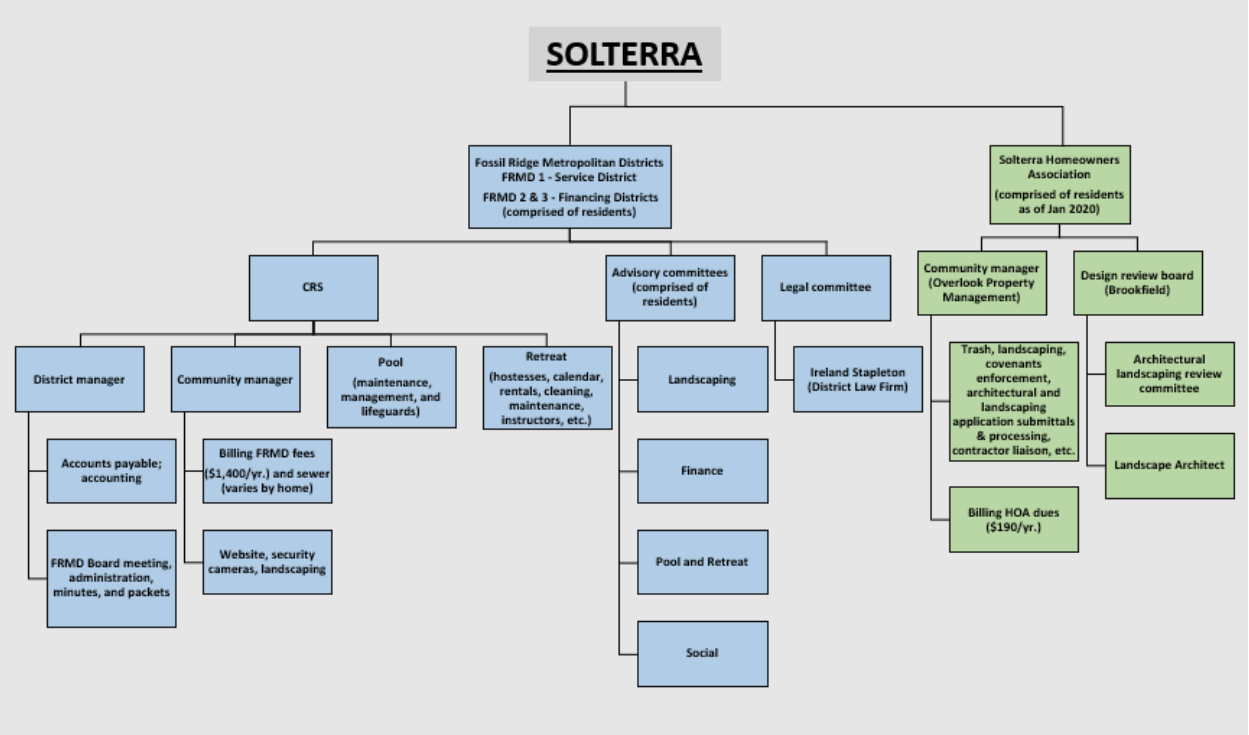
Development within Solterra was initiated through Carma Lakewood LLC, in 2006. Carma Lakewood LLC later changed its name to Solterra LLC. Solterra LLC is wholly owned by Brookfield Residential Properties, Inc. ("BRPI"). BRPI is a wholly-owned subsidiary of Brookfield Asset Management Inc. and has been developing land and building homes for over 50 years. BRPI is a major North American homebuilder and land developer with operations in Canada and the United States with operating segments in Alberta (Calgary and Edmonton), Ontario (Toronto), Northern California (San Francisco Bay Area and Sacramento), Southern California (Los Angeles/Southland and San Diego/Riverside), Washington D.C. Area, Colorado (Denver), Texas (Austin), Arizona (Phoenix), and Hawaii. BRPI entitles and develops land and builds homes for its own communities, as well as sells lots to third-party builders.

III. Metropolitan District General Information

1. What is the difference between FRMD and the Solterra HOA?

FRMD and the HOA are two separate and distinct entities which perform entirely separate functions. The HOA duties are limited to trash removal and architectural/covenant control and FRMD participates in the financing, construction and operation and maintenance of the public improvements.

2. How is Solterra Organized



3. What is a Special District?

Special Districts are local governments and political subdivisions of the State. Local governments are comprised of counties/cities/towns, but also include other types of governments such as school districts and special districts. Metropolitan Districts are a subsection of special districts which provide two or more services on behalf of their constituents.

Special Districts have been in use in Colorado in various forms since the mid 1950's in order to finance and provide public infrastructure and services. There are well over 1,900 special districts in the State of Colorado, which serve both residential and commercial developments. The Division of Local Government lists specifically as of December 2021, there are 1,819 Metro Districts in Colorado**.**

Metropolitan Districts are governed by an elected board of directors, which hold a common-law as well as statutory fiduciary obligation to the district and its constituents. In the past, regular board elections were held in May of even years. However, due to legislative changes, regular board elections were moved to May of odd years. Special districts can conduct special elections in February, May, October, November and December.

In 2020, board candidates ran for a 3-year term expiring in May 2023 (unless there was an appointment). In May 2022, board candidates will run for a 3-year term expiring in May 2025 (unless there was an appointment). Then, moving forward, regular director elections will be held in May 2023, May 2025, May 2027, etc.

Metropolitan Districts are publicly accountable, which means they must hold open meetings, properly provide notice of all meetings, keep minutes and other records which are open for inspection, hold elections for their governing board of directors, adopt annual budgets and submit to annual financial audits.

Benefits of Districts - metropolitan districts are able to finance public facilities with tax exempt municipal bonds which often results in cost savings to property owners through a reduced cost of borrowing and benefits in their ability to take certain tax deductions in connection with ad valorem taxes paid to the district. The financing powers of special districts also offer advantages over the funding of costs for items that might otherwise be provided through homeowner's associations, which rely upon assessments that are not tax deductible to the homeowner.

4. What is a Service Plan?

A Service Plan is a document that is approved by the local governing jurisdiction and sets forth the development and financial authorization of a special district, grants and limits certain powers of the district, and governs the overall structure of the district. The Service Plan will continue to govern FRMD as long as FRMD remains in existence. Essentially, Title 32, C.R.S., provides special districts broad powers and legal authorization and the Service Plan may limit or provide authorization on a parallel basis. Other statutory provisions also govern the actions of a special district, such as Title 1, which governs elections.

5. What is Mount Carbon Metropolitan District and why am I being assessed 20 mills by them?

Mount Carbon Metropolitan District ("Mount Carbon") is an entirely separate and distinct special district with legal boundaries that encompass certain properties within the Rooney Valley. Mount Carbon was organized on September 14, 1976, and at the time of its organization included the property within Solterra along with adjacent developments. Mount Carbon filed bankruptcy on July 14, 1997 under Chapter 9 of the Federal Bankruptcy Code. The Mount Carbon Bankruptcy Plan was approved and funded on April 22, 2004 at which point the debt outstanding was restructured.

6. Department of Local Government - Mount Carbon - Finance

As with other properties previously within its boundaries, the Solterra property was excluded from Mount Carbon in August 2006 as a condition of the City of Lakewood to the organization of FRMD. In accordance with §32-1-503, of the Colorado Revised Statutes ("C.R.S."), the Solterra property excluded from Mount Carbon (along with other properties that were excluded at that time) remains subject to all Mount Carbon debt in existence at the time of exclusion until the same is fully discharged or paid. Mount Carbon, as a separate governmental entity, holds and is fully responsible for its debt. Neither the developer of Solterra nor FRMD has any discretion or direct responsibility for, or over, the debt. All property that is within the current Mount Carbon boundaries, as well as those that were excluded from its boundaries while the debt was in place, remains subject to the imposition of 22 mills until such debt is paid or discharged, which is currently scheduled for 2043 based upon Mount Carbon's audited

financial information. Aside from FRMD, the property within Big Sky Metropolitan District, an adjacent property to Solterra, was also excluded from Mount Carbon and remains subject to the imposition of 20 mills.

IV. Information on FRMD

1. What is FRMD?

FRMD is a governmental entity which was organized in 2006 for the specific purpose of financing certain construction necessary for the development of Solterra. Financing of the development includes that which can be accomplished through bonds issued through FRMD as well as private financing through the developer. The developer is responsible for financing private improvements or those public improvements which cannot be financed through FRMD. FRMD was provided with sufficient flexibility to also handle the operations and maintenance of amenities within the community on a long-term basis. FRMD is authorized under Title 32, C.R.S., and pursuant to its Service Plan.

2. What is FRMD authorized to do?

FRMD is authorized to finance, construct and operate water, sanitation, street, traffic and safety controls, park and recreation improvements, and to engage in services for mosquito and pest control, security and covenant control. Although FRMD is authorized to provide covenant control, Solterra has a separate HOA which undertakes those services.

3. Who are the current board of directors of the Districts and their terms?

District 1 – Tom Waterman (2025), Craig Brown (2023), David Wilson (2025), Dave McGraw (2023) and Terry Larson (2025)

District 2 – Terry Larson (2025), Ted Michelson (2025), Gerry Reese (2025), Alan Plumhoff (2023) and Tom Waterman (2023)

District 3 – Aaron Hochstein (2025), Daniel Dominic (2023), Andrew Amend (2025), Craig Brown (2023) and Greg Taylor (2025)

4. How do I get on the board?

In order to be qualified to serve on the Board of Directors of a District, a person must be an "eligible elector" of the District. An "eligible elector" is a person who, at the designated time or event, is registered to vote in the State of Colorado pursuant to the Uniform Election Code of 1992, and who either: 1) is a resident of the special district; 2) owns, or has a spouse or civil union partner who owns, real or personal property within the special district; or 3) is obligated to pay taxes under a contract to purchase taxable property within the special district.

District board member elections currently occur in May of odd numbered years, with the next election scheduled for May 2023. Those board candidates will run for a 3-year term expiring in May 2025 (unless there was an appointment). In 2020, board candidates ran for a 3-year term expiring in May 2023. Board candidates elected in 2019, with terms expiring in May 2022,

can run for a new 3-year term expiring in May 2025. Moving forward, regular director elections will be held in May 2023, May 2025, May 2027, etc

Before each election the District provides notice to the eligible electors informing them of the upcoming election and requesting self-nomination forms. Any eligible elector may submit a self-nomination form nominating themselves to participate in the election process for a board seat. If there are more self-nomination forms than open board seats, the District will proceed with either a mail ballot or polling place election. All eligible electors of FRMD are able to vote in such an election. If there are not more interested candidates that have submitted a self-nomination form than there are open seats, the election will be cancelled and the candidates will be elected by acclimation and take their seats immediately after the May election date.

If a board member resigns during their term, the vacancy is filled by appointment of the remaining board members and the appointee then serves until the next regular election.

5. When do the Boards meet?

Regular 2022 meetings for FRMD are scheduled seven times a year. Special meetings are scheduled as deemed necessary by the boards of directors. The 2022 regular meetings are scheduled for

Monday, January 10, 2022
Monday, March 14, 2022
Monday, May 23, 2022
Monday, July 11, 2022
Monday, August 29, 2022
Monday, October 17, 2022
Monday, December 5, 2022

6. What Intergovernmental Agreements has FRMD entered into?

An intergovernmental agreement ("IGA") is a contractual agreement between at least two governmental entities. As a governmental entity, FRMD may enter into agreements with other governmental entities.

Fossil Ridge Metropolitan District Nos. 1-3 entered into a Master IGA on January 8, 2008, to provide for the implementation of the principals and objectives set forth in the Service Plan regarding the financing, construction, operation and maintenance of certain public improvements.

Fossil Ridge Metropolitan District No. 1, on behalf of FRMD, has entered into the following IGAs with other governmental entities:

♣ Fossil Ridge Metropolitan District No. 1 entered into an IGA with the City of Lakewood Relating to Maintenance on April 22, 2008, as amended by the First Amended and Restated Intergovernmental Agreement dated December 13, 2013, and the First Addendum to the

Intergovernmental Agreement on September 12, 2016. This IGA delineates ownership and maintenance responsibility between FRMD and the City for certain public improvements.

♣ Fossil Ridge Metropolitan District No. 1 entered into an IGA with Green Mountain Water and Sanitation District for Extra-Territorial Sewer Service on January 15, 2008, as amended by the Amended and Restated IGA for Extra-Territorial Sewer Service on November 11, 2014. This Green Mountain Sewer Service IGA sets forth the agreement for Green Mountain to provide sewer services to FRMD, noting that District No. 1 owns the sewer system within Solterra.

♣ Fossil Ridge Metropolitan District No. 1 entered into an IGA with Green Mountain Water and Sanitation District for Maintenance and Repair of the Sewer System on September 19, 2008. This Sewer Maintenance IGA functionally engages Green Mountain to maintain the sewer improvements within Solterra owned by District No. 1.

7. FRMD collects Quarterly Fees, what do these pay for?

FRMD establishes a schedule of fees concurrently with annual budget requirements. FRMD is responsible for operation and maintenance associated with public amenities such as the pool and Retreat, and landscaping of common areas, parks and trails within the community.

8. Who are the FRMD sewer and water providers?

In 2005, when Carma Colorado (now Brookfield Residential) purchased the Springfield Green development (now known as Solterra), the property was within the boundaries of the Mount Carbon Metropolitan District. At that time, Mt. Carbon was the intended service provider for water and waste water to the property, however, Mt. Carbon's did not have the ability to provide sufficient services to Solterra. Consequently, Carma sought a different water and waste water provider for the best interest of the community and excluded the Solterra property from the boundaries of Mt. Carbon. Additional information on the Mount Carbon bankruptcy may be found in Section II(4) of these Frequently Asked Questions.

In 1951 the Denver water Board, faced with a shortage of water supply, established the historical "Blue Line," beyond which it would not supply water in the metropolitan area. Green Mountain Water & Sewer District ("GMW&SD") was also formed in that same year for the supply of water and sewer service in Lakewood. Water for GMW&SD is provided by Denver Water. However, the GMW&SD boundaries could not extend into Solterra, thus prohibiting service in the Solterra development.

After the developer's evaluation of the water and sewer services necessary for Solterra, they approached Consolidated Mutual Water Company ("CMWC") to provide water. In 2007, Brookfield purchased the lease rights for enough water for the full build out of Solterra. Also at that time, FRMD was formed for the purposes of facilitating the public infrastructure and financing the construction of the waterlines and storage tank in order to deliver the water that Brookfield had purchased to the community. The 6.5 mile long 16" waterline and 5 million gallon water tank (on Green Mountain) comprise approximately $11.5 million worth of investment that the developer/FRMD funded. Additionally, all the trunk waterlines in Solterra are funded by the developer/FRMD, but are owned and maintained by CMWC.

While receiving water from CMWC, CMWC worked with GMW&SD to procure a water exchange agreement that allowed the waste water from Solterra to flow through GMW&SD's system. Because GMW&SD was not authorized to extend their district boundaries due to restrictions with Denver Water, all of the waste waterlines in Solterra are owned by FRMD and are maintained by GMW&SD. As part of the maintenance of the system, GMW&SD coordinates with CMWC to determine water usage in order to calculate waste water flow. GMW&SD then invoices FRMD, which then invoices the homeowners.

9. How can I request documents that are not readily available concerning FRMD?

FRMD has an approved Public Records Request Policy in place, which is posted on the website and is readily available from the District manager. The Public Records Request Policy contains information as to how to make requests for inspection or copies of any public documents of FRMD.