

A Progress Report from the Board of Directors of Great Western Park Metropolitan District No. 2

The story in two sentences: We reduced the District's debt by nearly ten million dollars and significantly reduced the interest rate being paid on the District's remaining debt. As a result, we have been able to reduce the District's property tax mill levies significantly.

Everything you always wanted to know about the District, but were afraid to ask

For some time now, the primary use of Metropolitan Districts in Colorado has been to shift the burden of the costs of infrastructure construction for new housing developments from private Developers to the eventual owners of homes in those developments. A Developer puts in the roads, water, sewer and other utilities using money raised by the District via bonds; The new homeowners pay off those bonds over a period of decades via property taxes.

Great Western Park Metropolitan District No. 2 ("the District") was created in December of 2008 for the purpose of financing the infrastructure of Skyestone. From its creation in 2008 until mid-2020, the District was controlled by a Board of Directors consisting entirely of people who were investors in Great Western Park, LLC ("GWP LLC"), the development company that owned the land that Skyestone was built on and who sold it to Taylor Morrison. During that time, the District borrowed millions of dollars in "developer advances" from GWP LLC and issued 12.6 million dollars of municipal bonds, all of which the eventual buyers of homes in Skyestone would be obligated to pay back.

As of June 30, 2021, the District had \$25,552,923 of outstanding debt. The interest on some of this debt was as high as 8 percent, and even at the high property tax rates that we pay in Skyestone, this debt was likely to be just as high or higher after most of us were dead and gone.

In January of 2020, some Skyestone homeowners became aware that there would be an election in May of that year for 4 of the 5 seats on the Board of Directors of the District. Four of us ran for those seats, and in June of 2020 we took control of the District Board. After months of hard work climbing a steep learning curve, we decided to pursue two significant goals in 2021:

- (1) Take advantage of the historically low interest rates of 2021 to refinance the District's bonds.
- (2) Negotiate a settlement with GWP LLC to eliminate the debt owed on developer advances.

We hired a Municipal Advisor to guide us through the refinancing and to negotiate with GWP LLC, and undertook many more months of work to get the best deal for Skyestone homeowners. Floating a municipal bond issue is a complicated task involving hundreds of pages of documents,

due diligence to ensure compliance with a tangled maze of legal requirements, and an astonishing amount of t-crossing and i-dotting. But in the end, here's what we accomplished:

- (1) The District's bonds have been refinanced at significantly lower rates. The overall actual borrowing cost to the District of its bonded debt has now been reduced to 2.77%.
- (2) A settlement was negotiated with GWP LLC whereby nearly ten million dollars of debt was written off with a one-time payment of two million dollars. The District is now free and clear of any and all debts other than the bonds.

What does this mean for the homeowners of Skyestone?

First and foremost, we were able to reduce the District's property tax mill levies significantly for 2022, rather than increasing them as the Board did every year in the past. Your property tax bill for 2021 included a levy of 47.182 mills for debt service. At the November 10, 2021 Board meeting we set the debt service levy for 2022 at 30.75 mills, and we expect it to remain at or below that level for the foreseeable future. We also reduced the 2022 levy for the General Fund, which is used for the District's operational expenses such as legal, accounting, and management fees, from its 2021 level of 6.74 to 2 mills.

The total mill levy for calculation of your property taxes includes many other entities besides the District - the City and County of Broomfield, North Metro Fire and Jefferson County Schools, to name just three (see your property tax notice from 2021 for a complete list). While the mill levy for the District is decreasing, we have no control over the mill levies for these other taxing authorities. Also, Broomfield reassesses home values every other year, and 2021 was a re-assessment year, so the assessed value of your home is almost certainly different than last year, as well. So in spite of all that we've accomplished, don't get too excited about a big difference in your total tax bill.

Second, we have eliminated the threat of any costly legal action related to the GWP LLC debt. Going forward, we're looking for ways to further reduce our operational expenses, which should be possible now that we no longer have to deal with such complex financial and legal issues.

If you have further questions about the District, our web site contains information such as the service plan, notices, election information, financial information such as budgets, quarterly financials, audits and the bond refunding, and Board information such as agendas and meeting minutes. Check it out at:

<https://greatwesternparkmd2.colorado.gov>