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Memorandum

To: Town of Windsor

From: David S. O'Leary Esq.

Re: Executive Summary for Proposed First Amendment to the Windsor Highlands Metropolitan District Nos. 1-11 Amended and Restated Service Plan

Date: September 20, 2017

The proposed expansion of the Windsor Highlands Metropolitan District Nos. 1-6 to include additional property within the Country Farms III Subdivision, the Thornburg-Hamilton Subdivision and Highland Meadows Golf Course Tracts along with the formation of the Windsor Highlands Metropolitan District Nos. 7-11 (collectively, District Nos. 1-11 are referred to hereinafter as the "Districts") encompasses the land generally located generally south of LCR 30 for District Nos. 1-6, 11 and the Thornburg-Hamilton future inclusion property, east of I-25, North of Crooked Stick Drive, in the Northwest corner of LCR 30 and Fairgrounds Avenue for District No. 7 (Country Farms III), adjacent to Fairgrounds Avenue. A depiction of the current boundaries and proposed expansion areas for District Nos. 6-11 and the proposed future inclusion area of Thornburg Hamilton property is attached herewith and is estimated to include approximately 350.099 acres of residential development within District Nos. 1-5, 18.661 acres of residential development within the initial boundaries of District Nos. 7-10, 263.859 acres of golf course tracts within the proposed boundaries of District No. 11, all entirely within the boundaries of the Town of Windsor (the "Town"). Additionally approximately 109.238 acres of residential and commercial development is anticipated to be included from the City of Loveland into District Nos. 8-10 from the Thornburg-Hamilton Subdivision within the proposed future inclusion area.

The Districts are proposed to provide services and powers provided for metropolitan districts authorized by the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the Town, for consideration on the next possible public hearing of the Town Board of Trustees in order to meet the requirements of a formation election in November 2017 for District Nos. 7-11.

The owner of the property is Colorado 80, LLC or an affiliate thereof. Preparation of the Financing Plan was provided by George K. Baum & Company. The Developer of the Windsor Highlands Metropolitan District community is Hillside Commercial Group, Inc. Construction cost estimates were assembled by the Developer with consultation with the District Engineer, Northern Engineering, which has experience in the costing and construction of similar facilities.

Developer representatives will make up the initial District Boards in order to develop the area in accordance with approved development plans with the Town. The new Districts will help pay

for and structure the financing of public improvements and to make the lots and the property permit ready and will help absorb finished lots, homes and commercial property into the Town tax base.

I. Major Service Plan Points for First Amendment to Windsor Highlands Metropolitan Districts Amended and Restated Service Plan.

- Expansion of the existing Windsor Highlands Metropolitan District area of approximately 350.099 acres to a total of 741.857 acres of property within the proposed expansion areas of Country Farms III, Thornburg-Hamilton and Highland Meadows Golf Course.
- 350.099 acres of property in the current boundaries of District Nos. 1-6 within the Town of Windsor.
- 18.661 acres of property in the initial boundaries of District Nos. 7-10 within the Town of Windsor.
- 263.859 acres of property in the boundaries of District No. 11 (Highland Meadows Golf Course Tracts) within the Town of Windsor.
- 109.238 acres of property in the future inclusion area boundaries of District Nos. 8-10 within the City of Loveland, which are proposed to be included within the Windsor Highlands Metropolitan Districts but remain annexed to the City of Loveland and subject to Loveland building and construction rules and regulations.
- A new school site within the Thornburg-Hamilton Subdivision.
- \$30,370,536 of capital public improvements planned for the development of District Nos. 1-5; District Nos. 6-10, is anticipated to require an additional approximate of \$37,417,774 (in addition to the \$30,370,536 previously estimated for the Developed portions of District Nos. 1-5); and Public Improvement costs related to the Highland Meadows Golf Course estimated to be an additional \$7,715,675, which is anticipated to include but not be limited to completion of CR 30 and Fairgrounds Avenue, traffic and safety and other regional improvements, provision of offsite sanitary sewer improvements to extend the Town sewer system to the project. Development on frontage road properties along Hwy 392 and water improvements based upon the needs of the project are also estimated in the preliminary infrastructure plan for the Districts and the supplemental preliminary infrastructure plan for the property to be developed within District Nos. 6-10.
- Anticipated development of 890 single family homes in District Nos. 1-5, with an additional 777 residential units including single family homes, condominiums, town homes, cottages and senior living facilities, and approximately 807,000 square feet of commercial within District Nos. 6, 9 and 10 depending upon final zoning and plat approvals.

- The estimated assessed value at full build-out of the expansion area alone (proposed District Nos. 6-11 is over \$62,301,477 of additional development assessed valuation possible based upon initial projections.
- The estimated cost of the public improvements needed for the project is \$37,417,774 to complete the expansion areas and the property not yet developed within District No. 6, which is needed for development of the property within the Districts.
- Public Improvements need additional financing from the Districts to complete.
- Debt is proposed to be issued in one or more series of bond issuances to allow for financing of constructed infrastructure and expedient completion of the Development.
- Maximum Aggregate Mill Levy of 39 mills inclusive of both debt and operations and administration is proposed for District Nos. 6-11. District Nos. 1-5 shall remain capped at 35 mills for both debt and operations (no change to current residents). These limitations further restrict the Debt Service Mill Levy for District Nos. 6-11 to 34 mills for Debt.
- Total projected mill levy of 39 mills; based upon the current financial projections and proforma, the mill levies are projected at 29 mills for debt and 10 mills for operations and maintenance within District No. 6-10, which allows for financing of \$28,095,000 based upon initial financial plan estimates.
- Requested debt authorization of \$30,905,000 (110%) allows coverage for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project.
- Additional Revenue Debt of \$9,000,000 is requested for District No. 11 which will contain the Highland Meadows Golf Course and can be financed only by fee revenue from the Golf Course.
- Maximum voted interest rate of 12%, maximum underwriting discount of 5%.
- Metropolitan district powers allowed by the Special District Act and consistent with other Town of Windsor metropolitan districts.
- Formation Election for District Nos. 7-11 after approval of the Service Plan in November 2017. TABOR Election for District Nos. 6-11 to increase maximum debt authorization for undeveloped property of \$30,905,000 to provide for financing of the projected \$37,417,774 of additional capital public improvements needed to complete the development within District Nos. 6-10. Debt authorization of \$9,000,000 will be requested to provide for revenue based bonds to be issued by District No. 11.
- There are no current residents within District Nos. 6-11 and no debt or bonds have been issued for those districts.

- Current residents within District Nos. 1-5, mill levies shall remain limited to 35 mills combined for debt and operations and maintenance combined, with no increase in the current debt authorization for District Nos. 1-5.
- Mill levies, interest rate limitations and underwriting discounts will be consistent with the present Town imposed limitations with other service plans approved by the Town.
- Maximum term of any bond issue is 30 years for General Obligation Bonds. Requested authorization of 35 years for District Nos. 6-11 will allow for buildout and absorption of the commercial property within District Nos. 6, 9 and 10 which may occur over longer than a 20 year time period.
- Intergovernmental Agreement with Town of Windsor to implement Service Plan restrictions.
- Windsor Highlands Metropolitan Districts shall develop and finance its own property.

The Windsor Highlands Metropolitan District Nos. 1-11 First Amendment to the Amended and Restated Consolidated Service Plan will serve the best interests of the taxpayers, property owners and development of the property within the Highland Meadows, Country Farms III, Thornburg-Hamilton development, will minimize non-interested party obligations, and will maximize both development and absorption within the Districts and Town without delays in development. The formation of the Districts will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the Districts.

We look forward to working with the Town on this matter.