Solterra Town Hall

9/8/20

“Cost of Lots Paid by Homebuilders to Brookfield”

By Solterra Community Network
Assessment of Solterra Lot Fees

- Did Solterra homeowners already pay for the infrastructure costs when they bought their homes?

- Is Brookfield "double charging" Solterra residents for the infrastructure - once through the cost of the lot and a second time through the "metro district loans"?
Research and Knows

To Date:

- $118 million *already paid* by Builders/Homeowners to Brookfield for 1163 Solterra lots.
- MINUS $37.8 million Brookfield paid to develop the lots.
- MINUS $4.3 million Brookfield paid for the land.
- **EQUALS** $75,900,00 profit to Brookfield *already paid* by Solterra homeowners.

At full buildout:

- Build out of Solterra is estimated to yield *at least* $141 million in Lot Fees for 1351 lots.
- **EQUALS** $98,600,00 profit to Brookfield *expected to be paid* by Solterra homeowners.
Is Brookfield "double charging" the residents for the cost of the infrastructure?

- **First charge** for infrastructure through Lot Fees ($118M) when purchasing the home
  - Brookfield did not give the developed lots away for free.
  - Brookfield stated the infrastructure cost was $37.8M
  - Brookfield cost of land was $4.3M
  - A nice profit of $75,900,000

- **Second charge** for infrastructure through Brookfield's self-created metro district "loan"
  - Pay the $37.8M infrastructure cost a second time.
  - Homeowners paying $2M P&I annually on FRMD active bonds, avg per home $1720
  - Refinancing reduces P&I to $1.5M per year, a savings of $500K, avg per home $429
  - Brookfield wants $41M, at 3.5% and for 40 years, additional avg per home $1650
  - Refinancing + $41M would mean paying $3.4M per year, overall avg per home $2941
Devleopment Financing

- How do developers make money developing land?
  - Purchase raw land, make improvements, charges the builders who construct the homes
  - Jefferson County Assessor site proves Carma/Solterra LLC/Brookfield charged the builders/owners

- Typical means for a Developer to recoup infrastructure cost is including the cost of the lot to the builder
  - Most of the US does not leverage Metro Districts, developers include infrastructure cost in the lot fee
  - Colorado Metro Districts are the exception, they present unique risks allowing issuing of public debt
  - References are available on Google, they are included in our detail Research and Analysis report

- Metro Districts added a second layer of profit to the traditional model of development financing
  - Special District laws in Colorado were rewritten to minimize developer’s business risk
  - Since, Developers have imposed taxes on future residents to pay for infrastructure with two interest bearing loans
MT Carbon (Rooney Valley) – Solterra really has two Metro Districts to pay

• Mt Carbon started in mid 1980’s, was to be a major commercial and residential development on some 1000 acres.
• After 10 years of bad luck, the venture failed.
• Bankruptcy began in 1999, $58M owed in P&I

• $58M owed for a 1000 acres, Solterra obligation with 390 acres would suggest 39% or $22.6M

• Taxes paid by Solterra residents based on Jeffco Tax Levy documents since creation of the community, 2008-2020
  • FRMD Taxes paid = $16,192,233
  • Mt Carbon Taxes Paid = $9,044,165
  • Total Taxes Paid = $25,236,398
• If Mt Carbon Debt goes till 2040, ext at our 2020 obligation, that is $27,719,440 (20 * $1,385,972 per year)

• $27,719,440 to be paid + $9,044,165 paid equals $36,763,605, well above the estimated allocation at $22.6M
Three components determine the cost of a developed lot

1) Cost of the raw land for Carma/Brookfield
   • Bought the land out of the Mt Carbon bankruptcy
   • Paid off the bankruptcy by imposing a 21 Mil Levy on Solterra residents
   • Paid additional $4.3M to Resolution Trust Corporation, equates to $3,697 per lot for a 1163 homes

2) Cost of the infrastructure
   • Brookfield told Lakewood the cost for Solterra was $37.8M, equates to $32,502 per lot
   • Industry averages per lot is $30,000 - $40,000 per lot

3) Profit
   • We have a reliable number for the cost of the land at $4.3M
   • We have a reliable number for the cost of infrastructure at $37.8M
   • With our research, we now know cost of lots charged by Carma/Brookfield to builders is $118M
Use of Jefferson County Assessor Public Records

- Availability of public information from https://www.jeffco.us/Assessor; and,
  - Document ID’s: 2014073158 (two lots), 2014109770 (multiple lots)

- GIS data and maps from https://www.jeffco.us/3165/Maps-Data-Download
  - County parcels, Solterra Parcels

- After download, data are loaded into ArcGIS for viewing and analysis, and MS Access for further analysis.
  - ST Basemap, Villages, Lot Cost
  - Parcel attributes, TotLndVal, Calculated Lot Cost

- After bulk processing in ArcGIS and Access, data are transferred to MS Excel for final processing.
What does the research show on lot fee costs?

(Document report by Solterra address available on Rooney Valley News [http://rooneyvalleynews.com/])

<table>
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<tr>
<th>Village</th>
<th>Lots</th>
<th>Docs Found</th>
<th>%</th>
<th>Est Lot Cost</th>
<th>Est Total Lot Costs</th>
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<td>$308,792</td>
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<td>71</td>
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<td>$112,755</td>
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<tr>
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<td>95%</td>
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<tr>
<td>7 (Cardel)</td>
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<td>112</td>
<td>99%</td>
<td>$50,706</td>
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<td>7 (Brookfield)</td>
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<td>0</td>
<td>0%</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$118,861,034</strong></td>
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</table>

1) No Docs found for Brookfield Homes in V7, Brookfield did not charge through a Deed
2) If Brookfield would have charged in V7 at same lot cost as Cardel, add $7,555,194
3) Cardel has 35 more Townhomes for V7, add $1,774,710
4) Cardel has 82 more Townhomes for V8, add $4,157,892
5) Brookfield has 72 Single Homes for V8, add $8,856,000

**5) Additional $23,053,680 would increase overall lot costs to $141,186,734**
Solterra Village Map

Solterra Average Lot Costs by Village

Data Sources:
- JeffCo GIS Parcel Layer (KML/2.5 version)
- Fossil Ridge Metro Data (Village Areas)
- Extensive Manual DB/GIS Edits - PT

1 inch = 700 feet
Conclusions, what we believe and know!

- Solterra homeowners paid Brookfield at least $118M in lot fees, infrastructure cost has been paid!
  - Lot costs fees ranged $50,000 - $335,000 which effectively was added to your home cost!
- Brookfield formalized its cost for infrastructure as $37.8M
- $4.3M for the land
- At least $75,900,000 in profit to Brookfield, $98,600,000 for build out
- Brookfield is double charging the residents for cost of the infrastructure
- **Brookfield is demanding $41,000,000 more!**
  - The Board has not disclosed if they are pursuing financing for 30 or 40 Years!
  - At 40 years, @ 3.5%, for 1163 homes, equates to $66,033 per home or $1650 annually
  - An Independent forensic audit would cost $150-$200 per home one time.
  - **We believe it is time to challenge Brookfield on what they claim is owed through an independent forensic construction and financial audit!**
  - **Refinance of the current Bonds will save $500K a year, lets use some of the savings to pay for the audit!**
Thank-You for considering the facts, help us move forward!

- Primary issues to be addressed.
  - Taking back our right to vote on any future tax/bond debt
  - Conducting an independent forensic financial audit to verify what is owed to Brookfield.
  - Initiate actions to stop the FRMD Board from committing us to pay more of our taxes to Brookfield

For questions, or how to volunteer to help with the recall, please contact jkhjr1@gmail.com

Detail reports can be found under Rooney Valley News http://rooneyvalleynews.com/

   “New Research Discloses Brookfield’s” Double Billing for Solterra Infrastructure Costs”

Solterra Community Network