FOUNDERS VILLAGE OUTREACH

ADDRESSING QUESTIONS ABOUT BOND DEBT / PROPERTY TAXES / MILL LEVIES

Founders Village Metropolitan District and Villages Metropolitan District No. 4

1. The above Metropolitan Districts were organized in 1986 to construct major infrastructure, utilities and community amenities within the Town of Castle Rock (“Town”). The Districts also operate and maintain significant fencing, landscaping, irrigation, the Pool and the Ridge House. The Districts’ bond debt, capital construction, and operations are funded by Property Taxes, Development Fees and other revenues. The Districts and the Founders Master Association (“HOA”)) are separate and unique entities. The HOA funds trash pick-up, covenant enforcement, social events and some Clubhouse functions through quarterly Assessments (Dues). The Districts operate and maintain the Pool and Ridge House through a Lease Agreement, which allows the HOA to charge lower-than-average HOA Assessments. If the Association were to absorb all of the Districts’ annual maintenance obligations, the HOA monthly Dues would exceed $120 per month.

2. Homeowners in Founders Village pay annual Property Taxes to Douglas County, a portion of which is collected for the Founders Village Metropolitan District (“Founders”). Douglas County also collects taxes apportioned for Castle Rock, the County, the School District and other taxing entities. Each entity (including Founders) certifies a property tax Mill Levy to Douglas County, with approval of their respective Annual Budgets. A property’s “Assessed Valuation” is multiplied by the adopted Mill Levy to compute property tax to each taxing entity (County, Town, Schools, Fire, Library and Special Districts).

3. At 93.661 mills, the Founders Mill Levy is the second-highest mill levy in Douglas County. The Founders mill levy is computed annually, as dictated by the terms and provisions in the Bond Resolution and the 1991 Chapter 9 Bankruptcy Plan (“Chapter 9 Plan”).The Chapter 9 Plan was negotiated between the Villages at Castle Rock Metropolitan District No. 4 (“District 4”) and the holders of the original 1986 Bonds (“Bondholders”). The original 1986 Bonds were restructured and re- issued as Exchange Bonds ($ 25,900,000 Bond Principal and a 40-year Term).

4. Contrary to currently circulating mis-information, the 1991 Chapter 9 Plan was not a homebuilder “default” or a developer bail-out”, as has been characterized. Due to the severe economic downturn around 1989, hundreds of Special Districts (in 5 States) were forced to file Chapter 9 Bankruptcy and restructure defaulted Bond Debt. District 4 and the Castle Pines North Metropolitan District were among those Colorado Districts that filed for Chapter 9 protection and restructuring. Each District’s Chapter 9 “workout” was unique.

5. District 4’s 1991 Exchange Bonds and the Chapter 9 Plan is a “Cash Flow Bond” and not a conventional debt structure with principal and interest payments. Bondholders are paid by the Bond Trustee from tax revenues computed per the Bond Resolution. District 4 functions as the Lead District wherein Founders and Villages District No. 9 transfer property taxes and ownership taxes to District 4. District 4 is permitted to utilize a portion of the tax revenues for administrative, legal, management, insurance, accounting, utilities, operations and contracted maintenance expenses (landscaping, irrigation, fencing, pool

and clubhouse).The balance of the annual tax revenue collections are remitted to the Bond Trustee for semi-annual payment to the Bondholders.

6. Since 1986, District 4 engineered and constructed In-District and Regional Infrastructure totaling $52,500,000. Those public facilities included collector streets, water systems, wastewater systems, storm drainage, parks, trails, fencing and recreational amenities. Those public facilities were constructed utilizing the original Bond proceeds and certain System Development Fees collected by District 4 or rebated through the Town.

7. Since 1998, several of District 4's Board of Directors have exhausted all means and options to restructure or refinance the 1991 Exchange Bonds and lower the District's Mill Levy. Contrary to current mis-information, the District's 1991 Exchange Bonds cannot be refinanced like a simple Loan or Mortgage.

8. District 4's Bond Debt is terminated on June 1, 2031 (in 7 short years). All principal and unpaid accrued interest are extinguished. District 4 will be dissolved on June 30, 2031, and all District obligations, operations and maintenance duties will be assigned to the Founders District. Once the Bond Debt is discharged, the Founders District will adopt a significantly lower Mill Levy after 2031. Residents will realize a significant decrease in their overall property taxes in 2032. The Board of Directors and legal counsel are proactively planning for the 2031 transition and are taking strong measures to decrease overall operations and maintenance expenses by 2031.

9. The dramatic 2023 re-assessment of all Douglas County properties was extremely disheartening for Founders Village property owners. Contrary to current mis-information, the Founders District was not the primary impetus for the homeowner's 45% to 55% tax increases. Skyrocketing property values and real estate sales fueled the County Assessor's higher assessed valuations and correspondingly higher property taxes. 2024 is not a re-assessment year and the Districts predict that the County's assessed values and property taxes will remain relatively stable.

10. The adopted 2024 Budgets for the Founders District and District 4 are of public record and can be obtained by request from the District Manager (vcrmetro4@cimarronla.com). Both Districts schedule their annual Budget Meetings in November. Public Hearing Notices are posted at the Ridge House and on the District Website (www.foundersvillagemd.live).

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