

The survey in 2019 about taxes and bonds produced a wonderful number of responses and a large and energetic turnout at a Metro Board meeting. But based on some comments on the survey and comments made at the meeting the Metro Board feels that the results of the survey should be prefaced with a concise and clear description of the District, taxes, and bonds. Such a summary was sent to residents in 2019 and this is an updated version.

The Dancing Willows Metro District is a governmental taxing district formed in 2006 by Remington Homes, the development company. 98% of revenue is from taxes. There are no dues or assessments, just taxes. The District issued capital appreciation bonds in the amount of \$3,720,000 in 2008 as the earliest homes were being built to pay for the roads, storm sewers, clubhouse, pool, and various other features. The bonds had an interest rate of 6%. The bond maturity date was Dec 1, 2033. The developer also contributed an additional \$3,000,000 to the project. A single individual, Charles Hauptman, owned the bonds and also owned the development company.

Revenue from property taxes were not sufficient to make the bond payments so the developer advanced funds to the District each year. By December, 2011 the District indebtedness had risen to around \$4,000,000. The projected bond payment for 2012 was \$274,700 while the tax revenue for debt service was projected to be \$179,000. In 2011, the bondholder and the District came to an agreement to issue new bonds that incorporated all the unpaid bond and debts. The total of the bonds was \$3,990,000. The main bond had an interest rate of 3.5% until 2018 when it would jump to 7%. The bonds could not be repaid earlier than 2018 per the terms without a prepayment penalty. The District understood in 2011 that the new terms would probably necessitate a refinance before the higher rate kicked in. By Dec. 2014, the District had incurred additional liabilities in the form of promissory notes of \$120,000 to various entities.

In 2016 the District started to investigate the refinance and ultimately decided the new bond structure. The promissory notes were paid off prior to the refinance.

About the new bonds:

- The total amount financed was \$3,635,000.
- The payments rise gradually over the years with increases averaging 1.2% annually.
- The new bond structure reduced the total bond repayment by \$766,000.
- The payoff date was extended from 2041 to 2046.
- The bonds were sold in \$5,000 increments with rates of 3%, 4%, or 3.625%
- Prepayment of bonds can begin Dec. 2027.

No vote of the general electorate is required to change tax mill rates except if the amount of property taxes collected for the general fund will exceed \$500,000. The Debt service fund is exempt from this rule. The general electorate is defined as all Colorado registered voters that either reside within the District or own property within the District.

The total bond debt as of December 31, 2021: \$3,460,000.

Regarding tax revenue collected exclusively for debt service: All money collected for debt service must only be used for debt service. However, in any given year the Board can decide to not collect any or enough tax revenue for debt service and pay the debt with money collected in previous years.

Regarding reserves and interest bearing accounts: Projected funds in all accounts as of Dec 31, 2021: \$1,013,000 invested only in securities approved for investment for government agencies.