

TAILHOLT METRO DISTRICTS

A SUMMARY

The Tailholt Metropolitan District Nos.1, 2 & 3 (“Districts”) are governmental entities and political subdivisions of the State of Colorado, designed to serve as perpetual quasi-municipal corporations each operating with an elected five-person Board of Directors. The primary purpose of the Districts are to finance infrastructure required by the Tailholt development and to provide an on-going institutional structure for the operation and maintenance of signage, park, recreation and landscaping facilities.

The primary benefits of utilizing a Colorado Special District rather than a homeowner’s association are:

1. Limited liability through the Colorado Governmental Immunity Act;
2. The ability to use, among other sources of revenue, the power of taxation to collect the cost of service and infrastructure on an equitable basis, through income tax deductible means;
3. Exemption of the District and its assets from Colorado property, sales and, income taxes.

The Service Plan for the Districts was approved by the Severance Town Board September 21, 2015 and approved by the voters of the District in November of 2016. The Districts have certified a mill levy of 50.0 mills in 2018 and do have a non-potable water irrigation system fee, operations and maintenance fees, for the purposes of recovering the infrastructure costs and the on-going costs of operation of District facilities and improvements.

THE SERVICES

The Service Plan for the Districts provides the Districts with the ability to finance the construction, acquisition and installation of the public improvements needed within Hunters Overlook, including, but not limited to offsite streets, roadway, water and sanitary sewer improvements, all site drainage, Franklin Reservoir, landscaping, irrigated non-potable water systems and park and recreation improvements needed for the project and the development of the property within the Districts. It also authorizes the Districts to provide for ongoing operations and maintenance of the signage and monumentation, park and recreation facilities, all site drainage, Franklin Reservoir, irrigated non-potable water systems (to the extent not dedicated to the Town of Severance for ownership, operation and maintenance), covenant enforcement and design review, and landscaping services. The main function of the raw water irrigation is to provide untreated water for irrigating, greenbelts, parks and open spaces, and to the residential lots for irrigation thereby avoiding expensive and unnecessary treatment. The Districts could, through a future amendment to the Service Plan or through Intergovernmental Agreement with the Town, provide additional services if the constituents were to so choose at some future date. The Districts have been designed to avoid the necessity of a homeowners association, and as currently permitted by law, may be utilized for covenant enforcement and design review. The Districts, the developers and the builders within the Districts have elected to have the Districts provide covenant

enforcement, design review, and any homeowners' association functions permissible under Colorado law and eliminate the necessity of a separate homeowners' association and a separate homeowners' association fee.

Potential buyers should see web site for information on Covenants, Guidelines, Rules and Regulations, Budgets, Commercial Vehicles Parking Restrictions, Restrictions on very limited parking of RV's, trailers, boats, etc., Architectural Design Application for exterior and landscape requirements, Required Fence, Required Fence Stain, etc.

HOW TO CALCULATE THE ASSESSMENT

The cost to fund the district will be billed to each homeowner annually as part of the Weld County Property Tax Bill. Each homeowner will be assessed based on the following formula:

Appraised value as determined by the County Assessor X the assessed rate (currently 7.20%) X 0.050 mills.

Example: \$400,000 Actual Value x 7.20% assessment rate = \$28,800 assessed value

Property tax: \$28,800 assessed x 0.050 mills = \$1,440 in annual property tax, or \$120.00 per month on a 12-month basis.

The assessed rate changes and is set by Weld County.

DEBT AND FEES

District Nos. 2 and 3 (in conjunction with District 1 as the Service District) currently is authorized to issue \$37,015,000 of limited general obligation debt, and to assess up to a 50.0 mill levy debt and 10 mills for operations and maintenance. The total combined mill levy for both operations and debt service is proposed to be an aggregate of 50 mills, however. The mill levies may be adjusted upward or downward over time as permitted in the Service Plan for changes in the assessment rate or "Gallagherization". This debt will primarily be for the District's amenities, including but not limited to, parks, landscaping, greenbelts, open space, and improvements, and raw water system infrastructure and will be to pay for a portion of the costs of construction for public infrastructure primarily streets and roadways, water systems, parks, sanitation and drainage, landscaping, open space, and raw water system infrastructure as permitted by the Service Plan. In addition to the 50.0 mill levy which is authorized, it is anticipated that raw water use service charges will be utilized to finance operational costs.

Tailholt Metro Districts No. 1, No. 2 and No. 3 does operate a non-potable water system for home irrigation systems. Homeowners are charged a set monthly fee for water usage, during the months of May through October of each year. Watering days are set and or water restrictions in place due to droughts. Non-potable water rates are not pro-rated if non-potable water is limited. District residents pay the cost of running the system for the whole community. Rates are approved by the Board of Directors and changed as needed. Check with the District for current rates. Water restrictions may apply.

The water rights may be purchased or leased with an option to purchase at a future date.

The Districts established an Operations and Maintenance Fee to be assessed against all platted lots or residential dwelling units within the Districts' boundaries. The O and M fee (Contact Districts for current rate) will pay for the annual costs and expenses associated with the operation and maintenance of public facilities, amenities, services, and functions to be provided by the Districts including but not limited to: Day to Day operations, accounting, management, landscaping, fencing, monuments, private lighting, common areas, drainage, detention ponds, Franklin Reservoir, park and recreation facilities and improvements, and the costs associated with assuming the ownership and operation of all facilities, improvements and services traditionally provided by homeowners associations as permitted by Colorado law.

BOARD MEMBERSHIP AND PUBLIC REVIEW

Each District is controlled by a five-person Board of Directors, elected at-large, serving four-year staggered terms. Board Member elections are held in May of even numbered years by state statute. The Districts are responsible for producing and filing with the state independent audits of their financial activities, annual budgets, and they are otherwise subject to many state requirements for filings and reporting's.

BOARD MEMBERS OF THE DISTRICTS

The current Board Members of the Districts and their current terms are as follows:

Dino A. DiTullio (Term expires May 2020)	Sara Everitt (Term expires May 2022)
Stan Everitt (Term expires May 2022)	Aaron Everitt (Term expires May 2020)
Michael J. DiTullio (Term expires May 2020)	

Next election: 2020, 2022 and so forth.

Note: Board members may change due to elections and or a board member resigning, see District web site or call the District for updates. Elections are May every two years, next election will be in 2020, then 2022 and so forth, see web site for more information.

Any other questions visit our web site: www.tailholdtdistrict.com

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