

# TAILHOLT METRO DISTRICTS

Upon recording return to:  
Tailholt Metropolitan Districts  
210 Haymaker Lane  
Severance, Colorado 80550

4453452 Pages: 1 of 4  
12/14/2018 08:49 AM R Fee:\$28.00  
Carly Koppes, Clerk and Recorder, Weld County, CO



## GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING THE TAILHOLT METROPOLITAN DISTRICTS IN WELD COUNTY, COLORADO

### 1. What is a special district and what does it do?

Colorado special districts are local governments just as municipalities (cities and towns) and counties are considered local governments. Often, municipalities and counties are limited by law and other factors as to the services they may provide. Therefore, special districts are formed to provide necessary public services that the municipality or county cannot otherwise provide. Please keep in mind the Tailholt Metro Districts are their own entities, the developer, builder, real estate agents, or current homeowner cannot change, make any promises, waivers or commitments to the taxes, District Service Fees, O & M fees or Non-potable water service and rates when they apply, or to the District Guidelines/Covenants, on behalf of the Districts.

The Tailholt Metropolitan Districts Nos. 1, 2 and 3 (collectively, the "District") was organized pursuant to Orders of the Weld County District Court following an election in November of 2015, at which time a majority of the eligible electors voted in favor of the formation of the District, elected members to the initial board of directors and voted in favor of certain tax and debt authorization.

The District is a quasi-municipal governmental entity with the power to impose property taxes and other fees and charges for services within its boundaries. Legal descriptions and a map of the District are attached hereto as Exhibit "A." Each of the Districts are governed by an elected board of directors made up of property owners from each District. Pursuant to the Consolidated Service Plan for Tailholt Metropolitan Districts Nos. (the "Service Plan") approved September 21, 2015 by the Town of Severance, the District has the ability to construct and finance major public improvements as well as "Enhancements" to public improvements, including, but not limited to park and recreation, water, drainage, wastewater and road improvements within its boundaries. The District has authority to own, operate and maintain drainage improvements, any recreation and associated facilities, including a District public pool and clubhouse, (if ever built), parks, tract landscaping, detention ponds and non-potable water system, trail systems and other public facilities and infrastructure not otherwise dedicated to or accepted by the Town or other applicable public entity, upon appropriate approval of the Town. If the District operates and maintains such facilities, the expense associated with such activity may be paid from the District's tax revenues and/or fees lawfully imposed by the District.

### 2. May the Districts Impose Any Fees Upon Me as a Property Owner?

Special Districts are governmental entities and have the power to impose property taxes and to adopt and charge fees, rates, tolls, penalties, or charges for services including but not limited to general administrative, operations and maintenance services. The District also has the power to adopt and charge monthly fees, rates, tolls, penalties, or charges for services including but not limited to general administrative, operations and maintenance services. The District has currently established a one-time Development Fee of Two Thousand Dollars (\$2,000.00) per lot unit Fee is broken out as follows; Irrigation Raw Water Fee: \$1,000 per lot or equivalent. Storm Water Storage Fee: \$1,000 per lot or equivalent within Franklin or Hunter Hill basins. Totaling \$2,000.00 per lot at time of building permit. The Tailholt Metro Districts does operate a non-potable water system for home irrigation systems. Homeowners are charged a monthly fee for non-potable operations of the system,

# TAILHOLT METRO DISTRICTS

maintenance and water usage, during the months of May through October of each year. The water fees are billed quarterly with the O and M fees and have set watering days and sometimes may include water restrictions during drought years. Residents pay the cost of the non-potable watering system operations, during droughts or limit watering times the billing is not pro-rated for any days missed. Rates are approved by the Board of Directors. Water restrictions may apply. **Keep in mind during drought years you may be only allowed to water twice a week.**

The District has currently established an District Service Fee (for Operations and Maintenance) (**Contact District for amount**) year and may also charge administration fees within that District Service Fee calculation (**subject to change**) which shall be assessed against all platted lots or residential dwelling units each year and thereafter to pay for the costs associated with the District Facilities and Services provided and operation and maintenance of public facilities and services to be provided by the Districts including but not limited to: landscaping, common areas, parks, recreation facilities and improvements, entryway features, non-potable irrigation, detention ponds, Franklin Reservoir, and any all drainage and the costs associated with assuming the ownership and operation of all facilities, improvements and services traditionally provided by Homeowner's Associations as permitted by Colorado law.

**All District fees and rates may be adopted and/or amended from time to time by the District's board of directors at their discretion, as permitted by law.**

A property owners/homeowners association is separate and distinct from the special districts and is generally responsible for reviewing architectural plans for the construction of new homes, upgrades to landscape or exteriors of home by homeowner and enforcing restrictive covenants/guidelines in the community to help maintain property values. A homeowner's association is normally responsible for the maintenance and operation of the common areas and other landscaping within a community and may assess dues to its members but has no ability to impose taxes. The Districts have the ability to enforce covenants, guidelines, perform design review, and perform many homeowners' association responsibilities at favorable rates payable through tax deductible property taxes and District Fees. The Districts, the developer and the builders within the Districts have elected to have the Districts perform as many of the homeowners' association functions and services as permitted by law. Please see and review the Community Covenants and Guidelines for your area and understand them. By signing this District disclosure, you are also agreeing to follow the community covenants and guidelines. The Covenants and Guidelines go over such items as Commercial Vehicles Parking Restrictions, Vehicles with logo's, Restrictions and very limited parking of RV's, trailers, boats, etc., Landscape Requirements, Required Fencing, Required Fence Stain of your yard and including interior of District fence, Trash/recycle/Compost Day's, etc. All improvements to the exterior of the home or landscape must be approved with the Architectural Design Application submitted for review before work starts.

### **3. How much property tax will the Districts collect to construct improvements and pay for operations and maintenance?**

The District has the authority to impose property taxes for all of the activities identified in its Service Plan, a copy of which is on file with the Town of Severance, Colorado and which is available to prospective purchasers. The District will issue bonds to provide for the costs of capital improvements within its boundaries. Once the bonds are sold, they must be repaid over time with interest. The annual payment on the bonds is known as "debt service." In order to meet the debt service requirements for the bonds, and to pay operations and maintenance costs associated with

4453452  
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# TAILHOLT METRO DISTRICTS

the provision of services, the District will impose a mill levy under the Service Plan. The maximum debt mill levy is capped pursuant to the Service Plan at 50 mills (subject to adjustment as described below) but is subject to release upon the terms and conditions set forth in the Service Plan; a separate operations mill levy or 0 and M fee is set based upon actual need/budget requirements for the Districts each year at the time of budget adoption. The debt service mill levy may be adjusted upward or downward over time as permitted in the Service Plan as discussed below.

#### **4. Why are special districts used for financing public infrastructure?**

Many areas in Colorado utilize special districts to finance public improvements. Homeowners often are surprised to find that they have lived for years in water and sanitation districts, or other types of special districts. Since cities and counties typically do not provide for construction or installation of water and wastewater systems, roads, or recreation facilities in new communities, special districts are organized to build these facilities. Special districts and the financial powers they utilize permit early construction of recreation facilities and other amenities for the benefit of the community. Where special districts are established, the costs of public improvements within the community are generally spread over 30 to 40 years and are paid from mill levies which, under current tax laws, may result in federal income tax benefits.

#### **5. What limitations exist to make sure the Districts do create unreasonably high mill levies?**

All general obligation bonds anticipated to be issued by the District will be governed by the controls adopted by the Colorado legislature and governing the process by which bonds are issued by special districts. In addition, the Service Plan includes a debt limit and a Maximum Debt Mill Levy (which is subject to release upon the terms and conditions set forth in the Service Plan). The Maximum Debt Mill Levy that may be assessed by the District is 50 mills subject to adjustment to account for changes in state law with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters. The adjustment allows for tax revenues to be realized by the District in an equivalent amount as would have been realized by the District based on a levy of mills assessed and adjusted since January 1, 2015 as appropriate absent any change in the manner of the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters.

In addition, various voter limitations exist which affect the taxing powers of the District, including maximum annual taxing limitations and expenditure limitations. The TABOR Amendment, Article X, Section 20 of the Colorado Constitution, also provides for various legal limitations which may restrict the taxing and spending authority of the District.

The mill levies expected in the District are reasonable and comparable to other developments served by special districts that provide similar services and amenities. The debt limit and the mill levy cap will remain in place for general obligation limited tax bonds issued by the District until permitted to be released in accordance with the Service Plan. These limits, as well as others existing under Colorado law and various voter approvals, are believed to be adequate to control the tax levels within the District. Market constraints on property sales by the developer also require that the mill levy within the District be comparable to mill levies in competing development areas in order to further the community as an attractive place for individuals to buy homes. Therefore, in the initial stages of the development, it is in both the District's and the project developer's best interest to maintain a mill levy in the District comparable to the total property taxes in other similar communities so that the property taxes paid for the amenities and services in the District are a good value.

4453452 Pages: 3 of 4  
12/14/2018 08:49 AM R Fee: \$28.00  
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# TAILHOLT METRO DISTRICTS

**6. Who bears the risk that the community may not fully develop?**

During the early stages of development, the developer of the project will be providing necessary funding and advancing funds to the District to pay for the public infrastructure construction costs and operational needs. The developer advances will be reimbursed at the time the District is able to issue bonds. Property taxes paid and collected within the District will help pay the costs of all bonds. Therefore, if the actual build-out that occurs is less than what is projected, the individual property owners will not experience an increase in their tax obligations to the District beyond the limits described herein. The mill levy will be assessed the same on each home and other taxable property in the District regardless of the number of taxable structures. This results in the risk of development being shared by bondholders and the developer. The property owners also share risk relative to the bonds, but this risk is limited as discussed above.

**7. What will the tax bill look like, and what are the various taxes used for?**

It is anticipated that the tax bill for individual properties will show mill levies for Weld County, the Town of Severance, School Districts and various other public service providers, including the District. Colorado municipalities certify their mill levies on an annual basis, so the most accurate manner of ascertaining the specific taxing entities and current total and overlapping mill levy on any property is to directly contact the County Treasurer and Assessor. Attached hereto as Exhibit "B" is a general formula for the manner in which residential property in Colorado is assessed. In summary, it is anticipated that the total mill levy charged to properties within the boundaries of the District will be comparable to those of surrounding, similar communities.

**8. Where can one get additional information regarding the Districts?**

This document is not intended to address all issues associated with special districts generally or with the District specifically. More information may be obtained by contacting the District's Manager at: 210 Haymaker Lane, Severance, Colorado 80550. Phone: (970) 488-2823 or e-mail [at\\_manager@tailholtdistrict.com](mailto:at_manager@tailholtdistrict.com) or through the Districts web site at [www.tailholtdistrict.com](http://www.tailholtdistrict.com) the Colorado Department of Local Affairs, (303) 866-2156; or by attending District meetings. Normally two meetings per year, or when posted. Meetings held at 1927 Wilmington Drive, Suite 101, Fort Collins, Colorado 80528. The District is also required to keep minutes and other records that are open for inspection by any citizen, hold elections for the boards of directors, adopt annual budgets, and submit to financial audits.

4453452      Pages: 4 of 4  
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