

July 21, 2020, Town Council Meeting Comments - Submission #74015

Date Submitted: 7/17/2020



July 21, 2020, Town Council Meeting Comments

Thank you for your interest in Town Council's upcoming discussions. Please use the form below to submit your comments no later than 1 p.m. Tuesday, July 21. Comments received by that time will be forwarded to Council and included as part of the public record for the meeting, just as if you had come to comment in person. All listed fields are required.

Agenda item on which to comment*

17. Second Amended Service Plan for Crystal Valley Metro District Nos. 1 & 2

Please pick one. To comment on more than one item, please submit an additional form.

Comment*

To all Council Members:
I am in full support of the letter written by Mr. Richard A Brust of ██████████ Castle Rock, CO 80104 ██████████ to Council Member George Teal regarding Public Hearing on Second Amendment to the Amended Consolidated Service Plan for Crystal Valley Metro District # 1 & 2. July 21, 2020.
If possible please enter this letter into the public record and be fully considered and adopted for the betterment of Castle Rock's future.
Your time in this matter is appreciated..

First Name*

Paul

Last Name*

Lesser

Address1*

██████████

City*

Castle Rock

State*

Co

Zip*

80104

Do you wish to address Council on this item live during the online meeting?*

- Yes
- No

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What is your affiliation?*

Check all that apply.

- Resident
- Nonresident representing Castle Rock business
- Nonresidents and businesses outside the Town of Castle Rock

July 21, 2020, Town Council Meeting Comments - Submission #74048

Date Submitted: 7/18/2020



July 21, 2020, Town Council Meeting Comments

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Agenda item on which to comment*

17. Second Amended Service Plan for Crystal Valley Metro District Nos. 1 & 2

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I believe the refinancing of the metro district as currently structured is not in the best interests of the residents. I cannot find any guarantees that under the proposal mill levy's are not to exceed the current limits. Without this guarantee rather than getting a tax reduction it is possible for us to pay even greater taxes if as projected by CoreLogic Denver metro home prices decline 10% next year and the housing market contracts. Secondly giving the developer \$5 million because he/she invested \$20 million is making residents assume business risk of investment and not the developer. The developer gets a 25% return on investment up front and residents may or may not get a 7% reduction in taxes over a period of 29 years. I urge you to vote against this refinancing as long as the developer is taking funds from the equity of the district.

First Name*

Paul

Last Name*

Sutton

Address1*

City*

Castle Rock

State*

Colorado

Zip*

80104

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- Yes
 No

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July 21, 2020, Town Council Meeting Comments - Submission #74068

Date Submitted: 7/19/2020



July 21, 2020, Town Council Meeting Comments

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Agenda item on which to comment*

17. Second Amended Service Plan for Crystal Valley Metro District Nos. 1 & 2

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We do not support the Refinancing Plan and CVR Metro District #2 Proposed Service Plan Amendment. The reasons for our position are as follows which is not outlined in any particular order.

Looking at the two projected scenarios, which are based on the same community buildout and fee generation/recovery projections, our preference would be to have the debt paid off and debt service payments end in 2037 versus 2049/2052. We don't agree with the additional payments to the developer for items, we believe, were sales and marketing expenses which have a high likelihood of being deducted/mitigated/reported as a business expense by the Developer. Paying the Developer for these expenses rings of a double payment/windfall for the Developer. The number of commitments from the Developer regarding Landscaping, Trail Maintenance and other activities over our 14 years living in CVR that have not been sufficiently executed or completed is substantial and concerning. Therefore, considering placing additional items in this Developer's portfolio of construction projects is not without misgivings. Any agreement with the Developer on reimbursement of previously constructed projects should include statements indicating no previous or other financial benefit has accrued to the Developer, it's contractors, partners or financiers signed under the penalty of perjury. An independent estimate of the value of those improvements to the community which supports the payments under consideration should be a prerequisite prior to any specific agreement being signed.

We don't see language in the Service Plan Amendment which actually codifies a majority of the outlined proposed benefits (HOA Funding; Recreation Center Deed Transfer; Central Corridor Funding/Construction, lower debt service payments, etc). How are these 'benefits' embedded in contractual language to assure homeowners have some recourse if these commitments are not consummated?

The Amendment sets up a possible two-tiered Debt Service Payment allocation. Those in the proposed "Sub-District" may incur additional indebtedness in the event that all of the Metro District's Maximum Debt Service Levy is applied to District #2's Financial Obligations and none to the "Sub-District's" indebtedness. Thereby, making the expense of that endeavor more expensive to those future homeowners due to increased interest and financing costs.

The Amendment does not guarantee to residents continued reduced tax payments but merely offers an initial arbitrary reduction with the possibility of future reductions. Those proposed reductions in the Debt Service Mill Levy can be increased at any time including a return to the current Maximum Debt Service Mill Levy as the Amendment does not restate a lower Maximum Debt Service Mill Levy. Whereas, given the same growth projections, the "Status Quo" estimates will see the outstanding debt repaid in 12 less years with a savings of \$24m to the residents and elimination of debt service payments in 2037.

The Amendment assumes the eventual inclusion of Filings 19 & 20 into the CVR MD#2, which I am not aware as an approved outcome. Further, it appears to be either proposed by, endorsed by, and benefits, the same group of people who are primarily responsible for some of the debt challenges that exist in CVR MD#2 today.

First Name*

Brian

Last Name*

Bates

Address1*

[Redacted]

City*

Castle Rock

State*

CO

Zip*

80104

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- Yes
- No

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[Redacted]

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July 21, 2020, Town Council Meeting Comments - Submission #74158

Date Submitted: 7/21/2020



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Agenda item on which to comment*

17. Second Amended Service Plan for Crystal Valley Metro District Nos. 1 & 2

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Comment*

Several residents in the Painters Ridge Subdivision within the Crystal Valley Metro District have many concerns and questions about the proposed amendment and are seeking a delay from Town Counsel to investigate this re-bonding more closely. They urge Council to slow this matter down and reschedule for Council consideration a month or more from now to give a chance for Residents to further discuss this matter with the Metro Board and developers for the following reasons.

Pay slightly reduced taxes going forward but added thousands more eventually because of increase term of bonds.

Should not reimburse developers for items already installed and paid for by the developers to improve their chances of acquiring home builders.

Developers already collect a development fee from each home sold on top of what they receive through taxes.

Residents purchased homes with knowledge of existing bonded indebtedness and did not understand that with Town Council approval more indebtedness can be added without their opportunity to vote on the additional indebtedness.

The amendment undoes a prior agreement with a developer to forgo repayment of several million dollars.

Provisions re the transfer of the Pinnacle (recreation center) to the Crystal Valley Ranch Master Association are not necessary since negotiations are already pending between Jerry Richmond and the Master Board of Directors. There is no indication that the Master Board approves of the Metro amendment.

Council should delay approval and give an opportunity for more discussion between developers, Metro Board Members, and residents enabling a better understanding of what is proposed, what options are available, and if the amendment is really a benefit to Residents now and in the future.

Thanks, John Topolnicki, Painters Ridge Resident

First Name*

John

Last Name*

Topolnicki

Address1*

City*

State*

Zip*

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 No

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July 21, 2020, Town Council Meeting Comments - Submission #74195

Date Submitted: 7/21/2020



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Agenda item on which to comment*

Please pick one. To comment on more than one item, please submit an additional form.

Comment*

First Name*

Richard

Last Name*

Brust

Address1*

[Redacted]

City*

Castel Rock

State*

CO

Zip*

80104

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- Yes
- No

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[Redacted]

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July 21, 2020, Town Council Meeting Comments - Submission #74196

Date Submitted: 7/21/2020



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17. Second Amended Service Plan for Crystal Valley Metro District Nos. 1 & 2

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I'd like to provide a little background that will help put the current refinancing proposal in perspective. I along with several other CV residents participated in the restructuring and refinancing of the Metro District's subordinate debt in 2014. Prior to this refinancing the Metro District was technically bankrupt and was insolvent in that accrued interest on the debt had grown so high that there was no way the debt could ever be paid off and payments were expected to go on in perpetuity. The subordinate debt was held by Greg Brown's family and friends in Minnesota (aka, the Clan). The Clan wanted the District to be solvent so it could value its debt and also wanted the interest paid to them to be tax deductible. The CV residents had a mil level cap so were not that concerned about the district insolvency but did not want the payments on the debt to go on in perpetuity and wanted its clams on mismanagement of the District by Greg Brown prior to anyone living here addressed. The short of it all was these issues were resolve in the 2014 debt restructuring.

The CV residents got the subordinate bonds held by the Clan substantially written down and the payment on the bonds if not paid off in 35 years would be extinguished with no further payment due. It was our expectation that if growth returned to past high levels (which they did) the bond could be paid off early and the payments to the Metro District would end.

What was never contemplated was that the tapped out Metro District would or could ever take on more debt. What was anticipated by everyone was that future infrastructure requirement in CV would continue to be paid by the developers since the Metro District money had all be spent. What was never contemplated was that Jerry Richmond through Raintree would ever receive anything from the Metro District. Why would he, the money was all gone, the District was tapped out and was insolvent when be bought into the area.

We have already been screwed by the developers thought paying high interest rates on the District debt held by one of the developers and in having our District taxes close to double because Tabor did not limited them. The good news is growth has returned to high levels, interest rates have dropped and the end of the Metro District is in sight. No surprise Raintree sees this all as an opportunity to get into our wallet to the tune of many millions of dollars.

Please delay consideration of their proposal until they have demonstrated the benefits of their proposal to the residents of CV. Ask them the obvious question; to compare their proposal to a do nothing case but for refinancing the 2014 subordinate debt in 2024 when the callable. Ask is their refinancing plan adding value or taking value from the Metro District.

First Name*

Jim

Last Name*

Bryant

Address1*

[Redacted]

City*

Castle Rock

State*

Colorado

Zip*

80104

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