



District Newsletter

January 2023 Edition

District Management

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Management Company

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District Website

www.buckhornvalleymetro2.org

Board of Directors

Nickolas Viau, President

Kristine Rossier, Treasurer

Eliana Walker, Secretary

David Fiore, Director

Angela Heuman, Director

2022 Year in Review

2022 was a busy year for Buckhorn Valley Metro District No 2 (District). The District Board held 10 meetings—all held online—during the year. The District Board has been working to resolve the master/slave structure that exists between Districts 1 and 2 and was created by the land developer when the developer controlled both district boards. Both districts participated in a mediation hearing/meeting on June 13, 2022 but failed to reach a mutually acceptable resolution.

In addition, the Board has been working with its accountants and general counsel to address the District's inability to pay down its bond debt—which consequently has resulted in accrued, unpaid interest balance on the bonds to increase each year for the past 20 years. The District's debt increased an additional \$347,000 in 2022 to a total debt balance of \$21.5 million. Assuming full build-out of the District results in 822 homes, the average debt burden per home lot is currently approximately \$26,150 per house—and growing.

Litigation initiated against Buckhorn Valley Metro District No 1

On November 01, 2022, the District initiated litigation against Buckhorn Valley Metropolitan District No 1 (BVMD1) and 13 individuals who served on the BVMD1 board. The District's claim for relief are as follows:

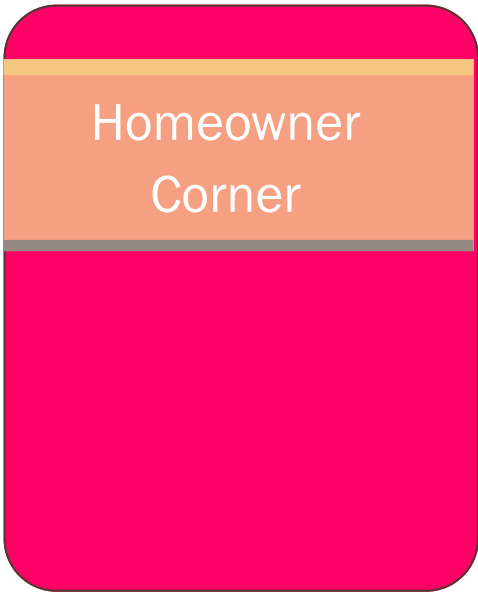
- 1) Declare the 2003 Agreement between the District and BVMD1 invalid;
- 2) Compel BVMD1 to provide a full accounting of how the District's property tax and other revenues was spent by BVMD1 - especially in regards to \$211,964 in unspent District funds reported by BVMD1 (for which BVMD1 also reports related cash balances significantly lower than \$211,964);
- 3) Restore to the District all public funds transferred from the District to BVMD1 and misused by BVMD1 for other than valid public purposes;
- 4) Disgorge all personal financial benefits realized from the misuse of the District's property tax and other public revenues by former directors who served on the District's board and by directors who served on BVMD1's board;

[Continued on page 3]

2023 Board Election

The terms of two directors on the District board, Director Fiore and Director Heuman will expire on May 2, 2023. On that date an election will be held to elect two candidates to fill two expiring director terms on the District's Board and serve for 4-years on the Board

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2023 Metro District Board Meeting Schedule

February 14, 2023 6pm (Tuesday)	July 18, 2023 6pm (Tuesday)
May 16, 2023 6pm (Tuesday)	October 10, 2023 6pm (Tuesday)

All meetings are open to the public and will be held online at the following location:

<https://www.gotomeet.me/DistrictBoardMeetingRoom2>

Members of the public may also participate via phone using the dial-in number: (646) 749-3112 and access code #534-031-373.

The Board's meeting schedule and meeting agendas are posted on the District's website at www.buckhornvalleymetro2.org

2023 Board Election (continued from page 1)

Property owners and residents who are interested and legally qualified to run for election to serve on the District's board must download a self-nomination form from the District's website (www.buckhornvalleymetro2.org) and submit the completed form to the District Manager by no later than Friday February 24th at 5:00pm MST. Self-nomination forms may also be picked up from the District's office during normal business hours (8:30am to 5pm Monday through Friday) at 8354 Northfield Blvd, Building G Suite 3700 Denver, CO 80238.

A self-nomination and acceptance form that is not sufficient may be amended at any time prior to 5:00pm on Friday February 24th. Affidavits of intent to be a write-in candidate must be submitted to District Managers by 5:00pm MST on Monday February 27th.

NOTICE IS GIVEN pursuant to Section 113.5-1002 C.R.S. that applications for an absentee voter's ballot may be received by the District's Manager by mail or email no later than 5:00pm MST on Tuesday April 25th.

Duties and Responsibilities of Metro District Board Members

Directors who serve on the District board perform various duties and responsibilities. The primary responsibility of board members is to attend the quarterly board meetings to review and direct the financial and operational performance of the District. In addition to attending quarterly meetings, board members are responsible for the following:

- Establishing the District's annual operating budget and property tax rate
- Reviewing the District's periodic financial statements
- Reviewing and approving contractor invoices and contracts
- Planning and coordinating various activities/responsibilities with the Town of Gypsum
- Monitoring and coordinating with the District's legal counsel and accountants regarding the District's various State, County and municipal statutory reporting responsibilities

2022 Year in Review (continued from page 1)

- 5) Reverse the actions of the BVMD1 board (the members of which have conflicts of interest through business relationships and/or employment relationships with BV Firewheel) to forgive a significant portion of unpaid water fees owed by BV Firewheel to BVMD1; and
- 6) Invalidate recent changes to water rates set by the BVMD1 Board and paid by all property owners within the District.

Master/Slave District Structure

Before explaining the financial relationships of the two districts, it is important to understand the nature of each district.

The boundaries of District 2 comprises 385 home lots and 437 undeveloped home lots located within Hawks Nest, Mountain Gateway, Aspen Ridge, Buckhorn Valley and Tomahawk. The board of directors for District 2 are elected by the registered voters who own property and/or live within the boundaries of District 2.

The boundaries of District 1 is comprised of one house—11 Bridger Dr—which is owned by the primary land developer (BV Firewheel, LLC). Only the owner and residents at 11 Bridger Drive may elect the directors on District 1's board.

Through 2021, both districts operated under an agreement where District 2 would assess property taxes annually on all residents and transfer all cash collected to District 1. District 1 would use the cash to fund the operations of both District 1 and 2. The agreement also states that the board members for District 1 control the budget of District 2 and sets the tax rates to be assessed on the homeowners living in District 2. This agreement was entered into when the land developer controlled the boards of both districts.

In addition, while under control of the land developer, District 2 issued debt in 2003, 2008 and 2010 for the purpose of funding the construction of public infrastructure. A portion of such funds was apparently used to fund the construction of the irrigation system throughout District 2. Although the irrigation system and related water rights were funded by the taxpayers in District 2, District 1 claims ownership of this public infrastructure—a portion of which is maintained in the developer-owned house at 11 Bridger Drive.

As of December 2022, BV Firewheel, LLC owns approximately 135 acres of 142 undeveloped acres of land within the District.

Although District 1's boundaries is comprised of only one home lot, District 1 owns 6 public space land tracts within District 2 comprising over 67 acres of land originally designated for a golf course and public open spaces.

All directors who have served on District 1's board are and have been employees, owners, agents, close family members or designees of the primary company developing all land within District 2. Consequently, all such directors had conflicts of interest regarding their relationship with District 2. Up until February 2021, all directors serving on District 2's board have been the same individuals serving on District 1's board. Homeowners removed the developers from District 2's board in June 2021 through a recall election.

New District Website (www.buckhornvalleymetro2.org)

In December 2022, the District overhauled and re-designed the District’s website with the goal of improving the organization and information provided to the public. The new website domain is www.buckhornvalleymetro2.org. (The old website—www.bvmetrodistrict.org—is now solely owned and operated by District 1.

Highlights of the new website include the following:

- ◇ The “Litigation Update” page has been added and provides additional summary information regarding the current lawsuit
- ◇ New webpage containing a history/timeline of significant events pertaining to the formation and operation of the District
- ◇ New webpage added that discloses an 8-year history of property taxes paid by homeowners within the District
- ◇ New webpage added containing contact information for all public officials elected by and representing the homeowners living in Buckhorn Valley Metro District No 2



WELCOME TO OUR COMMUNITY WEBSITE!

The Buckhorn Valley Neighborhood

The Buckhorn Valley Community is located in Gypsum, Colorado and is comprised of approximately 368 acres of land zoned for residential development. The entrance to the Buckhorn subdivision is located at the intersection of Cooley Mesa Road and Buckhorn Valley Boulevard - just south of the Eagle County Regional Airport.

As of December 2022, 416 of the planned 835 home lots within the Community has been developed. BV Firewheel, LLC owns approximately 435 acres of the 142 undeveloped acres of land within the District.

The Buckhorn Valley Metropolitan District No. 2

Buckhorn Valley Metropolitan District No. 2 (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on May 15, 2000, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under a consolidated service plan (which also governs Buckhorn Valley Metropolitan District No. 1) approved by the Town of Gypsum (Town) on January 11, 2000 and amended and restated with Town approval on June 28, 2005 and July 14, 2009. The District’s service area is comprised of the Buckhorn Valley Community.

The District was established to provide financing for the design, acquisition, construction and installation of water, sanitation, street improvements, parks and recreational facilities and other improvements (Public Improvements) within and without the District’s boundaries that benefit the taxpayers and inhabitants of the District.

The District issued debt in 2003, 2008 and 2010 for the purpose of financing the construction of Public Improvements. The assesses property taxes annually on all District property owners to fund the repayment of this debt (which is approximately \$23.3 million).

Metro District Board Meeting Schedule	
Feb. 21, 2023 (Tuesday)	Regular board meeting [Agenda]
May 16, 2023 (Tuesday)	Regular board meeting [Agenda]
October 10, 2023 (Tuesday)	Regular board meeting [Agenda]
	Public Hearing for 2024 Budget

Meetings are held via video conference at the following online location:
<https://www.gotomeet.com/join/DistrictBoardMeetingRoom>.
 Members of the public may also participate via phone using the dial-in number (646) 749-3112 and access code #534-031-373. All meetings will start at 6:00pm.



BUCKHORN VALLEY COMMUNITY IS ON FACEBOOK!

In 2013, the residents created a Facebook page for the Buckhorn Valley community. Please note that the District does not manage or monitor this site. Click on the Facebook icon below to jump to the Buckhorn Valley Neighbors Facebook site.



Homeowners who live within the Aspen Ridge subdivision also maintain a private Facebook Group at the following LINK.

District Bond Debt—Quick Facts

Total bond debt as of December 31, 2022.....	\$21,541,346
District’s cash balance as of December 31, 2022.....	\$111,370
Year which current bonds will mature.....	various dates between 2023 and 2039
Weighted-average annual interest rate on District’s bonds.....	7.27%
Earliest date bonds can be refinanced.....	Anytime
Assessed valuation of all land within the District as of Dec. 31, 2022.....	\$14,171,560
Debt to assessed value ratio.....	152% [Note A]

Note A—Districts with debt-to-assessed values below 50% are considered significantly better credit risk to lenders and, consequently, such districts typically enjoy lower interest rates on their debt. Currently, 385 of the 822 planned total home lots are developed (46.8% of the District is developed). Assuming no additional debt is issued to fund public infrastructure and ignoring any appreciation in home values, construction of all 822 home lots would increase total assessed valuation of land within the District to approximately \$25.1 million—which would cause the debt-to-assessed value ration to decrease to 86%. Total bond debt would need to decrease approximately \$9.0 million to \$12.5 million to achieve a 50% debt-to-assessed value ratio upon full build-out of the District.