



FALLS CREEK
RANCH
TOWN HALL
MEETING

January 14, 2017

METRO DISTRICTS

MEETING GUIDELINES SECTION 1

HOLD QUESTIONS AND COMMENTS TO THE END OF EACH SECTION

ASK QUESTIONS AND MAKE COMMENTS FROM THE LECTERN

REMOTE ATTENDEES, TYPE QUESTIONS & COMMENTS IN CHAT BOX

METRO DISTRICT 101

SECTION 2

WHAT IS A METRO DISTRICT?

METROPOLITAN DISTRICTS (METRO DISTRICTS) ARE QUASI-GOVERNMENTAL CORPORATIONS AND POLITICAL SUBDIVISIONS OF THE STATE OF COLORADO

DEFINITIONS:

QUASI-GOVERNMENTAL

SUPPORTED BY THE STATE & COUNTY BUT
MANAGED BY THEIR RESIDENTS

POLITICAL SUBDIVISIONS

LOCAL GOVERNMENTS CREATED BY THE STATE
TO HELP FULFILL THEIR OBLIGATIONS

WHAT ADVANTAGES/BENEFITS DO METRO DISTRICTS PROVIDE?

SECTION 3

ONE
USE AD VALOREM TAXES (PROPERTY TAXES)
TO GENERATE REVENUE

TWO

PROPERTY TAXES CAN BE DEDUCTED FROM
STATE AND FEDERAL INCOME TAXES

THREE

ARE GRANTED LIMITED LIABILITY PROTECTIONS UNDER THE COLORADO GOVERNMENTAL IMMUNITY ACT.

FOUR

DOES NOT PAY SALES TAX ON GOODS AND
MATERIALS

FIVE

ENHANCED COLLECTION & CREDITOR POWERS

SIX

CAN ENTER INTO IGA'S (INTER-GOVERNMENTAL AGREEMENTS)

SEVEN

BORROW FUNDS AT LOW INTEREST RATES FOR LONGER TERMS

BORROW FUNDS FROM SOURCES UNAVAILABLE TO HOA'S

EIGHT

METRO DISTRICTS ENHANCE HOME VALUES

NATIONAL ASSOCIATION OF HOME BUILDERS

HOA - METRO DISTRICT COMPARISON SECTION 4

HOA – METRO DISTRICT COMPARISON

ENTITY

HOA

FALLS CREEK RANCH IS ORGANIZED AS A NOT-FOR-PROFIT CORPORATION

METRO DISTRICT

METRO DISTRICTS ARE QUASI-GOVERNMENTAL CORPORATIONS AND POLITICAL SUBDIVISIONS OF THE STATE OF COLORADO

HOA – METRO DISTRICT COMPARISON

ENTITY

HOA

HOA'S ARE SUBJECT TO THE COLORADO COMMON INTEREST OWNERSHIP ACT (CCIOA).

METRO DISTRICT

METRO DISTRICTS ARE NOT SUBJECT TO THE COLORADO COMMON INTEREST ACT (CCIOA).

METRO DISTRICTS ARE SUBJECT CRS TITLE 32.

HOA – METRO DISTRICT COMPARISON

GOVERNING DOCUMENTS

HOA

METRO DISTRICT

ARTICLES OF
INCORPORATION

SERVICE PLAN

COVENANTS

BY-LAWS

HOA – METRO DISTRICT COMPARISON

TAX STATUS

HOA

HOA'S ARE SUBJECT TO INCOME TAXES AND ARE REQUIRED TO SUBMIT FEDERAL AND STATE INCOME TAX RETURNS.

METRO DISTRICT

METRO DISTRICTS ARE NOT SUBJECT TO INCOME TAXES. THEY DO NOT FILE INCOME TAX RETURNS.

HOA – METRO DISTRICT COMPARISON

MEMBERSHIP/VOTING

HOA

FCRA MEMBERSHIP IS
COMPRISED OF OWNERS
OF EACH LOT WITHIN THE
COMMUNITY.

ONE LOT = ONE VOTE.

METRO DISTRICT

“MEMBERSHIP” IS
COMPRISED OF ALL
REGISTERED VOTERS WHO
EITHER:

- 1.) LIVE IN THE DISTRICT
- 2.) OWN PROPERTY IN THE
DISTRICT AND RESIDE
WITHIN THE STATE OF
COLORADO

HOA – METRO DISTRICT COMPARISON

MEMBERSHIP/VOTING

HOA

Most voting takes place at the annual meeting
Ballots issues, depending on what they are decided by simple majority, super majority, etc.

METRO DISTRICT

VOTES ARE CAST AT DESIGNATED POLLING PLACES AND/OR BY MAIL

BOARD ELECTIONS ARE TYPICALLY HELD IN MAY

TABOR ELECTIONS IN NOVEMBER

BALLOT ISSUES ARE DETERMINED BY SIMPLE MAJORITY

HOA – METRO DISTRICT COMPARISON

MEMBERSHIP/VOTING

HOA

Ballots issues, depending on what they are decided by simple majority, super majority, etc.

Quorums may be required.

METRO DISTRICT

BALLOT ISSUES ARE DETERMINED BY SIMPLE MAJORITY

NO QUORUMS ARE REQUIRED

HOA – METRO DISTRICT COMPARISON

BOARD ELECTIONS

HOA

MEMBERS OR THEIR
ASSIGNED LEGAL AGENTS
ARE ELIGIBLE TO VOTE.

BOD TERMS ARE THREE
YEARS.

METRO DISTRICT

ALL REGISTERED VOTERS
OF THE DISTRICT OR OWN
PROPERTY WITHIN THE
DISTRICT ARE ELIGIBLE.

BOD TERMS ARE FOUR
YEARS AND ONLY TWO
CONSECUTIVE TERMS MAY
BE SERVED, UNLESS VOTED
OTHERWISE BY THE
DISTRICT.

HOA – METRO DISTRICT COMPARISON

REVENUE GENERATING POWERS

HOA

FCRA GENERATES
REVENUE THROUGH AN
ANNUAL ASSESSMENT TO
EACH LOT.

METRO DISTRICT

REVENUE IS GENERATED
THROUGH AD VALOREM
TAXES.

HOA – METRO DISTRICT COMPARISON

REVENUE GENERATING POWERS

HOA

MAY ALSO CHARGE FEES
AS WELL AS LEVY FINES
AND INTEREST

METRO DISTRICT

MAY ALSO CHARGE FEES
AS WELL AS LEVY FINES
AND INTEREST

MAY ISSUE TAX EXEMPT
REVENUE AND GENERAL
OBLIGATION BONDS.

HOA – METRO DISTRICT COMPARISON

REVENUE GENERATING POWERS

HOA

HOA'S MAY LEVY SPECIAL ASSESSMENTS

HOA'S ARE NOT SUBJECT TO **TABOR**.

METRO DISTRICT

UNDER **TABOR**, SPECIAL ASSESSMENTS

“EMERGENCY TAXES” MAY NOT BE LEVIED, BUT SYSTEM DEVELOPMENT FEES MAY.

HOA – METRO DISTRICT COMPARISON

REVENUE GENERATING POWERS

HOA

METRO DISTRICT

TABOR restricts a metro district's ability to raise property taxes on its resident's without first obtaining approvals for such tax increases.

HOA – METRO DISTRICT COMPARISON

REVENUE GENERATING POWERS

HOA

FCRA has historically operated on 1/100 system, meaning the cost to operate the ranch was divided equally among the 100 lots.

METRO DISTRICT

Ad Valorem taxes create variances in the amount of tax each property pays as they are based on assessed values.

HOA – METRO DISTRICT COMPARISON

COLLECTIONS/CREDITOR POWERS

HOA

Is responsible for the collection all revenue sources (assessments, late payments, fines and other debts).

Is responsible for filing liens.

METRO DISTRICT

The county treasurer is responsible for collecting metro districts' property tax assessments and filing liens.

HOA – METRO DISTRICT COMPARISON

COLLECTIONS/CREDITOR POWERS

HOA

METRO DISTRICT

Are responsible for for managing the process for collecting fees, fines and interest.

HOA – METRO DISTRICT COMPARISON

COLLECTIONS/CREDITOR POWERS

HOA

HOA's must maintain and enforce a collection policy for assessments, fees and interest

METRO DISTRICT

A metro district does not need a collection policy regarding the collection of property taxes. However, a collection policy for fees, charges and interest must be maintained and enforced.

HOA – METRO DISTRICT COMPARISON

COLLECTIONS/CREDITOR POWERS

HOA

THE COLLECTION
PROCESS OFTEN
BECOMES PERSONAL.

METRO DISTRICTS

THE COLLECTION
PROCESS IS SIMPLIFIED.
THE PROCESS
DEPERSONALIZES
COLLECTION.

HOA – METRO DISTRICT COMPARISON

COLLECTIONS/CREDITOR POWERS

HOA

Collection costs are not fixed.

METRO DISTRICTS

County treasurers are responsible for the collection of property taxes on behalf of metro districts. County treasurers charge a fixed fee to collect property taxes, however they incur the cost of liens.

HOA – METRO DISTRICT COMPARISON

COLLECTIONS/CREDITOR POWERS

HOA

HOA'S creditor position do not stand to superior to other creditors' positions and as such, HOA'S may be forced to write-off past due balances from homeowners.

METRO DISTRICTS

Because of their superior creditor position, metro districts are usually not at risk of writing off significant past due balances due from homeowners.

HOA – METRO DISTRICT COMPARISON

COLLECTIONS/CREDITOR POWERS

HOA

HOAs Can file a “super” lien. The down side to the super lien is that it only provides HOAs with superior creditor protection for only a portion of the balance due from a homeowner.

METRO DISTRICTS

Metro districts are granted premium creditor powers under state laws. Property liens issued by the county equal creditor status to all other tax liens.

HOA – METRO DISTRICT COMPARISON

COVENANT ENFORCEMENT SERVICES

HOA

METRO DISTRICTS

SAME AS METRO DISTRICT

SAME AS AN HOA

COMMON AREAS

HOA

- The common areas owned, operated and maintained by the HOA are private property that is for the exclusive use of the members of the common interest community.
- The HOA is responsible for incurring the cost of maintaining, insuring and operating its assets such as green belt areas, parks and other recreational facilities.

METRO DISTRICT

- The common areas owned, operated and maintained by a metro district are considered public property available for exclusive use of the residents and property owners within the district's boundaries.
- Same as HOA.

HOA-METRO DISTRICT

FINANCIAL STATEMENTS

HOA

FINANCIAL STATEMENTS ARE
REQUIRED

FCRA USES GAAP AND FUND
ACCOUNTING

ANNUAL AUDITS ARE NOT REQUIRED

FINANCIAL STATEMENTS ARE PRIVATE
REPORTS MADE AVAILABLE TO THE
MEMBERSHIP OF THE HOA

METRO DISTRICT

FINANCIAL STATEMENTS ARE
REQUIRED IN ACCORDANCE
WITH GASB

ANNUAL AUDITS ARE
REQUIRED

FINANCIAL STATEMENTS ARE
PUBLIC RECORDS

HOW WILL MY PROPERTY AND INCOME TAXES BE AFFECTED BY ADVOLERM TAXES?

SECTION 5

- An analysis of the effect of ad valorem taxes property taxes on state and federal income taxes was prepared utilizing La Plata County Property Records for 2015 for each property at FCR. Results of the study:
- When minimal 15% FIT and 5% CIT deductions are applied:
 1. 89 properties saw a reduction in their effective property taxes
 2. 11 properties saw an increase in their effective property taxes. Of these 11, the majority of the properties would also likely see a reduction as a higher tax rate would most likely apply

*It must be noted that the study does not recognize each property owner's tax situation and the actual effects could be different from those described. It is recommended that property owners consult their tax advisors to understand the full tax benefit.

LOT	VALUE	ASSESSED VALUE	2015 COUNTY TAXES	NEW FCRMD TAXES	TOTAL 2015 COUNTY + FCRMD TAXES	NEW FCMD TOTAL TAXES (after FIT & CIT tax deduction)	2015 CNTY TAXES + 2015-2016 HOA FEE	DIFFERENCE IN 2015 TAXES + 2015-2016 HOA FEE AND TOTAL NEW TAXES
UNDEVELOPED	\$225,000.00	\$65,442.83	\$2,186.18	\$3,909.10	\$6,095.28	\$4,876.22	\$5,086.18	(209.96)
DEVELOPED	\$275,000.00	\$21,896.40	\$731.47	\$1,307.94	\$2,039.41	\$1,631.53	\$3,731.47	(2,099.94)
DEVELOPED	\$300,000.00	\$23,886.99	\$797.97	\$1,426.84	\$2,224.81	\$1,779.85	\$3,797.97	(2,018.12)
DEVELOPED	\$400,000.00	\$31,849.32	\$1,063.96	\$1,902.46	\$2,966.41	\$2,373.13	\$4,063.96	(1,690.83)
DEVELOPED	\$500,000.00	\$39,811.64	\$1,329.95	\$2,378.07	\$3,708.02	\$2,966.41	\$4,329.95	(1,363.53)
DEVELOPED	\$600,000.00	\$47,773.97	\$1,595.94	\$2,853.68	\$4,449.62	\$3,559.70	\$4,595.94	(1,036.24)
DEVELOPED	\$700,000.00	\$55,736.30	\$1,861.93	\$3,329.30	\$5,191.22	\$4,152.98	\$4,861.93	(708.95)
DEVELOPED	\$800,000.00	\$63,698.63	\$2,127.92	\$3,804.91	\$5,932.83	\$4,746.26	\$5,127.92	(381.66)
DEVELOPED	\$900,000.00	\$71,660.96	\$2,393.91	\$4,280.52	\$6,674.43	\$5,339.54	\$5,393.91	(54.36)
DEVELOPED	\$1,000,000.00	\$79,623.29	\$2,659.90	\$4,756.14	\$7,416.03	\$5,932.83	\$5,659.90	272.93
DEVELOPED	\$1,050,000.00	\$83,604.45	\$2,792.89	\$4,993.94	\$7,786.84	\$6,229.47	\$5,792.89	436.58
DEVELOPED	\$1,100,000.00	\$87,585.62	\$2,925.89	\$5,231.75	\$8,157.64	\$6,526.11	\$5,925.89	600.22
DEVELOPED	\$1,150,000.00	\$91,566.78	\$3,058.88	\$5,469.56	\$8,528.44	\$6,822.75	\$6,058.88	763.87
DEVELOPED	\$1,200,000.00	\$95,547.95	\$3,191.87	\$5,707.37	\$8,899.24	\$7,119.39	\$6,191.87	927.52
DEVELOPED	\$1,250,000.00	\$99,529.11	\$3,324.87	\$5,945.17	\$9,270.04	\$7,416.03	\$6,324.87	1,091.16
DEVELOPED	\$1,300,000.00	\$103,510.27	\$3,457.86	\$6,182.98	\$9,640.84	\$7,712.67	\$6,457.86	1,254.81

FORMATION PROCESS

SECTION 6

PROCESS OUTLINE

VOTE BY MEMBERSHIP TO FORM FCMD

INITIATE FORMATION OF FCMD PER THE TIMELINE

AMEND COVENANTS AND BYLAWS TO CONFORM TO THE METRO DISTRICT NEEDS. THEY ARE REFERENCED IN THE SERVICE PLAN AND CONTINUE TO BE ENFORCED BY THE BOARD. VOTE TO DISSOLVE FCRA.

TRANSFER FCRA ASSETS (COMMON PROPERTY, CASH, BUILDINGS, EQUIPMENT) TO FCMD

DISSOLVE FALLS CREEK RANCH ASSOCIATION (FCRA)

MOVING FORWARD/WHAT NEXT?

SECTION 7

KEY DATES

FEB 2017 VOTE TO CREATE FCMD BY MAIL

ASSUMING THE CREATION OF FCMD IS APPROVED

JUL 2017 VOTE TO AMEND CC&R'S TO COMPLY WITH METRO DISTRICT NEEDS, DISSOLVE FCRA

NOV 2017 VOTE, TO CREATE FCMD, NEW DEBT, TAXING POWERS AND FIRST BOD

SEVERAL DAYS FOLLOWING THE MEETING, AN EMAIL WILL BE SENT TO THE MEMBERSHIP WITH THE FOLLOWING:

1. A LINK TO THE FCR "YOU TUBE CHANNEL" WHERE A VIDEO OF THIS MEETING CAN BE VEIWED.
2. AN PDF. ATTACHMENT OF THIS PRESENTATION

SPECIAL THANKS TO EB REBFORD FOR HIS TECHNICAL EXPERTISE IN PUTTING THIS MEETING TOGETHER, INCLUDING THE SOUND SYSTEM, GO TO MEETING, AND CREATING THE FCR "YOU TUBE" CHANNEL.

AND TO:

ALL THE PARTICIPANTS FOR TAKING THE TIME TO PARTICIPATE IN THIS MEETING, WHETHER ATTENDING IN PERSON OR REMOTELY.

ADDITIONAL QUESTIONS & COMMENTS