

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS OF  
INSPIRATION METROPOLITAN DISTRICT

Held: Thursday, October 20, 2022, at 5:30 p.m. via video conference

**Attendance**

The special meeting of the Board of Directors of the Inspiration Metropolitan District was called and held as shown above and in accordance with the applicable statutes of the State of Colorado. The following directors, having confirmed their qualification to serve on the Board, were in attendance:

Aaron Curtiss  
Denis Colwell  
Holly Svetz  
Rick Forsman  
Maurice Smith

Also present were:

AJ Beckman, Public Alliance, District Manager; Kate Innes, Public Alliance, Resident Relations Manager; Dawn Jones, District Accountant, CliftonLarsonAllen, LLP.

The following members of the public were present: Chad Collier, Jeanne Collier, Jaci Gentile, Jon Doyle, Karen Chambers, Mike Borman, Peter Schreck, Rick Coldsnow, Steve Powers, Yolanda Treviso, Alisa Brayman, Janice Grace, Russ Paper, Carol Talpas, Mark Talpas, Travis Krabbenhoft, Gary Knoller, and Jody Knoller.

**Call to Order**

It was noted that a quorum of the Board was present, and the meeting was called to order at 5:32 p.m.

**Conflict of Interest  
Disclosures**

Mr. Beckman advised the Board that pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Mr. Beckman reported that disclosures for those directors that provided White Bear Ankele Tanaka & Waldron with notice of potential or existing conflicts of interest were filed with the Secretary of State's Office and the Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Mr. Beckman inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain a quorum or to otherwise enable the Board to act.

**Approval of Agenda**

Mr. Beckman presented to the Board the agenda for the special meeting.

Upon motion duly made by Director Colwell, seconded by Director Forsman, and upon vote unanimously carried, the agenda was approved as amended to add the BrightView Landscaping, Inc. (“BrightView”) proposal for deep root watering of District trees.

**Public Comment**

There were no comments from members of the public.

**BrightView Proposal**

The Board discussed BrightView Proposals for deep root watering options in the amount of \$22,000. Mr. Beckman explained that the proposal would include all trees owned by the district. Alternatively, the District could opt to limit the service to the three hundred newly planted trees, thereby maintaining the lifetime warranty. Director Curtiss advised the Board that the Developer will provide the same level of tree care as the District.

Following discussion and review, upon a motion duly made by Director Curtiss, seconded by Director Smith and, upon vote unanimously carried, the Board approved the proposal from BrightView in the amount of \$22,000 for Deep Root Watering of all District trees.

**2023 Draft Budget**

Mr. Paper reviewed the recommendations detailed in his memorandum dated October 17, 2022 attached hereto and incorporated herein by this reference.

Director Colwell reviewed the draft budget with the Board. He discussed excess revenue derived from the Specific Ownership Taxes allocated to the Debt Service Fund in 2022. He explained that approximately \$284,000 of this revenue stream is a surplus amount, above the revenues pledged to debt service for the year. He explained that the District’s Accountant recommended that the excess revenues be transferred to the General Fund where they can be used for any legal purpose. He noted that Bond Counsel and the District’s Accountant have confirmed the availability of the funds.

Director Colwell then reviewed a presentation prepared by the Finance Committee, attached hereto and incorporated herein by this reference, detailing various revenue collection scenarios and outlining other key features of the District’s financial statements and draft budget.

Director Svetz opined that the distinction between the General Fund and the Operations Fund is not as important as utilizing the least costly and most efficient revenue stream. She noted that collection of revenues through taxes versus fees is less expensive. Ms. Jones advised the Board that the District is presently limited to annual collection of \$1.5 million.

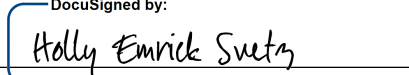
Discussion ensued regarding earmarking the funds for future project funding. It was noted that the new facilities in Pathfinder Park and elsewhere will require additional ongoing maintenance. Director Smith discussed potentially saving for major improvements such as expanding the existing swimming pool.

No action was taken by the Board at this time.

## **Adjournment**

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting.

Following discussion, upon motion duly made by Director Forsman, seconded by Director Colwell, and upon vote unanimously carried, the meeting was adjourned at 8:20 p.m.

DocuSigned by:  
  
58461CBDC30D475  
Secretary for the Meeting

## Memorandum

October 17, 2022

From: Inspiration Metropolitan District Finance Committee

To: Inspiration Metropolitan District Board of Directors

Subject: 2023 Budget Recommendation

The Finance Committee makes the following recommendations for the 2023 Inspiration Metropolitan District budget:

- Maintain the current quarterly dues assessment of \$294 per home
- Adopt a General Fund mill levy of 8 mills representing a reduction from the 2022 General Fund mill levy of 16.796 mills (11.132 mills for calendar years 2020 and 2021), resulting in a 2023 total mill levy of 54.125 mills as compared to the previous three year's total mill levy of 67.908 mills

The Finance Committee makes these recommendations in light of:

- A reforecast of the 2022 Operating Fund budget based on actual year-to-date income and expense along with projections for the remaining months of 2022 that results in revenue in excess of expenses of \$158,000 versus the original approved 2022 budget deficit of \$260,000 (The main drivers in this \$418,000 swing from a deficit to a surplus resulted from significantly lower than anticipated water, landscaping, tract turnover and administrative costs)
- Input from the Common Area Committee, Residential Improvement Committee, Social Committee and Service Center Committee
- Confirmation of projected future costs from Public Alliance, T. C.. Wilson Risk Management and AMI
- The September 2022 Common Area Committee Survey results that measured neighbors preferences of maintenance levels and water usage as well as prioritization and use of amenities
- Reserve Study 2021 Report and 12/31/2021 funds accumulated in the Reserve Account
- Resident input gathered from recent Resident Education sessions, Hilltop Advisory Club meetings, and emails on the subject of assessments and mill levies
- Prior Board Member statements concerning future mill levies
- Iterative refinements of the proposed 2023 budget including updated contract communications from Brightview, Front Range Recreation and RTS Landscaping
- Anticipated capital expenditures including consideration of capital expenditures into 2024 and 2025 as a result of unrealized capital projects and multi-year project timelines

- Recognition of a unique and one-time situation of having excess funds in the Debt Service Fund for 2022 resulting from the recent bond refinance (CLA has been asked to address the options for this excess at the October 20 Board Meeting)
- Evaluation of end-of-year fund balances for 2022 – 2025 across operating, general and capital projects funds with the goal being to utilize the large fund balances in the general and capital projects funds during 2023 and 2024 and then normalize those ending fund balances relative to pre-2022 historic norm levels
- Consideration of the impact of various general fund mill levies with a focus on avoiding a “yo-yo” effect of lowering mill levies one year just to increase them in following years (3 of the 8 Finance Committee members at the recent Finance Committee Budget Work Session were in favor of a general fund mill levy of 7 mills)

The Finance Committee has prepared various documents and summaries to aid in the Board’s budget consideration that we will ask the Board Treasurer to present that supports the Finance Committee 2023 budget, quarterly assessment and mill levy recommendation.

In addition to this quantitative analysis, the Finance Committee also recommends the Board consider various qualitative aspects of the 2023 budget including:

- Maximizing transparency for homeowners in budget and mill levy consideration
- Maintaining a Board commitment of balanced spending discipline for all operating and capital fund projects
- Keeping a focus on the fact that we are making decisions affecting our neighbors money and our fiscal responsibility to act prudently on their behalf
- An acknowledgment that the Board is often faced with the challenge of choosing potentially unpopular financial decisions that may affect specific groups of neighbors
- Maintaining the process of annual funding decisions for amenity-related capital projects that are ranked in the highest categories by homeowner feedback (the Finance Committee finds great value in the use of periodic resident surveys to stay abreast of resident amenity preferences and concerns)
- Willingness to normalize mill levies as the community is built out
- Avoid becoming overly reliant on property tax revenue that might provide short-term solutions when the long-term goal is to maintain financial discipline with respect to future assessments, mill levies and spending priorities

The Finance Committee looks forward the Board discussion of these matters and is happy to answer any questions.

Respectfully submitted by the Finance Committee

Russ Paper, Finance Committee Chair



# 2023 Proposed Budget

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IMD FINANCE COMMITTEE TO IMD  
BOARD OF DIRECTORS

OCTOBER 20, 2022

# \$ Impact on General Fund-Mill Levy Sensitivity Analysis

Category	Item	7 Mills 2023 & 24 then 8 Mill in 2025			8 Mills		
		2023	2024	2025	2023	2024	2025
General Fund Revenue	Prop Tax	505 K	558 K	668 K	578 K	638 K	668 k
	SO Tax	45 K	50 K	60 K	52 K	57 K	60 K
Gen Fund Oper Exp		353 K	297 K	384 K	354 K	298 K	385 K
Transfer Cap Fund		200 K	125 K	0 K	200 K	175 K	105 K
Transfer Oper Fund		38 K	187 K	295 K	38 K	187 K	295 K
Transfer Reserve		225 K	229 K	235 K	225 K	229 K	235 K
Ending Bal General Fund		421K	207 K	38K	499 K	321 K	45 K

2022 Ending GF balance of \$673 K will help fund all of 2023-2025 Annual general fund

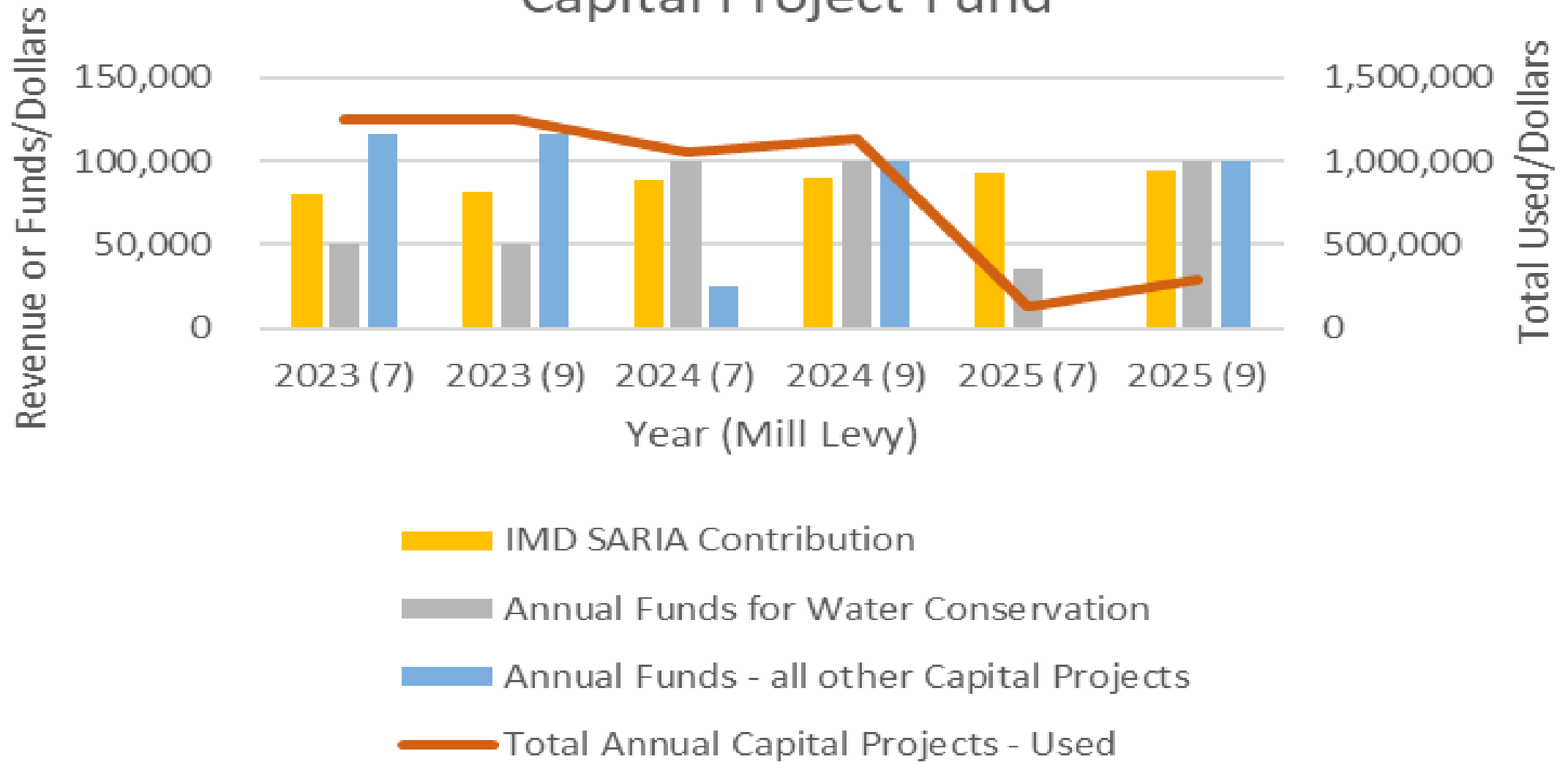
# \$ Impact on Capital Projects Fund-Mill Levy Sensitivity Analysis

Measure	7 Mills 2Yr then 8 Mill 2025			8 Mills		
	2023	2024	2025	2023	2024	2025
Total Funds Available	2.081 MM	1.058 MM	132 K	2.081 MM	1.109 MM	233 K
Capital Projects Total Used	1.242 MM	1.054 MM	128 K	1.243 MM	1.079 MM	204 K
Ending Balance Future Projects	839 K	5 K	4 K	839 K	30 K	29 K
IMD contribution SARIA	80 K	88 K	92 K	81 K	89 K	94 K
Services Center	845 K	840 K	0	845 K	840 K	0
Water Conservation	50 K	100 K	35 K	50 K	100 K	100 K
All Other Capital Projects	267 K	25 K	0	267 K	50 K	10 K

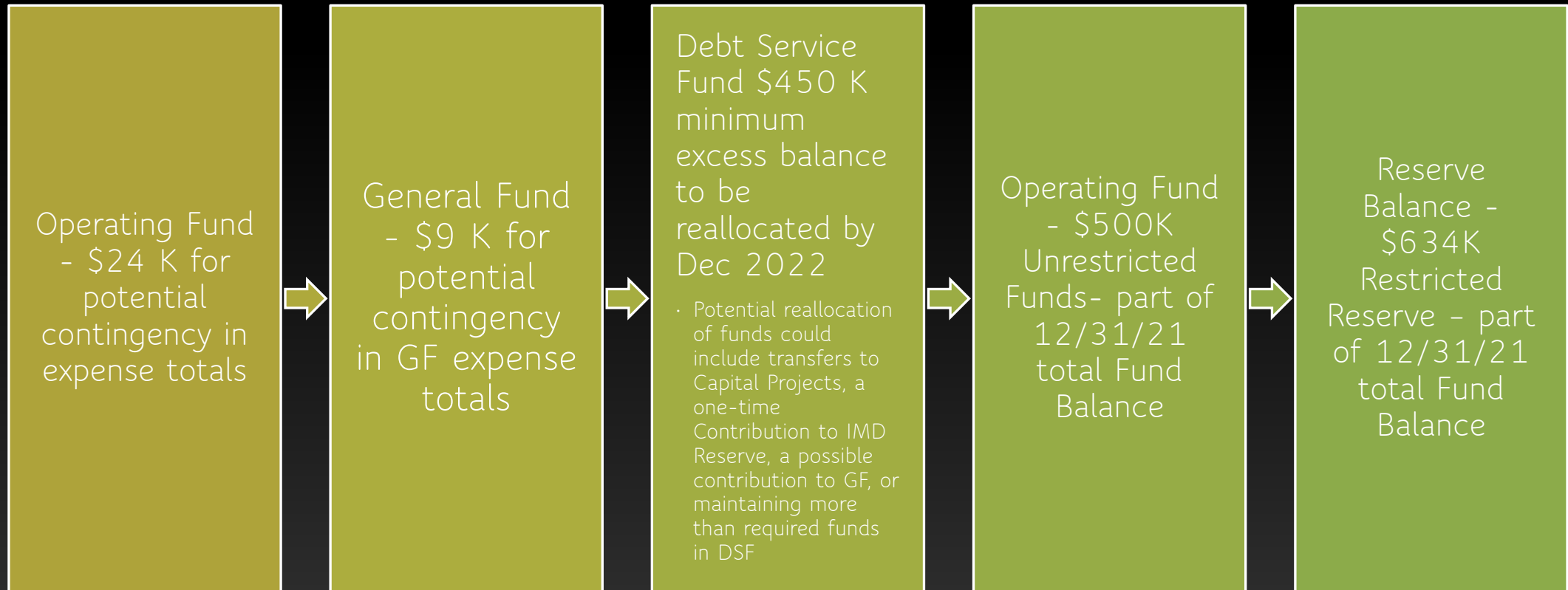
2022 ending CPF balance of \$1.71 Million will help fund all 2023-2025 annual capital projects



# Capital Project Fund



# IMD – Additional Sources of Financial Support



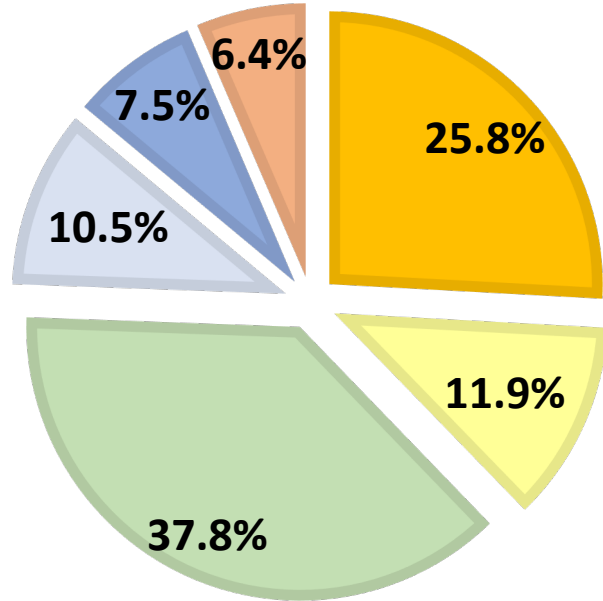
# 2023 IMD Base Budget & 5 Alternative Scenarios

	2023 Base Budget	2023 General Fund Mill Levy Alternatives Modeled					2022 Actual/ Forecast
		Alternative 1	Alternative 2	Alternative 3	Alternative 4	Alternative 5	
2023 - 6 Annual \$ Assessments Modeled	\$1,176	\$676	\$1,176	\$1,100	\$1,060	\$792	\$1,176
General Fund Mill Levy - 6 Modeled	7.000	19.750	8.000	9.000	10.000	16.796	16.796
Total All IMD Mill Levies	53.125	65.875	54.125	55.125	56.125	62.921	67.908
Property Tax on Resident \$750 K value home	\$2,769	\$3,434	\$2,821	\$2,873	\$2,926	3,280	\$3,540
TTLI Annual Cost IMD resident assumes \$750K assessed home value	\$3,945	\$4,110	\$3,997	\$3,973	\$3,986	\$4,072	\$4,716
Total \$ Decrease/Resident Savings from 2022	\$771	\$606	\$719	\$742	\$730	\$644	
Total % Decrease/Resident Savings from 2022	16.3%	12.9%	15.3%	15.7%	15.5%	13.7%	

# Calendar Timing of IMD Revenue – OF & GF

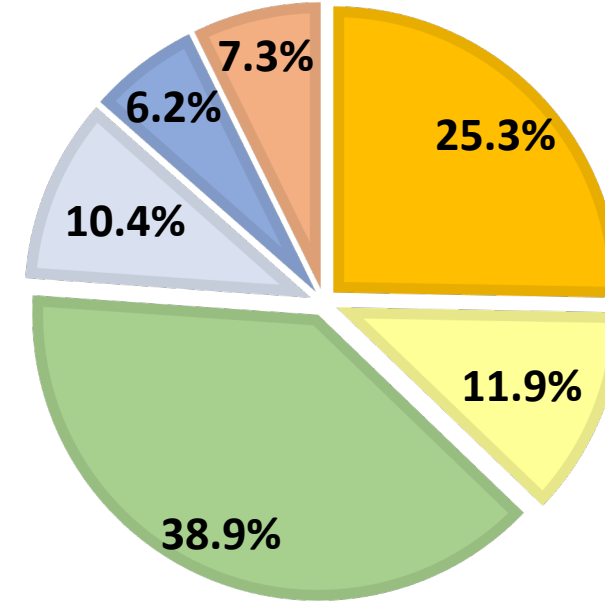
Current Assessments	GF Property Taxes	GF SO Taxes
January	February	Every Month
April	April	
	June	
July		
October		
Approx 74%-80% Revenue	Approx 18%-24% Revenue	Approx 2% of Revenue
All 4 Qtrs – fairly equal	All in 1 <sup>st</sup> & 2 <sup>nd</sup> Quarter	Fairly equal all Months/Qtrs

**2022 F OPERATING FUND EXPENSES -**  
**\$2,030,141**  
**( AVG NEW HOMES = 1,506)**



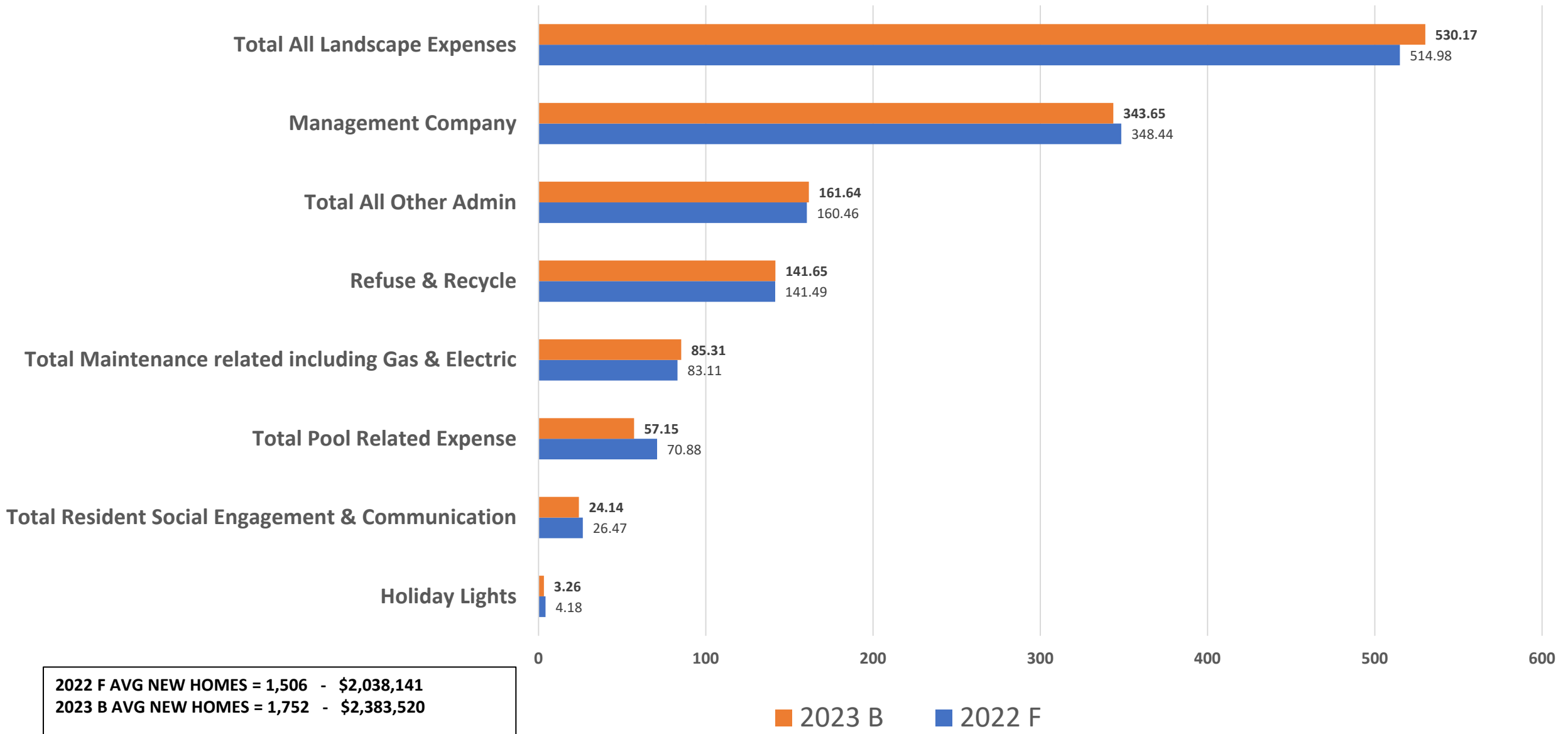
- PA Management Services - \$524.8K
- All Other Admin functions - \$241.6K
- All Landscape Related includes irrigation & water - \$767.6K
- Refuse & Recycling - \$213.1K
- Total Resident Amenity Related - \$152.9K
- Total Maintenance and Contingency related - \$130.2K

**2023 B OPERATING FUND EXPENSES -**  
**\$2,381,125**  
**(AVG NEW HOMES = 1,752 )**



- PA Management Services - \$602.1K
- All Other Admin functions - \$283.2K
- All Landscape Related includes irrigation & water - \$926.5K
- Refuse & Recycling - \$248.2K
- Total Resident Amenity Related - \$148.2K
- Total Maintenance and Contingency related - \$173.7K

# Operations Cost Per Household



## Qualitative Factors – 2023 IMD Budget

- Type of IMD Revenue – Assessments, Taxes, or Both?

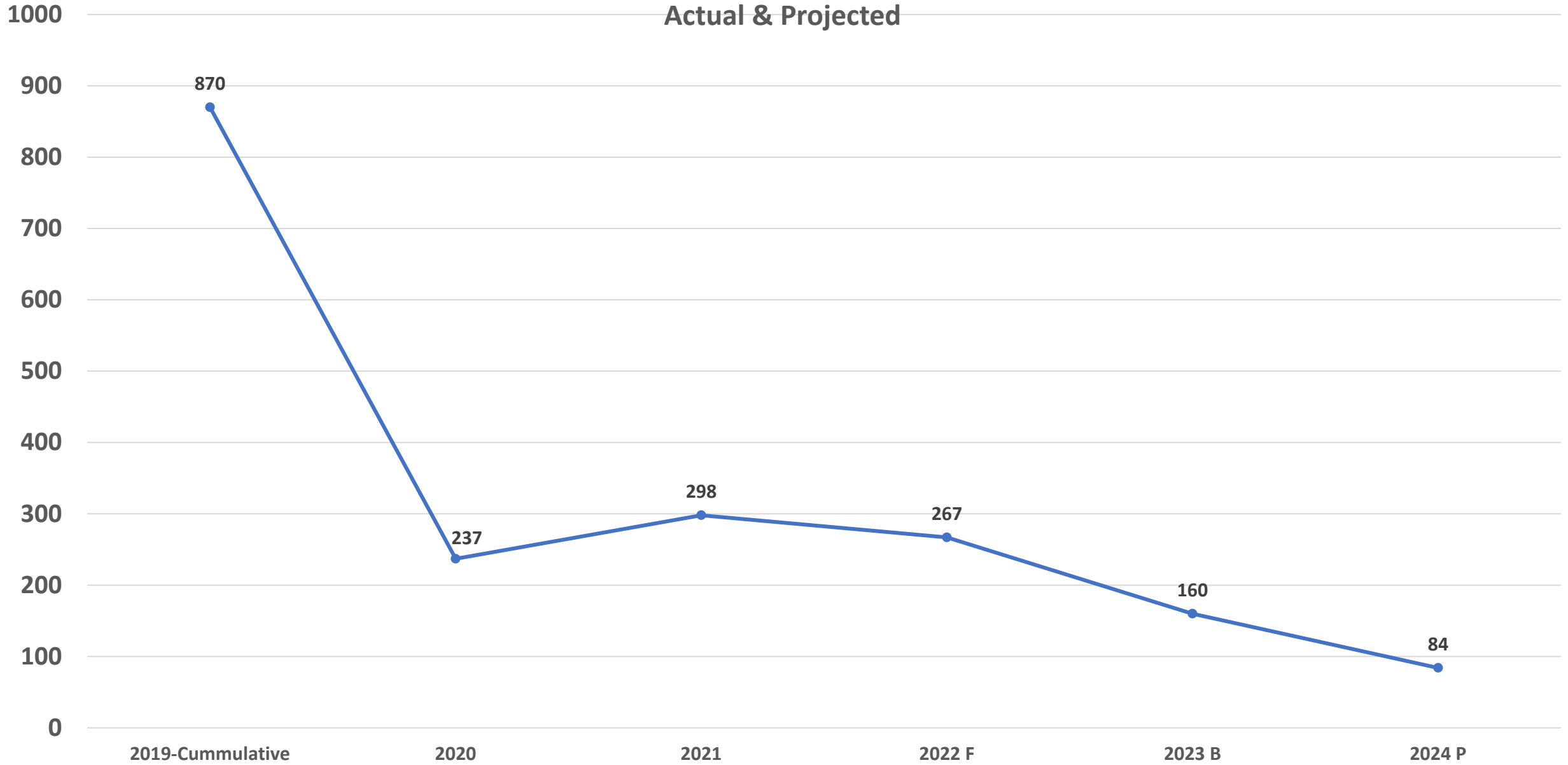
- Quarterly Assessments create a high Resident Awareness. Does that awareness increase annual financial focus? What does it cost me to live in IMD?

- Does an all-tax revenue method maintain annual Financial Discipline or drift toward no one understands DougCo taxes? The cost to residents is a black box?

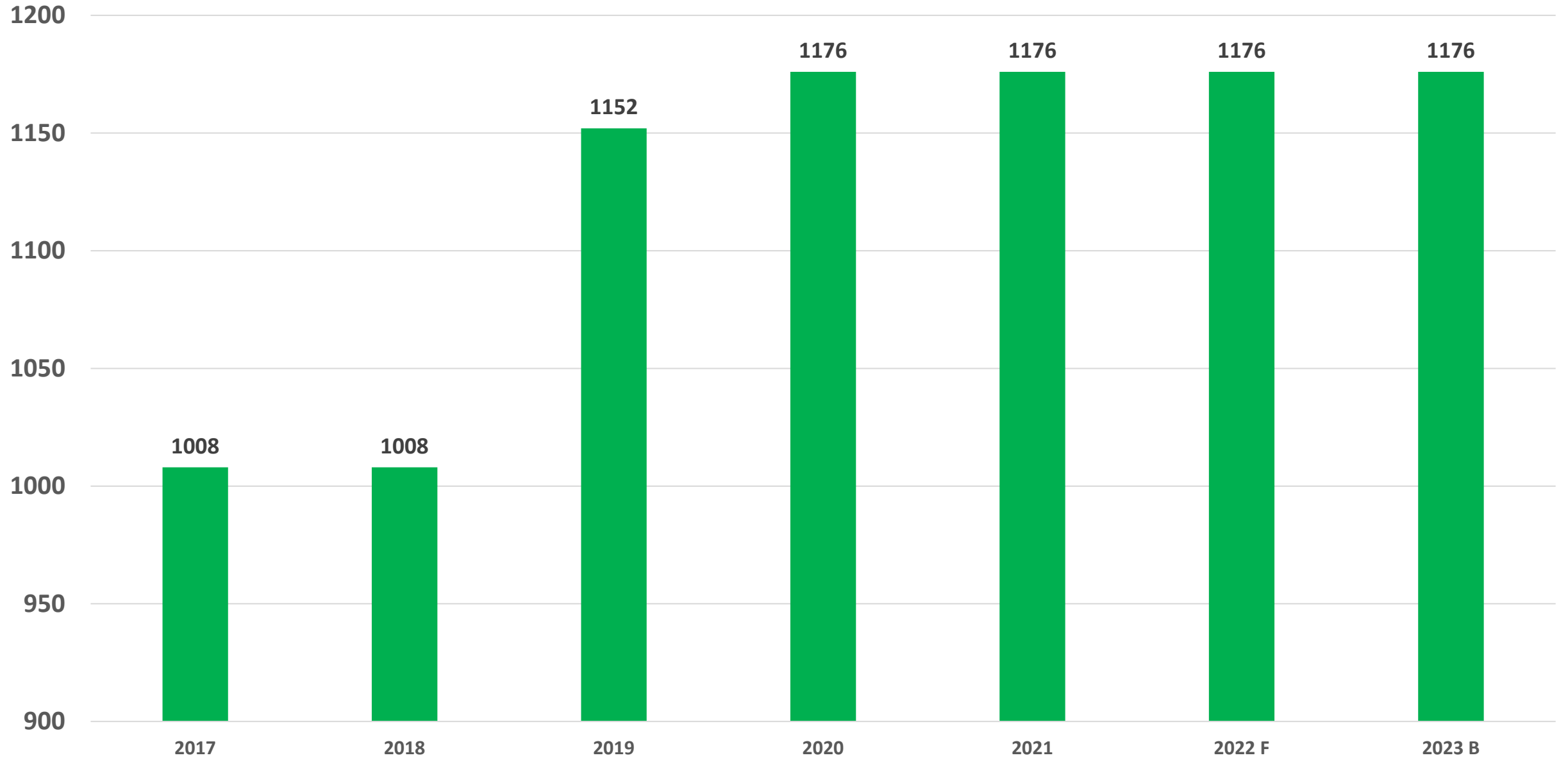




## Homes Sold by Year Actual & Projected



# ANNUAL ASSESSMENT



### Total Operating Revenue (no transfers) less Operating Exp Actuals and Projected Trends

