WILLOW CREEK 1 AND 2
JOINT HOA
PERIMETER FENCE PROJECT

An Affordable, Aesthetic, and Long-term Solution

February, 2019
Introductions

- Willow Creek HOA 1 and 2 Board Members
- Joint HOA Perimeter Fence Committee
  - Willow Creek HOA 1
    - Tony Escobar - Financial Professional
    - Steve Ebele – Engineer
    - Tracy Chapman – Political contacts
  - Willow Creek 2
    - David Jackson – Retired Manager, Top Five Fortune Co.
    - Mike Morgan – Attorney
    - Michael Mulhern - Architect
What is the Problem?

PERIMETER FENCE

- 30 year-old fence approaching the end of its useful life
- Repair costs mounting
- WC 1 & 2 spent over $100,000 in 2016 to repair and re-stain
- Many sections are warped and uneven
- Multiple sections fail every year
- Appearance reflects poorly on our Willow Creek community

HOA FUNDS ARE INADEQUATE FOR FENCE REPLACEMENT
Joint HOA Perimeter Fence Committee

- Formed in November 2015
- Participants from WC 1 and 2 HOA Boards
- Studied options and recommended a General Improvement District (GID) to finance a masonry replacement of the existing cedar fence
- Vetted the idea with the community – 80% approval
- Spent 18 months investigating property survey and easements
- Negotiated a process to ratify existing easements with City Attorney
- Contracted ICON Engineering to evaluate product concepts and provide cost evaluations
- Contracted Ehlers Co., bonding and underwriting experts, to determine GID financing and mill levy details
- Joint HOA Board of Directors held a meeting and agreed upon a final GID concept.
Three fence concepts were considered:

1) Cedar Fence – similar to existing fence

Masonry Options:

2) Brick fence – traditional approach that better met standards

3) Mortarless concrete fence (Allan Block) - interlocking concrete blocks with varied color and pattern finishes that met standards

Committee and consultants evaluated each concept for:

- Appearance (distinctive image, style, fit with community)
- Durability (functional life, integrity)
- Maintenance (repair/rehabilitation frequency and cost)
- Cost effectiveness and value
- Noise reduction
- Safety and security
- Positive impact on home values
Begin a petition process for a municipal election to authorize formation of a GID with the purpose to:

Replace 14,077 linear feet of existing perimeter cedar fence with Allan Block or similar material, to be financed through issuance of bonds with a 30-year payback.
Cedar vs Masonry

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Cedar Fence</th>
<th>Masonry Fence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Image/Style</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Durability thru Time</td>
<td></td>
<td>X</td>
</tr>
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<td>Damage Resistance</td>
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<td>Maintenance Effort/Cost</td>
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</tr>
<tr>
<td>Capital Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GID Financing Required?</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

X – Option that better meets the Parameter

Trends
- Cedar fence becoming less preferred (similar to railroad tie retaining walls)
- New developments preferring masonry walls
- Existing developments increasingly converting to masonry walls
## Brick vs Allan Block

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### Trends
- Manufactured concrete materials becoming more popular than brick
- Allan Block is more unique in south metro area
- Allan Block is more cost effective with better long term value
What is Allan Block?

- A system of architectural concrete based blocks engineered to interlock without mortar to make security and sound walls.
- There are 5 different sized blocks that come in varying color blends and textures.
- Blocks have a “rough” split-face on one side and a smooth striated face on the other.
- Multiple colors, sizes and faces can be custom mixed to create a blend of colors and finishes, resulting in enhanced curb appeal.
- It provides superior noise abatement, aesthetic style, durability, low maintenance, and an extended life span.
Why Allan Block?

- Meets all preset standards – Safety – Security
  - Visually pleasing – Distinctive – Low maintenance – Long lasting - Noise reducing
- More of a modern - updated image
- Brick considered to be too formal – old fashioned – stodgy – stately – exclusive
- Allan Block appearance seemed to better reflect the Willow Creek personality:
  - practical
  - athletic
  - youthful
  - naturalistic
  - more contemporary

52% of the cost of brick fencing (base costs)
HOA Directly-Funded Options

Cedar—Includes Column Repairs, Landscaping & Enhanced Entrance Monuments

- Initial Construction ($75/Linear Foot (LF) for 14,077 LF): $1,055,775
- One-time special assessment per 1,073 homes: $984

OR

- Time required to accumulate required capital @ $30 per month additional dues: 2.8 years

Masonry

- Initial Construction: $6,655,372
- One-time special assessment per 1,073 homes: $6,202

OR

- Time required to accumulate required capital @ $30 per month additional dues: 17.2 years
**What Will It Cost?**

**General Improvement District (Property Tax Based)**

- Aggregate appraised value - all Willow Creek 1 & 2 homes: $535,731,531
- Average home appraisal (@ 1,073 homes): $499,284
- Aggregate home Assessed Value @ 6.78% RAR: $36,322,598
- Average home Assessed Value: $33,851

**ESTIMATED HOMEOWNER COST**

<table>
<thead>
<tr>
<th>Description</th>
<th>Brick &amp; Mortar</th>
<th>Allan Block</th>
</tr>
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<tr>
<td>Total Required Financing - 30 Year Bond – 5% interest:</td>
<td>$7,165,994</td>
<td>$4,340,791</td>
</tr>
<tr>
<td>Annual average home GID Tax</td>
<td>$450</td>
<td>$274</td>
</tr>
<tr>
<td>Mill levy factor - Debt Service</td>
<td>12.79 mil</td>
<td>7.75 mil</td>
</tr>
<tr>
<td>Mill levy factor – Operations &amp; Maintenance</td>
<td>0.50 mil</td>
<td>0.33 mil</td>
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<tr>
<td><strong>Total Mill Levy</strong></td>
<td><strong>13.29 mil</strong></td>
<td><strong>8.08 mil</strong></td>
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<tr>
<td>Monthly GID mill levy cost per average home</td>
<td>$37.49</td>
<td>$22.79</td>
</tr>
<tr>
<td>Monthly GID mill levy cost for average <strong>Single Family Home</strong></td>
<td>$41.15</td>
<td>$25.02</td>
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<td>Monthly GID mill levy cost for average <strong>WC2 Cluster Home</strong></td>
<td>$31.67</td>
<td>$19.35</td>
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<tr>
<td>Monthly GID mill levy cost for average <strong>WC1 Patio Home</strong></td>
<td>$27.15</td>
<td>$16.50</td>
</tr>
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</table>
Why Not Use Cedar Again?

- Cedar requires large upfront financing through dues increases or a special assessment
- GID not available for Cedar
- Long term (51 year) cost approaches the cost of Allan Block
- No longer the preferred material
  - HOA’s with existing GIDs are converting to masonry
  - New developments use masonry
  - Other HOAs can’t afford masonry without GID
  - Cedar/Trex is the default product without a GID
- Inferior product – specifically in the areas of durability, security, aesthetics, noise reduction, length of useful life, ongoing cost of maintenance
A General Improvement District is similar to a Special District, such as Arapahoe Libraries, South Suburban Parks & Rec., South Metro Fire, etc.

A GID is administered as a “sub-district” within the City of Centennial for the purpose of constructing improvements that enhance and benefit the properties within the GID.

Any citizen “group” can submit an application to create a GID, following an established protocol that includes signed petitions from electors.

If the petition is accepted by the City, the GID ballot question is placed on the next odd-year November ballot, asking GID voters to approve a mill levy property tax for all property within the GID.

The GID property tax is used to service bonds sold to fund the improvement.
Benefits of GID For All Homeowners

- Spreads the capital cost over a number of years into more manageable payments
- GID cost is lower in the short term
- Without a GID, all current owners share the full cost of Cedar up front (cedar fence cannot be financed through a GID)
- Allows the optimal, quality solution for a new and substantially upgraded perimeter fence to be reasonably affordable
- Homeowner cost will vary in proportion to the tax value of homes
- Relieves current homeowners, who sell their home, to pass costs on to those future homeowners who will continue to enjoy the benefits
- All home values benefit from upgraded HOA amenities including: Perimeter Fence, Greenbelts, Pools, Clubhouse, Tennis Courts, etc.
To estimate your GID property tax, multiply the assessed value on your tax notice by the mill levy.

Assessed values are not market values and vary from house to house reflecting a range of sizes and values.

A Mill Levy is like a three decimal point “percent” applied to a property’s adjusted assessed value (not the appraised value). For example:

- An 8.08 mill applied to a home with a $33,851 assessed value results in a $274 annual property tax bill, as follows:

  \[ 0.00808 \times 33,851 = 274 \text{ or } 22.79 \text{ per month} \]
What Happens Next?

- Feb. 21 – April 12: Collect petition signatures
- Feb. 21 – April 12: Collect executed easement ratifications from HOAs and homeowners who border the fence
- Feb. – April: Committee develops formal GID application
- April 15: Submit formal application to City
- TBD April - May date: Centennial City Council will hold a Public Hearing and vote on approval of application
- Nov. 5, 2019: GID question on ballot
- Dec. 2019: If voters approved GID, City sets final mill levy
- 2020-2021: Issue bonds, design, bid, and build the project