

House Transportation & Local Government

04/26/2022 01:30 PM

HB22-1363 Accountability To Taxpayers Spec Dists

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Susan Beckman Against Sterling Ranch Development Company	<p>Dear Members of the House Transportation & Local Government Committee,</p> <p>Thank you for your service to the State of Colorado.</p> <p>I want to share my concern with HB22-1363 and ask for a no vote on this legislation.</p> <p>I am the Entitlement Director of the Sterling Ranch Development Company. Sterling Ranch has been the number one bestselling master planned development in the Denver metro area for the last two years. I would request that you do not support this legislation.</p> <p>Housing costs are already increasing rapidly in Colorado and the provisions within this legislation will negatively impact the ability to provide attainable housing. This legislation is a one size fits all mandates for cities and counties and does more harm than good.</p> <p>Of most concern is the requirement that zoning be approved at the time of the district organization is unreasonable. And requiring all service plans to have preliminary construction drawings and narratives is not feasible, especially for a development with a long build out. Sterling Ranch has improvements that may be constructed 20 years in the future. In many instances, districts determine that a monthly operation is needed later in the project. Additionally, many districts like water, sanitation and fire determine these based on usage and adjust these annually to meet their needs and to respond to inflationary factors. Colorado is a local control state, local land-use decisions should reside with the city or county.</p> <p>Thank you again from your service to the State of Colorado. I would ask you to vote no on this legislation.</p> <p>With Respect,</p> <p>Susan Beckman</p>

Testimony—4/26/2022

My name is Fayre Rusczyk and I am a member of Coloradans for Metro district Reform. I have chosen to offer an example of what happens once a Metro District gets rubber stamp approval by local city or county officials and a district judge to address the abuses outlined in section 6 of Representative Weissman's bill, HB22-1363. The people who originally approve the service plans never see what happens after they approve them in the first and subsequent elections.

Dakota Ridge Townhomes 5081 S. Robb St—Meritage

Original service plan was instituted on 9/28/2021 for the purpose of doing infrastructure such as **street improvements, landscaping improvements, storm sewer improvements, safety protection improvements, mosquito control services, and covenant enforcement services**. There will be 72 homes. See map, **Exhibit 1**. Following completion, the district intends to own, operate and maintain all internal streets, including paving. At build out, the assessed valuation is expected to be \$2,188,735. The builder estimates the anticipated costs of the Public Improvements is \$5,036,948.52, far exceeding the expected assessed valuation after buildout. The anticipated proceeds from the issuance of bonds available to pay for the Public Improvements is \$1,675,411.00, which represents approximately 33.26% of the cost of the Public Improvements. The service plan states that a maximum of \$3.5 million be submitted to the electors in their first election with anticipated debt of \$2.608 million. **Exhibit 2** The District anticipates approval of election questions authorizing the District to collect, retain, and spend the full amount of all taxes, tap fees, facility fees, service charges, inspection charges, administrative charges, grants, or any other fee, rate, toll, penalty, or charge authorized by law to be imposed or collected by the District, and any other revenues or income lawfully received by the District during 2021 and each year thereafter, without limitation, by the revenue and spending limits of Article X, Section 20 of the Colorado Constitution, the limits imposed on increases in property taxation by Section 29-I-30I, C.R.S., or any other law which purports to limit the District's revenues or expenditures. Page (See [Local Government Filings - Service Plan | Colorado Department of Local Affairs](#)) Open service plan.

The public improvements listed in the service plan pertain to streets, sanitation, water, park and rec facilities (a dog park), landscaping, transportation (for public transportation facilities which are non-existent in the site plan), television relay and transmission, security with authorization from Jeffco sheriff, fire protection (West Metro handles this), safety protection improvements (traffic control equipment and signage), mosquito control (Denver 43rd in nation). My metro district has never done anything with regards to mosquitos. My comment here is that this is a high price for infrastructure for a neighborhood of 72 townhomes. Based on the current prices (4/14/2022) the base prices are from a low of \$510,000 to a high of \$557,000. This is before purchasers add upgrades. The Board of Directors for this development are all employees of Meritage, Michelle Trujillo, Lisa Albers, Shannon Pachikara, Melanie Freeman, Chelsey Green. **Exhibit 3** In the first election, these five voted to authorize debt for the above mentioned "improvements" in the amount of \$3.5 million each + the same amount in annual increases with a max of \$20 million each totaling \$35 million total authorized debt **Exhibit 4** with a total of \$200 max debt repayment over thirty years. This is in addition to \$3.5 million md tax increase for each of the following: ad valorem property taxes, fees,

IGA agreements, regional improvements, refunding. Please note that all the above authorizations for tax increases are “without regard to any spending, revenue-raising or other limitation contained within Article 10, Section 20 of the Colorado Constitution”, aka TABOR. They also voted to organize the district in which they will never live and authorize themselves “to serve without limitation on their terms of office pursuant to the right granted to the voters of the District in Article XVIII, Section 11 of the Colorado Constitution to lengthen, shorten, or eliminate the limitations on the terms of office imposed by such section.” (See [Local Government Filings - Elections | Colorado Department of Local Affairs](#)) Open election material dated 11/24/2021)

In March of this year, a bond was issued for \$2.339 million at 6% over 30 years. See [Municipal Securities Rulemaking Board::Emma \(msrb.org\)](#) Open DAKOTA RIDGE MET DIST COLO (\$32,486 per home) No principal will be paid for the first 15 years. However, the builder shows on page 55 of the service plan that in the year 2031, a new bond will be issued to replace the first bond. **Exhibit 5** It will be for \$3.285,000 through the year 2062, totaling 40 years of bond debt for the neighborhood. The total on the repayment of the two bonds will be \$7,174,000 or \$99,639 per home. The mill levy has been set at 77 mills. **Exhibit 6,7** Based on the base prices of homes mentioned above, that will be a cost of between

Actual value of home	x .0715=	Assessed value	x.077 mills =	fees
\$510,000		36,465	\$2808 per year or \$234 per month	\$110=\$334/mo
\$557,000		39,825	\$3067 per year or \$256 per month	\$110=\$366/mo

If the \$32,486 per home to cover the cost of the bond were to be added to the above costs of homes the monthly payments based on \$542,486 and \$589,486 with a 20% down payment at the current going 30 year rate of 4.75%, the additional monthly cost on a mortgage would be \$136, \$100 to \$120 per month lower than the current MD taxes. Where is the evidence that MDs are necessary for the infrastructure and that they make housing more affordable when the cost could be added into the house if it hasn't been already, possibly already included in the lot price?

Also, please note that at the end of 10 years the builder indicates plans to refinance the \$2.608 million to \$3.285 million to add on the unpaid principal for the first years of the bond. **Exhibit 5** again At that point in time, the builder will be long gone and the burden of this fact will fall on the shoulders of the homeowners.

On March 7, 2022, the District board passed a resolution regarding the imposition of operations and maintenance fees which will be for \$110 per month on each townhome unit. In addition, each initial purchaser must pay an administrative transfer fee of \$600 per lot, totaling \$43,200. Liens may be imposed for nonpayment or late fees. **Exhibit 8**

Section 6 of the bill offers an opportunity through amendment to address one of the most serious abuses – taxation without representation.

- In every metro district, within days after the city or county approves a service plan with limits on the amount of debt, the developer ignores that limit and “votes” to pass ballot issues which impose extraordinarily high debt authorizations many times great than the limits set by the city in the service plan. In a typical community, the Service Plan allows \$60 million in debt but the ballot issues voted on by the developer days later authorize \$4.9 billion dollars in debt.

- In the same ballot issue the developer “votes” to eliminate the right of future residents to vote on increasing taxes or issuing bond debt. Literally, taxation by someone who does not represent, and has and admitted conflict of interest with the residents.
- The city or country rarely if ever see these ballot issues. They are not posted on the DOLA site. They are not disclosed to the residents. In most cases they are only available to attorneys in the court record.
- The “voters” approving these ballot issues are all developer employees, affiliates or family members.
- We (Coloradans for Metro District Reform) have proposed an amendment to Section 6 that would require the city or county to review and approve the initial ballot issues proposed by the developer to
 1. Make sure the developers do not “vote” to impose debt authority greater than the debt limit set in the Service Plan and to
 2. Make sure the taxpayers’ right to vote on tax increases and issuing bond debt is not compromised by these initial ballot issues.

I ask that you adopt the above amendment to HB22-1363 and give tax payers in Metro Districts their rights to have taxation with representation and fair practices regarding who can impose taxes on them in the first place.

Fayre L Ruszczyk

Member of Coloradans for Metro District Reform



This map depiction is not an official site plan, may not be drawn to scale, and may not reflect all easements and other matters affecting the community. Rather, it is an artist's conceptual rendering intended to give buyer a general overview of the contemplated community. This map depiction does not constitute a guaranty that the community will be built out or developed as shown and Meritage has not made, does not make, and specifically negates and disclaims any representations, warranties, and guarantees with respect to the map depiction, including, but not limited to, any depiction or description of any physical characteristics of the community or any improvements pertaining thereto, and any depiction or description of the real estate comprising or contemplated to comprise the community or of the units or amenities (such as pools, gazebos, hike and bike trails, exercise facilities, etc.) contemplated to be a part of the community. The party developing the community may make changes in the design and plan of the community (including, without limitation, the number of homes and/or the sizes of lots in the Community), and in any currently contemplated timing of the development of the community, and Meritage reserves the right to make any and all such changes.



Service Plan

It is proposed that a total maximum amount of \$3,500,000.00 of Debt that is secured by *ad valorem* property taxes and other legally available revenues for various purposes be submitted to the electors of the District for their approval at an election. Based upon construction cost estimates and financing cost estimates as computed during the preparation of this Service Plan using current market assumptions, it is anticipated that a total of \$2,608,000.00 of Debt will be issued. The amount to be voted exceeds the amount of Debt anticipated to be sold, as shown in the Financial Plan, to allow for unforeseen contingencies and increases in construction costs due to inflation, and to cover all issuance costs, including capitalized interest, reserve funds, discounts, legal fees, and other incidental costs of issuance; provided, however, in no event shall the aggregate amount of the Debt issued by the District exceed \$3,500,000.00 (“**Debt Limit**”). Such Debt Limit shall not be applicable to refundings of the Debt authorized to be issued hereunder.

All issuances of Debt shall be deemed to be in compliance with the Financial Plan so long as the Minimum Criteria, as hereinafter defined, have been met. Minimum Criteria shall mean that the Debt is: (1) subject to a limited mill levy, if required by this Service Plan; (2) together with other outstanding Debt, not in excess of the Debt Limit set forth in this Service Plan, as may be amended from time to time; and (3) together with other outstanding Debt, not in excess of the Debt authority approved by the District’s electorate.

Pursuant to Colorado law, and to provide for the greatest flexibility, the proposed maximum voted interest rate is estimated at twelve percent (12%) and the maximum underwriting discount is estimated at five percent (5%). The exact interest rates, terms, and discounts will be determined at the time the Debt is sold by the District and will reflect market conditions at the time of sale. Debt may be issued in one or more series by the District. The District may also enter into agreements to reimburse the Developer out of Debt proceeds for

Governing Board

The District is governed by a five-member Board, provided that State law permits the Board to have up to seven members, subject to certain conditions. The members must be eligible electors of the District as defined by State law and are elected to alternating four-year terms of office at successive biennial elections. However, pursuant to State law, special districts are required to move their biennial elections from even years to odd years beginning in 2023. Accordingly, the terms commencing in 2020 and 2022 will be three-year terms and then will reset to four-year terms commencing in 2023 and 2025, respectively. Vacancies on the Board are filled by appointment of the remaining directors, the appointee to serve until the next regular election, at which time the vacancy is filled by election for any remaining unexpired portion of the term. There are currently no vacancies on the Board. Pursuant to statute, with certain exceptions, no nonjudicial elected official of any political subdivision of the State can serve more than two consecutive terms in office; however, such term limitation may be lengthened, shortened or eliminated pursuant to voter approval. At the Election, the eligible voters in the District voted to waive the statutory term limits, and therefore the District's directors are not subject to such limitations.

The directors hold regular meetings and special meetings as needed. Each director is entitled to one vote on all questions before the Board when a quorum is present. Current directors may receive a maximum compensation of \$2,400 per year, not to exceed \$100 per meeting attended. With the exception of this compensation, directors may not receive compensation from the District as employees of the District. Members of the Board currently are not compensated for attending Board meetings. The present directors, their positions on the Board, principal occupations, and terms are as follows:

Board of Directors ¹

Name	Office	Occupation	Years of Service	Term Expires (May)
Lisa Albers	President	Vice President Land Development	<1	2022
Michele Trujillo	Treasurer	Vice President Finance	<1	2022
Chelsey Green	Secretary	Forward Planning Manager	<1	2023
Melanie Freeman	Assistant Secretary	Land Development Manager	<1	2023
Shannon Pachikara	Assistant Secretary	Area Sales Manager	<1	2023

¹ All Board members are employees of the Developer.

Pursuant to State law, directors are required to disclose to the Colorado Secretary of State and the Board potential conflicts of interest or personal or private interests which are proposed or pending before the Board. Additionally, no contract for work or material including a contract for services, regardless of the amount, is to be entered into between the District and a Board member, or between the District and the owner of 25% or more of the territory within the District, unless a notice has been published for bids and such Board member or owner submits the lowest responsible and responsive bid. According to disclosure statements filed with the Secretary of State and the District by Board members prior to taking any official action relating to the Bonds, all of the directors have potential or existing personal or private interests relating to the issuance or delivery of the Bonds or the expenditure of the proceeds thereof. See "RISK FACTORS—Directors' Private Interests."

INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS, GIFTS OR ANY OTHER FEE, RATE, TOLL, PENALTY, OR CHARGE AUTHORIZED BY LAW, COVENANTS OR CONTRACT TO BE IMPOSED, COLLECTED OR RECEIVED BY THE DISTRICT DURING 2021 AND EACH FISCAL YEAR THEREAFTER, SUCH AMOUNTS TO CONSTITUTE A VOTER-APPROVED REVENUE CHANGE AND BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S., IN ANY SUBSEQUENT YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RECEIVED, RETAINED AND SPENT BY THE DISTRICT?

YES
NO

DAKOTA RIDGE METROPOLITAN DISTRICT BALLOT ISSUE 5F:

SHALL DAKOTA RIDGE METROPOLITAN DISTRICT DEBT BE INCREASED ~~\$3,500,000~~ WITH A REPAYMENT COST OF ~~\$20,300,000~~ AND SHALL DAKOTA RIDGE METROPOLITAN DISTRICT TAXES BE INCREASED \$3,500,000 ANNUALLY OR BY SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED DEBT, FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF DESIGNING, ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO CURBS, GUTTERS, CULVERTS, AND OTHER DRAINAGE FACILITIES, UNDERGROUND CONDUITS, SIDEWALKS, TRAILS, PUBLIC PARKING LOTS, STRUCTURES AND FACILITIES, PAVING, LIGHTING, GRADING, LANDSCAPING, BIKE PATHS AND PEDESTRIAN WAYS, PEDESTRIAN OVERPASSES, RETAINING WALLS, FENCING, ENTRY MONUMENTATION, STREETSCAPING, BRIDGES, OVERPASSES, UNDERPASSES, INTERCHANGES, MEDIAN ISLANDS, IRRIGATION, AND A SAFETY PROTECTION SYSTEM THROUGH TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, SIGNALIZATION, SIGNING AND STRIPING, AREA IDENTIFICATION, DRIVER INFORMATION AND DIRECTIONAL ASSISTANCE SIGNS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH DEBT TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 12% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES, AND WHICH MAY COMPOUND ANNUALLY OR SEMIANNUALLY, AND SUCH DEBT TO MATURE, BE SUBJECT TO REDEMPTION

X 10
differs
ballot
issues

\$35 million auth. debt
\$203 " " repayment

Service Plan - digital page 55

DAKOTA RIDGE METROPOLITAN DISTRICT
Senior Debt Service

D A DAY

	Total Revenue Available for Debt Service	Net Debt Service		Total	Funds on Hand as a Source	Senior Surplus Fund			Ratio Analysis	
		Series 2021	Series 2031			Annual Surplus	Cumulative Balance \$260,800 Max	Released Revenue	Senior Debt to Assessed Value	Debt Service Coverage
		Dated: 12/1/21 Par: \$2,808,000 Proj: \$1,675,411	Dated: 12/1/31 Par: \$3,285,000 Proj: \$892,000 Esc: \$2,555,000							
2017										
2018										
2019	0			0						
2020	0			0						
2021	0	0		0		0	0	0	n/a	n/a
2022	4,357	0		0		4,357	4,357	0	1629%	n/a
2023	50,032	0		0		50,032	54,389	0	252%	n/a
2024	110,263	0		0		110,263	164,652	0	119%	n/a
2025	123,343	130,400		130,400		(7,057)	157,595	0	107%	95%
2026	130,983	130,400		130,400		583	158,178	0	101%	100%
2027	130,983	130,400		130,400		583	158,761	0	101%	100%
2028	139,082	138,400		138,400		682	159,443	0	95%	100%
2029	139,082	139,000		139,000		82	159,525	0	95%	100%
2030	147,667	147,550		147,550		117	159,643	0	89%	100%
2031	147,667	146,650	0	146,650	\$156,000	(154,983)	4,660	0	89%	101%
2032	156,767	[ref'd by Ser. 2031]	131,400	131,400		25,367	30,027	0	190%	119%
2033	156,767		131,400	131,400		25,367	55,394	0	189%	119%
2034	166,413		141,400	141,400		25,013	80,407	0	177%	118%
2035	166,413		141,000	141,000		25,413	105,820	0	176%	118%
2036	176,638		150,600	150,600		26,038	131,858	0	164%	117%
2037	176,638		149,800	149,800		26,838	158,696	0	162%	118%
2038	187,476		159,000	159,000		28,476	187,172	0	151%	118%
2039	187,476		157,800	157,800		29,676	216,849	0	148%	119%
2040	198,965		166,600	166,600		32,365	249,213	0	137%	119%
2041	198,965		165,000	165,000		33,965	260,800	22,378	133%	121%
2042	211,143		178,400	178,400		32,743	260,800	32,743	123%	118%
2043	211,143		176,200	176,200		34,943	260,800	34,943	118%	120%
2044	224,051		189,000	189,000		35,051	260,800	35,051	108%	119%
2045	224,051		191,200	191,200		32,851	260,800	32,851	103%	117%
2046	237,734		198,200	198,200		39,534	260,800	39,534	92%	120%
2047	237,734		199,800	199,800		37,934	260,800	37,934	87%	119%
2048	252,238		211,200	211,200		41,038	260,800	41,038	77%	119%
2049	252,238		212,000	212,000		40,238	260,800	40,238	71%	119%
2050	267,613		227,600	227,600		40,013	260,800	40,013	61%	118%
2051	267,613		227,400	227,400		40,213	260,800	40,213	54%	118%
2052	283,909		237,000	237,000		46,909	260,800	46,909	39%	120%
2053	283,909		241,000	241,000		42,909	260,800	42,909	37%	118%
2054	301,184		254,600	254,600		46,584	260,800	46,584	32%	118%
2055	301,184		252,400	252,400		48,784	260,800	48,784	29%	119%
2056	319,495		270,000	270,000		49,495	260,800	49,495	24%	118%
2057	319,495		271,600	271,600		47,895	260,800	47,895	21%	118%
2058	338,905		287,800	287,800		51,105	260,800	51,105	16%	118%
2059	338,596		288,000	288,000		50,596	260,800	50,596	13%	118%
2060	359,152		302,800	302,800		56,352	260,800	56,352	8%	119%
2061	359,152		301,600	301,600		57,552	0	318,352	4%	119%
Total	8,486,519	962,800	6,211,800	7,174,600		1,155,919		1,155,919		

Overlapping Mill Levies. Numerous entities located wholly or partially within the District are authorized to levy taxes on property located within the District. According to the County Assessor’s office, there are currently seven taxing entities overlapping all or a portion of the District. According to the County Assessor, there is currently only one total mill levy being assessed against all property owners within the District, as set forth in the following table. Additional taxing entities may overlap the District in the future. See also “DEBT STRUCTURE—General Obligation Debt—*Estimated Overlapping General Obligation Debt.*”

**TABLE IV
Total 2021 Mill Levy for District**

Taxing Unit	2021 Mill Levy
Foothills Park and Recreation District – Sub A	9.498
Jefferson County	26.241
Jefferson County Law Enforcement Authority ¹	2.460
Jefferson County School District R 1	45.808
Lakehurst Water and Sanitation District	0.000
Regional Transportation District	0.000
Urban Drainage and Flood Control District	0.900
Urban Drainage and Flood Control District – South Platte	0.100
West Metro Fire Protection District (Operations)	12.530
West Metro Fire Protection Sub District (Bond)	0.666
Overlapping Mill Levy	98.203
The District	77.000
Total Mill Levy	175.203

Source: County Assessor’s Office

¹ The Jefferson County Law Enforcement Authority is an agency of the County. The County Board serves as the Board of Directors of such entity.

Fees

On March 7, 2022, the District adopted a Resolution of the Board of the District Regarding the Imposition of District Fees (the “Fees Resolution”) to impose an operations and maintenance fee in the amount of \$330 per calendar quarter on each residential lot within the District commencing on the date in which a lot is sold to an initial homebuyer with a completed residence thereon (the “O&M Fee”) and an administrative transfer fee in the amount of \$600 per lot (the “Transfer Fee” and, together with the O&M Fee, the “Fees”).

The O&M Fee is due and payable quarterly with any partial quarters prorated and will be invoiced quarterly; however, property owners have the right to pay for a calendar year in one installment on or before January 15th, in which case such annual amount will reflect a 5% discount. Failure to timely make payment of any O&M Fee is to result in a late payment fee of \$15 per late payment. If all past due amounts, including late payment fees, are not paid in full within 60 days from the past due date, the District may deliver a lien notice to the property owner reflecting the District’s intention of recording a lien statement with the County Clerk and Recorder in the event the delinquent balance is not paid in full within 30 days after such lien notice is served.

DAKOTA RIDGE METROPOLITAN DISTRICT
 Jefferson County, Colorado
 ~~~~~  
 GENERAL OBLIGATION BONDS, SERIES 2021  
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2031  
 ~~~~~

Bond Assumptions	Series 2021	Series 2031	Total
Closing Date	12/1/2021	12/1/2031	
First Call Date	12/1/2026	12/1/2036	
Final Maturity	12/1/2051	12/1/2061	
Sources of Funds			
Par Amount	2,608,000	3,285,000	5,893,000
Funds on Hand	0	395,229	395,229
Total	2,608,000	3,680,229	6,288,229
Uses of Funds			
Project Fund	\$1,675,411	\$892,000	\$2,567,411
Refunding Escrow	0	2,555,000	2,555,000
Debt Service Reserve	239,229	0	239,229
Capitalized Interest	391,200	0	391,200
Costs of Issuance	302,160	230,000	532,160
Rounding	0	3,229	3,229
Total	2,608,000	3,680,229	6,288,229
Bond Features			
Projected Coverage at Mill Levy Cap	100x	100x	
Tax Status	Tax-Exempt	Tax-Exempt	
Rating	Non-Rated	Inv. Grade	
Average Coupon	5.000%	4.000%	
Annual Trustee Fee	\$4,000	\$4,000	
Biennial Reassessment			
Residential	6.00%	6.00%	
Taxing Authority Assumptions			
Metropolitan District Revenue			
Residential Assessment Ratio			
<i>Service Plan Gallagherization Base</i>	7.15%		
<i>Current Assumption</i>	7.15%		
Debt Service Mills			
<i>Service Plan Mill Levy Cap</i>	50.000		
<i>Maximum Adjusted Cap</i>	50.000		
<i>Target Mill Levy</i>	50.000		
Specific Ownership Taxes	6.00%		
County Treasurer Fee	1.50%		
Operations			
Operations Mill Levy	27.000		
Total Mill Levy	77.000		

Budget for 2022

**DAKOTA RIDGE METRO DISTRICT
PROPERTY TAX SUMMARY INFORMATION
For the Years Ended and Ending December 31,**

12/6/2021

	ESTIMATED 2021	ADOPTED 2022
ASSESSED VALUATION - JEFFERSON		
Vacant Land	\$ -	\$ 27,798
Certified Assessed Value	\$ -	\$ 27,798
MILL LEVY		
GENERAL FUND	-	77.000
Total Mill Levy	-	77.000
PROPERTY TAXES		
GENERAL FUND	\$ -	\$ 2,140
Budgeted Property Taxes	\$ -	\$ 2,140
BUDGETED PROPERTY TAXES		
GENERAL FUND	\$ -	\$ 2,140
	\$ -	\$ 2,140

No assurance provided. See summary of significant assumptions.

Overlapping Mill Levies. Numerous entities located wholly or partially within the District are authorized to levy taxes on property located within the District. According to the County Assessor’s office, there are currently seven taxing entities overlapping all or a portion of the District. According to the County Assessor, there is currently only one total mill levy being assessed against all property owners within the District, as set forth in the following table. Additional taxing entities may overlap the District in the future. See also “DEBT STRUCTURE—General Obligation Debt—*Estimated Overlapping General Obligation Debt.*”

**TABLE IV
Total 2021 Mill Levy for District**

Taxing Unit	2021 Mill Levy
Foothills Park and Recreation District – Sub A	9.498
Jefferson County	26.241
Jefferson County Law Enforcement Authority ¹	2.460
Jefferson County School District R 1	45.808
Lakehurst Water and Sanitation District	0.000
Regional Transportation District	0.000
Urban Drainage and Flood Control District	0.900
Urban Drainage and Flood Control District – South Platte	0.100
West Metro Fire Protection District (Operations)	12.530
West Metro Fire Protection Sub District (Bond)	<u>0.666</u>
Overlapping Mill Levy	98.203
The District	<u>77.000</u>
Total Mill Levy	<u>175.203</u>

Source: County Assessor’s Office

¹ The Jefferson County Law Enforcement Authority is an agency of the County. The County Board serves as the Board of Directors of such entity.

Fees

On March 7, 2022, the District adopted a Resolution of the Board of the District Regarding the Imposition of District Fees (the “Fees Resolution”) to impose an operations and maintenance fee in the amount of \$330 per calendar quarter on each residential lot within the District commencing on the date in which a lot is sold to an initial homebuyer with a completed residence thereon (the “O&M Fee”) and an administrative transfer fee in the amount of \$600 per lot (the “Transfer Fee” and, together with the O&M Fee, the “Fees”).

The O&M Fee is due and payable quarterly with any partial quarters prorated and will be invoiced quarterly; however, property owners have the right to pay for a calendar year in one installment on or before January 15th, in which case such annual amount will reflect a 5% discount. Failure to timely make payment of any O&M Fee is to result in a late payment fee of \$15 per late payment. If all past due amounts, including late payment fees, are not paid in full within 60 days from the past due date, the District may deliver a lien notice to the property owner reflecting the District’s intention of recording a lien statement with the County Clerk and Recorder in the event the delinquent balance is not paid in full within 30 days after such lien notice is served.

My name is Aaron Curtiss. I live at 23733 East Eads Drive in Aurora, part of the Inspiration community that occupies the tiny sliver of Aurora in Douglas County. Thank you for the opportunity to address you this morning and offer my comments on HB22-1363.

For the past five years, I have served as a volunteer on our metro district board. My comments today are my own, as our resident-controlled Board does not as a matter of course take positions on pending legislation. We stick to our knitting, which is to provide consistent, cost-effective service to the thousands of people who call Inspiration home. But my experience as a Board member and 11-year resident of a community that is often forgotten by both our County and our City compels me to share my thoughts and urge you to vote NO on this bill.

The Inspiration Metro District is a consolidated district in that we also fulfill many of the functions of an HOA. In addition to maintaining hundreds of acres of high-prairie open space, our district at buildout will own and operate a community pool, five parks, miles of trails and a network of significant drainage structures feeding Piney Creek. We enforce covenants. And we program our parks and facilities with neighborhood gatherings, swim lessons, tennis lessons and yoga sessions – as authorized by our Service Plan and supporting statutory powers. In addition to our resident Board, five resident committees provide guidance and feedback on everything from our annual budget to our community and maintenance building designed to reduce reliance on contract vendors.

In the past year, we have refinanced our bonds to cut our cost of borrowing by nearly half and reached a hard-negotiated agreement with our developer that froze debt at 2017 levels and barred any future debt from that point on from being placed on our books. We have not raised assessments in three years and we will begin a staged and significant reduction of our mill levies beginning with the 2023 tax year.

This shows how effective and efficient a metro district can be. There's a reason they were created – and we should not lose sight of their utility and vital role in assuming the service and maintenance functions cities and counties cannot. There are thousands of Board members across the state who, like me and like you, are passionate about their communities and dedicated to serving them – often at considerable personal sacrifice and no remuneration. But “People Do Their Jobs” is not a headline that sells newspapers. While I recognize that there are instances of abuse, this bill treats all of us as bad actors and its passage would punish communities like ours.

For example, stripping enforcement of covenants and other responsibilities from consolidated districts like ours would require the creation of yet another layer of governance in the form of an HOA – increasing cost and confusion. And these new governance structures do not have the same rigorous disclosure, conflict and transparency requirements that we do as a quasi-governmental agency. The metro district structure works, but like any structure it can be abused. Our shared goal should be to root out that abuse through additional enforcement and thoughtful adjustments to the existing statutory framework.

I don't believe HB22-1363 does that. Rather, it treats all of us as bad actors and imposes a so-called solution that I fear would only create a cascade of unintended consequences. Respectfully, please vote NO.

Thank you.

PLEASE VOTE NO ON HB22-1363

Dear Mr. Chair and Members of the Committee:

Thank you for providing an opportunity to submit written testimony regarding HB 22-1363. I am an attorney that specializes in the representation of special districts and I have seen firsthand the essential role special districts play in building and maintaining exceptional communities in Colorado. Special districts have a direct benefit on housing affordability by spreading the costs of public infrastructure over many years as opposed to lumping them into the upfront home purchase price. You will hear from others how essential special districts are to the infrastructure needs of our growing state so I will instead focus my testimony on my personal experience living in a metropolitan district.

Metropolitan Districts Provide Exceptional Community Amenities

My family and I recently moved into a community that is within a metropolitan district. The amenities within our community are exceptional and were one of the primary reasons we bought our house.

Resident Controlled Boards of Directors

Our metropolitan district board is 100% resident controlled and those board members have a vested interest in serving our community. We have a board election coming up next month and there are ten candidates running for four open seats. I continue to see news reports that residents do not know about elections and are deliberately kept out of the governance process. Nothing could be further from the truth in my community where we have two and half times as many candidates as open seats. This personal experience is consistent with what I see every day in my professional capacity where residents are joining boards of directors through a very public and transparent election process.

Responsible Repayment of Debt

My community is on the verge of paying off the remainder of its debt obligations. I have paid my share of this debt only while living in the community instead of paying an inflated home price due to the upfront inclusion of those infrastructure costs. Despite this experience, I continue to see outlandish and pseudo-factual news reports about runaway debt. This is entirely inconsistent with what has occurred in my community and what I see every day in my professional capacity.

HB22-1363 Will Harm Our Communities

HB22-1363 was drafted without adequate stakeholder input and the result is a confusing and unnecessary piece of legislation that will do great harm to our communities. Among the many senseless and damaging provisions of HB22-1363 is how it strips away local control in favor of a top-down, state mandated edict that does not allow local governments to make the best policies for their particular communities. The harm done by HB22-1363 will have real world impacts on the citizens of this state and families just like mine. Effectively eliminating the use of special districts will result in less affordable housing and further exacerbate a pernicious problem that this committee should instead be focused on solving.

Thank you for your consideration of this very important issue – please vote NO on 1363.

- Blair Dickhoner



House Committee on Transportation & Local Government

Rep. Tony Exum

Rep. Megan Froelich

Rep. Andrew Boesenecker

Rep. Marc Catlin

Rep. Matt Gray

Rep. Edie Hooton

Rep. Mandy Lindsay

Rep. Andres Pico

Rep. Janice Rich

Rep. Tom Sullivan

Rep. Donald Valdez

Rep. Tonya Van Beber

Rep. Kevin Van Winkle

RE: HB22-1363

Dear Chairman Exum and Committee Members,

My name is Lisa Hough, and I'm the President/CEO of the Adams County Regional Economic Partnership, or AC-REP. We are the business voice in the Greater Adams County region but we also include community partners in our region. We have a Business Advocacy and Public Policy (BAPP) committee that reviews legislation and takes a position on bills. Today unfortunately I am traveling, but I wanted to register our opposition to HB22-1363 based on a majority vote of our BAPP committee.

We're the economic champion for the Greater Adams County, Colorado region. Our mission of attracting and expanding high-caliber companies, jobs, and real estate development fuels prosperity in our diverse local communities. With abundant available land, there's never been more opportunity in the region.

HB 1363 would make it harder for AC-REP to accomplish its mission, by making it harder to construct infrastructure to support new developments, which in turn impairs the ability to do economic development. As economic development professionals, we are regularly talking with site selectors, major firms and new companies that are looking to locate in our region. In fact, I'm at a food and beverage conference right now meeting with companies and firms that are considering Colorado as their next location to expand or grow. One of the key factors they cite in talking about new locations is infrastructure and speed to market, or speed to build. If our region doesn't have tools such as Metro Districts to proactively finance and build the infrastructure, we will miss opportunities for greater capital investment into facilities that create more employment, more housing, and more amenities – all items that are important to growing a thriving and vibrant economy for Colorado.

In our view, Metro Districts are the least expensive and most efficient way to finance infrastructure. It's an exception this year that we have more federal recovery dollars and state budget, but with all due respect, waiting for our various government agencies to proactively finance and build the infrastructure would slow down the progress. Time is the enemy of progress in recruiting new businesses, retaining existing employers, and helping our residents find new and attainable housing options.

On behalf of AC-REP and our over 100 investors, I would urge you to reject this attempt to stunt a thriving economy and limit options for the people of Colorado.

Sincerely,

Lisa Hough, President/CEO, Adams County Regional Economic Partnership

4-19-22

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to share my thoughts today. My name is Ryan Schaefer. I currently reside in a metro district. I also serve on a metro district board, am an apartment developer, and a commercial real estate broker.

As a District Resident, Director, and an advocate for attainable housing, I have many concerns about the contents of HB-1363. In the interest of time, I am not offering a comprehensive list but, rather a much-abbreviated version.

In short, limiting the flexibility to react to market conditions and limiting the revenue of districts as is contemplated in multiple ways throughout this bill, will result in upfront costs being passed on to the homeowners and end users of the property. Such limitations on district revenue are akin to a dramatic increase in the upfront cost of housing and commercial property.

Regarding the requirements for Service Plans which appear in Section 5, a few of my concerns are as follows:

- (I) Capping inflation in the financing plan at the lesser of CPI or 3% is artificial and does not take into account actual cost data and the inflationary environment of the day. This could substantially understate the bond capacity.
- (II) Requiring service plans to have preliminary construction drawings and narratives is not feasible for large, phased developments. The service plan needs to remain flexible enough to change with market conditions, future land uses, and the resulting infrastructure necessary to serve future land uses. For example, I have seen communities have to adapt to lower per capita demand for bricks and mortar retail, along with rapidly escalating housing costs, by allowing for a greater supply of attainable and affordable housing. The infrastructure needs for housing are very different from that of retail and it is impossible to accurately predict how these projects will need to change overtime to adapt to changing market conditions. The community should maintain the flexibility to change land uses, which in turn may necessitate changes in infrastructure.

Regarding Section 6, paragraph (b) the 30-year cap on bonds is contrary to present market conditions with bonds having a 30-yr maturity and a 40-year imposition term. Metro districts need to be able to offer bonds on different subdistricts over time, as improvements are phased. If such provisions limit the revenue of the district by lowering the bond proceeds, it only drives up the cost of housing and commercial property within the district.

Section 10 – Regarding developer held debt... Many times, the market conditions dictate that developer debt is necessary to bridge a gap in public financing. Absent this tool, upfront costs to resident and end-users will go up.

Section 12 (II) Why eliminate a district's ability to serve in a design review and covenant enforcement capacity? Residents can be elected to the board to serve in an oversight role. I live in a district and like being able to have my de facto HOA dues included in my property taxes and ultimately mortgage payment, as opposed to having to pay a separate HOA fee.

In summary, as presently crafted, this bill will increase the upfront cost to homeowners and commercial property owners in the districts. I encourage you to reconsider the provisions which eliminate the ability to react to changing market conditions and lessen repayment periods and mechanisms. Moreover, I implore you to work with key industry partners early and often, in order to find common ground on ways to limit abuse and reduce costs.

Thank you again and best regards,

Ryan Schaefer