

Summary Notes- Draft

Special District Working Group April 29, 2021, 1:30 p.m.

Location: City Administration Building, Room 102, 30 South Nevada Ave., Colorado Springs, Colorado

Meeting started formally at about 1:35 p.m.

Attendees (In person or on Teams): All Working Group members except for Sara Vaas.

Also: Peter Wysocki , Carl Schueler, Marla Novak (HBA), Jacqueline Rowland (City Auditor's Office), Lisa Bigelow (Maverick Observer), Bob Code (City Economic Development Officer) Lauren Gallup from Tuscan Village Metropolitan District, George Smith - BLR 5 Metropolitan District, Steve Langer. BLR 5 Metropolitan District

Note: Organization of these summary notes may not always follow the exacted chronological progression of the meeting

It was noted that this meeting would be recorded on Teams in order to capture the detailed comments on the draft Policy, and because of limited staff available to take notes,

1) Summary Notes from April 1, 2022 Meeting- Carl Schueler

Mr. Hoiles provided separate follow-up comments on these draft minutes and on the materials and recommendations to be discussed today. He and Ms. Bigelow reiterated the basis of their concerns with the prior direction on mill levy caps (50 and 20) and specifically observed that some County districts were "full service" in comparison with City districts.

Status Summary of Working Group Topics- Resident Board

An updated version of the topics list was provided, noting that the status update is color-coded. Carl noted that most discussion items are now annotated as being complete; however, substantial work remains on document drafting.

Resident Board Status

Carl referred to the attached spreadsheet summarizing likely resident board status' as of the outcome of May 2022 board elections. He noted there will be over two dozen metropolitan district board with one or more unaffiliated resident board members, and there are another three dozen or so districts that are not developed to the point where there could yet be resident board members. There will be only a smaller number of remaining districts with eligible residents, but still with full developer boards. Finally,

he noted that the board structures of non-residential districts are a bit more nuanced, because they can evolve to include business owners who may not have been involved in the original district financial decisions.

2) MLS and Real Estate Disclosure-Background and Updates

A brief staff memo was provided in advance of the meeting

Clarissa Thomas presented on this item using a screenshare of the MLS form available to realtors but not the public. It includes data fields for districts as well as HOA information, including names and fees. However, there is not a place to break out the district-specific mill levies (overall levies are shown). She noted this detail is available with the disclosure information provided at closing. It was again noted that not all real estate transactions involve MLS or realtors.

Carl noted that the draft Policy, to be discussed, does not recommend any new City real estate disclosure requirements, but instead focusses on the content of web sites. Ms. Thomas indicated she would look into the option of including district web addresses in MLS listings.

3) Discussion of District Authorities

A brief staff memo was provided in advance of the meeting.

Russ Dykstra verbally updated the Working Group on authorities created between or among districts, including what they were ordinarily used for. He noted that these were set up under Colorado Revised Statutes Title 29 which allow governments (i.e. separate metropolitan districts and/or BIDs in this case) to enter into intergovernmental agreements (IGAs) with respect to any powers or functions they jointly have. These IGAs can extend to creation of distinct authorities responsible for agreed upon functions. The boards of these authorities are ordinarily comprised of members of the boards or the participating districts. In addition to cooperating on functions and services, authorities have been created to have independent financial powers, including the legal capacity for issuance of debt. He cited an example of a 6-district authority his firm had worked on.

Councilman Williams shared his insight and experience with authorities created by municipalities and/or the County including rural transportation authorities such as the Pikes Peak Rural Transportation Authority.

In response to a question from Carl, Mr. Dykstra noted that, in his experience, separate authorities are rarely created as a downstream mechanism to address operating districts that are no longer needed. Instead, those districts are simply dissolved, with the remaining districts picking up the responsibilities, through new or updated IGAs.

Carl reminded the Working Group that the current draft Policy requires affirmative City Council approval of authorities, in view of their various potential manifestations, including the potential for issuing debt.

There was discussion among Mr. Knechtel, Mr. Smith, Ms. Bartow, Mr. Stimple and other about experiences and relationships pertaining to the IGAs that inter-relate multiple districts, specifically for Banning Lewis Ranch. Mr. Knechtel acknowledged the developer's interest in wanting to get paid back,

but expressed frustration with the limited powers the taxpaying districts have under the IGAs. The advisory committee that has been set up for BLR was mentioned. There was a recommendation by Mr. Knechtel to transition operating district boards to have some resident board members earlier in the process. Mr. Stimple acknowledged the “tension” inherent in these structures, and with varying interests.

There was discussion among Mr. Knechtel and othe about the relationship of operating in financing districts via their IGA's. Mr Knechtel suggested that he would like to see more contracts being competitively bid. Mr. Dykstra clarified that in all cases construction projects of greater than \$60,000 in value need to be bid out, but this is not the case with servicing or operational contracts.

4) Draft Special District Policy

A brief staff memo was provided in advance of the meeting.

Carl noted that from this point forward, significant changes to this document would be depicted in tracked changes mode. Working Group members were asked to comment by section. Mr. Hoiles had provided advance comments including several reiterating concerns with recommendations carried forward from the majority of the Working Group.

The following is a summary of the key points and conversations

General- Councilman Williams recommended consistency with the El Paso County policy where possible.

Section A

- Limited comments.
- Councilman Williams thought this looked good.

Sections B-E

- Also limited comments.

Section F

- Discussion of, but no voiced objection to differentiation of operational mill levy caps for commercial vs residential districts.
- Mr. Hoiles and Ms. Bigelow repeated concerns with the County operational cap at 10 versus the recommendation of 20 for the City (see their handout). It was clarified that the County is 10 plus 5 if the district does covenant enforcement., and their numbers are Gallagher adjusted. Additionally, the debt service mill levies for some County districts have been adjusted to as high as about 55.6 mills. Therefore, the overall highest mill levies would be relatively comparable
- Councilman Williams weighed in on this topic from the perspective of jurisdictional equity.
- Mr. Walker noted that operation mill levy caps are fundamentally different since they are not committed for multiple years in the same way debt levies often are.
- Recommendations were made to improve the F.3 (6) language on facility fees etc.

Section G

- Carl emphasized that the assumptions in G.1,2, b regarding financial plans would be contingent on sometimes uncertain future conditions and therefore should be a “good faith” projection.
- Councilman Williams emphasized the ultimate role of the market in future financing by districts.
- Regarding interest rates in G.4 there was some discussion of waiting for the dispensation of the current house bill in that we might have to come back to this.

Section H

- Better wording of section H.2.7 addressing eligible expenses for water and water charges, was suggested, including differentiation for district owned versus other properties and activities.

Time available Ran out when the Working Group got to Section I.

5) Next Meeting and Future Agenda Topics

Carl noted at the next meeting, he expects to complete the review of the Policy and begin discussion of the model plans.

possibly an introduction of the model plans. The next meeting is set for May 6, 2022, with the following meeting set for June 3, 2022. Carl also announced an expectation that there will be a Council Work Session on the Policy update on June 13, 2022

The meeting concluded at approximately 3:00 p.m.