

# Summary Notes

## Special District Working Group May 6, 2022, 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 , Mike Tassi, Carl Schueler, Elena Lobato, Marla Novak (HBA), Jacqueline Rowland (City Auditor's Office), Lisa Bigelow (Maverick Observer), Bob Cope (City Economic Development Officer)- for part of meeting, Lauren Gallup from Tuscan Village Metropolitan District, George Smith - BLR 5 Metropolitan District, Steve Langer- BLR 5 Metropolitan District, Jariah Walker- Colorado Springs Urban Renewal Authority, Rebecca Greenberg, City Attorney's Office , and one other individual.

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

### **1) Summary Notes from April 29, 2022 Meeting-** Carl Schueler

There were no comments on these draft minutes. An updated status summary was also provided. It was reported that special districts-related bill had been voted down in Colorado Senate committee late the night before this meeting. Therefore, it will be no relevant new special district legislation this year.

### **2) Draft Special District Policy**

A brief staff memo was provided in advance of the meeting along with fairly complete draft of the Policy. Carl reiterated that this version includes tracked changes from the version reviewed at the prior week's meeting, except that minor grammatical in formatting change are not being highlighted. He also stated that he had made a number of changes in response to recommendations recently provided by Lisa Bigelow on behalf of Tim Hoiles. He also noted that a more extensive set a redline comments had been provided by Mr. Dykstra and his office more recently, with these being forwarded to the group earlier today. Carl proposed that the Working Group first g through his red line version as provided with the agenda, and then go back through Mr. Dykstra's more comprehensive redline changes and comments.

Comments and Discussion on Agenda Redline

The first area of discussion was around the proposed revision to the language in the third paragraph of Section A regarding district board governance. Mr. Dykstra and others suggested that the words “or contract purchaser” should be deleted, because, to be qualified as electors, developers are technically required to have an ownership interest in a property and be responsible for whatever taxes may apply to the director's parcel, the ownership of which, typically qualify them as electors.

With respect to the maximum interest rates for developer advances, industry representatives made a recommendation for increasing this from 200 basis points to 400 basis points, consistent with the rare for related party privately placed debt, based on the argument that developer advances were typically considered to be in a higher risk category, given their lack of collateral, and uncertainty of being completely paid back. It was suggested that the term “basis points” be defined. It was also suggested that the language in Section H. 2 (7) continue to be worked on.

#### Comments Centered on the Dysksta Redline

The Working Group then moved on to talk through the outline recently provided by Mr. Dykstra.

Discussion can be summarized as follows:

- There was considerable discussion of F.1 concerning differential mill levy caps for commercial versus residential district operational mill levy caps (10 versus 20). Councilman Williams asked about examples where this cap has been exceeded in the past for commercial districts. Carl responded that he was aware of only one instance which is Colorado crossing district with a cap of 20 tied to their subsidized operation of a parking structure. Mr Dykstra noted that if there are any operational costs that could not be covered under a 10 mill cap, these would end up being converted to CAM charges or the equivalent. There were different opinions, but the consensus was to add language addressing what factors could support an increase above 10 mills.
- Russ had also suggested eliminating the more detailed language in F.1.3. Carl noted that this had been included to address unique situations including “legacy districts” that would otherwise limit the mill levy capacity of newly proposed districts. There was discussion around this point, but the general agreement was that this language could be eliminated, and the cases that did come up would be resolved on a case-by-case basis.
- In Section G.1 it was agreed that the Charter language needed to remain exactly as written. However, staff will propose other language elsewhere in the Policy to make it clear that the intent of this purpose extends to the costs associated with planning for, engineering and financing of these capital improvements.
- Under H.3, there was discussion around the use of district facilities for potentially non-eligible purposes without remuneration (e.g. home sales). However, it was noted that, as a public entity, a district might appropriately make its facilities available free of charge to outside groups (e.g. fund raisers or other community event). There was also a related discussion around the differential recreation center fees being charged among Banning Lewis Ranch districts. Staff will look at this language.

- With respect to disclosure and communication, Section J, Councilman Williams asked staff for a comparison of the requirements for website content included in this section as compared with what is required by statute.

### **3) BID Model Operating Plan and Budget**

There was no time to get to this item. However, Carl briefly describe his approach to this document and suggested any interested working group members review it prior to the next meeting

### **4) Next Meeting and Future Agenda Topics**

Carl will specifically follow up on Councilman Councilman Williams' request for a comparison of the website content included in the current Policy draft with what is now required under State statute.

Carl noted at the next meeting, he expects to complete the review of the Policy and begin discussion of the model plans (both of which should be available in fairly complete form prior to that meeting).

He also suggested the need for one additional meeting, and he would check for availability with a Doodle poll.

The next currently scheduled meeting is set for June 3, 2022, with the Council Work Session on the Policy update now anticipated to be on June 27, 2022

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