

From: White, Carolynne C. [<mailto:CWhite@BHFS.com>]
Sent: Thursday, September 08, 2016 7:41 AM
To: Bob Slentz
Subject: Follow Up to Council Questions re BID

Dear Bob –

Thank you to you and the Town staff for presenting the BID on first reading to the Town Board Tuesday night.
We are pleased that Council approved it 7-0.

One of the Councilmembers (I believe it was Council member Green) had some questions regarding the overlap of multiple government entities, and the potential for duplicate taxation, that we thought it might be useful to have addressed in the record. As the hour was getting late at last night's hearing, we thought it might be convenient to provide this to you and the Board via email so it could be circulated and made part of the record before second reading.

Multiple Government Entities

As was correctly noted, there are already several governmental entities with overlapping jurisdiction on this property. At present, the property is located within the boundaries of the Town, Douglas County, Douglas County Re-1 School District, the Cedar Hill Cemetery Association, the Douglas County Soil Conservation District, and the Douglas Public Library District. All of these entities also levy a mill levy on the property, for a total of 67.882 mills at present. Additionally, the property is within the boundary of the Town-created Castle Rock Urban Renewal Authority, which was created for the purpose of cleaning up the property and attracting private investment.

The Citadel Station-Castle Meadows Urban Renewal Plan expressly assumes the formation of another governmental entity, such as a metro district, to coordinate the financing and construction of the public improvements necessary to carry out the plan. The proposed BID simply substitutes for that metro district, rather than adding on an additional entity.

Unlike with a metro district, or any of these other entities, however, the Town will have ongoing oversight over the BID, as discussed in the hearing, in the form of the review and approval of an annual operating plan and appointment of board members.

Additional Taxation

It is proposed that the BID be authorized to levy a debt service mill levy of up to 50 mills, and an operations mill levy of up to 10 mills, for a total maximum of 60 mills – exactly as would have been requested for a Title 32 Metro District. This is in addition to the 67 mills noted above. However, the BID cannot levy these mills or borrow money until all of the other conditions precedent are met. Those include approval by the Town of a rezoning, and operating plan, and approval by the URA of a Public Finance Agreement.

Also, unlike the many Title 32 metro districts throughout the Town, the BID will include only commercial property. Thus every property owner who purchases land within the district in the

future, and every business tenant who signs a lease, will know that the BID exists and what the mill levy is. These property owners and tenants will have a choice about whether or not to purchase or lease and accept the property tax burden, in exchange for the benefits. Such disclosures are always required for metro districts, but many town councils take extra care in considering approval of residential metro districts because of the council members concern for residential home buyers who may be somewhat unsophisticated about what it means to live in a district. Unlike residential homeowners, the businesses that locate within this development will likely have greater ability to evaluate the burdens and benefits associated with the BID and make an educated choice about whether to locate here.

So the potential ability to levy additional taxes is constrained by the Town's authority, by the conditions precedent, and will fall only on those sophisticated property owners and lessees who choose to accept the burden of such taxes, in exchange for the benefits. In this way, the development really will be "paying its own way."

We'd be happy to provide further information on these issues, or to make a brief presentation at the second reading, if desired.

Thanks,
Carolynne

Carolynne C. White, Esq., LEED AP
Brownstein Hyatt Farber Schreck
410 17th St., Suite 2200
Denver, CO 80202
303-223-1197
cwhite@bhfs.com
cell: 303-903-6107

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