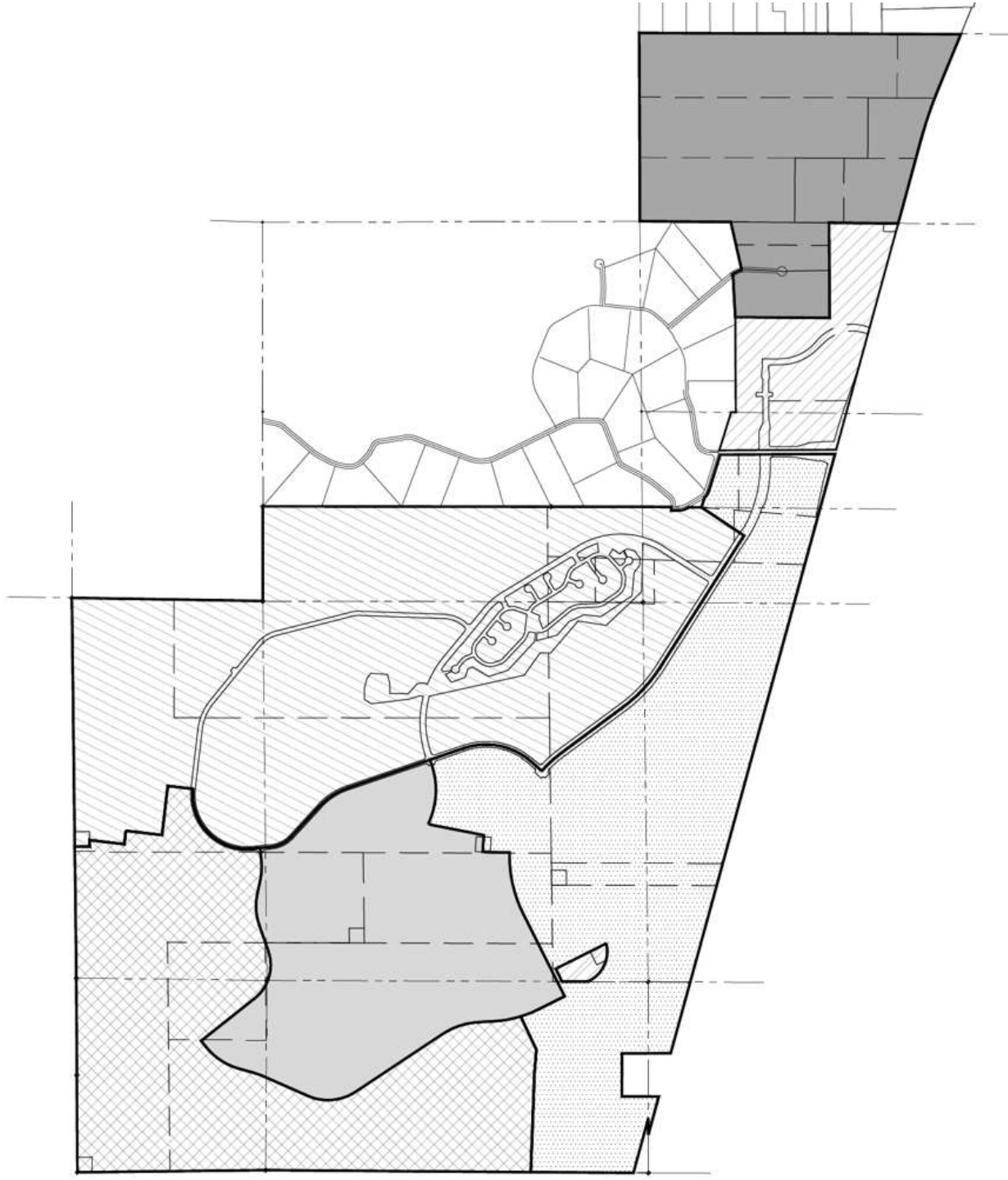
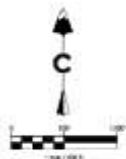









# **Dawson Ridge Metropolitan District Nos. 1-5 and Westfield Metropolitan District Nos. 1-2**

## **Amended and Restated Service Plan**





**LEGEND**

-  WESTFIELD METROPOLITAN DISTRICT #1
-  WESTFIELD METROPOLITAN DISTRICT #2
-  DAWSON RIDGE METROPOLITAN DISTRICT #1
-  DAWSON RIDGE METROPOLITAN DISTRICT #2
-  DAWSON RIDGE METROPOLITAN DISTRICT #3
-  DAWSON RIDGE METROPOLITAN DISTRICT #4
-  DAWSON RIDGE METROPOLITAN DISTRICT #5

# History of the Dawson Ridge Districts

- Original service plans for the Districts were approved by the Town Council in 1985
- In 1992, after issuing debt, Dawson Ridge Metropolitan District No. 1 advised the Town of its intent to confirm a Chapter 9 Bankruptcy Plan
- The Town objected, which eventually resulted in the execution of the October 8, 1992, Suspension Agreement between the Town and the Districts

# Suspension Agreement

- The Town agreed that District No. 1 could move forward with its Bankruptcy Plan
- In exchange, the Districts agreed to suspend their authority to undertake improvements and issue debt until such time as amendments to their service plans were submitted to the Town for review and approval
- Due to market conditions, the Dawson Ridge Districts have remained inactive since that time

# History of the Westfield Districts

- Original service plans for the Districts were approved by the Town Council in 1985
- No debt has ever been issued by the Districts; however, a 10-mill property tax levy has been imposed against the Districts to pay an outstanding judgment in favor of MSP Investment Co.
- Due to market conditions, the Westfield Districts have remained inactive since that time

# Dawson Trails

- At its August 16<sup>th</sup> meeting, following a public hearing, Town Council approved the application of Dawson Trails I, LLC, and Dawson Trails II, LLC, to rezone a substantial portion of the property within the Districts as the Dawson Trails Planned Development
- In order to accommodate the revised development plan for the property and ensure the most efficient and cost-effective financing of public improvements, it is necessary to amend and replace the Districts' original service plans

# Special District Control Act

- Prior to the organization of a special district, a service plan must be submitted to the proper authority for review and approval
- For those districts wholly contained within the boundaries of the Town, the approving authority is the Town Council
- A public hearing on the service plan must be conducted by the Town Council and a decision made based solely upon the service plan and evidence presented at the hearing
- Any decision of the Town Council approving the service plan must be memorialized in a resolution

# Special District Control Act

- Here, the Dawson Ridge and Westfield Districts are already in existence
- Material modifications of an existing service plan, however, must be approved in substantially the same manner as the original plan
- Material modifications are considered to be “changes of a basic or essential nature”
- Per the Suspension Agreement, the Districts and the Town have agreed that the amended and restated service plan will require a public hearing before the Town Council



# Amended and Restated Service Plan

- The Districts have agreed to substantially adhere to the Town's Model Service Plan approved by the Town Manager
- Important operational features of the model service plan include:
  - District cannot operate and maintain public improvements absent an IGA with the Town
  - District cannot use the power of dominant eminent domain against Town property
  - District cannot include property within its boundaries without Town consent
  - District must enter into an intergovernmental agreement with the Town relating to the limitations imposed on a District's activities by the plan

# Amended and Restated Service Plan

- Important financial features of the model service plan include:
  - Maximum debt service and overall property tax mill levies
  - A maximum debt service mill levy imposition term
  - A limit on the total amount of debt that the District may issue
  - A limit on the ability of the District to impose development fees against the end users of residential and commercial property

# Amended and Restated Service Plan

- Additional financial features of the model service plan include:
  - District cannot issue or refinance debt without first submitting the proposed financing for Town review and comment
  - District cannot apply for or accept Conservation Trust Funds or Great Outdoor Colorado Trust Funds
  - Ability of District to issue debt to reimburse developer advances is limited – (i) must be paid within 20 years or otherwise forgiven; (ii) interest rate cannot exceed the market by more than 650 basis points; (iii) interest cannot compound

# Amended and Restated Service Plan

- Transparency features of the model service plan include:
  - District must submit an annual report of its significant activities and financial events to the Town
  - District must procure and maintain a website and email listserv to update residents on District matters
  - District must provide advanced notice of its board meetings to the Town
  - District must use reasonable efforts to require sellers of newly-constructed residences to disclose the existence of district taxes and debt to their purchasers

# Changes to the Model Service Plan

- The Master Developer of the Dawson Trails Planned Development has agreed to contribute \$50,000,000 to the cost of building the Crystal Valley Interchange
- The Master Developer's contribution is expected to be financed through debt issued by the Districts
- In consideration of this substantial contribution to Town infrastructure, the Town has agreed to amend certain of the requirements of its model service plan

# Changes to the Model Service Plan

- Significant changes from the model service plan include an amendment to the Districts' total debt limit:
  - The model service plan prohibits a district from issuing debt in excess of 95% of the estimated public improvement cost, plus costs of issuance
  - The estimated cost of public improvements to be constructed by the Districts is \$765,248,081
  - The Districts total debt limit is \$1,062,390,000, or approximately 138% of the estimated cost of public improvements (or 120% of the par amount of bonds in the Districts' financial plan)

# Changes to the Model Service Plan

- Significant changes from the model service plan include an amendment to the Districts' maximum debt service and overall mill levy:
  - The model service plan prohibits a district from imposing a debt service mill levy in excess of 50 mills and an aggregate mill levy (including a mill levy for operations) in excess of 60 mills
  - The Districts may impose a debt service mill levy of up to 64.044 mills, and an aggregate mill levy of up to 74.044 mills
  - Note: per the model service plan, all mill levies are subject to future adjustments in assessed valuation in order to prevent the diminution of actual tax revenues

# Changes to the Model Service Plan

- Significant changes from the model service plan include an amendment to the Districts' maximum debt service mill levy imposition term:
  - The model service plan prohibits a district from imposing a debt service mill levy on any single residential property in excess of 35 years
  - A district may exceed that limit only if (i) a majority of its board are end users of the property and have voted to approve the extension and (ii) the extension is authorized for the purpose of issuing refunding bonds that will result in a net present value savings
  - The Districts are allowed to impose a debt service mill levy for up to 50 years



# Changes to the Model Service Plan

- Other changes from the model service plan include:
  - Removing a requirement for the Districts to remit all specific ownership taxes they receive to the Town
  - Allowing the Districts to organize special improvement districts within their boundaries to finance public improvements and to levy special assessments on those properties specially benefitted by such improvements

# New Benefit to the Town

- The model service plan requires a District to impose a Regional Mill Levy:
  - The amount of the Regional Mill Levy is five mills and is subject to future adjustments in assessed valuation
  - The Regional Mill Levy shall be imposed in every year that a District imposes a debt service mill levy
  - The revenues from the Regional Mill Levy shall be remitted to the Town annually for the purpose of defraying costs incurred by the Town in providing services and improvements
  - Note: The Regional Mill Levy is excluded from the limitation on the Districts' overall property tax mill levy

# Findings and Recommendation

- Under the Special District Control Act and the Town Code, evidence satisfactory to the Town must be presented that:
  - There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
  - The existing service in the area to be served by the Districts is inadequate for present and projected needs;
  - The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries;
  - The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
  - Adequate service is not, and will not be, available to the area through the Town, Douglas County, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
  - The facility and service standards of the Districts are compatible with the facility and service standards of the Town;
  - The Service Plan is in substantial compliance with the Town's Comprehensive Master Plan;
  - The Service Plan is in compliance with any duly adopted Town, regional or state long-range water quality management plan for the area; and
  - The creation of the Districts is in the best interests of the area proposed to be served

# Findings and Recommendation

- Town Council has the following authority under the Special District Control Act and the Town Code:
  - To approve the service plan without condition or modification
  - To disapprove the service plan
  - To conditionally approve the service plan subject to the submission of additional information or the modification of the proposed service plan

# Findings and Recommendation

- Town Staff submits that the Amended and Restated Service Plan for the Districts satisfies each of the evidentiary requirements set forth in the Special District Control Act and the Town Code
- Westfield Metropolitan District No. 2 has received requests from two property owners for the exclusion of their respective properties from the boundaries of that District
- Town staff recommends that the Amended and Restated Service Plan be approved subject to the condition that Westfield Metropolitan District No. 2 shall not issue debt or impose a debt service mill levy unless and until the properties owned by (i) SDM Family Corporation and (ii) Thomas J. Rathman, Mary E. Blackstad, Jeffrey P. Rathman, William W. Fischer (Fischer Investment Properties, LLC), and Diane M. Fischer are excluded from said District.

# Proposed Motions

- I move to approve Resolution No. 2022-\_\_\_\_ as introduced by title
- I move to approve Resolution No. 2022-\_\_\_\_ as introduced by title, with the following conditions: \_\_\_\_\_
- I move to continue this item to the Town Council meeting on \_\_\_\_\_