Summary Notes- Draft

Special District Working Group

December 3, 2021, 2:30 p.m.

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

Meeting started a little after 2: 30 p.m.

Attendees (In person or on Teams): All Working Group members, plus Wysocki, Tassi, Schueler, Marla Novak (HBA), Page Saulsbury, Elena Lobato, Hannah Van Nimwegen-McGuire, Joni Lemmon, Anne Howard and Dave Talbot from Tuscan Foothills Village, Jessica Williams, intern

Ms. Greenberg from the City Attorney's Office and Ms. McDaniel (CFO) were not able to attend.

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

1. **Introductions**

Members and guests introduced themselves, in person or on-line. It was noted that Councilman William’s audio did not work. He provided comments through Mr. Wysocki.

1. **Summary Notes from November 2, 2021 Meeting-** Carl Schueler

There were no comments or changes.

1. **Website Updates**

Carl reported that some Working Group materials will be available on that site, with more to follow.

1. **Summary of Attachments and Updated Binder Contents- Carl**

Carl summarized the materials that had been e-mailed and also provided as hard copy binder content, noting the agenda, Policy Purpose and Outline and Key Topics were expected to be the main points of discussion at today’s meeting.

1. **What is Special District Debt Presentation-**

Carl presented a high-level PowerPoint that addressed the definition of and context for formal debt related to special districts and which summarized the related Special District Policy language. This topic and related follow-up discussion occupied a substantial proportion of the meeting. The current requirement for and process of City Council approval of formal debt issuance- concurrent with actual issuance-- was described and discussed, in the context of the City Charter, the Policy and the model plans.

 There were a variety of questions asked, and several details and clarifications were provided. Mr. Dykstra and Ms. Bartow provided information and clarifications and Mr. Stimple provided an explanation of how the developer advance and subsequent formal debt issuance progressions occur with his developments and associated districts. He noted that formal debt is ordinarily issued with a 30-year term -with the 40-year maximum debt service mill levy imposition term (for residential metropolitan districts) allowing for a buffer of up to 10 years.

There was further discussion around the developer advance topic, including interest rates, noting that this aspect of district financing is not addressed in the current Policy or model service plans. Mr. Simple noted that there are separate checks and balances associated with that process, including the certification of costs for eligibility, and requirements to justify the reasonableness of interest rates.

Mr. Stimple, Ms. Bartow and Mr. Dykstra stated that is was typical for residential district to be able to recover only on the order if 50-60% of their eligible costs with the available district mill levy. For commercial projects, this ratio is typically in the range of 80%.

Mr. Hoiles noted that the Lowell Metropolitan District was having problems meeting its debt obligations. Carl clarified that this is a rare pre-2006 metropolitan district service plan such that some more recent limitations are not necessarily included in that plan. Mr. Hoiles asked questions around the overlapping of district mill levies. Carl noted there have been some instances of overlapping district mill levies sometimes associated with “legacy” or special purpose districts (as well as overlay districts), and that this topic should be addressed in the Policy update.

There was discussion around eligible electors for metropolitan districts, including the initial qualification of electors (and tax and debt related “deTaboring”) that ordinarily occurs at the front end of development-specific district structures. The process and timing associated with subsequent board of directors elections was described, noting that while term limits are typically waived, there needs to be an opportunity for board of directors elections to occur (normally every 2 years) but only in those cases where there are more candidates than open positions.

There were questions and explanations regarding (add on) public improvement fees (PIFs) which may be associated with district debt issuances, but for which the City and presumably the State otherwise have no direct role in or authority for.

At the conclusion of this discussion Councilman Williams suggested that the Policy and model plans might to amended to allow for the pre-authorization if debt issuance at the time of service plan approval.

Staff will provide an analysis and follow-up

1. **Initial Purpose Statement and Revised Policy Outline**

Carl briefly introduced a draft purpose statement and outline for how the revised Policy could be organized. There was concurrence that members would review this and be ready to fully discuss at the next meeting. There were no objections to the proposed organizational format.

1. **Key Policy Topics**

Carl referred the Working Group to a one-page outline of potential Policy topics. However, due to time constraints, further discussion will occur at the next meeting.

1. **Future Meeting Schedule and Next Steps-** Carl Schueler

Those present agreed that a regular monthly meeting time should be set.

Next meeting topics**:**

* Follow-up on purpose statement
	+ Further work on initial Policy outline and content
* Review of options for Council pre-authorization of debt issuances
* Follow-up on other Policy topics

The meeting concluded a little after 4:00 p.m.