

MEMORANDUM

To: City Council, City of Brighton, Colorado

From: Butler Snow LLP

Date: August 1, 2017

Re: Model Service Plan for Metropolitan Districts

The City Council is considering the approval of a Model Service Plan in connection with the formation of Metropolitan Districts in the City of Brighton. In connection with the preparation of the Model Service Plan, the City has received comments from attorneys representing the proponents of Metropolitan Districts. Set forth below is a summary of certain issues that have been discussed with the City staff and the developer attorneys in connection with the preparation of the Model Service Plan and that will be presented to the City Council for its consideration at the Study Session on August 8, 2017.

1. The Model Service Plan has been revised to provide for an Inclusion Area that will be attached to the Plan. The boundaries of the Special District may be expanded within these boundaries without the prior approval of the City Council. The City staff and the Developer attorneys agree that this will provide the flexibility requested by the developers.
2. The Plan currently has a maximum Debt Service Mill Levy of 50 mills and a maximum combined Debt Service Mill Levy and Operations and Maintenance Mill Levy of 60 mills. The Developer attorneys have requested the following:
 - (a) an increase in the 50 mills for debt service to offset the adjustment in 2017 of the residential assessment ratio from 7.96% to 7.20%, and
 - (b) allowing the Board of the District to increase or eliminate these mill levy limits when the Board is comprised of homeowners (rather than Developer controlled).
3. If the debt service mill levy is not increased above 50 mills, the Developer attorneys have requested that the base year for the Gallagher adjustment be 2016, rather than the year that the Service Plan is approved. This would mean that the Gallagher adjustment would be based on a residential assessment ratio of 7.96% rather than the current residential assessment rate of 7.20%. The effect of this provision would be to immediately increase the authorized debt service mill levy from 50 mills to approximately 55 mills.
4. The current Plan provides that the Debt Service Mill levy cannot be imposed for more than 40 years and any Debt that remains outstanding after 40 years will be discharged. The Developer attorneys have requested that we remove the discharge provision, which would allow this Debt to remain outstanding after the 40 year period if sufficient revenues had not been generated to pay the Debt.