

**RESPONSES TO
QUESTIONS REGARDING METROPOLITAN DISTRICTS
PROPOSED SERVICE PLAN AMENDMENT(S)
April 27, 2016**

Response Dated May 5, 2016

The following information is provided in response to the MCGC Neighbors’ Questions Regarding Metropolitan Districts Proposed Service Plan Amendment(s), dated April 27, 2016. The questions posed are noted below in *italics* as submitted with the responses provided below each question. As a reminder, the Boards will be giving a presentation on the proposed Amended and Restated Service Plan at the May 18th meeting and again at a subsequent special meeting on June 8th and are happy to answer any additional questions at that time.

1. *Where can we find a copy of the current Service Plan?*

District Nos. 1-3 are currently subject to the provisions of the Consolidated Service Plan for the Districts, dated September 2, 1998, as amended by the First Modification to the Original Consolidated Service Plan, dated September 16, 2003 (collectively, the “Original Service Plan”). On June 20, 2001, District No. 4 was dissolved and later re-organized on December 5, 2005. District No. 4 now operates pursuant to a Service Plan, dated August 22, 2005, which was also approved by the City Council (the “District No. 4 Service Plan”). Copies of these documents are available on the Districts’ website.

2. *Which specific section(s) of the Service Plan would be changed by the proposed amendment(s)?*

Due to the City’s current model service plan being so drastically different from the older service plans, it is impossible to provide a redline document showing the differences between the two plans for an easy comparison. However, the key differences in the plans are set forth below:

Original Service Plan	Amended and Restated Service Plan
Limits mill levy to 42.579 mills, Gallagherized (48.944 mills), for all purposes, debt and operations combined	Limits debt service mill levy to 50 mills and allows Districts to impose own mill levy for operations and maintenance as the needs require and change over time
No Aurora Regional Improvements (“ARI”) Requirement	Requires ARI mill levy for regional improvements. NOTE: the projected annual savings take this amount into account and are net of this funding requirement.
Requires City Council approval for any inclusions or exclusions, even within the community itself. Still required to follow statutory requirements which requires property owner petition. This adds time and cost which is otherwise unnecessary which is why this requirement was eliminated with	Does not require City Council approval of inclusions or exclusions provided they are within the community. Districts to follow statutory requirements which requires property owner petition.

the City's new model service plan.	
Requires City Council approval for any refunding of District bonds. This adds time and cost which is otherwise unnecessary which is why this requirement was eliminated with the City's new model service plan.	Does not require City Council approval of refunding of District bonds.

It is important to note that the key limitations and protections in place for District No. 3 in the Original Service Plan are preserved in the Amended and Restated Service Plan (which can be easily seen in the redline of the Amended and Restated Service Plan). These limitations include: 1) debt limitation (how much debt the District can issue); and 2) mill levy cap for the outstanding debt issued by the District (so that it cannot be argued that the District is required to increase its mill levy to repay the existing debt—instead, that mill levy remains the same).

3. *What is the exact wording of the proposed amendment(s)?*

Please refer to the Amended and Restated Service Plan, which is posted on the Districts' website. The City's policy requires that their model service plan be submitted in redline format showing the revisions made. Therefore, the Amended and Restated Service Plan on the website includes these revisions to make it easier for residents to also see the revisions made. Further, a copy of the cover letter submitted to the City is also posted on the website and provides the background and purpose of the request.

4. *Since the public hearing will be in front of City Council, when will the City be notified of the proposed amendment(s)?*

The Amended and Restated Service Plan was formally submitted to the City electronically on May 4, 2016, and by hand delivery on May 5, 2016, pursuant to the City's Submittal Instructions for the filing of Service Plans, including amendments. The City was advised of the submittal prior to the formal submittal and a meeting with staff conducted on May 5, 2016, pursuant to the policy.

5. *Will City representatives be present at the two meetings where this issue will be discussed?*

Council members would not be able to attend given that the approval process is quasi-judicial in nature and the Districts are forbidden from engaging in *ex parte* discussions with the City Council members after the submission and before the determination is made. Further, City staff does not typically attend these meetings because they merely process the request and present it to the City Council for determination.

6. *Will Murphy Creek residents have an opportunity to vote on anything other than the authorization extension on the November ballot?*

Colorado law does not require an election for the Amended and Restated Service Plan. Instead, a public hearing is conducted before City Council and notice will be provided to all property owners prior to the hearing in accordance with Colorado law.

7. *Will only Murphy Creek residents be voting on the proposed amendment(s) on the November ballot?*

Eligible electors of the District are permitted to vote in any District election. To clarify, the November election is not on the Amended and Restated Service Plan itself but on whether to allow the District to collect its operational revenue through taxes (instead of fees) beyond 2019.

8. *If City Council approves the amendment(s) to the Service Plan, but the voters in November do not vote to extend the collection of operations expenses through taxes, what will the outcome be? (For example, will the Service Plan remain amended? If so, what will that mean for residents?)*

The District will remain subject to the terms of the Amended and Restated Service Plan but, after 2019, will not be permitted to collect operational revenues through taxes absent voter approval of that particular question. If this occurs, the Districts can continue to operate as they have in the past by collecting the revenues through fees but will have the flexibility to present the question to voters in future elections as well for reconsideration.

9. *What is required in order to get this authorization extension on the November ballot?*

The Boards of the Directors have provided direction and authorization for the election, pending the approval of the Amended and Restated Service Plan. Therefore, no other action is required.

10. *Since the authorization will not expire until 2019, why is it being put on the ballot 3 years early?*

The election question naturally ties to the Amended and Restated Service Plan and it is more cost effective to educate the public regarding the two at the same time since there is a direct correlation and relationship. There is no harm in presenting it early. Further, by presenting the question at the November 2016 election, the District can coordinate with the County's general election to save on costs. Finally, in the event the question does not pass, the District has the option and opportunity to present the question at additional future elections prior to the current voter authorization expiring in 2019.

11. *If the authorization is put on the ballot in November and it is approved, how many years will it be extended?*

Typically these questions do not have a time frame associated with them. In this case, it is extremely unusual that one was included in the original question. Therefore, the proposed question does not have a time period but would be indefinite. Then it is up to the District's Board on an annual basis to make the determination as to whether to continue to collect the operational revenues through taxes or whether to impose a fee instead.

12. *What is the anticipated range for an increase or decrease to our taxes if the \$50 fee is collected via taxes?*

In order for the District to generate the same revenue it currently collects from fee revenue through taxes (based on 2015 valuations and 2016 budgets), the operational mill levy will need to be set at 25.100 mills. For a property valued at \$300,000, the assessed valuation is \$23,880. When the 25.100 mills is imposed on this property, this results in a tax bill of \$599—virtually the exact same as the annual fee, which is currently \$600. For

properties with a lower valuation, they would realize a slight savings while properties with a higher valuation would realize a slight increase; however, that increase does not take into account any tax deduction that may be received from the property owners as a result of the conversion to taxes. For someone within a 15% tax bracket, the annual savings is arguably an estimated \$90 based upon the \$600 annual fee amount.

13. *In the homeowner email blast we received on April 19, we were welcomed and encouraged to contact any of the District's board members with any questions. Can we contact board members in Districts 1, 2, and 4, or just District 3? Where can we find contact information for the District's board members?*

Any of the Districts' Board members may be contacted. The preferred method of contact will be obtained from the directors of District Nos. 1, 2 and 4 at the May meeting for posting on the Districts' website.

14. *How are homeowners being notified of the proposed amendment(s) if they do not have their email addresses registered with the management company?*

In addition to the email blast, the information contained in the email was included in the newsletter mailed to each address and posted on the website. Further, discussion regarding the Amended and Restated Service Plan is included on the May and June agendas and notices will be provided to each property owner prior to the City Council hearing pursuant to Colorado law.

15. *What effect, if any, will the proposed amendment(s) have on the future of both residential and commercial development in and around Murphy Creek?*

The Amended and Restated Service Plan is consolidated and will bring each of the Districts under the City's Model Service Plan thus allowing all the Districts to operate under a single governing document which will make for easier administration of the Districts and allow for a uniform implementation of services and costs throughout the community. A more in-depth discussion of the benefits of the Amended and Restated Service Plan to the community is set forth in the cover letter submitted to the City with the Amended and Restated Service Plan which is also posted on the Districts' website.

16. *Since Murphy Creek is only currently 24% built out after 15 years, the residents of District 3 have been shouldering the debt burden alone. What steps, if any, are the developers taking to promote the completion of Murphy Creek South and to secure the addition of appropriate commercial development in the other districts, so that the debt burden can be spread more equitably among additional residents and developed commercial properties?*

Since this question relates to private development activities, this is a question best addressed by the developers themselves, not the Districts.