

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 · 800-741-3254
Fax: 303-987-2032

NOTICE OF WORK SESSION AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Brandon Schenberg		2023/May 2023
Mike Tamblyn		2023/May 2023
Amanda Coffey		2025/May 2025
Ashley Licursi		2025/May 2025
Melissa Zimmerman		2025/May 2025

DATE: **May 31, 2022**
TIME: **2:30 p.m.**
PLACE: **Construction Trailer**
 2221 S. 27th Avenue
 Brighton, CO 80601

I. ADMINISTRATIVE MATTERS

A. Present Disclosures of Potential Conflicts of Interest.

B. Approve Agenda, confirm location of the meeting and posting of meeting notices.

C. Discuss results of the May 3, 2022 Regular Election (enclosure).

II. PUBLIC COMMENTS

A. Members of the public may express their views to the Board on matters that affect the District. Comments will be limited to three (3) minutes.

III. BOARD MEMBER ORIENTATION

1. What is a special district?

a. Types/Powers

2. Organization:

- a. History of the District
- b. Service Plan (enclosed)

3. Board of Directors:

- a. Board Member Manual
- b. Qualifications
- c. Regular Elections/Terms of Office/Oaths of Office
- d. Officers
- e. Public meetings (packets/schedule/location)
- f. Roberts Rules of Order
- g. Insurance
- h. Indemnification Resolution
- i. Compensation (director fees)
- j. Duties/Fiduciary Obligations
- k. Website

4. Consultants for the District (Summary enclosed):

- a. Attorney
- b. Accountant
- c. Manager

5. Financial Matters:

- a. 2022 Budget (enclosed)
- b. Mill Levies
- c. O&M Maintenance Responsibilities (HOA)
- d. Debt/Bonds
- e. Capital Improvements
- f. Accounts Payable
- g. Financial Statements
- h. Audits (enclosed)

6. Community Management Services/Covenant Control (enclosure):

7. Capital Improvement Projects/Development with the District:
-

8. Other:
-

VI. ADJOURNMENT **THE NEXT REGULAR MEETING IS SCHEDULED FOR
JUNE 9, 2022 at 11:30 A.M. VIA ZOOM**

Enclosures: Board Member Manual

**CANVASS BOARD'S
CERTIFICATE OF DETERMINATION
(CERTIFICATE OF RESULTS)**

**FOR THE MAIL BALLOT ELECTION HELD ON MAY 3, 2022
PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7**

ADAMSCOUNTY, COLORADO


§1-11-103, 1-13.5-1305, 32-1-104(1), CRS

Each of the undersigned members of the Canvass Board of the Prairie Center Metropolitan District No. 7 certifies that the following is a true and correct abstract of the votes cast at the trail ballot election of the Prairie Center Metropolitan District No. 7, at which time the eligible electors of the Prairie Center Metropolitan District No. 7 voted as indicated on the attached Judges' Certificate of Election Returns, and as a result of which the eligible electors elected to the office the following Directors:

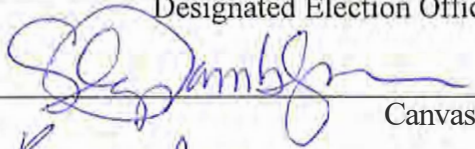
Michael Tamblyn	1-year term
Melissa Zimmerman	3-year term
Amanda Coffey	3-year term
Ashley Licursi	3-year term

CERTIFIED this 11th day of May.

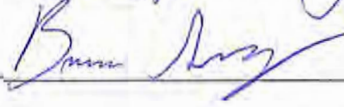
2022.



Designated Election Official



Canvasser



Canvasser

Contact Person for the District:
Business Address of the District:

Telephone Number:

Ann Finn, District Manager
141 Union Boulevard, Suite 150
Lakewood, CO 80228
(303) 987 0835

Please attach Election Judges' Certificate(s) of Election Results as well as any ballot language for record keeping purposes.

**JUDGES' CERTIFICATE OF ELECTION RETURNS AND
STATEMENT ON BALLOTS**
§1-13.5-613, C.R.S.

CERTIFICATE OF ELECTION RETURNS:

IT IS HEREBY CERTIFIED by the undersigned, who conducted the mail ballot election for the Prairie Center Metropolitan District No. 7, in Adams County, Colorado, on the 3rd day of May, 2022, that after qualifying by swearing and subscribing to their Oaths of Office, they opened the polls at 7:00 a.m., and that they kept the polls open continuously until the hour of 7:00 p.m. on such date, after which they counted the ballots cast for Directors of the District and for any ballot issue or ballot question submitted in accordance with the Colorado Local Government Election Code.

That the votes counted for and against each ballot question submitted were as follows:
(Numerical Figures)

ONE YEAR TERM

Votes cast for: MIKE TAMBLYN: 22

THREE YEAR TERM

Votes cast for: RICHARD MERKEL: 4

Votes cast for: TERRY ALLEN WILLIAMS: 9

Votes cast for: AMANDA COFFEY: 26

Votes cast for: ASHLEY LICURSI: 23

Votes cast for: MELISSA ZIMMERMAN: 29

STATEMENT ON BALLOTS:

It is hereby identified and specified that:

NUMERIC

Total Number of Ballots Delivered to Electors
(including UOCAVA ballots): 396

Total Number of Ballots Voted
(including UOCAVA ballots): 37

Number of Ballots Returned Undelivered: 21

**JUDGES' CERTIFICATE OF ELECTION RETURNS AND
STATEMENT ON BALLOTS**

Prairie Center Metropolitan District No. 7
May 3, 2022, Independent Mail Ballot Election

Number of Spoiled Ballots

(Replacement Ballot issued):

0

Number of Rejected Ballots

1

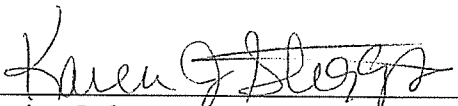
Number of Defective ballots

0

Total Number of Ballots Returned to Designated Election
Official (including UOCAVA ballots):

33

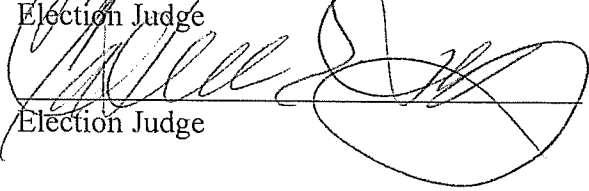
Certified this 3rd day of May, 2022.



Election Judge



Election Judge



Election Judge

Nb. _____

OFFICIAL BALLOT FOR PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7

MAY 3, 2022

Ann Finn

Facsimile Signature of Designated Election Official

WARNING

Any person who, by use of force or other means, unduly influences an eligible elector to vote in any particular manner or to refrain from voting, or who falsely makes, alters, forges, or counterfeits any mail ballot before or after it has been cast, or who destroys, defaces, mutilates, or tampers with a ballot is subject, upon conviction, to imprisonment, or to a fine, or both.

SECTION 1-13.5-1105(4)(B), C.R.S.

This may not be your only ballot. Other elections may be held by other political subdivisions by mail or by polling place. Refer to the ballot instructions for complete information on voting. Review your ballot. Be sure you have voted on every office and issue.

To vote, place a crossmark (X) at the right of the name of each candidate. For write-in candidates, print name on blank line and then place a crossmark (X) at the right of that name.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7 BALLOT QUESTION 500:

VOTE FOR NOT MORE THAN ONE DIRECTOR TO SERVE UNTIL THE NEXT REGULAR ELECTION:

Michael Tamblyn

VOTE FOR NOT MORE THAN THREE DIRECTORS TO SERVE UNTIL THE SECOND REGULAR ELECTION:

Richard Merkel

Terry Allen Williams

Amanda Coffey

Ashley Licursi

Melissa Zimmerman

SERVICE PLAN

FOR

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
ADAMS COUNTY, COLORADO**

**SUBMITTED: DECEMBER 2, 2005
RESUBMITTED: FEBRUARY 15, 2006**

**Prepared by: McGeady Sisneros, P.C.
 1675 Broadway, Suite 2100
 Denver, CO 80202**

TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Purpose and Intent	1
B.	Need for the District	1
C.	Objective of the City Regarding District's Service Plan	2
II.	DEFINITIONS	2
III.	BOUNDARIES	5
A.	Initial Boundaries	5
B.	Inclusions and Exclusions	6
IV.	PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION ..	7
V.	DESCRIPTION OF PROPOSED POWERS, PUBLIC IMPROVEMENTS AND SERVICES	7
A.	Powers of the District and Service Plan Amendment.....	7
1.	Operations and Maintenance	7
2.	Enterprise Establishment	8
3.	Construction Standards Limitation.....	8
4.	Privately Placed Debt Limitation	9
5.	Debt Issuance Limitations	9
6.	Consolidation Limitation.....	10
7.	Acquisition Limitation.....	10
8.	Service Plan Amendment Requirement.....	11
9.	Grant Application Limitation	11
10.	Initial Ballot Questions.....	11
11.	Public Improvements Fee Limitation	11
B.	Preliminary Engineering Survey	11
C.	Multiple District Structure.....	12
D.	Administrative Plan	13
VI.	FINANCIAL REQUIREMENTS.....	14
A.	General.....	14
B.	Maximum Net Effective Interest Rate and Maximum Underwriting Discount	14
C.	Maximum Debt Mill Levy.....	15
D.	Debt Repayment Sources.....	16
E.	Security for Debt	17
F.	District's Operating Costs	18
G.	Reimbursement/Participation Contributions	18
VII.	REPORTING REQUIREMENTS.....	19
A.	Semi-Annual and Annual Reports.....	19
B.	Other Reporting Requirements.....	20
VIII.	DISSOLUTION.....	20

IX. DISCLOSURE TO PURCHASERS21

X. CONCLUSION21

LIST OF EXHIBITS

- EXHIBIT A Legal Description of District Boundaries
- EXHIBIT B Map of District Boundaries
- EXHIBIT C Legal Description of Service Area
- EXHIBIT D Map of Service Area
- EXHIBIT E Vicinity Map
- EXHIBIT F Cost Estimate of Public Improvements
- EXHIBIT G Illustrative Financial Model

SERVICE PLAN FOR

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7

I. INTRODUCTION

A. Purpose and Intent

Prairie Center Metropolitan District No. 7 (“District”) is an independent unit of local government, separate and distinct from the City of Brighton (“City”), and, except as may otherwise be provided for by State or local law or this Service Plan, its activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the District will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements.

B. Need for the District

Proponents for the Districts (defined below) have submitted for City approval service plans for eight proposed districts and service plan amendment for one existing district. The Service Area (defined below) of the Districts is subject to the Comprehensive Prairie Center IGA (defined below), and it is intended that the Districts will provide for Public Improvements (defined below) necessary to serve the Service Area, including Primary Public Improvements as more specifically described in and in accordance with the Comprehensive Prairie Center IGA. Other than the Districts, there are currently no other governmental entities, including the City, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project (defined below). Formation of

the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the City Regarding District's Service Plan

The City's objective in approving the Service Plan for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from its revenues and the proceeds of debt to be issued by the District. All debt is expected to be repaid by taxes, fees, rates and tolls, including public improvements fees and other legally available revenues, with a mill levy imposed and collected no higher than the Maximum Debt Mill Levy (defined below) for commercial and residential properties. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive ad valorem tax burdens to support the servicing of the debt and will result in a timely and reasonable discharge of the debt.

This Service Plan is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs.

It is the intent of the District to dissolve upon payment or defeasance of all debt incurred or upon a court determination that adequate provision has been made for the payment of all debt, and if the District has authorized operating functions to retain only the power necessary to impose and collect taxes or fees to pay for these costs.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

“Approved Development Plan” means a Development Plan or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the District Boundaries as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

“Board” means the board of directors of the District.

“City” means the City of Brighton, Colorado.

“City Code” means the municipal code of the City of Brighton, Colorado.

“City Council” means the City Council of the City of Brighton, Colorado.

“Comprehensive Prairie Center IGA” means that certain Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement, and Intergovernmental Agreement for Prairie Center, Brighton, Colorado, by and among Prairie Center Metropolitan District Nos. 1 and 2, the City, City of Brighton Water, Sewer and Drainage Enterprise, THF Prairie Center Development, L.L.C., and THF Prairie Center Retail One, L.L.C., dated December 5, 2005, and recorded in the real property records of Adams County, Colorado, on December 16, 2005, at Reception No. 20051216001378220.

“District” means Prairie Center Metropolitan District No. 7.

“District Boundaries” means the boundaries of the area legally described on **Exhibit A**.

“District Boundary Map” means the map attached hereto as **Exhibit B**.

“Districts” means the District and Prairie Center Metropolitan District Nos. 1, 2, 3, 4, 5, 6, 8, 9 and 10, collectively.

“Enterprise” means a government-owned business authorized to issue its own revenue bonds and receiving under ten percent (10%) of annual revenue in grants from all Colorado state

and local governments combined as defined in Section 20, Article X of the Colorado Constitution.

“External Financial Advisor” means a person or firm providing financial advice or investment banking services in connection with municipal finance, who is not an employee of the District.

“Financial Plan” means the combined Financial Plan of the Districts as described in Section VI which describes (i) how the Public Improvements are to be financed; (ii) how the debt is expected to be incurred and revenues to be used to repay debt; and (iii) the estimated operating revenue derived from property taxes for the first budget year.

“Maximum Debt Mill Levy” means the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of debt, and shall be determined as set forth in Section VI.C below.

“Maximum Debt Term” means the maximum term for the repayment of any single issuance of debt, which maximum term shall be twenty-five (25) years from the date of such issuance.

“Maximum Net Effective Interest Rate” means the net effective interest rate on any debt shall not exceed fifteen percent (15%).

“Maximum Underwriting Discount” means the underwriting discount on any debt shall not exceed five percent (5%).

“Project” means the development or the property commonly referred to as Prairie Center.

“Public Improvements” means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below, to serve

the future taxpayers and inhabitants of the Service Area as determined by the Board of the District.

“Service Area” means the property legally described on **Exhibit C** attached hereto.

“Service Area Map” means the map attached hereto as **Exhibit D**.

“Service Plan” means this service plan for the District approved by City Council.

“Service Plan Amendment” means an amendment to the Service Plan approved by City Council in accordance with applicable State law.

“Special District Act” means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

“State” means the State of Colorado.

“Total Debt Issuance Limitation” means the aggregate amount of debt that the Districts, collectively, shall be authorized to issue, which amount shall be Seven Hundred Fifty Million Dollars (\$750,000,000).

“Traffic Improvement Analysis” means such traffic improvement analysis as may be required by the City for all or any portion of the Project.

“Transportation Master Plan” means the Transportation Master Plan of the City, as the same may be amended from time to time by sub-area plans.

III. BOUNDARIES

A. Initial Boundaries

The area within the District Boundaries initially will be approximately 0.253 acres. A legal description of the District Boundaries is attached hereto as **Exhibit A**. A map of the District Boundaries is attached hereto as **Exhibit B**. A vicinity map is attached hereto as **Exhibit E**.

B. Inclusions and Exclusions

It is anticipated that the District Boundaries may change from time to time as it undergoes inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., and subject to the requirements in this Section III.B.

1. The District shall be receptive to the inclusion of additional land upon the petition of one hundred percent (100%) of the owners of such land, so long as the Board, in its sole discretion, determines and finds that the District has the capacity to adequately service such additional property on reasonable terms and conditions.

2. The District may not include property that is within the boundaries of any one of the other Districts or other Title 32 metropolitan district.

3. The District may not impose ad valorem taxes on any property that is subject to the ad valorem taxes imposed by any of the other Districts.

4. The District may not include property that is outside the corporate boundaries of the City or the boundaries of the Service Area without prior written consent of the City Council.

5. The District shall deliver to the office of the City Manager a copy of any petition for inclusion or exclusion of property received by the District, together with a notice containing the date, time and place of the Board's public hearing on such petition, not more than five (5) business days after the District's receipt of such petition.

6. The District shall deliver to the office of the City Manager a District Boundary Map which has been revised to incorporate any change in District Boundaries not more than five (5) business days after the change in District Boundaries is effective pursuant to Section 32-1-105, C.R.S.

Any inclusion or exclusion of property by the District which does not conform to the requirements set forth in this Section III.B shall require prior written consent of the City Council.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately 1,994 acres of residential and commercial land. The current assessed valuation of the Service Area is \$0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the debt under the Financial Plan. The population of the Service Area at build-out is estimated to be approximately 11,035 people.

Approval of this Service Plan by the City does not imply approval of any specific land use plans or grant any vested rights, and any such approval of a specific land use plan or granting of any vested rights shall be subject to separate action by the City in accordance with its ordinances, rules, regulations and policies.

V. DESCRIPTION OF PROPOSED POWERS, PUBLIC IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the State Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements for operation and maintenance to the City or

other appropriate jurisdiction in a manner consistent with the Approved Development Plan, the Comprehensive Prairie Center IGA, and other rules and regulations of the City and applicable provisions of the City Code. Public Improvements, which the City determines will not be dedicated to the City or other governmental jurisdiction, may be operated and maintained by the District or an owners association; provided, however, that such owners association shall enter into a written agreement with the District, which agreement shall clearly delineate the respective operation and maintenance responsibilities of the entities to avoid duplication of services or costs, and require the District to assume the operation and maintenance responsibilities upon failure of the owners association to do so.

2. Enterprise Establishment. One of the Districts shall have an Enterprise for purposes of working with the City in the provision of water services to the Service Area in accordance with and subject to the provisions and limitations of the Comprehensive Prairie Center IGA. Any water system improvements constructed by the Enterprise shall be subject to the review, monitoring and inspection of the City or its engineering consultant and the applicable District or Enterprise shall pay the City's reasonable cost for such review, monitoring and inspection. Except for the establishment of one Enterprise for the provision of water service through one of the Districts, none of the Districts shall be authorized to establish any other Enterprise or a 63-20 corporation without prior written consent of the City Council.

3. Construction Standards Limitation. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work. Public Improvements constructed by the Districts will comply with City engineering standards and specifications and those of other governmental entities having proper jurisdiction. The District's construction of

Public Improvements to be dedicated to the City and/or required pursuant to a Site Development Agreement to which the District is a party shall be subject to the review, monitoring and inspection of the City or its engineering consultant, and the District shall pay the City's reasonable costs of such review, monitoring and inspection. Major and minor arterial roadways will be constructed consistent with the applicable Traffic Improvement Analysis as approved by the City and the City's Transportation Master Plan.

4. Privately Placed Debt Limitation. Prior to the issuance of any privately placed debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

5. Debt Issuance Limitations. Prior to issuing any debt on or after December 1, 2005, the District shall submit to the City Clerk the opinion of the District's counsel or bond counsel that the District has complied with all of the limitations set forth in this Service Plan relating to bonds or other financial obligations or, in the alternative, submit all of the financing documents to the City Attorney for prior approval as to compliance with the limitations of this Service Plan relating to bonds or other financial obligations. Additionally, the District shall file with the City Clerk a copy of any Notice of Claim of Exemption filed with the Colorado

Securities Commissioner in connection with any debt issued by the District which is exempt under Section 11-59-110, C.R.S. For debt incurred prior to December 1, 2005, the District shall submit to the City Clerk an opinion of the District's counsel that the District complied with all of the requirements set forth in this Section V.A.5 on or before December 15, 2005. The District shall not issue debt which:

- (a) Exceeds the Total Debt Issuance Limitation of Seven Hundred Fifty Million Dollars (\$750,000,000); or
- (b) Exceeds the Maximum Net Effective Interest Rate; or
- (c) Exceeds the Maximum Underwriting Discount; or
- (d) Exceeds the Maximum Debt Term; or
- (e) Exceeds the Maximum Debt Mill Levy; or
- (f) Does not comply with the provisions of Sections 32-1-1101(6)(a) or 32-1-1101(6)(b), C.R.S.; or
- (g) Provides for the acceleration of the principal of any debt or other financial obligations of the District except credit enhanced debt or other obligations.

6. Consolidation Limitation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is with District Nos. 1-6 or 8-10.

7. Acquisition Limitation. The District shall be subject to the provisions of Section 32-1-1001(1)(f), C.R.S., as it may be revised from time to time which provides that a district may not pay more than fair market value and reasonable settlement costs for any interest in real property and may not pay for any interest in real property which must otherwise be dedicated for public use or the District's use in accordance with any governmental ordinance, regulation or law.

8. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in Sections V.A or VI.B-G shall be deemed to be material modifications to this Service Plan which require City Council approval and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

9. Grant Application Limitation. The District shall not apply for Conservation Trust Funds, Great Outdoor Colorado Funds or other grant monies for which the City is eligible to apply without the prior written consent of the City Council.

10. Initial Ballot Questions. If the ballot questions approved by District electors do not conform to the limitations of this Service Plan, the District shall only issue bonds or other multiple fiscal year financial obligations that conform to such limitations. Issuance of any debt or other multiple fiscal year financial obligations by the District which do not conform to such limitations shall constitute a material departure from this Service Plan within the meaning of Section 32-1-207, C.R.S.

11. Public Improvements Fee Limitation. Without prior City Council consent, the Districts shall not impose, collect or receive, or pledge to the repayment of bonds any revenues derived from an increase in the public improvements fee rates in excess of the rates contemplated in the Comprehensive Prairie Center IGA

B. Preliminary Engineering Survey

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public

Improvements within and without the boundaries of the District, to be more specifically defined in an Approved Development Plan. JR Engineering has estimated the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed to be approximately Two Hundred Forty-Five Million Dollars (\$245,000,000), based upon a preliminary engineering survey and estimates derived from the zoning and projected uses on the property in the Service Area as set forth in **Exhibit F**, attached hereto and incorporated herein by this reference. Actual Public Improvement costs will vary, and the District Board shall have the discretion to increase or decrease the amounts of any category of Public Improvements to serve the Project as development occurs, but only to the extent that the aggregate costs of the Public Improvements do not exceed an amount that would require the Districts to issue debt in excess of the Total Debt Issuance Limitation. All construction cost estimates are based on the assumption that construction conforms to applicable local, State and federal requirements.

C. Multiple District Structure

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements contemplated herein, including the Primary Public Improvements as more specifically defined in and in accordance with the Comprehensive Prairie Center IGA. Specifically, the Districts shall enter into intergovernmental agreements which shall govern the relationships between and among the Districts with respect to the financing, construction, and operation and maintenance, as appropriate, of the Public Improvements contemplated herein. The intergovernmental agreements will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the Public Improvements.

D. Administrative Plan

The District shall establish an Administrative Plan which shall be in place before the issuance of any debt to the public, which Administrative Plan shall provide for the following:

1. A list of administrative contact personnel with name, address, telephone number and e-mail address.
2. Description of each contact person's authority and responsibility for responding to and coordinating the resolution of issues that might arise from residents, taxpayer and service users, relating to the District's structure and services.
3. Description of a referral and dispute resolution process for the resolution of issues that might arise regarding complaints, or the coordination of issue resolution between residents, taxpayers, service users and the District.
4. The establishment of District meeting locations, including a requirement that, commencing on January 1, 2007, and thereafter, all special and regular meetings of the District shall be held within the corporate limits of the City.
5. Requirement that a notice be posted at each construction project identifying the District as the project sponsor and designating contact information.
6. The establishment of a procedure for providing notice to property owners within the District of the existence of the District, the types and amounts of taxes levied and fees imposed, a description of the District's maintenance responsibilities and statement that the District is not related to or affiliated with the City and District contact information for inquiries regarding construction projects, taxes, fees and maintenance activities.

VI. FINANCIAL REQUIREMENTS

A. General

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from received revenues and by and through the proceeds of debt to be issued by the District. The Financial Plan for the District shall be to issue such debt as: (1) the District can reasonably pay from revenues derived from the Maximum Debt Mill Levy, fees, and rates, including public improvements fees and other legally available revenues; and (2) which is issued in compliance with Section V.A.5. The financial model set forth in **Exhibit G**, attached hereto and incorporated herein by this reference, provides hypothetical assumptions of funding of the Public Improvements and is provided for illustrative purposes only. The total debt that the District shall be permitted to issue shall not exceed the Maximum Debt Term and the Total Debt Issuance Limitation and shall be permitted to be issued on a schedule and in such year or years as the District determines shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. The last series of debt to be issued by the District, except for refunding debt, shall be issued no later than December 1, 2025.

B. Maximum Net Effective Interest Rate and Maximum Underwriting Discount

The interest rate on any debt is expected to be the market rate at the time the debt is issued and shall not exceed the Maximum Net Effective Rate. The underwriting discount on any debt shall not exceed the Maximum Underwriting Discount. Debt, when issued, will comply with all relevant requirements of this Service Plan, and State and federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy

The Maximum Debt Mill Levy shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of debt, and shall be determined as follows:

1. For the portion of any aggregate District's debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy debt described in Section VI.C.2 below; provided that if, on or after January 1, 2006, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2006, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For the portion of any aggregate District's debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of debt shall not be subject to the number calculated to be the maximum in Section VI.C.1 above and, as a result, the mill levy may be such amount as is necessary to pay the debt service on such debt, without limitation of rate.

3. For purposes of the foregoing, once debt has been determined to be within Section VI.C.2 above, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District's debt to assessed ratio. All debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that the District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

All issuance of general obligation bonds shall be deemed to be in compliance with the Financial Plan so long as the Minimum Criteria, as hereinafter defined, have been met. Minimum Criteria shall mean that the general obligation bonds are: (1) subject to the Maximum Debt Mill Levy, if required by this Service Plan; (2) subject to the limitations of Section V.A.5; (3) together with other outstanding general obligation bonds of the Districts, not in excess of the Total Debt Issuance Limitation set forth in this Service Plan, as may be amended from time to time; and (4) together with other outstanding general obligation bonds of the District, not in excess of the general obligation debt authority provided by the District's electorate.

D. Debt Repayment Sources

The District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance.

The District may also rely upon various other revenue sources authorized by law, including public improvement fees contemplated by the Comprehensive Prairie Center IGA, and at the District's discretion, such fees, rates, tolls, penalties, or charges as are authorized by Section 32-1-1001(l), C.R.S., as amended from time to time. Provided, however, the District shall not be authorized to impose any fee for the following improvements to be constructed by the Districts to the extent that the City has agreed to waive or rebate a portion of its applicable development impact fee as more specifically set forth in the Comprehensive Prairie Center IGA:

1. Neighborhood and Community Park improvements constructed by the Districts and funded by the park development fees imposed by the City pursuant to Section 3-5-20 of the City Code, as the same may be amended from time to time; and
2. Regional stormwater detention improvements constructed by the Districts and funded by the stormwater impact fee imposed by the City pursuant to Section 13-20-60 of the City Code, as the same may be amended from time to time.

In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy.

E. Security for Debt

The District shall not pledge any revenue or property of the City as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the City of payment of any of the District's obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the City in the event of default by the District in the payment of any such obligation.

F. District's Operating Costs

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be One Hundred Thousand Dollars (\$100,000), which will be eligible for reimbursement from debt proceeds.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause Public Improvements not dedicated to the City or other jurisdiction to be operated and maintained. The first year's total operating budget for all of the proposed new Districts in the aggregate, which is anticipated to be derived from property taxes and other revenues, is estimated to be One Hundred Ninety Thousand Dollars (\$190,000).

The District's mill levy for operation and maintenance services together with the District's mill levy for debt service shall not exceed sixty (60) mills without prior written consent of the City Council.

G. Reimbursement/Participation Contributions. All amounts received by the District from abutting developments and/or districts for reimbursement or participation in the costs of the Public Improvements shall be used by the District to either defray the costs of the Public Improvements or to pay for principal or interest on the debt incurred to fund the Public Improvements.

VII. REPORTING REQUIREMENTS

A. Semi-Annual and Annual Reports. Any District organized after November 1, 2005, shall submit semi-annual reports to the City for the first five (5) years following the year of organization and annually every year thereafter. For any District organized prior to November 1, 2005, reports shall be submitted annually. Such reports shall contain the following information:

1. A list of Public Improvement construction projects commenced, in progress or completed during the applicable reporting period. Such list shall also include Public Improvements constructed by the District that have been dedicated to and accepted by the City during the applicable reporting period.

2. Certification of the District Manager that all bid documents issued by the District during the applicable reporting period comply with the provisions of the laws of the State.

3. Amount of debt, if any, issued during the applicable reporting period.

4. Intergovernmental agreements with other governmental entities entered into during the applicable reporting period.

5. A list of litigation to which the District is a party, if any, commenced, in progress or completed during the applicable reporting period.

6. The District's assessed valuation for the applicable reporting period.

7. Description of issues, if any, that required dispute resolution or coordination during the applicable reporting period pursuant to the procedures set forth in the Administrative Plan described in Section V.D.6 above.

8. Current Administrative Plan, which includes contact information for the District's administrative personnel.

9. Changes made to the District's boundaries during the applicable reporting period.

10. Copies of any rules and regulations adopted by the District during the applicable reporting period.

B. Other Reporting Requirements. The District shall submit the following documents to the City Clerk.

1. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any debt instrument.

2. Within thirty (30) days of approval by the District, the following shall be filed with the City:

- (a) audited financial statements;
- (b) budget;
- (c) architectural plans, if any;
- (d) intergovernmental agreements;
- (e) ballot questions; and
- (f) resolutions authorizing issuance of debt or other financial

obligations, together with related financing documents, credit agreements and disclosure documents.

VIII. DISSOLUTION

Upon retirement of all District debt or in the event that the District has not incurred any debt or other multiple fiscal year obligation on or before January 1, 2018, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or

discharge of all of their outstanding debt and other financial obligations as required pursuant to State statutes.

IX. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, fees, tolls and charges.

X. CONCLUSION

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District.
2. The existing service in the area to be served by the District is inadequate for present and projected needs.
3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries.
4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.
5. Adequate service is not, and will not be, available to the area through the City or county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.
6. The facility and service standards of the District are compatible with the facility and service standards of the City within which the special district is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.

7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the City Code.

8. The proposal is in compliance with any duly adopted City, regional or state long-range water quality management plan for the area.

9. The creation of the District is in the best interests of the area proposed to be served.

EXHIBIT A

Legal Description of District Boundaries

PROPERTY DESCRIPTION - DISTRICT #7

A PARCEL OF LAND LOCATED IN THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN; CITY OF BRIGHTON, COUNTY OF ADAMS, STATE OF COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE WEST LINE OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, BEING ASSUMED TO BEAR S00°21'07"E.

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 16;

THENCE S42°51'54"E, A DISTANCE OF 284.44 FEET TO THE POINT OF BEGINNING;

THENCE N90°00'00"E, A DISTANCE OF 105.00 FEET;

THENCE S00°00'00"E, A DISTANCE OF 105.00 FEET;

THENCE S90°00'00"W, A DISTANCE OF 105.00 FEET;

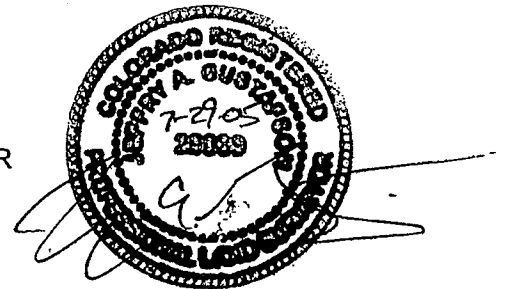
THENCE N00°00'00"W, A DISTANCE OF 105.00 FEET TO THE POINT OF BEGINNING.

CONTAINING AN AREA OF 11,025 SQUARE FEET OR 0.253 ACRES MORE OR LESS.

PROPERTY DESCRIPTION STATEMENT

I, JEFFRY A GUSTAFSON, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE PROPERTY DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED UNDER MY RESPONSIBLE CHARGE, AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, ARE CORRECT.

JEFFRY A. GUSTAFSON, PROFESSIONAL LAND SURVEYOR
COLORADO No. 29039
FOR AND ON BEHALF OF JR ENGINEERING, LLC
6020 GREENWOOD PLAZA BOULEVARD
ENGLEWOOD, COLORADO 80111



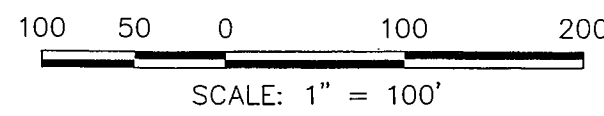
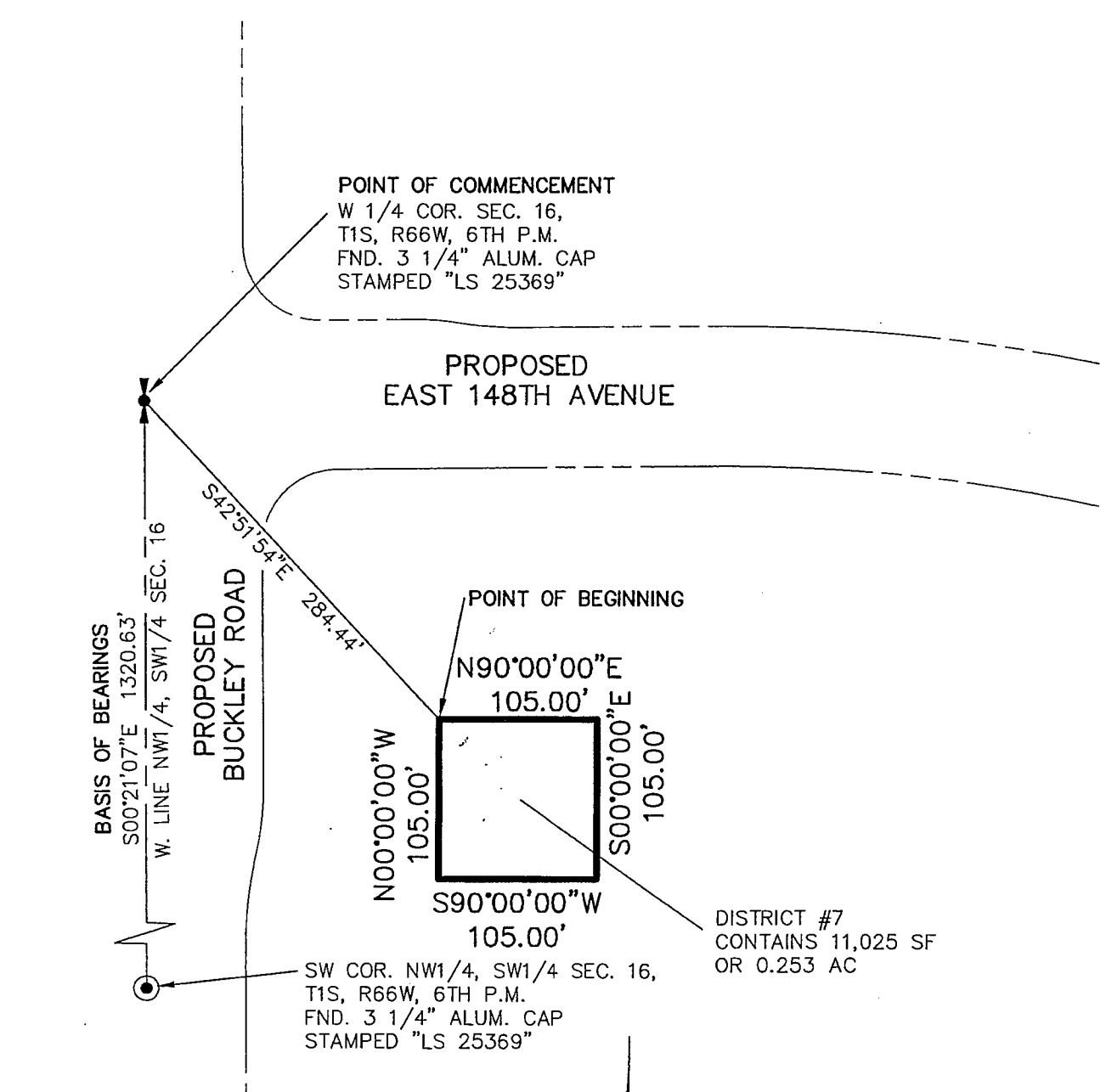
The above and foregoing describes a surface estate only. Expressly excluded from this legal description are any estates below the surface including oil, gas and other minerals (including sand and gravel) and any related rights of surface use.

EXHIBIT B

Map of District Boundaries

EXHIBIT

SW1/4 SECTION 16, TOWNSHIP 1 SOUTH, RANGE 66 WEST, 6TH P.M.
CITY OF BRIGHTON, COUNTY OF ADAMS, STATE OF COLORADO



DISTRICT #7
CONTAINS 11,025 SF
OR 0.253 AC

DISTRICT #7
JOB NO. 5000.00
JULY 28, 2005
SHEET 2 OF 2

 **J-R ENGINEERING**
A Westrian Company

6020 Greenwood Plaza Blvd • Englewood, CO 80111
303-740-9393 • Fax 303-721-9019 • www.jrengineering.com

NOTE:
THIS EXHIBIT DOES NOT REPRESENT A
MONUMENTED SURVEY. IT IS INTENDED ONLY
TO DEPICT THE ATTACHED DESCRIPTION.

X:\15000000\Drawings\Legal Exhibits\DISTRICT 7.dwg, 8.5x11 Portrait, 7/28/2005 3:14:27 PM, hoaglund

EXHIBIT C

Legal Description of Service Area

PROPERTY DESCRIPTION

A PARCEL OF LAND LOCATED IN SECTION 16, THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 17, THE EAST HALF OF SECTION 20, SECTION 21, THE NORTHWEST QUARTER OF SECTION 28, SECTION 29, AND THE NORTH HALF OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN; COUNTY OF ADAMS, STATE OF COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE NORTH LINE OF THE SOUTH HALF OF SECTION 16, TOWNSHIP 1 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, BEING ASSUMED TO BEAR N89°24'15"E.

PARCEL 1

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 16;

THENCE N00°22'47"W, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 16, A DISTANCE OF 2640.03 FEET TO THE NORTHWEST CORNER OF SAID SECTION 16;

THENCE N89°21'20"E, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 16, A DISTANCE OF 2639.14 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 16;

THENCE N89°23'40"E, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 16, A DISTANCE OF 2647.86 FEET TO THE NORTHEAST CORNER OF SAID SECTION 16;

THENCE S00°13'41"E, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 16, A DISTANCE OF 2642.75 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 16;

THENCE S00°23'59"E, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 16, A DISTANCE OF 2614.56 FEET TO A POINT ON THE NORTHERLY BOUNDARY OF THE 144TH AVENUE RIGHT-OF-WAY;

THENCE ALONG THE NORTHERLY BOUNDARY OF THE 144TH AVENUE RIGHT-OF-WAY, THE FOLLOWING TWO (2) COURSES:

1. S89°26'12"W, A DISTANCE OF 2640.21 FEET;
2. S89°26'28"W, A DISTANCE OF 2641.99 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 16;

THENCE S00°21'01"E, ALONG SAID WEST LINE OF THE SOUTHWEST QUARTER OF SECTION 16, A DISTANCE OF 30.00 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 16;

THENCE S00°21'54"E, ALONG THE WEST LINE OF NORTHWEST QUARTER OF SAID SECTION 21, A DISTANCE OF 30.00 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF THE 144TH AVENUE RIGHT-OF-WAY;

THENCE N89°26'28"E, ALONG SAID SOUTHERLY BOUNDARY OF THE 144TH AVENUE RIGHT-OF-WAY, A DISTANCE OF 2641.98 FEET TO A POINT ON THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 21;

THENCE N00°16'58"W, ALONG SAID EAST LINE OF THE NORTHWEST QUARTER OF SECTION 21, A DISTANCE OF 30.00 FEET TO THE NORTH QUARTER CORNER OF SECTION 21;

THENCE N89°26'12"E, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 21, A DISTANCE OF 2640.22 FEET TO THE NORTHEAST CORNER OF SAID SECTION 21;

THENCE N89°01'38"E, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 22, A DISTANCE OF 1384.66 FEET;

THENCE S38°41'55"W, A DISTANCE OF 1901.06 FEET;

THENCE S45°18'25"W, A DISTANCE OF 266.02 FEET TO A POINT ON THE EAST LINE OF NORTHEAST QUARTER OF SAID SECTION 21;

THENCE N00°14'10"W, ALONG SAID EAST LINE OF THE NORTHEAST QUARTER OF SECTION 21, A DISTANCE OF 288.57 FEET;

THENCE S45°07'21"W, A DISTANCE OF 1845.68 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 21;

THENCE S89°24'34"W, ALONG SAID SOUTH LINE OF NORTHEAST QUARTER OF SECTION 21, A DISTANCE OF 1324.80 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 21;

THENCE S89°27'28"W, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 21, A DISTANCE OF 2638.21 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 21;

THENCE S89°27'47"W, ALONG THE SOUTH LINE OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 20, A DISTANCE OF 1340.98 FEET TO THE SOUTHWEST CORNER OF SAID EAST HALF OF THE NORTHEAST QUARTER OF SECTION 20;

THENCE N00°09'52"W, ALONG THE WEST LINE OF SAID EAST HALF OF THE NORTHEAST QUARTER OF SECTION 20, A DISTANCE OF 2647.51 FEET TO THE NORTHWEST CORNER OF SAID EAST HALF OF THE NORTHEAST QUARTER OF SECTION 20;

THENCE N00°24'28"W, ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 17, A DISTANCE OF 1320.77 FEET TO THE NORTHWEST CORNER OF SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 17;

THENCE N89°26'38"E, ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 17, A DISTANCE OF 1333.04 FEET TO THE NORTHEAST CORNER OF SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 17;

THENCE N00°21'07"W, ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 16, A DISTANCE OF 1320.63 FEET TO THE POINT OF BEGINNING.

PARCEL 1 CONTAINS AN AREA OF 1085.395 ACRES MORE OR LESS.

TOGETHER WITH:

PARCEL 2

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 21;

THENCE S28°34'48"E, A DISTANCE OF 50.90 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF THE FOURTH AVENUE RIGHT-OF-WAY AS SHOWN ON THE PLAT OF BARR CITY, RECORDED IN BOOK 3 AT PAGE 5 IN THE RECORDS OF THE ADAMS COUNTY CLERK AND RECORDER, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE N89°34'12"E, ALONG SAID SOUTHERLY BOUNDARY OF THE FOURTH AVENUE RIGHT-OF-WAY, A DISTANCE OF 2564.08 FEET;

THENCE THE FOLLOWING TEN (10) COURSES:

1. S00°17'43"E, A DISTANCE OF 1300.00 FEET;
2. S89°34'12"W, A DISTANCE OF 265.00 FEET;
3. N00°17'43"W, A DISTANCE OF 232.78 FEET;
4. S38°40'23"W, A DISTANCE OF 95.41 FEET;
5. S00°17'43"E, A DISTANCE OF 638.58 FEET;
6. S44°53'10"W, A DISTANCE OF 170.88 FEET;
7. S89°34'12"W, A DISTANCE OF 554.83 FEET;
8. S50°49'08"W, A DISTANCE OF 47.93 FEET;
9. S89°34'12"W, A DISTANCE OF 1524.65 FEET;
10. N00°19'38"W, A DISTANCE OF 1930.00 FEET TO THE POINT OF BEGINNING.

PARCEL 2 CONTAINS AN AREA OF 107.966 ACRES MORE OR LESS.

TOGETHER WITH:

PARCEL 3

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 20;

THENCE N00°21'34"W, ALONG THE EAST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 20, A DISTANCE OF 30.00 FEET TO A POINT ON THE NORTHERLY BOUNDARY OF THE 136TH AVENUE RIGHT-OF-WAY, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE S89°27'35"W ALONG SAID NORTHERLY BOUNDARY OF THE 136TH AVENUE RIGHT-OF-WAY, A DISTANCE OF 1051.96 FEET;

THENCE N00°37'30"W, A DISTANCE OF 628.63 FEET;

THENCE S89°27'35"W, A DISTANCE OF 277.00 FEET TO A POINT ON THE WEST LINE OF SAID EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 20;

THENCE S00°37'24"E, ALONG SAID WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 20, A DISTANCE OF 628.63 FEET TO A POINT ON SAID NORTHERLY BOUNDARY OF THE 136TH AVENUE RIGHT-OF-WAY;

THENCE S89°27'35"W, ALONG SAID NORTHERLY BOUNDARY OF THE 136TH AVENUE RIGHT-OF-WAY, A DISTANCE OF 456.99 FEET;

THENCE N00°31'32"W, A DISTANCE OF 291.50 FEET;

THENCE S89°28'11"W, A DISTANCE OF 522.51 FEET;

THENCE N31°25'28"W, A DISTANCE OF 2.85 FEET;

THENCE S89°27'10"W, A DISTANCE OF 349.81 FEET TO A POINT ON THE WEST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 20;

THENCE N00°52'30"W, ALONG SAID WEST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 20, A DISTANCE OF 1826.69 FEET;

THENCE THE FOLLOWING THIRTEEN (13) COURSES;

1. S54°14'11"E, A DISTANCE OF 603.25 FEET;
2. N84°42'49"E, A DISTANCE OF 690.09 FEET;
3. S14°39'04"E, A DISTANCE OF 82.97 FEET;
4. S86°34'31"E, A DISTANCE OF 145.17 FEET TO A POINT ON SAID WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 20;
5. N00°37'24"W, ALONG SAID WEST LINE OF EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 20, A DISTANCE OF 42.61 FEET;

6. ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT WHOSE CENTER BEARS S11°19'44"W, HAVING A RADIUS OF 3900.00 FEET, A CENTRAL ANGLE OF 03°17'43" AND AN ARC LENGTH OF 224.30 FEET;
7. S75°22'33"E, A DISTANCE OF 112.87 FEET;
8. ALONG THE ARC OF A CURVE TO THE LEFT, HAVING A RADIUS OF 240.00 FEET, A CENTRAL ANGLE OF 30°17'36" AND AN ARC LENGTH OF 126.89 FEET;
9. ALONG THE ARC OF A COMPOUND CURVE TO THE LEFT, HAVING A RADIUS OF 50.00 FEET, A CENTRAL ANGLE OF 42°54'05" AND AN ARC LENGTH OF 37.44 FEET;
10. ALONG THE ARC OF A REVERSE CURVE TO THE RIGHT, HAVING A RADIUS OF 275.00 FEET, A CENTRAL ANGLE OF 68°32'50" AND AN ARC LENGTH OF 329.00 FEET;
11. ALONG THE ARC OF A REVERSE CURVE TO THE LEFT, HAVING A RADIUS OF 50.00 FEET, A CENTRAL ANGLE OF 41°49'56" AND AN ARC LENGTH OF 36.51 FEET;
12. ALONG THE ARC OF A COMPOUND CURVE TO THE LEFT, HAVING A RADIUS OF 20.00 FEET, A CENTRAL ANGLE OF 46°39'24" AND AN ARC LENGTH OF 16.29 FEET;
13. S89°39'47"E, A DISTANCE OF 527.83 FEET TO A POINT ON SAID EAST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 20;

THENCE S00°21'34"E, ALONG SAID EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 20, A DISTANCE OF 1848.61 FEET TO THE POINT OF BEGINNING.

PARCEL 3 CONTAINS AN AREA OF 101.386 ACRES MORE OR LESS.

TOGETHER WITH:

PARCEL 4

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 29;

THENCE N00°34'40"W, ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 20, A DISTANCE OF 30.00 FEET TO A POINT ON THE NORTHERLY BOUNDARY OF THE 136TH AVENUE RIGHT-OF-WAY;

THENCE N89°43'17"E, ALONG SAID NORTHERLY BOUNDARY OF THE 136TH AVENUE RIGHT-OF-WAY, A DISTANCE OF 2649.31 FEET TO A POINT ON THE EAST LINE OF SAID SOUTHWEST QUARTER OF SECTION 20;

THENCE S00°52'30"E, ALONG SAID EAST LINE OF THE SOUTHWEST QUARTER OF SECTION 20, A DISTANCE OF 30.01 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 29;

THENCE N89°27'35"E, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 29, A DISTANCE OF 2657.69 FEET TO THE NORTHEAST CORNER OF SAID SECTION 29;

THENCE N89°34'20"E, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SECTION 28, A DISTANCE OF 1112.40 FEET;

THENCE S60°31'49"E, A DISTANCE OF 213.20 FEET;

THENCE S29°28'11"W, A DISTANCE OF 1660.30 FEET;

THENCE S35°48'41"W, A DISTANCE OF 1210.40 FEET;

THENCE S43°09'54"W, A DISTANCE OF 166.94 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 29;

THENCE S89°26'52"W, ALONG SAID SOUTH LINE OF THE NORTHEAST QUARTER OF SECTION 29, A DISTANCE OF 323.48 FEET;

THENCE THE FOLLOWING SEVEN (7) COURSES:

1. S00°22'44"E, A DISTANCE OF 24.10 FEET;
2. S48°34'22"E, A DISTANCE OF 151.04 FEET;
3. S03°30'08"E, A DISTANCE OF 141.47 FEET;
4. S41°31'47"W, A DISTANCE OF 1514.76 FEET;
5. N48°37'48"W, A DISTANCE OF 49.97 FEET;
6. S41°25'43"W, A DISTANCE OF 1068.46 FEET;
7. S45°26'38"W, A DISTANCE OF 684.20 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 29;

THENCE N89°45'25"E, ALONG SAID SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 29, A DISTANCE OF 61.43 FEET;

THENCE S41°20'55"W, A DISTANCE OF 1298.20 FEET;

THENCE S43°20'55"W, A DISTANCE OF 1856.04 FEET;

THENCE N89°37'05"W, A DISTANCE OF 96.20 FEET;

THENCE S80°04'55"W, A DISTANCE OF 66.95 FEET;

THENCE S72°16'55"W, A DISTANCE OF 81.77 FEET;

THENCE S62°22'55"W, A DISTANCE OF 208.80 FEET A POINT ON THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 32;

THENCE N00°33'05"W, ALONG SAID WEST LINE OF THE NORTHWEST QUARTER OF SECTION 32, A DISTANCE OF 2446.00 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 29;

THENCE N00°20'28"W, ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 29, A DISTANCE OF 2613.32 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 29;

THENCE N00°08'17"E, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 29, A DISTANCE OF 2655.34 FEET TO THE POINT OF BEGINNING.

PARCEL 4 CONTAINS AN AREA OF 667.258 ACRES MORE OR LESS.

TOGETHER WITH:

PARCEL 5

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 29;

THENCE N89°45'25"E, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 29, A DISTANCE OF 518.13 FEET TO THE POINT OF BEGINNING;

THENCE THE FOLLOWING SEVEN (7) COURSES:

1. N41°20'54"E, A DISTANCE OF 778.45 FEET
2. N89°45'25"E, A DISTANCE OF 606.90 FEET;
3. S21°24'55"W, A DISTANCE OF 235.47 FEET;
4. S19°11'35"E, A DISTANCE OF 309.90 FEET;
5. S12°25'35"E, A DISTANCE OF 379.94 FEET;
6. S89°45'25"W, A DISTANCE OF 1484.84 FEET;
7. N41°20'54"E, A DISTANCE OF 402.64 FEET TO THE POINT OF BEGINNING.

PARCEL 5 CONTAINS AN AREA OF 20.251 ACRES MORE OR LESS.

TOGETHER WITH:

PARCEL 6

BEGINNING AT THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 21;

THENCE S89°24'34"W, ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 21, A DISTANCE OF 1014.30 FEET;

THENCE N44°59'08"E, A DISTANCE OF 1428.90 FEET TO A POINT ON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 21;

THENCE S00°14'10"E, ALONG SAID EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 21, A DISTANCE OF 1000.20 FEET TO THE POINT OF BEGINNING.

PARCEL 6 CONTAINS AN AREA OF 11.645 ACRES MORE OR LESS.

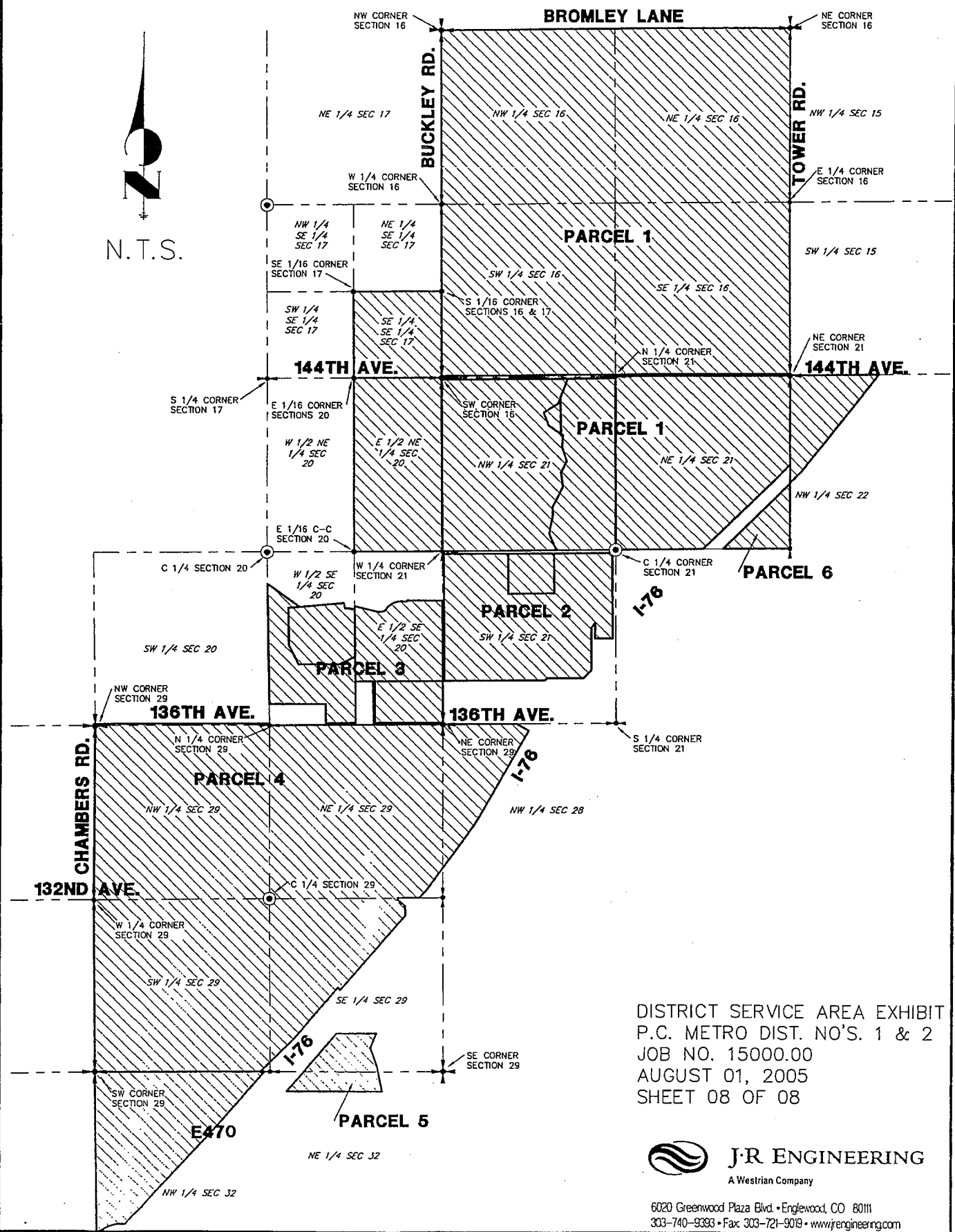
CONTAINING A TOTAL AREA OF 1993.901 ACRES MORE OR LESS.

The above and foregoing describes a surface estate only. Expressly excluded from this legal description are any estates below the surface including oil, gas and other minerals (including sand and gravel) and any related rights of surface use.

EXHIBIT D

Map of Service Area

SECTIONS 16, 17, 20, 21, 28, 29 AND 32, TOWNSHIP 1 SOUTH, RANGE 66 WEST, 6TH P.M.
ADAMS COUNTY, STATE OF COLORADO



X:\15000000\Drawings\Legal Exhibits\PRAIRIE CENTER METROPOLITAN DISTRICT 1_MAP.dwg, 8.5x11 Portrait, 8/1/2005 1:19:06 PM, burdinej

DISTRICT SERVICE AREA EXHIBIT
P.C. METRO DIST. NO'S. 1 & 2
JOB NO. 15000.00
AUGUST 01, 2005
SHEET 08 OF 08

 **J·R ENGINEERING**
A Westrian Company

6020 Greenwood Plaza Blvd. • Englewood, CO 80111
303-740-9393 • Fax 303-721-9019 • www.jrengineering.com

EXHIBIT E

Vicinity Map

CITY OF BRIGHTON

BROMLEY LANE

BUCKLEY RD.

TOWER RD.

144TH AVE.

136TH AVE.

132ND AVE.

CHAMBERS RD.

BARR NORMAL F

BARR LAKE

I-76



SCALE: 1"=2500'

LEGEND



SERVICE AREA = 1,994 ACRES

SERVICE AREA VICINITY MAP
PRAIRIE CENTER
JOB NO. 15000.00
MAY 02, 2005
SHEET 01 OF 01



J-R ENGINEERING

A Westrian Company

6020 Greenwood Plaza Blvd. • Englewood, CO 80111
303-740-9393 • Fax 303-721-9019 • www.rengineering.com

EXHIBIT F

Estimate of Costs of Public Improvements

Streets

Water

Sewer

Storm Drainage

Safety Protection

Park and Recreation

Transportation

Television Relay and Translation

Mosquito Control

TOTAL \$245,000,000

EXHIBIT G

Illustrative Financial Plan

Illustrative Prairie Center District Revenue Summary - Initial Phases of Development

Projected Aggregate Gross Bond Proceeds

Year	Prairie Center Development Summary										Priority Debt		Debt Service on Priority Bonds with 1.4x Coverage		Debt Service Subordinated Portion	
	Residential Development Summary					Commercial / Retail Development Summary					\$138,900,000	\$40,000,000	Debt Service on Priority Bonds with 1.4x Coverage			Subordinated Portion
	District Taxes Collected at a Mill Levy Set @	Credit PIF, Building Materials	Facilities Fees	Building Materials	Facilities Fees	Add-On PIF	Credit PIF at 1.00% of General Retail Sales	Credit PIF for Park & Rec .25% of General Retail Sales	Grand Total Projected Revenue to District	Priority Debt			Debt Service on Priority Bonds with 1.4x Coverage	Subordinated Portion		
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$53,569,347	\$ 3,272,458	\$ 3,250,000	\$ 59,320,876	\$ 1,044,418	\$ 1,456,150	\$ 262,866,758	\$ 262,866,758	\$ 57,224,458	\$ 21,968,710	\$ 555,725	\$ 482,905,469	\$ 193,027,188	\$ 482,905,469	\$ 193,027,188	\$ 193,027,188
Percentage	7.93%	0.48%	0.48%	8.78%	0.15%	0.22%	38.89%	38.89%	0.85%	3.25%	0.08%	100.00%	100.00%	100.00%	100.00%	100.00%

Total % Allocated To Credit PIF - Primary Public Improvements 39.74%
 Total % Allocated To Credit PIF - Park and Recreation Improvements 3.33%
 ** Example Allocation Subject to Use of Funds Discussion with City

Prairie Center Metropolitan District No. 7 Summary

Board of Director/Terms of Office:

Brandon Schenberg
Mike Tamblyn
Amanda Coffey
Ashley Licursi
Melissa Zimmerman

Officers:

President
Treasurer
Secretary
Assistant Secretaries

Regular Meetings (2022):

Dates and Time:

June 9, 2022 at 11:30 a.m.
November 10, 2022 at 11:30 a.m.

Location: Via Zoom

Consultants:

Attorney:

Paula Williams

Shareholder
McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203-1254
Phone: 303.592.4380
Fax: 303.592.4385
Email: pwillisams@specialdistrictlaw.com
www.specialdistrictlaw.com

Accountant:

Thuy Dam, CPA
CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 300
Englewood, CO 80111
Phone: 303-779-5710
Direct: 303-793-1426
Thuy.Dam@claconnect.com

Summary

Page 2

Manager:

Ann Finn

District Manager

Special District Management Services, Inc.

141 Union Blvd., Suite 150

Lakewood, CO 80228

303-987-0835 (office)

afinn@sdmsi.com

Prairie Center Metropolitan District No. 7

Annual Budget

For Year Ending December 31, 2022

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
SUMMARY
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/18/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ (128,094)	\$ 7,694,333	\$ 6,792,311
REVENUES			
Property taxes	195,943	224,477	372,766
Specific ownership taxes	14,380	16,200	26,094
Interest income	3,908	4,050	3,500
Other revenue	1,759	5,500	5,000
Working capital fees	16,000	15,400	28,800
Operations fees	16,974	42,570	90,720
Developer advances	924,328	8,805,257	5,694,607
Bond issuance - Series 2020 Senior	12,225,000	-	-
Bond issuance - Series 2021 Subordinate	-	3,990,000	-
Facilities fees	246,000	210,000	306,000
Drainage impact fees	407,620	297,700	467,160
Neighborhood park impact fees	198,900	110,500	173,400
Rebated City fees	472,973	486,500	689,190
Credit public improvement fees	128,298	110,600	161,160
Add-On public improvement fees	128,298	110,600	161,160
Credit public improvement fees - PRI	32,311	27,650	40,290
Total revenues	<u>15,012,692</u>	<u>14,457,004</u>	<u>8,219,847</u>
TRANSFERS IN	<u>1,008,341</u>	<u>-</u>	<u>-</u>
Total funds available	<u>15,892,939</u>	<u>22,151,337</u>	<u>15,012,158</u>
EXPENDITURES			
General Fund	243,727	300,000	383,000
Debt Service Fund	585,109	1,608,981	2,337,000
Capital Projects Fund	6,361,429	13,450,045	7,638,000
Total expenditures	<u>7,190,265</u>	<u>15,359,026</u>	<u>10,358,000</u>
TRANSFERS OUT	<u>1,008,341</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>8,198,606</u>	<u>15,359,026</u>	<u>10,358,000</u>
ENDING FUND BALANCES	<u>\$ 7,694,333</u>	<u>\$ 6,792,311</u>	<u>\$ 4,654,158</u>
EMERGENCY RESERVE	\$ 7,400	\$ 3,200	\$ 5,800
DEBT SERVICE RESERVE	812,672	812,672	812,672
PRI RESERVE	49,384	77,034	117,324
TOTAL RESERVE	<u>\$ 869,456</u>	<u>\$ 892,906</u>	<u>\$ 935,796</u>

No assurance provided. See summary of significant assumptions.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
PROPERTY TAX SUMMARY INFORMATION
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/18/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
ASSESSED VALUATION			
Residential	\$ -	\$ 785,350	\$ 3,504,610
State assessed	-	1,200	2,980
Vacant land	2,933,470	2,504,560	1,967,620
Personal property	-	69,520	105,460
Certified Assessed Value	<u>\$ 2,933,470</u>	<u>\$ 3,360,630</u>	<u>\$ 5,580,670</u>
MILL LEVY			
General	66.796	11.132	11.132
Debt Service	0.000	55.664	55.664
Total mill levy	<u>66.796</u>	<u>66.796</u>	<u>66.796</u>
PROPERTY TAXES			
General	\$ 195,944	\$ 37,411	\$ 62,124
Debt Service	-	187,066	310,642
Levied property taxes	<u>195,944</u>	<u>224,477</u>	<u>372,766</u>
Adjustments to actual/rounding	(1)	-	-
Budgeted property taxes	<u>\$ 195,943</u>	<u>\$ 224,477</u>	<u>\$ 372,766</u>
BUDGETED PROPERTY TAXES			
General	\$ 195,943	\$ 37,411	\$ 62,124
Debt Service	-	187,066	310,642
	<u>\$ 195,943</u>	<u>\$ 224,477</u>	<u>\$ 372,766</u>

No assurance provided. See summary of significant assumptions.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
GENERAL FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/18/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ (25,254)	\$ 44,312	\$ 3,200
REVENUES			
Property taxes	195,943	37,411	62,124
Specific ownership taxes	14,380	2,700	4,349
Interest income	-	50	-
Developer advances	68,237	155,257	194,607
Working capital fees	16,000	15,400	28,800
Operations fees	16,974	42,570	90,720
Other revenue	1,759	5,500	5,000
Total revenues	313,293	258,888	385,600
Total funds available	288,039	303,200	388,800
EXPENDITURES			
General and administrative			
Accounting	52,308	42,000	45,000
Accounting - non recurring	-	5,000	5,000
Billing and collection	12,446	17,000	18,500
Audit	3,850	4,000	4,300
County Treasurer's fees	2,939	561	932
Dues and membership	461	478	550
Insurance	12,067	15,121	18,000
District management	15,534	18,000	20,000
Legal services	17,145	20,000	20,000
Miscellaneous/Contingency	25,988	11,740	10,168
Election expense	1,780	-	10,000
Operations and maintenance			
Repairs and maintenance - District Tracts	1,912	1,000	2,500
Landscape maintenance - District Tracts	14,593	35,000	55,000
Landscape maintenance - Park	4,897	18,000	20,000
Tree care program/replacement	-	37,500	30,000
Electric - District Tracts	-	600	650
Community management	14,000	18,000	25,000
Pet station services	-	1,000	5,000
Underdrain system maintenance	-	-	15,000
Snow removal	-	10,000	15,000
Site lighting	-	-	2,400
Irrigation water - District Tracts	63,807	45,000	60,000
Total expenditures	243,727	300,000	383,000
Total expenditures and transfers out requiring appropriation	243,727	300,000	383,000
ENDING FUND BALANCES	\$ 44,312	\$ 3,200	\$ 5,800
EMERGENCY RESERVE	\$ 7,400	\$ 3,200	\$ 5,800
TOTAL RESERVE	\$ 7,400	\$ 3,200	\$ 5,800

No assurance provided. See summary of significant assumptions.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
DEBT SERVICE FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/18/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ 315	\$ 1,230,656	\$ 1,149,141
REVENUES			
Property taxes	-	187,066	310,642
Specific ownership taxes	-	13,500	21,745
Credit public improvement fees	54,527	110,600	161,160
Interest income	684	1,000	1,000
Facilities fees	105,000	210,000	306,000
Add-On public improvement fees	54,527	110,600	161,160
Rebated City fees	310,811	486,500	689,190
Drainage impact fees	215,260	297,700	467,160
Neighborhood Park impact fees	66,300	110,500	173,400
Total revenues	<u>807,109</u>	<u>1,527,466</u>	<u>2,291,457</u>
TRANSFERS IN			
Transfers from other funds	<u>1,008,341</u>	-	-
Total funds available	<u>1,815,765</u>	<u>2,758,122</u>	<u>3,440,598</u>
EXPENDITURES			
General and administrative			
County Treasurer's fees	-	2,806	4,660
Miscellaneous/Contingency	-	-	10,893
Paying agent fees	-	6,000	10,000
Debt Service			
Bond interest	185,109	515,175	461,447
Bond principal	400,000	1,085,000	1,850,000
Total expenditures	<u>585,109</u>	<u>1,608,981</u>	<u>2,337,000</u>
Total expenditures and transfers out requiring appropriation	<u>585,109</u>	<u>1,608,981</u>	<u>2,337,000</u>
ENDING FUND BALANCES	<u>\$ 1,230,656</u>	<u>\$ 1,149,141</u>	<u>\$ 1,103,598</u>
DEBT SERVICE RESERVE	<u>\$ 812,672</u>	<u>\$ 812,672</u>	<u>\$ 812,672</u>
TOTAL RESERVE	<u>\$ 812,672</u>	<u>\$ 812,672</u>	<u>\$ 812,672</u>

No assurance provided. See summary of significant assumptions.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
2022 BUDGET
WITH 2020 ACTUAL AND 2021 ESTIMATED
For the Years Ended and Ending December 31,

1/18/2022

	ACTUAL 2020	ESTIMATED 2021	BUDGET 2022
BEGINNING FUND BALANCES	\$ (103,155)	\$ 6,419,365	\$ 5,639,970
REVENUES			
Credit public improvement fees	73,771	-	-
Drainage impact fees	192,360	-	-
Rebated City Fees	162,162	-	-
Neighborhood Park impact fees	132,600	-	-
Facilities fees	141,000	-	-
Add-On public improvement fees	73,771	-	-
Credit public improvement fees - PRI	32,311	27,650	40,290
Interest income	3,224	3,000	2,500
Bond issuance - Series 2020 Senior	12,225,000	-	-
Bond issuance - Series 2021 Subordinate	-	3,990,000	-
Developer advances	856,091	8,650,000	5,500,000
Total revenues	<u>13,892,290</u>	<u>12,670,650</u>	<u>5,542,790</u>
Total funds available	<u>13,789,135</u>	<u>19,090,015</u>	<u>11,182,760</u>
EXPENDITURES			
PPI			
Village 1 - Phase 1	3,983	-	-
Village 1 - Phase 2	334,318	25,000	50,000
Village 1 - Phase 3	229,717	1,700,000	100,000
Village 1 - Phase 4	-	1,450,000	1,880,000
DPI			
Project management fee	111,134	311,000	204,000
Project management fee interest	16,472	25,817	41,861
Village 1 - Phase 1	77,101	29,069	-
Village 1 - Phase 2	1,379,106	15,000	75,000
Village 1 - Phase 3	861,787	2,000,000	100,000
Village 1 - Phase 4	-	2,250,000	2,820,000
General			
Accounting	15,343	28,000	30,000
District management	3,784	12,000	13,500
Legal	5,860	13,500	13,500
Engineering	-	10,000	20,000
Bond issue costs	833,619	352,659	-
Miscellaneous/Contingency	-	-	103,139
Repay Developer advance	2,489,205	5,228,000	2,187,000
Total expenditures	<u>6,361,429</u>	<u>13,450,045</u>	<u>7,638,000</u>
TRANSFERS OUT			
Transfers to other fund	<u>1,008,341</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>7,369,770</u>	<u>13,450,045</u>	<u>7,638,000</u>
ENDING FUND BALANCES	<u>\$ 6,419,365</u>	<u>\$ 5,639,970</u>	<u>\$ 3,544,760</u>
PRI RESERVE	<u>\$ 49,384</u>	<u>\$ 77,034</u>	<u>\$ 117,324</u>
TOTAL RESERVE	<u>\$ 49,384</u>	<u>\$ 77,034</u>	<u>\$ 117,324</u>

No assurance provided. See summary of significant assumptions.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Services Provided

Prairie Center Metropolitan District No. 7 (District) is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized on June 6, 2006, concurrently with Prairie Center Metropolitan District Nos 3-6 and 8-10, pursuant to an order and decree of the Adams County District Court. The Service Plan for the District was approved by the City of Brighton on February 21, 2006, modified on November 13, 2006, and amended and restated on November 4, 2008, and modified on April 14, 2013.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translation and mosquito and pest control services. The District is authorized to operate and maintain any improvements not otherwise conveyed to the City or other entities.

During elections held on May 2, 2006, a majority of the District's electors authorized general obligation indebtedness of \$6,790,000,000, for the above listed facilities, intergovernmental agreements and debt refunding. Additionally, on May 2, 2006, the District's voters authorized the District to collect, retain and spend all revenues in excess of TABOR spending, revenue raising or other limitations.

Pursuant to the Service Plans of District Nos. 2-10, the maximum aggregate principal of debt that may be incurred by all of such Districts, together with District No. 1, collectively, is \$750,000,000.

The District prepares its budget on the modified accrual basis of accounting in accordance with the requirements of Colorado Revised Statutes C.R.S. 29-1-105 using its best estimates as of the date of the budget hearing. These estimates are based on expected conditions and its expected course of actions. The assumptions disclosed herein are those that the District believes are significant to the budget. There will usually be differences between the budget and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Revenues

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or, if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

The calculation of the taxes levied is displayed on the Property Tax Summary page of the budget using the adopted mill levy imposed by the District.

The change in assessment ratio from 7.2% to 7.15% allows the District to adjust its mill levy to offset the decrease in revenues. Accordingly, the District adjusted its mill levy to 11.132 for operations and 55.664 for debt service.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Specific Ownership Taxes

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The budget assumes that the District's share will be equal to approximately 7% of the property taxes collected.

Interest Income

Investment earned on the District's available funds has been estimated based on historical interest earnings.

Developer Advances

A portion of operations, maintenance, and capital costs of the District is expected to be funded by the Developer.

Operations and Capital Fees

The District established an operations fee of \$360 per year on each residential lot along with a one-time capital fee of \$200 upon closing to cover the costs of operations and maintaining the District improvements.

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees, and Neighborhood Park Impact Fees

The District entered into an Intergovernmental Agreement Regarding Assignment of Revenues (the IGA) with Prairie Center Metro District No. 3 (District No. 3). Per the IGA, District No. 3 agrees to transfer to the District its rights to receive revenues as set forth in the IGA that are directly attributable to Village I. District No. 3 is relieved from providing any public improvements or management services related to Village I as it is being developed by the District, separately from the remaining development.

These assigned revenues include:

- *Facilities Fees* – being assessed for the use of the District's improvements. The facilities fee is \$3,000 per single-family, detached dwelling unit, due on or before the date of issuance of a building permit by the City of Brighton.
- *Credit and Add-On PIF* – being assessed on use tax transactions and collected at the time of building permit issuance. The Credit PIF is calculated as 1.25% of 50% of the project valuation. The Add-On PIF is calculated as 1.00% of 50% of the project valuation.
- *Drainage Impact Fees* – the City of Brighton shall reimburse the District, on a quarterly basis from building permits issued, for the design, financing and construction of the stormwater improvements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Revenues – (continued)

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees, and Neighborhood Park Impact Fees – (continued)

- *Rebated City Fees* – the City of Brighton shall remit a per-lot rebated fee to the District, on a quarterly basis from certificates of occupancy issued, in the amount of \$6,756.75 per single-family residential lot for a total reimbursement not to exceed \$2,500,000 at the completion of the Village 1 Subdivision.
- *Neighborhood Park Impact Fees* - the City of Brighton has agreed to remit the Neighborhood Park Impact Fees to the District as reimbursement for the costs of construction of certain Neighborhood Park Improvements in the amount of \$1,700 per residential unit.

Expenditures

General and Administrative

General and administrative expenditures include the estimated costs of services necessary to maintain the District's administrative viability such as legal, management, accounting, insurance and other administrative expenses.

Operations and Maintenance

Operations and maintenance expenditures include estimated expenditures for improvements within the District related to repairs and maintenance, landscaping maintenance, park maintenance, utility costs and snow removal.

Treasurer's Fees

County Treasurer's fees have been computed at 1.5% of property tax collections.

Debt Service

Payments on Series 2020 Bonds are based on the amount of funds available. Therefore, a scheduled amortization has not been included in the budget.

Series 2021 Subordinate Bonds are also structured as cash flow bonds. A debt amortization schedule has not been provided as payments are made when funds are available.

Capital Outlay

The District anticipates infrastructure improvements as noted in the Capital Projects Fund.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases

Limited Tax General Obligation Bonds, Series 2020

The District issued Series 2020 Limited Tax General Obligation Bonds on August 12, 2020, in the par amount of \$12,225,000. Proceeds from the sale of the Bonds will be used to finance a portion of the costs of constructing certain public infrastructure to serve the Development and certain other property within Prairie Center and repay advances made by the Developer to the District to construct such public infrastructure. A portion of the proceeds of the Bonds will also be used to fund: (a) the Reserve Fund, (b) capitalized interest on the Bonds; and (c) costs of issuing the Bonds. The Bonds will be issued as two term bonds. The first term bond bears interest at 4.125% and matures on December 15, 2036. The second term bond bears interest at 4.875% and matures on December 15, 2044. Interest on the Bonds is payable semi-annually on June 15 and December 15 (“Interest Payment Dates”), beginning on December 15, 2020, to the extent of available Pledged Revenue.

The Bonds are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the term Bonds prior to their respective maturity dates. Instead, principal is payable on each June 15 and December 15 from available Pledged Revenue, if any, pursuant to a mandatory redemption, after paying interest due on such Interest Payment Date and after funding in full interest coming due on the next Interest Payment Date (the “Subsequent Interest Payment Date”), less any amounts on deposit in such account, including any deposits from capitalized interest. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond.

The Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, Specific Ownership Taxes attributable to the Required Mill Levy, Pledged PIF Revenues, PILOT revenues (if any), and any other legally available moneys of the District which the District deposits with the Trustee for application as Pledged Revenue. The forecast does not include Pledged PIF or PILOT revenues. The Bonds are also secured by amounts held in the Reserve Fund in the amount \$812,672.

Subordinate Limited Tax General Obligation Bonds, Series 2021

The District issued Subordinate Limited Tax General Obligation Bonds (the Subordinate Bonds) on November 30, 2021, in the par amount of \$3,990,000. Proceeds from the sale of the Subordinate Bonds were used to repay advances made by the Developer to the District to construct such public infrastructure to serve the development and certain other property within Prairie Center, and to pay costs of issuing the Subordinate Bonds.

The Subordinate Bonds bear interest at the rate of 6.375% per annum and are payable annually on December 15, beginning December 15, 2022, but only to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds are structured as “cash flow” bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date of June 15, 2046. Principal on the Subordinate Bonds is payable on each December 15 from, and to the extent of, Subordinate Pledged Revenue available 45 days prior to such December 15.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

Subordinate Limited Tax General Obligation Bonds, Series 2021 – (Continued)

Accrued unpaid interest on the Subordinate Bonds compounds annually on each December 15 until sufficient Subordinate Pledged Revenue is available for payment or until discharged. In the event that any amount of principal or interest on the Subordinate Bonds remains unpaid after application of all Subordinate Pledged Revenue available therefor on December 15, 2056, the Subordinate Bonds will be deemed discharged. No payments are permitted to be made on the Subordinate Bonds until the 2020 Senior Bonds and any other Senior Obligations issued by the District have been paid in full or defeased.

The Subordinate Bonds are secured by and payable from moneys derived by the District from the following sources: (a) all Subordinate Property Tax Revenues; (b) all Subordinate Specific Ownership Tax Revenues; and (c) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The following is analysis of anticipated changes in the District’s long-term obligations for the year ending December 31, 2021.

	Balance - December 31, 2020	Additions	Retirements	Anticipated Balance - December 31, 2021
Bonds Payable				
Series 2020 - Senior	\$ 11,825,000	\$ -	\$ 1,085,000	\$ 10,740,000
Series 2021 - Subordinate	-	3,990,000	-	3,990,000
Accrued Interest on Bonds				
Series 2021 - Subordinate	-	21,197	-	21,197
Developer Advances:				
Operating	191,599	155,257	-	346,856
Capital	5,939,551	8,650,000	4,772,398	9,817,153
Accrued Interest				
Operating	22,976	14,889	-	37,865
Capital	64,077	496,402	455,602	104,877
Funding Fee Payable	48,732	61,000	-	109,732
Total	<u>\$ 18,091,935</u>	<u>\$ 13,388,745</u>	<u>\$ 6,313,000</u>	<u>\$ 25,167,680</u>

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
2022 BUDGET
SUMMARY OF SIGNIFICANT ASSUMPTIONS**

Debt and Leases – (Continued)

The following is analysis of anticipated changes in the District’s long-term obligations for the year ending December 31, 2022.

	Anticipated Balance - December 31, 2021	Additions	Retirements	Anticipated Balance - December 31, 2022
Bonds Payable				
Series 2020 - Senior	\$ 10,740,000	\$ -	\$ 1,850,000	\$ 8,890,000
Series 2021 - Subordinate	3,990,000	-	-	3,990,000
Accrued Interest on Bonds				
Series 2021 - Subordinate	21,197	255,820	-	277,017
Developer Advances:				
Operating	346,856	194,607	-	541,463
Capital	9,817,153	5,500,000	1,440,009	13,877,144
Accrued Interest				
Operating	37,865	30,502	-	68,367
Capital	104,877	746,991	746,991	104,877
Funding Fee Payable	109,732	102,000	-	211,732
Total	<u>\$ 25,167,680</u>	<u>\$ 6,829,920</u>	<u>\$ 4,037,000</u>	<u>\$ 27,960,600</u>

The District has no outstanding operating or capital leases.

Reserve Funds

Emergency Reserve

The District has provided for an Emergency Reserve equal to at least 3% of fiscal year spending for 2022, as defined under TABOR.

Debt Service Reserve

The Series 2020 Bonds are also secured by funds to be held by the Trustee in the Reserve Funds, in the required amount of \$812,672.

This information is an integral part of the accompanying budget.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
Adams County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020**

INDEPENDENT AUDITOR’S REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	6
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	7
NOTES TO BASIC FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
DEBT SERVICE FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	26
CAPITAL PROJECTS FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	27
OTHER INFORMATION	
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED	29

Independent Auditor's Report

Board of Directors
Prairie Center Metropolitan District No. 7
Adams County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Prairie Center Metropolitan District No. 7 (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Prairie Center Metropolitan District No. 7 as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information as listed in the table of contents is presented for the purposes of legal compliance and additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The other information, as listed in the table of contents, has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sincerely,



Wipfli LLP
Lakewood, Colorado

June 14, 2021

BASIC FINANCIAL STATEMENTS

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and Investments	\$ 76,792
Cash and Investments - Restricted	8,982,539
Accounts Receivable	23,864
Prepaid Expenses	8,856
Receivable from County Treasurer	1,073
Property Taxes Receivable	224,477
Capital Assets, Not Being Depreciated:	
Construction in Progress	9,624,069
Total Assets	18,941,670
LIABILITIES	
Accounts Payable	842,517
Retainage Payable	127,174
Unearned Fees	3,047
Project Management Fee Payable	384,347
Project Management Fee Interest Payable	41,706
Accrued Interest Payable - Bonds	23,346
Noncurrent Liabilities:	
Due in More than One Year	18,091,935
Total Liabilities	19,514,072
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenue	224,477
Total Deferred Inflows of Resources	224,477
NET POSITION	
Restricted For:	
Emergency Reserves	7,400
Debt Service	394,265
Unrestricted	(1,198,544)
Total Net Position	\$ (796,879)

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

		Program Revenues			Net Revenues (Expenses) and Change in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 396,320	\$ -	\$ 32,974	\$ 807,975	\$ 444,629
Interest and Related Costs on Long-Term Debt	1,535,633	-	-	806,425	(729,208)
Total Governmental Activities	\$ 1,931,953	\$ -	\$ 32,974	\$ 1,614,400	(284,579)
 GENERAL REVENUES					
Property Taxes					195,943
Specific Ownership Taxes					14,380
Net Investment Income					3,908
Other Revenue					1,759
Total General Revenues					215,990
 CHANGE IN NET POSITION					
					(68,589)
Net Position - Beginning of Year					(728,290)
 NET POSITION - END OF YEAR					
					\$ (796,879)

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 76,792	\$ -	\$ -	\$ 76,792
Cash and Investments - Restricted	7,400	1,208,110	7,767,029	8,982,539
Accounts Receivable	-	22,546	1,318	23,864
Prepaid Expenses	8,856	-	-	8,856
Receivable from County Treasurer	1,073	-	-	1,073
Property Taxes Receivable	37,411	187,066	-	224,477
	<u>\$ 131,532</u>	<u>\$ 1,417,722</u>	<u>\$ 7,768,347</u>	<u>\$ 9,317,601</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 46,762	\$ -	\$ 795,755	\$ 842,517
Retainage Payable	-	-	127,174	127,174
Unearned Fees	3,047	-	-	3,047
Project Management Fee Payable	-	-	384,347	384,347
Project Management Fee Interest Payable	-	-	41,706	41,706
Total Liabilities	<u>49,809</u>	<u>-</u>	<u>1,348,982</u>	<u>1,398,791</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax Revenue	37,411	187,066	-	224,477
Total Deferred Inflows of Resources	<u>37,411</u>	<u>187,066</u>	<u>-</u>	<u>224,477</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	8,856	-	-	8,856
Restricted For:				
Emergency Reserves	7,400	-	-	7,400
Debt Service	-	1,230,656	-	1,230,656
Capital Projects	-	-	6,419,365	6,419,365
Assigned:				
Subsequent Year's Expenditures	28,056	-	-	28,056
Total Fund Balances	<u>44,312</u>	<u>1,230,656</u>	<u>6,419,365</u>	<u>7,694,333</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 131,532</u>	<u>\$ 1,417,722</u>	<u>\$ 7,768,347</u>	<u>\$ 9,317,601</u>

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Fund Balances - Total Governmental Funds	\$ 7,694,333
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets, Not Being Depreciated	9,624,069
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	(11,825,000)
Accrued Interest Payable - Bonds	(23,346)
Developer Advance Payable	(6,131,150)
Accrued Interest Payable - Developer Advances	(87,053)
Funding Fees on Developer Advances	<u>(48,732)</u>

Net Position of Governmental Activities	<u><u>\$ (796,879)</u></u>
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PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Credit Public Improvement Fees				
from Building Permits	\$ -	\$ 54,527	\$ 73,771	\$ 128,298
Credit Public Improvement Fees				
from Building Permits - PRI	-	-	32,311	32,311
Add-On Public Improvement Fees				
from Building Permits	-	54,527	73,771	128,298
Facilities Fees	-	105,000	141,000	246,000
Drainage Impact Fees	-	215,260	192,360	407,620
Rebated City Fees	-	310,811	162,162	472,973
Neighborhood Park Impact Fees	-	66,300	132,600	198,900
Working Capital Fees	16,000	-	-	16,000
Operations Fees	16,974	-	-	16,974
Property Taxes	195,943	-	-	195,943
Specific Ownership Taxes	14,380	-	-	14,380
Net Investment Income	-	684	3,224	3,908
Other Revenue	1,759	-	-	1,759
Total Revenues	<u>245,056</u>	<u>807,109</u>	<u>811,199</u>	<u>1,863,364</u>
EXPENDITURES				
General and Operations	243,727	-	24,987	268,714
Debt Service	-	585,109	833,619	1,418,728
Capital Outlay	-	-	3,013,618	3,013,618
Total Expenditures	<u>243,727</u>	<u>585,109</u>	<u>3,872,224</u>	<u>4,701,060</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,329	222,000	(3,061,025)	(2,837,696)
OTHER FINANCING SOURCES (USES)				
Transfers (to) Other Funds	-	-	(1,008,341)	(1,008,341)
Transfers from Other Funds	-	1,008,341	-	1,008,341
Developer Advances	68,237	-	856,091	924,328
Repayment of Developer Advances	-	-	(2,489,205)	(2,489,205)
Bond Issuance	-	-	12,225,000	12,225,000
Total Other Financing Sources (Uses)	<u>68,237</u>	<u>1,008,341</u>	<u>9,583,545</u>	<u>10,660,123</u>
NET CHANGE IN FUND BALANCES	69,566	1,230,341	6,522,520	7,822,427
Fund Balances - Beginning of Year	<u>(25,254)</u>	<u>315</u>	<u>(103,155)</u>	<u>(128,094)</u>
FUND BALANCES - END OF YEAR	<u>\$ 44,312</u>	<u>\$ 1,230,656</u>	<u>\$ 6,419,365</u>	<u>\$ 7,694,333</u>

See accompanying Notes to Basic Financial Statements.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 7,822,427

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.

Capital Outlay 2,886,012

The issuance of long-term debt (e.g., bonds, Developer advances) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds record the effect of premiums, discounts, and similar items when debt is first issued as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Bond Principal Payment	400,000
Bond Issuance	(12,225,000)
Developer Advances	(924,328)
Repayment of Developer Advances - Principal	1,448,907

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Funding Fees on Developer Advances	(48,732)
Accrued Interest on Bonds Payable - Change in Liability	1,016,952
Accrued Interest on Developer Advances - Change in Liability	(444,827)

Change in Net Position of Governmental Activities \$ (68,589)

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Working Capital Fees	\$ 12,000	\$ 19,030	\$ 16,000	\$ (3,030)
Operations Fees	13,500	19,780	16,974	(2,806)
Property Taxes	195,944	195,944	195,943	(1)
Specific Ownership Taxes	15,600	14,000	14,380	380
Other Revenue	-	3,000	1,759	(1,241)
Total Revenues	<u>237,044</u>	<u>251,754</u>	<u>245,056</u>	<u>(6,698)</u>
EXPENDITURES				
Accounting	35,000	60,000	52,308	7,692
Audit	4,500	3,850	3,850	-
Billing and Collection	8,000	20,000	12,446	7,554
Community Management	20,000	15,000	14,000	1,000
County Treasurer's Fees	2,939	2,939	2,939	-
Dues and Membership	500	461	461	-
District Management	25,000	20,000	15,534	4,466
Election Expense	1,000	1,780	1,780	-
Electric - District Tracts	1,200	500	-	500
Insurance	12,000	12,067	12,067	-
Irrigation Repairs - District Tracts	1,000	-	-	-
Irrigation Repairs - Park	1,000	-	-	-
Irrigation Water - District Tracts	15,000	70,000	63,807	6,193
Landscape Maintenance - District Tracts	15,000	20,000	14,593	5,407
Landscape Maintenance - Park	18,000	10,000	4,897	5,103
Legal Services	35,000	20,000	17,145	2,855
Repairs and Maintenance - District Tracts	2,400	2,500	1,912	588
Miscellaneous/Contingency	24,461	40,903	25,988	14,915
Total Expenditures	<u>222,000</u>	<u>300,000</u>	<u>243,727</u>	<u>56,273</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	15,044	(48,246)	1,329	49,575
OTHER FINANCING SOURCES (USES)				
Developer Advances	-	81,000	68,237	(12,763)
Total Other Financing Sources (Uses)	<u>-</u>	<u>81,000</u>	<u>68,237</u>	<u>(12,763)</u>
NET CHANGE IN FUND BALANCE				
	15,044	32,754	69,566	36,812
Fund Balance - Beginning of Year	<u>-</u>	<u>(25,254)</u>	<u>(25,254)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,044</u>	<u>\$ 7,500</u>	<u>\$ 44,312</u>	<u>\$ 36,812</u>

See accompanying Notes to Basic Financial Statements.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 DEFINITION OF REPORTING ENTITY

Prairie Center Metropolitan District No. 7 (District) is a quasi-municipal corporation located in the City of Brighton, Adams County, Colorado and is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District was organized on June 6, 2006, concurrently with Prairie Center Metropolitan District Nos 3-6 and 8-10, pursuant to an order and decree of the Adams County District Court. The Service Plan for the District was approved by the City of Brighton on February 21, 2006, modified on November 13, 2006, and amended and restated on November 4, 2008, and modified on April 14, 2013.

The District was established to provide financing for the design, acquisition, installation, construction and completion of public improvements and services, including streets, transportation, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translation and mosquito and pest control services. The District is authorized to operate and maintain any improvements not otherwise conveyed to the City or other entities.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District has no employees and all operations and administrative functions are contracted.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes, public improvement fees, and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are public improvement fees and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the District. The District determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The District has amended its annual budget for the year ended December 31, 2020.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Capital Assets

Capital assets, which include property and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets which are anticipated to be conveyed to other governmental entities, as well as capital assets being constructed which the District may operate and maintain, are recorded as construction in progress/not yet conveyed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements that will be dedicated to the other governmental entities are not depreciated. Improvements to be owned by the District are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes net of estimated uncollectible taxes are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are collected.

Operations and Capital Fees

The District established an operations fee of \$360 per year on each residential lot along with a one-time working capital fee of \$200 upon closing to cover the costs of operations and maintaining the District improvements.

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees and Neighborhood Park Impact Fees

According to the Amended and Restated Intergovernmental Agreement Regarding Assignment of Revenues between the District and Prairie Center Metro District No. 3 (see Note 7), certain revenues are being assigned to the District, including but not limited to, the following:

Facilities Fees – The fees are \$3,000 per single-family, detached dwelling unit, due on or before the date of issuance of a building permit by the City of Brighton. Additional fees are \$1,500 per townhome/condominium, \$500 per apartment, and \$0.75 per square foot of nonresidential gross building space.

Credit and Add-On Public Improvement Fees (PIF) – The fees are assessed on use tax transactions and collected at the time of building permit issuance. The Credit PIF is calculated as 1.25% of 50% of the project valuation. The Add-On PIF is calculated as 1.00% of 50% of the project valuation.

Drainage Impact Fees – The City of Brighton shall reimburse the District, on a quarterly basis from building permits issued, for the design, financing and construction of the stormwater improvements.

Rebated City Fees – The City of Brighton shall remit a per-lot rebated fee to the District, on a quarterly basis from certificates of occupancy issued, in the amount of \$6,757 per single-family residential lot for a total reimbursement not to exceed \$2,500,000 at the completion of the Village I Subdivision.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Facilities Fees, Credit PIF, Add-On PIF, Drainage Impact Fees, Rebated City Fees and Neighborhood Park Impact Fees (Continued)

Neighborhood Park Impact Fees – the City of Brighton has agreed to remit the Neighborhood Park Impact Fees to the District as reimbursement for the costs of construction of certain Neighborhood Park Improvements in the amount of \$1,700 per residential unit.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, *property tax revenue*, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Equity

Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Assigned Fund Balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 76,792
Cash and Investments - Restricted	8,982,539
Total Cash and Investments	<u>\$ 9,059,331</u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with Financial Institutions	\$ 438,311
Investments	8,621,020
Total Cash and Investments	<u>\$ 9,059,331</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the District’s cash deposits had a bank balance of \$1,099,418 and a carrying balance of \$438,311.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted a formal investment policy wherein the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2020, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Surplus Asset Trust Fund (CSAFE)	Weighted Average Under 60 Days	\$ 7,808,088
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	812,932
		<u>\$ 8,621,020</u>

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24- 75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

CSAFE

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the District records its investments in CSAFE at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CAPITAL ASSETS

The following is an analysis of the changes in the District's capital assets for the year ended December 31, 2020:

	Balance - December 31, 2019	Increases	Decreases	Balance - December 31, 2020
Capital Assets, Not Being Depreciated: Construction in Progress/ Not Yet Conveyed	<u>\$ 6,738,057</u>	<u>\$ 2,886,012</u>	<u>\$ -</u>	<u>\$ 9,624,069</u>

NOTE 5 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2020:

	Balance - December 31, 2019	Additions	Retirements	Balance - December 31, 2020	Current Portion
Bonds Payable					
Bonds Payable - Series 2020	\$ -	\$ 12,225,000	\$ 400,000	\$ 11,825,000	\$ -
Subtotal of Bonds Payable	<u>-</u>	<u>12,225,000</u>	<u>400,000</u>	<u>11,825,000</u>	<u>-</u>
Other Debts					
Developer Advance - Operating	123,362	68,237	-	191,599	-
Accrued Interest on Developer Advance - Operating	10,644	12,332	-	22,976	-
Developer Advance - Capital	6,532,367	856,091	1,448,907	5,939,551	-
Accrued Interest on Developer Advance - Capital	671,880	432,495	1,040,298	64,077	-
Funding Fee Payable	-	48,732	-	48,732	-
Subtotal of Other Debts	<u>7,338,253</u>	<u>1,417,887</u>	<u>2,489,205</u>	<u>6,266,935</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 7,338,253</u>	<u>\$ 13,642,887</u>	<u>\$ 2,889,205</u>	<u>\$ 18,091,935</u>	<u>\$ -</u>

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Limited Tax General Obligation Bonds, Series 2020 (the Bonds)

The District issued Series 2020 Limited Tax General Obligation Bonds on August 12, 2020, in the par amount of \$12,225,000. Proceeds from the sale of the Bonds are used to finance a portion of the costs of constructing certain public infrastructure to serve the Development and certain other property within Prairie Center and repay advances made by the Developer to the District to construct such public infrastructure. A portion of the proceeds of the Bonds are also used to fund: (a) the Reserve Fund, (b) capitalized interest on the Bonds; and (c) costs of issuing the Bonds. The Bonds will be issued as two term bonds. The first term bond in the amount of \$7,225,000 bears interest at 4.125% and matures on December 15, 2036. The second term bond in the amount of \$5,000,000 bears interest at 4.875% and matures on December 15, 2044. Interest on the Bonds is payable semi-annually on June 15 and December 15 (“Interest Payment Dates”), beginning on December 15, 2020, to the extent of available Pledged Revenue.

The Bonds are structured as “cash flow” bonds, meaning that no regularly scheduled payments of principal are due on the term Bonds prior to their respective maturity dates. Instead, principal is payable on each June 15 and December 15 from available Pledged Revenue, if any, pursuant to a mandatory redemption, after paying interest due on such Interest Payment Date and after funding in full interest coming due on the next Interest Payment Date (the “Subsequent Interest Payment Date”), less any amounts on deposit in such account, including any deposits from capitalized interest. To the extent principal of any Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Bond is not paid when due, such interest shall compound semiannually on each Interest Payment Date, at the rate then borne by the Bond.

The Bonds are secured by and payable solely from Pledged Revenue, which includes property taxes derived from the Required Mill Levy net of the cost of collection, Specific Ownership Taxes attributable to the Required Mill Levy, Pledged PIF Revenues, and any other legally available moneys of the District which the District deposits with the Trustee for application as Pledged Revenue. The Bonds are also secured by amounts held in the Reserve Fund in the amount \$812,672.

The annual debt service requirements of the Bonds are not currently determinable since they are payable only to the extent of available Pledged Revenue.

Authorized Debt

On May 2, 2006, the District’s voters authorized total indebtedness of \$5,290,000,000 for construction of public improvements and operating and maintenance expenditures and \$750,000,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities.

As a result of issuance of the Bonds, the District had \$5,277,775,000 in remaining unused electoral authorization for indebtedness for public improvements and operating and maintenance expenditures and \$750,000,000 each for debt refunding and debt related to intergovernmental agreements or other contracts with other public entities.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

Pursuant to the Service Plans of District Nos. 2–10, the maximum aggregate principal of debt that may be incurred by all of such Districts, together with District No. 1, collectively, is \$750,000,000.

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District’s service area.

Developer Advances

The District has entered into the Funding, Acquisition, and Reimbursement Agreement (Agreement) with the Developer (defined below) as amended wherein the District agrees to reimburse the Developer for advances made to the District (see Note 8). During 2020, total Developer advances recorded was \$924,328.

As of December 31, 2020, outstanding advances under the Agreement totaled \$191,599 for operations and maintenance costs, and \$5,939,551 for capital costs. Accrued interest on Developer advances as of December 31, 2020, totaled \$22,976 for operations and maintenance costs, and \$64,077 for capital costs.

Funding Fee

Under the Funding, Acquisition, and Reimbursement Agreement (Agreement), at the Developer’s discretion, the District shall pay an additional funding fee on outstanding Developer advances, subject to annual appropriation. As of December 31, 2020, the outstanding Funding Fee is \$48,732.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position at December 31, 2020, as follows:

	Governmental Activities
Restricted Net Position:	
Emergency Reserves	\$ 7,400
Debt Service	394,265
Total Restricted Net Position	\$ 401,665

The unrestricted component of the District’s net position is a deficit. This deficit amount is the result of issuance costs and interest on the Bonds paid from bond proceeds, and operating costs paid from Developer advances.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 INTERFUND TRANSFERS

The transfer from the Capital Projects Fund to Debt Service Fund was to transfer capitalized interest and reserve funds resulting from the issuance of the Bonds.

NOTE 8 AGREEMENTS

Comprehensive Agreement

The Comprehensive Funding Plan, Master Development Agreement, Pre-Annexation Agreement and Intergovernmental Agreement for Prairie Center (Comprehensive Agreement) was made and entered into, in December 2005, by and between the City of Brighton, the City of Brighton Water, Sewer and Drainage Enterprise, THF Prairie Center Development L.L.C., THF Prairie Center Retail One L.L.C., Prairie Center Metropolitan District No. 1 (District No. 1) and Prairie Center Metropolitan District No. 2 (District No. 2) (collectively the Districts). The Comprehensive Agreement establishes the framework for the construction and financing of public infrastructures required by the Prairie Center Development, and sets forth the terms and provisions pertaining to the imposition, collection and application of the privately imposed Credit Public Improvement Fee (Credit PIF) and privately imposed Add-On Public Improvement Fee (Add-On PIF), and the implementation of the City Sales/Use Tax Credit. The Comprehensive Agreement categorizes the public infrastructure required by the Development and legally permitted to be funded by the Districts into: 1) Primary Public Improvements (PPI), such as major and minor arterial streets and related landscaping and trails, collector streets and related landscaping and trails, traffic signals, certain potable and nonpotable water distribution lines, regional/community/neighborhood parks, trails and open spaces; 2) Parks and Recreation Public Improvements (PRI); and 3) District Public Improvements (DPI) which is comprised of all other improvements that may be provided by the Districts. The Comprehensive Agreement provides that the Districts' receipt of the 1.25% Credit PIF (for which the City grants a credit against the municipal sales and use taxes that would otherwise be payable on sales and use tax transactions) may only be used for PPI improvements. Further, the Comprehensive Agreement allows the Districts to receive a 1% Add-On PIF to finance any other public improvements or services (DPI) that the Districts are authorized by statute and its Service Plans to provide.

On November 8, 2006, an Assignment of Agreement was made between and among District No. 1, District No. 2 and District No. 3. As of the date of the assignment, District No. 1 and District No. 2 assigned to District No. 3, and District No. 3 assumed, all their rights, benefits, obligations and duties under the Comprehensive Agreement, with the exception of District No. 1's rights and obligations related to the operation of the London Mine Water Tunnel and Extension Tunnel Facility and activities related to such operation. Such rights and obligations were assigned to District No. 9 on January 1, 2008 and were conveyed by District No. 9 to a private entity in 2016. District No. 9 was dissolved in 2019.

In July 2009, the First Amendment to the Comprehensive Agreement was executed to include certain properties to the Incorporated Property for all purposes under the Comprehensive Agreement and to increase maximum amount of PPI costs that the Districts can finance with Credit PIF Revenues (Cap Amount) from \$125,000,000 to \$146,476,240.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 AGREEMENTS (CONTINUED)

Comprehensive Agreement (Continued)

In February 2012, the Second Amendment to the Comprehensive Agreement (Second Amendment) was executed to modify certain terms of the Comprehensive Agreement. The Second Amendment, among other matters, redefined Shared Revenues to include Credit PIF Revenues, Shared City Fees, Shared Sales Tax Incremental Revenues (see Cooperation Agreement below), Shared General Fund Sales Taxes (see General Fund Sales Tax Sharing Agreement below), and other City or Brighton Urban Renewal Authority (BURA) revenues that the parties agree are to be shared by the City or BURA with District No. 3 to pay or reimburse Eligible Costs. The terms as to when and how the new Revenues (such as General Fund Sales Taxes) will be shared were also explained in the Second Amendment. Further, the Second Amendment restated and clarified the definitions of Eligible Costs, which is comprised of Hard Costs, Soft Costs, Interest Costs, and Financing Costs, that can be paid from Shared Revenues. With regard to the Interest Costs incurred by District No. 3 in connection with a Developer Advance and payable from Shared Revenues, the Second Amendment allows a simple rate of 5% per annum accruing from the date of such Developer Advance.

The Third Amendment to the Comprehensive Agreement (Third Amendment) was entered into as of June 16, 2015. The Third Amendment reduced the principal amount of the 1.25% Credit PIF to be applied to PRI Improvements from \$14 million to \$9 million and requires that \$2.5 million of such revenues be paid to the City for design and/or construction of the second phase of an adult recreation center and relieved District No. 3 of its obligations under the original Cooperation Agreement related to the initial phase of the adult recreation center. The Third Amendment also provides for the City to rebate portions of certain City bridge/crossing and traffic impact fees paid with respect to development of the phase of residential single-family dwelling units known as Prairie Center Residential Village One (Village I) in the total amount of \$2.5 million, which rebated fees shall be applied to specified street improvements and shall count against the Cap Amount. The rebated use tax and rebated building permit fees (or any other rebated fees approved by Council) do not need to be applied to eligible costs related to primary public improvements and do not count against the Cap Amount. Pursuant to the Intergovernmental Agreement (IGA) entered into between the District and District No. 3, the fees as described above that are related to Village I will be collected by or transferred to the District.

Intergovernmental Agreement Regarding Facilities Fee Collection

On November 13, 2007, the District entered into the Intergovernmental Agreement Regarding Facilities Fee Collection with District Nos. 2-6 and 8-10; agreeing to let District No. 3 administer and collect facilities fees imposed by District Nos. 2-6 and 8-10; provided, however, that the revenue derived from facilities fees of a specific District shall remain the property and subject to the control of such District's Board of Directors. The agreement was amended on September 4, 2019 to remove District No. 9 as a party, due to that District's dissolution. Pursuant to the Intergovernmental Agreement Regarding Assignment of Revenues between the District and District No. 3 (described below), the District is entitled to receive certain assigned revenues, including facilities fees collected from Prairie Center Village I Subdivision No. 1.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 AGREEMENTS (CONTINUED)

Funding, Acquisition, and Reimbursement Agreement

On October 1, 2017, the District entered into the Funding, Acquisition and Reimbursement Agreement (the FARA) with GKT Brighton Residential Development, L.L.C (the Developer) establishing certain expectations as to the financing, construction, and reimbursement on improvements located within Village I. The Agreement was amended on July 22, 2020. Pursuant to the FARA, the Developer agrees to advance funds to the District to pay for capital and operational expenses when the District's revenues are not sufficient to pay for such expenses. The District will pay the Developer interest compounding semi-annually, from the date of each Developer advance, at the rate of 3% per annum above the rate announced by Bank of America, N.A., St. Louis, Missouri. In addition, at the Developer's discretion, the District shall pay an additional funding fee of 1% on amounts outstanding 24 months from the funding date, said fee being charged once every 24 months while the amounts remain outstanding. The District's payment of Developer advances under this agreement is subject to annual appropriation.

Project Management Agreement

On October 1, 2017, the District entered into the Project Management Agreement (Project Agreement) with GKT Brighton Residential Management, L.L.C. (Project Manager), an entity affiliated with the Developer. Pursuant to the Project Agreement, the Project Manager shall provide all management services relating to the planning, design, construction, and installation of and obtaining municipal approval of the public improvements. The Project Manager's duties also include supervision, on behalf of the District, of the Construction Manager. As compensation for services provided by the Project Manager, the District shall pay, on a monthly basis, a fee of four percent (4%) of the actual cost of public improvements. Any unpaid fees will accrue interest at the rate of two percent (2%) per annum above the prime rate announced by Bank of America, N.A., St. Louis, Missouri. The Project Agreement is for one year and shall renew annually thereafter for a period of twenty (20) years. As of December 31, 2020, the outstanding balances of the project management fees and related interest are \$384,347 and \$41,706, respectively.

Intergovernmental Agreement Regarding Assignment of Revenues (IGA)

On May 23, 2019, the District and District No. 3 entered into an Intergovernmental Agreement Regarding Assignment of Revenues (the IGA). On July 22, 2020 the District amended and restated the IGA, with an effective date of December 19, 2017. Per the IGA, District No. 3 agrees to transfer to the District its rights to receive revenues as set forth in the IGA that are directly attributable to Village I. District No. 3 is relieved from providing any public improvements or management services related to Village I as it is being developed by the District, separately from the remaining development.

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 AGREEMENTS (CONTINUED)

Prairie Center Village 1 Subdivision Filing No. 1 Development Agreement

On December 19, 2017, the District, the City of Brighton, and the Developer entered into the Prairie Center Village 1 Subdivision Filing No. 1 Development Agreement (Development Agreement). The agreement was amended on December 17, 2019. In connection with the approval of the final plat for Prairie Center Village I Subdivision Filing No. 1 the City, District, and Developer entered into the Development Agreement to memorialize their agreement regarding their respective obligations relating to the construction of certain public improvements for the Development. In the Development Agreement, the City acknowledged that the obligation to construct the Public Improvements is assigned to the District (provided that the District is not obligated to construct improvements that are not permitted by its Service Plan), and that such obligation is the joint and several obligation of the Developer and the District. The Development Agreement also acknowledges that the District has provided or will provide an improvement guarantee required by the Development Agreement.

The Development Agreement also provides the following: (1) the development of the Property is subject to the terms and conditions of the Comprehensive Agreement; (2) no residential building permits are to be issued prior to the preliminary acceptance of Public Improvements with respect to the applicable phase of development ("Phase"), and no certificates of occupancy are to be issued prior to preliminary acceptance of such Public Improvements (excepting the final asphalt lift for streets within the Phase); (3) Developer or the District is required to maintain, repair and replace the Public Improvements for a one-year period from the date of preliminary acceptance of any improvement; (4) the City is required to impose and collect a "neighborhood park impact fee" pursuant to the City's applicable fee resolution, and that such fees are to be used to pay for or reimburse the expenses incurred by the District in connection with construction of Golden Eagle Park; (5) the District will install an underdrain system within the Development to serve the residential lots therein; (6) the District is responsible for the extension of the nonpotable water system improvements into the Development; (7) the City agrees to provide water and water taps to adequately serve the Development, subject to the applicable provisions of the Comprehensive Agreement, including provisions relating to the payment of certain water fees by the Developer or the applicable building permit applicant; (8) the City agrees to provide sanitary sewer collection and treatment services for the Development, subject to the provisions of the Comprehensive Agreement; (9) the District or the Developer is required to purchase water taps for all community landscape areas in the Development; (10) the District is required to complete all landscaping for such areas for the applicable Phase prior to issuance of any certificates of occupancy within such Phase; and (11) in the event of a breach, the City may exercise certain remedies available to it under the Development Agreement and applicable law including, withholding of any additional infrastructure permits, building permits, certificates of occupancy, or provision of new utilities fixtures or services.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 RELATED PARTY

The developer of the property which constitutes the District is GKT Brighton Residential Development, L.L.C., a Colorado limited liability company, (Developer). All members of the Board of Directors are officers or employees of an entity affiliated with the Developer or the majority owner of the Developer and may have conflicts of interest in dealing with the District.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or benefit increases.

PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On May 2, 2006, a majority of the District's electors authorized the District to increase property taxes \$10,000,000 annually, without limitation to rate, to pay the District's operations and maintenance costs. Additionally, the District's voters authorized the District to collect, retain and spend all revenue in excess of TABOR spending, revenue raising, or other limitations.

The District's management has taken steps it believes are necessary to comply with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SUPPLEMENTARY INFORMATION

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Credit Public Improvement Fees from Building Permits	\$ -	\$ 60,000	\$ 54,527	\$ (5,473)
Add-On Public Improvement Fees from Building Permits	-	60,000	54,527	(5,473)
Drainage Impact Fees	-	215,260	215,260	-
Rebated City Fees	-	310,811	310,811	-
Facilities Fees	-	105,000	105,000	-
Neighborhood Park Impact Fees	-	66,300	66,300	-
Net Investment Income	-	1,000	684	(316)
Total Revenues	-	818,371	807,109	(11,262)
EXPENDITURES				
Bond Interest	-	185,109	185,109	-
Bond Principal	-	400,000	400,000	-
Miscellaneous/Contingency	315	14,891	-	14,891
Total Expenditures	315	600,000	585,109	14,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(315)	218,371	222,000	3,629
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	1,008,341	1,008,341	-
Total Other Financing Sources (Uses)	-	1,008,341	1,008,341	-
NET CHANGE IN FUND BALANCE				
	(315)	1,226,712	1,230,341	3,629
Fund Balance - Beginning of Year	315	315	315	-
FUND BALANCE - END OF YEAR				
	\$ -	\$ 1,227,027	\$ 1,230,656	\$ 3,629

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DECEMBER 31, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Credit Public Improvement Fees from Building Permits	\$ 108,000	\$ 75,000	\$ 73,771	\$ (1,229)
Credit Public Improvement Fees from Building Permits - PRI	-	30,000	32,311	2,311
Add-On Public Improvement Fees from Building Permits	87,000	75,000	73,771	(1,229)
Drainage Impact Fees	275,000	192,360	192,360	-
Rebated City Fees	202,000	162,162	162,162	-
Facilities Fees	180,000	141,000	141,000	-
Neighborhood Park Impact Fees	-	132,360	132,600	240
Net Investment Income	-	4,000	3,224	(776)
Total Revenues	<u>852,000</u>	<u>811,882</u>	<u>811,199</u>	<u>(683)</u>
EXPENDITURES				
PPI				
Village 1 - Phase 1	-	10,000	3,983	6,017
Village 1 - Phase 2	-	360,000	334,318	25,682
Village 1 - Phase 3	-	240,000	229,717	10,283
DPI				
Accounting	-	15,000	15,343	(343)
District Management	-	5,000	3,784	1,216
Legal Services	-	5,000	5,860	(860)
Miscellaneous/Contingency	827,000	8,835	-	8,835
Project Management Fee	-	120,000	111,134	8,866
Project Management Fee - Interest	25,000	25,000	16,472	8,528
Village 1 - Phase 1	-	80,000	77,101	2,899
Village 1 - Phase 2	-	1,500,000	1,379,106	120,894
Village 1 - Phase 3	-	1,000,000	861,787	138,213
General				
Bond Issue Costs	-	833,619	833,619	-
Total Expenditures	<u>852,000</u>	<u>4,202,454</u>	<u>3,872,224</u>	<u>330,230</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(3,390,572)	(3,061,025)	329,547
OTHER FINANCING SOURCES (USES)				
Transfers (to) Other Funds	-	(1,008,341)	(1,008,341)	-
Developer Advances	-	856,091	856,091	-
Repayment of Developer Advances	-	(2,489,205)	(2,489,205)	-
Bond Issuance	-	12,225,000	12,225,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,583,545</u>	<u>9,583,545</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	6,192,973	6,522,520	329,547
Fund Balance - Beginning of Year	-	(103,155)	(103,155)	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 6,089,818</u>	<u>\$ 6,419,365</u>	<u>\$ 329,547</u>

OTHER INFORMATION

**PRAIRIE CENTER METROPOLITAN DISTRICT NO. 7
 SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
 DECEMBER 31, 2020**

Year Ended <u>December 31.</u>	Prior Year Assessed Valuation for Current Year Tax Levy	Mills Levied		Total Property Taxes		Percent Collected to Levied
		General	Debt Service	Levied	Collected	
2018	\$ 20	55.277	-	\$ 1	\$ -	- %
2019	6,820	55.277	-	377	377	100.00
2020	2,933,470	66.796	-	195,944	195,943	100.00
Estimated for the Year						
<u>Ending December 31.</u>						
2021	\$ 3,360,630	11.132	55.664	\$ 224,477		



COVENANT CONTROL

What you wanted to know...and then some...

Covenant Control Means...

- Enforcing the rules
 - Inspections
 - Notices
 - Follow Up
 - Education

- Architectural reviews
 - Processing forms
 - Working with ARC re: questions, etc.
 - Education



Inspections

- Pull Violation List to follow up on existing violations
- Close violations as needed
- Send out notices per Enforcement policy
- Education of homeowners
 - What the rules are
 - What the process is
 - Why it matters
 - Why we don't suck

Types of Violations

- **Class I Violations**

- Easy to correct
 - Trash Cans
 - Parking
- Must be corrected within 7 days

- **Class II Violations**

- Harder to correct
 - Landscape Maintenance
 - Unapproved Improvement
- Must be corrected within 30 days

Fine Structure

Enforcement Resolution:

- First Offence- Notice
- Second Offence- Fines up to \$100
- Third Offence- Fines up to \$250
- Continuing- Up to \$500/day



Does an ARC form cure a violation?

Nope.

It shows they are aware of the issue; however, the violations must still be corrected within the designated timelines UNLESS the homeowner requests an extension.

Process

- First Offense- Notice sent with 7 or 30 days to correct

***No Enforcement Action allowed during the correction period

- Second Offence - First Fine Notice with - 7 or 30 days to correct

***No Enforcement Action allowed during the correction period

- Third Offence - Second Fine Notice with - 7 or 30 days to correct

***No Enforcement Action allowed during the correction period

** Lack of homeowner response does not mean lack of District action**

No Action allowed during the correction period



Steps Along the Way

- Education
- Extensions
- Basically work with the homeowner as much as is reasonable
 - Too many extensions...bad
 - Too many excuses...bad
 - Too many violations...bad

What about self-help?

- Yes, our documents do permit that.
- Yes, it can address violations faster than other options.
- Yes, it can be expensive.
- Yes, it can be dangerous
- Yes, it can be a PR disaster
- No, it is not necessarily the end of it

Bottom Line- We do not recommend without a SEVERE issue and a court order

Next Step...Legal Processes!

But...which process??????

Covenant Enforcement Lawsuit

Or

Collections....

Important Terms

- Covenant Lien
 - Based on the Violation
 - Released when violation is corrected
- Collections Lien
 - Based on balance on the homeowner account
 - Released when payment is made

If there is a past due balance on accounts and violations, both liens are needed to ensure compliance at closing

What Then?

Class I Violations

- Easily cured, but seen as 'trivial' by the courts (aka- a waste of their time)
 - Improvements done without approval but deemed 'approvable' would be included with this
- If we want to go to court...
 - Attorney may or may not want to file
 - If we win the case, will most likely have to pay all legal fees
 - Covenant Liens won't necessarily help as the issues goes away with the owner

Solution?

Pursue via collections.

Once the attorney has their attention, we can work with them to waive fines if violation is corrected. This would be a part of a stipulation.

NOTE: These can be included in a larger group of violations if applicable

What Then?

Class II Violations

- Even judges that don't like HOAs will rule in our favor (yes...I know...)
- Affects neighboring properties significantly
- All the work done to work with homeowner will be very useful here

Solution?

Covenant Enforcement Lawsuit

Note: NO additional enforcement can be done once the file is at the attorney, unless it is new issues

Covenant Enforcement Lawsuits

- Covenant Enforcement Lien
 - Can't close without correcting
- Basically, 30 days after each step for anyone to respond
 - Demand letter to them
 - Responses from homeowner
- Options?
 - Homeowners respond and ask for time; file is put on hold
 - Attorney will follow-up with me
 - If corrected, they pay legal fees and it's closed. If they refuse to pay legal fees, we go to court
 - If they try to sell, they either correct or we collect escrow to ensure it's corrected

Court Processes

- Lawsuit filed & served on owner
 - If owner files answer, the process is extended
- Court-required mediation scheduled
- If no agreement, court date is scheduled
- WHEN we win... (this is why we work with folks so much along the way)
 - Court order to correct
 - Failure to do so results in a bench warrant

This is a LONG process.

Like...really long.

Like 18 -24 months.

Unapproved Improvements

Approvable?

- Address via collections after going through the enforcement process

Not Approvable?

- Recommend 3 letters be sent in the process and then sent over to the attorney.
- Legal action **MUST** be filed in court within one-year from the day we knew or should have know of the addition.
 - If we are working with them...still has to be filed

Supporting Community-Based Government



B o a r d

M e m b e r

M a n u a l

A Reference Guide
for Special Districts

2021



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Membership Services Coordinator

Dianne Criswell

Attorney

SDA Publications

SDA News

SDA's newsletter, *SDA News*, is published ten times a year. It contains a variety of helpful articles on everything from changes in labor laws to district success stories to information about upcoming SDA events, just to name a very few. In addition to hard copies which are mailed, an electronic version is also available on the SDA website at www.sdaco.org. Past issues are archived on the SDA website as well.

SDA Board Member Manual

The SDA Board Member Manual is an invaluable resource and reference guide for the statutory responsibilities of special district Board members. Hard copies of the Manual are provided to each district, and an electronic version is available on the SDA website at www.sdaco.org.

SDA Member Directory

The SDA Member Directory is a full listing of all of SDA's member districts, their Board members, and managers. The Directory also lists SDA associate members and their services. The Directory is sorted by district type for district members and by service type for associate members. The entire Directory is available on the SDA website at www.sdaco.org.

SDA's Guide to Special Districts

SDA's Guide to Special Districts provides an overview on how special districts were first created; the different types of districts within Colorado; the formation and governance of special districts; and the growth of districts in the state, among several other topics. An electronic version is also available on the SDA website at www.sdaco.org.

Special District Board Member Manual

prepared by

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Supporting Community-Based Government

This Manual is intended to be a general survey of statutory responsibilities for members of the Board of Directors of a Colorado special district. This Manual is neither designed nor intended to be a legal analysis of the subjects contained herein. The passage of time, new Court decisions, and future legislation will cause portions of this Manual to become outdated. Further, the answer to any particular legal question turns heavily on all of the facts specific to the issue. The reader is strongly encouraged to seek the advice and assistance of legal counsel exper-

rienced in special district matters as to any legal issues that arise.

This Special District Board Member Manual was prepared as a public service by Collins Cockrel & Cole, P.C. which claims a copyright for all of its contents. The information contained in this Manual is for the benefit of the Special District Association of Colorado, its members, and the clients of Collins Cockrel & Cole, P.C.

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Preface

This Reference Guide primarily focuses on the legal duties, requirements, and procedures applicable to special districts organized under Colorado Revised Statutes (“C.R.S.”). The Special District Association of Colorado (“SDA”) includes many different types of local government entities authorized by Colorado law. While many SDA members are special districts under Title 32, C.R.S. (“the Special District Act”), many members are other types of local government entities. Although the focus of this Reference Guide is the duties, requirements, and procedures of special districts under Title 32, C.R.S., where possible, the Reference Guide recognizes important differences in the duties, requirements, and procedures of other types of local government entities that are members of SDA.

The following types of local government entities are members of SDA and regulated primarily by statutes outside of the Special District Act:

- » Trustees of Library Districts and Directors of Regional Library Authorities are subject to §§24-90-101 to 24-90-606, C.R.S., and, therefore, may have certain duties, requirements, and procedures that are different from those required for Districts governed under Title 32, C.R.S.
- » Supervisors of Soil Conservation Districts are subject to §§35-70-101 to 35-70-122, C.R.S., and, therefore, may have certain duties, requirements, and procedures that are different from those required for Districts governed under Title 32, C.R.S.
- » Directors of Water Conservancy Districts are subject to §§37-45-101 to 37-45-153, C.R.S., and, therefore, may have certain duties, requirements, and procedures that are different from those required for Districts governed under Title 32, C.R.S.
- » Directors of Water Conservation Districts are subject to §§37-46-101 to 37-50-142, C.R.S., and, therefore, may have certain duties, requirements, and procedures that are different from those required for Districts governed under Title 32, C.R.S.
- » Directors of the Urban Drainage and Flood Control District are subject to §§32-11-101 to 32-11-817, C.R.S., and, therefore, may have certain duties, requirements, and procedures that are different from those required for other Districts governed under Title 32, C.R.S.
- » Directors of other types of governmental Authorities and Districts created by law and/or intergovernmental agreement are subject to the statutes; county and municipal home rule charters; resolutions; ordinances; and intergovernmental agreements under which the Authorities and Districts are created. The statutory provisions include, but are not limited to:
 - ◊ Cemetery Districts under §§30-20-801 to 30-20-808, C.R.S.;
 - ◊ Downtown Development Authorities under §§31-25-801 to 31-25-822, C.R.S.;
 - ◊ Municipal Energy Finance Authorities under §§31-25-901 to 31-25-909, C.R.S.; and
 - ◊ Business Improvement Districts under §§31-25-1201 to 31-25-1228, C.R.S.
 - ◊ Regional Transportation Authorities under §§43-4-601 to 43-4-621, C.R.S.

Table of Contents

Chapter I – Board Membership

A. Qualifications.....	1
B. Taking Office.....	1
1. Oath or Affirmation.....	1
2. Bond.....	1
3. Commencement of Term.....	1
C. Vacancies.....	1
D. Election of Officers.....	2
E. Term Limits.....	2
F. Increasing Number of Board Members.....	2
G. Fiduciary Obligations.....	2
1. General.....	2
2. Confidential Information.....	2
H. Compensation.....	3
1. Limitations.....	3
2. Reimbursement.....	3
3. Gifts.....	3
I. Bylaws, Rules and Regulations, and Policies.....	3
J. Recall.....	3
K. Inactive Status for Certain Districts.....	3
L. Director Districts.....	3
M. Mandatory Website: Metropolitan Districts.....	4
N. Annual Report.....	4
O. Filings and Postings.....	4

Chapter II – Conflicts of Interest

A. Disclosure Required.....	9
B. Proscribed Acts Constituting a Conflict of Interest.....	9
C. Guides to Conduct Regarding Ethical Principles.....	10
D. Conflicts Involving Developer Districts.....	10
E. Effect of Existence of Potential Conflict of Interest.....	10

Chapter III – Board Meetings

A. Calling the Meeting.....	11
1. Designation of Time and Place.....	11
a. Electronic Notice.....	11
b. 24-Hour Notice (Non-Electronic).....	11
c. Requested Notice.....	11
d. Change of Regular Meeting and Scheduling of Special Meetings.....	11
2. Notice to Directors.....	11
B. Location of Meetings.....	12
C. Telephonic or Electronic Meetings.....	12
D. Open to the Public.....	12
E. Rules of Procedure.....	12
F. Voting.....	12
G. Attendance.....	12
H. Minutes.....	12
I. Executive Sessions.....	12
J. Special Meetings/Study Sessions.....	13
K. Meetings: Exchange of Emails.....	13
L. Resolutions and Motions.....	13

Chapter IV – Public Records

A. Public Right of Access	14
B. Fees	14
C. Transmission of Records.....	14
D. Response Time	14
E. Denial of Access.....	15
F. Reasonable Attorney Fees and Costs	15
G. Email Policy.....	15

Chapter V – Service Plans

A. Conformance.....	16
B. Amendment and Modification	16
C. Transfer of Authority to Annexing Municipality	16

Chapter VI – Boundary Issues

A. Inclusion.....	17
1. Petition for Inclusion.....	17
2. Public Hearing.....	17
3. Decision of Board	17
4. Election.....	17
5. *Note to Fire Protection Districts*	17
6. Recording and Filing of Order of Inclusion	17
B. Exclusion.....	17
1. Petition for Exclusion.....	17
2. Public Hearing.....	18
3. Decision of Board	18
4. Exclusions Involving a Municipality.....	18
5. Exclusions from a Fire Protection District (and Inclusion into Another).....	18
6. Outstanding Indebtedness.....	18
7. *Note to Health Service Districts*	18
8. Recording and Filing of Order of Exclusion	18
C. Consolidation	18
1. Consolidation Resolution.....	18
2. Concurring or Rejecting Resolution.....	18
3. Submission to Board of County Commissioners and District Court.....	18
4. Hearing.....	19
5. Election.....	19
6. Procedure After Consolidation Election.....	19
D. Boundary Map.....	19
E. Intergovernmental Agreements.....	19
F. Service Outside District Boundaries	19

Chapter VII – Property Issues

A. Acquisition Issues	20
1. Title Insurance and Title Documents	20
2. Payoff of Taxes	20
3. Financing	20
4. Environmental Audits	20
5. Surveys	20
B. Condemnation/Eminent Domain	20
C. Easements, Leases, and Other Property Interests	21
D. Encroachment onto Public Property	21
E. Relationship to County and Municipal Powers	21
1. Zoning	21
2. Subdivisions	21
3. Building Codes and Permits	21

Chapter VIII – Financial Matters

A. Fees, Rates, Tolls, and Charges	22
B. Mill Levy	22
C. Collection of Delinquencies and Assessment of Penalties	22
D. Budget	23
E. Appropriation	23
1. Adoption of Budget and Appropriating Funds	23
2. Budget Amendments	23
F. Donations or Gifts by Districts	23
G. Public Funds	23
1. Investments	23
2. Public Deposit Protection Act (“PDPA”)	23
H. TABOR	24
I. Subdistricts and Special Improvement Districts (“SIDs”)	24
J. Sales Taxes	24
1. Metropolitan Districts-Road and Transportation Purposes	24
2. Metropolitan Districts-Fire Protection	24
3. Health Service Districts	24
K. Urban Renewal/Tax Increment Financing	24

Chapter IX – TABOR

A. Introduction	25
B. Financial Limitations	25
1. Mill Levies	25
2. Spending	25
3. Debt	25
C. Election Requirements	25
D. Multiple Fiscal Year Financial Obligations	26
E. Enterprise Exemption	26

Chapter X — Public Financing

A. Authorization	27
B. Types of Financing.....	27
1. General Obligation Debt.....	27
2. Revenue Bonds	27
3. Enterprise Obligations.....	27
4. Refunding Obligations.....	27
5. Lease/Purchase	27
6. Tax Anticipation Note.....	27
7. Bond Anticipation Note.....	27
8. Other	27
C. Bankruptcy Protection.....	27
D. Special Requirements.....	27

Chapter XI — Audits

A. Mandatory Financial Audit.....	29
B. Exemption from Audit	29
C. Optional Performance Audits	29
1. Investment and Purchasing Procedures.....	29
2. Legal Audit	29
3. Liability Audit	29
4. Management, Operations, and Maintenance Audits.....	29

Chapter XII — Contracting

A. Construction Contracts.....	30
1. Publication and Bid Requirements.....	30
2. Integrated Project Delivery (“IPD”).....	30
3. Bonds and Retainage	30
4. Appropriations Clause.....	30
5. Final Payment and Claims	30
B. Other Contracts	31
1. Publication/Bid Process.....	31
2. Service Contracts/Illegal Aliens.....	31
3. Contract Drafting or Review.....	31
C. Intergovernmental Agreements.....	31
1. General Intergovernmental Cooperation	31
2. Creating a Separate Legal Entity.....	31
3. Mutual Aid Agreements	31
4. IGA Reporting Requirements.....	31

Chapter XIII — Liability Issues

A. Potential Sources of Liability	32
1. State Tort Actions	32
2. Federal Actions.....	32
3. Contract.....	32
4. Criminal	32
B. Colorado Governmental Immunity Act (“CGIA”).....	32
C. Indemnification Resolution	33
D. Releases and Waivers	33
E. Insurance	33
1. Standard Insurance Company.....	33
2. Self-Insurance	33
3. Insurance Pool	33
F. Constitutional Issues	33

Chapter XIV – Personnel Matters

A. Federal and State Employment Laws	34
B. Personnel Policy Manuals.....	35
C. Drug and Alcohol Testing	35
D. Federal and State Posting Requirements	35
E. Volunteers	35
F. TABOR	35
G. Collective Bargaining for Firefighters	35
H. Use of Credit Report Information and Employee Personal Passwords	36
I. Health Insurance	36
J. Paid Sick Leave	36
K. Searches for CEO-Level Employees.....	36

Chapter XV – Elections

A. Coordinated Elections	37
1. Applicability.....	37
2. Intergovernmental Agreement.....	37
B. Regular Elections	37
C. Special Elections	37
D. TABOR Elections	37
E. Independent Mail Ballot Elections	37
F. Designated and Coordinated Election Officials	38
G. Election Notices.....	38
1. TABOR Notices	38
2. Notice by Publication and Posting.....	38
H. Conduct of Elections and Procedures	38
1. Election Resolution	38
2. Call for Nominations	38
3. Candidates	39
4. Polling Places	39
5. Judges.....	39
6. Property Owner and Voter Lists	39
7. Absentee Voters.....	40
8. Permanent Absentee Voters	40
9. Watchers	40
10. Ballots and Voting Machines	40
11. Eligible Electors	40
12. Transferring Property to Qualify Someone as an Eligible Elector	40
13. Ballot Certification.....	41
14. Election Returns and Canvass Board.....	41
15. Cancellation	41
16. Directors Take Office	41
I. Campaigning	42
J. Election Calendar.....	42

Chapter XVI – Dissolution of a District

A. Dissolution Initiated by the Board of Directors	44
B. Dissolution Initiated by Electors	44
C. Dissolution Initiated by Municipality or Regional Service Authority.....	44
D. Requirements for Petition for Dissolution	44
E. District Court Hearing	44
F. Dissolution Election.....	45
G. Dissolution by Division of Local Government.....	45
H. Recording and Filing of Order of Dissolution	45

Index

A. Index	46
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Chapter I

Board Membership

The Board is the general governing body of the District, which oversees all aspects of the District and carries out the business of the District in public meetings.

A. Qualifications:

To qualify as a Director of a special district, a person must be an “eligible elector” which is defined as a **registered voter** of Colorado **and either**:

1. **A resident** of the District, or
2. **The owner (or the spouse or civil union partner of the owner) of taxable real or personal property** situated in the District.

For the purposes of #2 above, a mobile or manufactured home qualifies as “real property,” and a person who is under contract to purchase taxable property and is obligated to pay the taxes prior to closing shall be considered an “owner.” [§32-1-103\(5\), Colorado Revised Statutes \(“C.R.S.”\)](#)

Director qualifications must be met at the time of the execution of the self-nomination form or letter or at the time of appointment by the Board of Directors, if filling a vacancy, and must be maintained in order to remain qualified as a Director.

Property that is owned by a legal entity such as a corporation, LLC, partnership, or trust does not qualify a person as an eligible elector on the basis of property ownership.

B. Taking Office:

1. Oath or Affirmation:

Each Director, within 30 days after election or appointment, shall take an oath or affirmation of faithful performance. [§32-1-901\(1\), C.R.S.](#)

The oath or affirmation must be administered by a qualified official (any person designated by the Board, any officer of the Board, Notary Public, Judge, Clerk of the Court, or Clerk and Recorder) and filed with the Clerk of the District Court that issued the District’s organizational decree; the County Clerk and Recorder for the counties in which the District is situated; and the Division of Local Government. Before the person is fully seated as a Board member, the oath or affirmation must be filed with such County Clerk(s). [§24-12-101, §24-12-103 and §32-1-901\(1\), C.R.S.; Article XII, Section 9, Colorado Constitution.](#)

2. Bond:

Along with the oath or affirmation, an individual, schedule, or blanket surety bond of not less than \$1,000 must be filed for each Director with the Clerk of the Court and the Division of Local Government, conditioned upon the faithful performance of his/her duties as Director. [§32-1-901\(2\), C.R.S.](#)

The Treasurer must file with the Clerk of the Court and the Division of Local Government a corporate fidelity bond of not less than \$5,000. [§32-1-902\(2\), C.R.S.](#) The bond(s) shall be in amounts determined by the Board, and at the expense of the District. It is common for a District to obtain and file a single blanket position schedule bond, setting forth the required amounts for each of the positions of Director and the amount for the position of Treasurer. The surety bond and fidelity bond requirements are satisfied if the District buys crime coverage. [§24-14-102\(2\), C.R.S.](#)

3. Commencement of Term:

A Director’s regular term of office commences at the next meeting of the Board following the date of the organizational or regular election, upon administration of the oath or affirmation; filing the oath or affirmation with the County Clerk and Recorder(s); and posting the bond, but no later than 30 days following the survey of returns of election or date of regular election if the election has been cancelled. [§§1-13.5-112 and 24-12-101, C.R.S.](#)

C. Vacancies:

A Director’s office shall be deemed vacant upon the occurrence of any one of the following: [§32-1-905\(1\), C.R.S.](#)

1. Failure to meet the qualifications of Director;
2. Failure to satisfy the oath or affirmation and bond or insurance requirements;
3. Written resignation;
4. Failure to remain qualified for the office;
5. Conviction of a felony;
6. Removal from office or voidance of election by Court (subject to appeal);
7. Failure to attend three consecutive regular Board meetings, unless approval of absence is entered in the

minutes, or absence is excused by temporary mental or physical disability or illness; or

8. Death.

Any vacancy shall be filled by appointment by the remaining Directors. If the Board fails to fill the vacancy within 60 days, the Board of County Commissioners may make the appointment. The Director appointed to fill a vacancy shall serve until the next regular election, at which time the vacancy shall be filled by election for the remainder, if any, of the originally vacated term. [§32-1-905\(2\)\(a\), C.R.S.](#)

Discussions regarding the appointment of a person and his or her qualifications to fill a vacancy on the Board must take place in a public meeting, not in executive session. The appointment must occur by official action of the Board at a properly convened meeting and must be recorded in the minutes of the Board meeting. A notice of appointment shall be delivered to the person appointed, and the notice along with the mailing address of the person so appointed must be filed with the Division of Local Government. [§32-1-905\(3\), C.R.S.](#)

Typically, there is no legal requirement to post or publish notice of a vacancy prior to the District Board appointing someone to fill it. However, prior to conveying title to taxable property in the name of another or entering into a contract to purchase or sell taxable property for the purpose of qualifying such person as an eligible elector in order to fill a vacancy, notice of such vacancy must be published and ten days must pass after the publication of such notice during which no otherwise qualified eligible elector files a letter of interest in filling such position with the Board. [§32-1-808\(2\)\(a\)\(I\), C.R.S.](#)

D. Election of Officers:

After taking oaths/affirmations and filing bonds, the Board shall elect one of its members as Chair of the Board and President of the special district; one of its members as Treasurer of the Board and special district; and a Secretary who may be a member of the Board. The Secretary and the Treasurer may be one person, but, if such is the case, he or she shall be a member of the Board. [§32-1-902\(1\), C.R.S.](#)

E. Term Limits:

Directors are limited to two consecutive terms of office, unless the voters of the District lengthen, shorten, or eliminate that limitation. *Art. XVIII, Sect. 11, Colo. Const.* The term-limited elected official cannot run again for election to the same body by moving to a new director district, redistricting, or a change in the at-large or specific District nature of the seat currently occupied. *Attorney General Opinion No. 2000-5 (July 10, 2000)*. Also see *Attorney General Opinion No. 2005-4 (August 16, 2005)*.

Term limits apply only to elected four-year terms (or three-year terms if elected in 2020 or 2022). Term limits do not apply to interim terms that arise due to a vacancy or to elected two-year terms (or one-year term if elected in 2022) that are created due to a vacancy. *Attorney General Opinion No. 2000-2 (February 9, 2000)*.

F. Increasing Number of Board Members:

A special district having a five-member Board may increase the number of Board members to seven by the adoption of a resolution by the Board and a certified copy of the resolution shall be filed with

the Board of County Commissioners or governing body of the municipality that approved the service plan of the special district. The Board shall consider the resolution at a public meeting after publication of notice of the public meeting. If after 45 days after filing the resolution the Board of County Commissioners or governing body of the municipality have not notified the District that such increase in the Board would be a material modification to the District's service plan, the Board shall file the resolution with the District Court that issued the District's organizational decree. The Court shall issue an Order establishing the increase in the number of Board members. A certified copy of such Order shall be recorded in the county in which the District was organized. A copy of the recorded Order shall be filed with the Division of Local Government.

Once the District increases to a seven-member Board, the District is not allowed to reduce to a five-member Board. [§32-1-902.5, C.R.S.](#)

G. Fiduciary Obligations:

1. General:

A Director has a general, common-law fiduciary obligation to the District. [§24-18-103, C.R.S.](#) This obligation does not extend to each individual resident of the District, but rather to the District itself. As a fiduciary, the Director has the duty to exercise the utmost good faith, business sense, and astuteness on behalf of the District. A Director is prohibited from taking personal advantage of a situation to benefit himself or prejudice the District.

2. Confidential Information:

Directors will likely become privy to confidential information about the District. When a District seeks legal counsel, the communications between the lawyer and the District are confidential and are protected by the attorney-client privilege. *The Colorado Rules of Professional Conduct, Rule 1.6 and §13-90-107(1)(b), C.R.S.* Discussions regarding specific legal questions in executive session are "privileged." *Id. and Patricia C. Tisdale and Erin M. Smith, The Maverick Council Member: Protecting Privileged Attorney-Client Communications from Disclosure, 23 COLO. LAW. 63, 63 (1994)*.

The attorney-client privilege protects the content of communications with the District's attorney from disclosure in Court. This is an important protection for the District. Be careful, though, because the privilege can be lost by disclosing the confidential communications to a third party. Once the privilege is lost, the content of the communications is no longer considered confidential, and it can be used against the District in future lawsuits.

Keep in mind that the District holds the attorney-client privilege, not the individual Board members. *The Colorado Rules of Professional Conduct, Rule 1.13*. Therefore, only the District as a whole can waive the attorney-client privilege by an intentional, official act, such as adoption of a resolution. An inadvertent or unauthorized disclosure of confidential information by one Director does not constitute a waiver of the privilege, meaning the "leaked" information cannot be used against the District in Court. Still, it can be extremely damaging to the District if Directors discuss confidential information with people who are not on the Board, even if it seems harmless to you.

You can protect the District's confidential information by not

discussing District affairs with anyone outside of Directors and the District's attorney. You also should not discuss matters discussed in executive session outside of the executive session, even with other Directors.

H. Compensation:

1. Limitations:

For Directors serving a term of office commencing after January 1, 2018, Directors may receive compensation not in excess of \$2,400 per annum, payable not to exceed \$100 per meeting attended. [§32-1-902\(3\)\(a\), C.R.S.](#) Any "perks" received by a Director may be considered compensation and subject to the limitations, unless they are in exchange for value actually received or are considered to be a valid expense otherwise subject to reimbursement. A study session is considered a special meeting for which compensation for attending is allowed, if all the conditions described in Paragraph J on page 13 are met.

No Director shall receive any compensation as an employee of the District. [§32-1-902\(3\)\(b\), C.R.S.](#)

2. Reimbursement:

Reimbursement of actual expenses for Directors shall not be considered compensation. [§32-1-902\(3\)\(b\), C.R.S.](#) Actual expenses may include mileage and out-of-pocket expenses incurred in service as a Director.

3. Gifts:

The law regarding quarterly reports of gifts, honoraria, or other benefits received in connection with a Director's public service excludes special district Directors whose annual compensation does not exceed \$2,400. [§24-6-203\(1\)\(b\)\(I\), C.R.S.](#)

Although most attorneys do not believe it applies to special districts, Amendment 41 adopted in 2006 places further prohibitions on gifts with value exceeding \$53 (adjusted) given to county and municipal officials, employees of local governments, and their immediate family members. This gift ban is unrelated to any official action and is without regard to any intent to corrupt or influence. [Art. XXIX, Sect. 3, Colo. Const.](#)

For a discussion of the rules surrounding gifts to Directors and conflicts of interest, see Chapter II — Conflicts of Interest.

I. Bylaws, Rules and Regulations, and Policies:

The Board of Directors may adopt bylaws to govern other aspects of Board membership, and rules and regulations that are not in conflict with state law. [§32-1-1001\(1\)\(m\), C.R.S.](#) Bylaws can be helpful in maintaining order and providing a framework for the Board's actions. Rules and regulations are important to adopt as laws for the operation of the District. The Courts enforce adopted rules and regulations and often yield to the judgment and discretion of the District's Board of Directors in matters of interpretation and application. [Bennett Bear Creek Farm Water and Sanitation District v. City and County of Denver, 928 P.2d 1254 \(Colo. 1997\)](#). A Court will not imply rules and regulations if they have not been formally adopted by the Board.

Policies and procedures (usually for staff purposes) on personnel matters, handling of District money, investments, authorization to make contracts, etc. are also important for the efficient operation of the District.

J. Recall:

Any Director who has held office for at least six months may be subject to recall. [§32-1-906, C.R.S.](#)

In order to recall a Director, a petition signed by the lesser of 300 or 40% of eligible electors must be filed asserting the grounds for recall, and a recall election must be held pursuant to the provisions of Part 9 of Article 1, Title 32, C.R.S.

Part 9 of Article 1 of Title 32 establishes procedures for conducting a recall election. It clarifies the process for review and approval of recall petitions; the appointment of a Designated Election Official (DEO) and the procedures and duties of the DEO; sets forth a timeline and deadlines for the completion of the recall process; scheduling and conducting the recall election; nomination of candidates to succeed the person being recalled and including the election of a successor on the same ballot; payment of costs of the election; and reimbursement of some costs.

If the District Court appoints a County Clerk as the DEO, the recall procedures and election must be conducted under Article 12 of Title 1, except certain provisions of Part 9 of Article 1 of Title 32 will still apply. [§32-1-909\(2\), C.R.S.; SB21-250](#)

The election of a successor is held at the same time as the recall election. [§32-1-911, C.R.S.](#)

K. Inactive Status for Certain Districts:

A District that is in a predevelopment stage; has no business or commercial ventures or facilities in its boundaries; has not issued any general obligation or revenue debt; has not imposed a mill levy for collection; anticipates no revenue and has no planned expenditures; and has no operation or maintenance responsibility for any facilities may enter into "inactive status," during which time the District is relieved from compliance with certain statutory obligations and filings, such as boundary maps; annual notice to electors; noticing and conducting regular and special Board meetings; budgeting procedures; annual audits or applications for exemption; and property valuation and assessment and mill levy certification procedures.

A period of inactive status is commenced by the Board adopting a resolution of inactive status and filing (by December 15) a notice of inactive status with certain prescribed entities. A notice of continuing inactive status must be filed annually by December 15 until the District returns to active status. Permitted activities during this "time-out" period are conducting elections and undertaking the procedures necessary to implement a return to active status.

The District must come into compliance with all the legal requirements from which it has been exempt in order to return to active status. [§32-1-104\(3\)-\(5\), C.R.S.](#)

L. Director Districts:

The Board may adopt a resolution to divide the District into Director Districts. A District with a five-member Board may be divided into five Director Districts and a District with a seven-member Board may be divided into seven Director Districts. Each Director District must have, as nearly as possible, the same number of eligible electors and shall be as contiguous and compact as possible. The Board shall then select from its members a representative of each Director District, and if possible, the representative shall be an eligible elector from within a boundary of the Director

District they are selected to represent. Thereafter, Directors must be eligible electors of the Director District that they represent. If, after a reasonable time, the Board determines that it is in the best interest of the District to revert to a single district format, the Board may eliminate the Director Districts and thereafter operate as a single District by adopting a resolution. If a Board divides a District into Director Districts, the Board shall also designate whether the Directors representing the Director Districts must be elected at large, or by the eligible electors within each Director District. If, after a reasonable time, the Board determines that it is in the best interest of the District, the Board may reverse this designation by adopting a resolution. [§32-1-902.7, C.R.S.; SB21-160.](#)

M. Mandatory Website—Metropolitan Districts:

Within one year of the organization of a newly organized metropolitan district, or by January 1, 2023, for any metropolitan district organized after January 1, 2000 but before January 1, 2022, the metropolitan district must establish, maintain, and annually update an official website in a form that is readily accessible to the public that contains the following information:

1. The names, terms, and contact information for the current Directors of the Board of the metropolitan district and of the Manager of the metropolitan district, if applicable;
2. The current fiscal year budget of the metropolitan district and, within thirty days of adoption, any amendments to the budget;
3. The prior year's audited financial statements, if applicable, or an application for exemption from an audit prepared in accordance with the "Colorado Local Government Audit Law," Part 6 of Article 1 of Title 29, within 30 days of the filing of the application with the State Auditor;
4. The annual report of the metropolitan district in accordance with §32-1-207 (3)(c);
5. By January 30 of each year, the date, time, and location of scheduled regular meetings of the District's Board for the current fiscal year;
6. If required by §1-13.5-501(1.5), by no later than 75 days prior to a regular election for an election at which members of a Board of Directors for a metropolitan district will be considered, the call for nominations pursuant to §1-13.5-501(1);
7. Not more than 30 days after an election, certified election results for an election conducted within the current fiscal year;
8. A current map depicting the boundaries of the metropolitan district as of January 1 of the current fiscal year; and
9. Any other information deemed appropriate by the Board of Directors of the metropolitan district.

Notwithstanding any other provision of law, a notice of meeting containing the information set forth in §24-6-402(2)(c)(iii) and posted on the metropolitan district's website no less than 24 hours prior to such meeting satisfies the requirements of §24-6-402 (2)(c)(iii). [§32-1-104.5\(3\)\(a\), C.R.S.; SB21-262.](#)

N. Annual Report:

Commencing in 2023 for the 2022 calendar year, any special district created after July 1, 2000 shall file not more than once a year an annual report for the preceding calendar year. Unless the requirement is waived or otherwise requested by an earlier date by the Board of County Commissioners or by the governing body of the municipality in which a special district is wholly or partially located. The annual report must be provided in accordance with §32-1-207(3)(c) by October 1 of each year. The annual report must be electronically filed with the governing body that approved the service plan or, if the jurisdiction has changed due to annexation into a municipality, the current governing body with jurisdiction over the special district, the Division, and the State Auditor, and such report must be electronically filed with the County Clerk and Recorder for public inspection, and a copy of the report must be made available by the special district on the District's website pursuant to §32-1-104.5(3).

The report required by §32-1-207(3)(c) must include, as applicable for the reporting year, but shall not be limited to:

1. Boundary changes made;
2. Intergovernmental agreements entered into or terminated with other governmental entities;
3. Access information to obtain a copy of rules and regulations adopted by the Board;
4. A summary of litigation involving public improvements owned by the District;
5. The status of the construction of public improvements by the District;
6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality;
7. The final assessed valuation of the District as of December 31 of the reporting year;
8. A copy of the current year's budget;
9. A copy of the audited financial statements, if required by the "Colorado Local Government Audit Law," Part 6 of Article 1 of Title 29, or the application for exemption from audit, as applicable;
10. Notice of any uncured defaults existing for more than 90 days under any debt instrument of the District; and
11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a 90 day period.

Special districts operating under a consolidated service plan or serving the same community may file a consolidated annual report setting forth the information required for each special district. [§32-1-207\(3\)\(c\), C.R.S.; SB21-262.](#)

O. Filings and Postings:

Directors are responsible for ensuring that mandatory filings are made and actions are taken. The following schedule includes the primary statutory filings required.

Date	Filings and Postings
At the time of recording organizational decree or order of inclusion for any District	<p>Every special district shall record a special district public disclosure document and a map of the boundaries of the District with the County Clerk and Recorder of each county in which the District is located that provides the following information:</p> <ol style="list-style-type: none"> 1. The name of the District; 2. The powers of the District as authorized by Section 32-1-1004 and the District's service plan or, as appropriate, the District's statement of purpose as described in Section 32-1-208, current as of the time of the filing; 3. A statement indicating that the District's service plan or, as appropriate, the District's statement of purpose as described in Section 32-1-208, which can be amended from time to time, includes a description of the District's powers and authority, and that a copy of the service plan or statement of purpose is available from the Division of Local Government; and 4. The following statement: [Name of the District] is authorized by Title 32 of the Colorado Revised Statutes to use a number of methods to raise revenues for capital needs and general operations costs. These methods, subject to the limitations imposed by Section 20 of Article X of the Colorado Constitution, include issuing debt, levying taxes, and imposing fees and charges. Information concerning Directors, management, meetings, elections, and current taxes are provided annually in the Notice to Electors described in Section 32-1-809 (1), Colorado Revised Statutes, which can be found at the District office, on the District's website, on file at the Division of Local Government in the State Department of Local Affairs, or on file at the office of the Clerk and Recorder of each county in which the special district is located. <p style="text-align: right;"><i>§32-1-104.8, C.R.S.</i></p>
Within one year of date of Order and Decree for metropolitan districts organized after January 1, 2022, or by January 1, 2023 for metropolitan districts organized between January 1, 2000 and January 1, 2022	<p>Establish, maintain and annually update, unless otherwise required, an official website that is readily accessible to the public which contains the following information:</p> <ol style="list-style-type: none"> 1. The names, terms, and contact information for the current Board members and of the District Manager, if applicable; 2. The current fiscal year budget and, within 30 days of adoption, any amendments to the budget; 3. The audited financial statements, if applicable, or the application for exemption from an audit, within 30 days of the filing of the application with the State Auditor; 4. The annual report filed in accordance with §32-1-207(3)(c), C.R.S.; 5. By January 30 of each year, the date, time, and location of scheduled regular meetings of the District's Board for the current fiscal year; 6. If required by §1-13.5-501(1.5), C.R.S. by no later than 75 days prior to a regular election, the call for nominations pursuant to §1-13.5-501(1), C.R.S.; 7. Not more than 30 days after an election, certified election results for an election conducted within the current fiscal year; 8. A current District boundary map as of January 1 of the current fiscal year; and 9. Any other information deemed appropriate by the Board of Directors. <p>A metropolitan district returning to active status shall comply within 90 days of adoption of a resolution returning to active status.</p> <p style="text-align: right;"><i>§32-1-104.5(3)(a) and (d), C.R.S.</i></p>
First Board meeting of each year	<p>Board adopts resolution designating the posting location for the District's 24-hour agenda notice.</p> <p style="text-align: right;"><i>§24-6-402(2)(c), C.R.S.</i></p>
Meeting notice posting requirements	<p>For an electronic notice, a District shall be deemed to have given full and timely notice of a public meeting if the District posts the notice, with specific agenda information if available, on a public website of the District no less than 24 hours prior to holding the meeting. The notice must be accessible at no charge to the public. A District that posts notices on a public website may in its discretion also post a notice by any other means, but it is not required to do so.</p> <p style="text-align: right;"><i>§24-6-402(2)(c)(III), C.R.S.</i></p> <p>For a non-electronic notice, a District shall be deemed to have given full and timely notice if the notice of the meeting is posted in a designated public place within the District no less than 24 hours prior to the holding of the meeting. The public place or places for posting such notice shall be designated annually at the District's first regular meeting of each calendar year. The 24-hour notice must include specific agenda information when possible.</p> <p style="text-align: right;"><i>§24-6-402(2)(c)(I), C.R.S.</i></p> <p>Special meetings must be posted in one of the ways discussed above.</p>
30-day notice prior to fixing/ increasing water or sewer rates	<p>The governing body of any special district furnishing domestic water or sanitary sewer services directly to residents and property owners within or outside the District may fix or increase fees, rates, tolls, penalties, or charges for domestic water or sanitary sewer services only after consideration of the action at a public meeting held at least 30 days after providing notice stating that the action is being considered and stating the date, time, and place of the meeting at which the action is being considered.</p> <p>Notice must be provided to the customers receiving the domestic water or sanitary sewer services of the District in one or more of the following ways:</p> <ol style="list-style-type: none"> 1. Mailing the notice separately to each customer of the service on the billing rolls of the District; 2. Including the notice as a prominent part of a newsletter, annual report, billing insert, billing statement, letter or other notice of action, or other informational mailing sent by the special district to the customers of the District; 3. Posting the information on the official website of the special district if there is a link to the District's website on the official website of the Division of Local Government; or 4. For any District that is a member of a statewide association of special districts formed pursuant to Section 29-1-401, C.R.S. (such as SDA), by mailing or electronically transmitting the notice to the statewide association of special districts, which association shall post the notice on a publicly accessible section of the association's website. <p style="text-align: right;"><i>§32-1-1001(2), C.R.S.</i></p>

Date	Filings and Postings
January 1 Update map	<p>Deadline to file a current, accurate map of District boundaries prepared according to Division of Local Government standards with the County Assessor, the Clerk and Recorder of each county in which the District is located, and the Division of Local Government. For map specification information, contact the Division of Local Government at 303-864-7720 or go to the Division of Local Government's website.</p> <p style="text-align: right;">§32-1-306, C.R.S.</p>
January 15 Notice to Electors (not earlier than November 16)	<p>Deadline for Notice to Electors (Transparency Notice), and no more than 60 days preceding.</p> <ol style="list-style-type: none"> 1. The notice shall contain the following: <ol style="list-style-type: none"> a. The address and telephone number of the principal business office of the District; b. Name and business telephone number of the manager or primary contact person; c. The names of and contact information for the members of the Board, the name of the Board Chair, and the name of each Director whose office will be on the ballot at the next regular election; d. The times and places designated for regularly scheduled meetings of the Board during the year and the place where notice of Board meetings is posted pursuant to Section 24-6-402(c), C.R.S.; e. The current mill levy and the total ad valorem tax revenue received by the District during the last year; f. The date of the next regular special district election at which members of the Board will be elected; g. Information on the procedure and time for an eligible elector of the special district to submit a self-nomination form for election to the Board pursuant to Section 1-13.5-303, C.R.S.; h. The address of any website on which the special district's election results will be posted; and i. Information on the procedure for an eligible elector to apply for permanent absentee voter status as described in Section 1-13.5-1003, C.R.S. with the special district. 2. The notice shall be made in one or more of the following ways: <ol style="list-style-type: none"> a. Mailing the notice separately to each household where one or more eligible elector resides; b. Including the notice as part of a newsletter, annual report, billing insert, billing statement, letter, voter information card or other notice of election, or other informational mailing sent by the special district to the eligible electors of the special district; c. Posting the information on the District's official website, if there is a link to the District's website on the official website of the Division of Local Government; d. For any District that is a member of a statewide association of special districts formed pursuant to Section 29-1-401, C.R.S. (such as SDA), by mailing or electronically transmitting the notice to the statewide association of special districts, which association shall post the notice on a publicly accessible section of the association's website; or e. For a District with less than 1,000 eligible electors that is wholly located in a county with a population of less than 30,000, posting the notice in at least three public places within the limits of the special district and at the office of the County Clerk and Recorder. Such notice shall remain posted until the Tuesday succeeding the first Monday of the following May. 3. Each District shall file the notice with the Board of County Commissioners, the County Assessor, the County Treasurer, and the County Clerk and Recorder of each county in which the District is located, any governing body of any municipality in which the District is located, and with the Division of Local Government, and make a copy of the notice available for public inspection at the principal business office of the special district. 4. Special districts with overlapping boundaries may combine the notices mailed pursuant to subsection 2(a), so long as the information regarding each District is separately displayed and identified. <p style="text-align: right;">§32-1-809 and 32-1-104(2), C.R.S.</p> <p>County or Municipal Withhold If a District fails to file any information required in Section 32-1-104 (2), C.R.S. (Notice to Electors) or within nine months of the date of the request for such information, the Board of County Commissioners or the municipal governing body of any municipality in which the special district is located, after notice to the affected special district, may notify any County Treasurer holding moneys of the special district and authorize the County Treasurer to prohibit the release of any such moneys until the District complies with such requirement.</p> <p style="text-align: right;">§32-1-209, C.R.S.</p>
January 30 Budget due	<p>A certified copy of the adopted budget, which includes the budget message, for the current fiscal year, must be filed with the Division of Local Government no later than this date. Sample forms can be found in the Financial Management Manual. The resolution(s) to adopt the budget, set mill levies, and appropriate funds shall accompany the copy of the certified budget. For more information, see the Budget Calendar on the Division of Local Government's website.</p> <p>Penalty: The Division of Local Government may authorize the County Treasurer to withhold distribution of tax revenues to the District if the budget is not filed.</p> <p style="text-align: right;">§29-1-113(1), C.R.S.</p>
February Special election	<p>Special election for non-TABOR questions may be conducted on the first Tuesday after the first Monday.</p> <p style="text-align: right;">§1-13.5-111, C.R.S.</p>
March 1	<p>If a special district has securities outstanding which are non-rated and which were issued to the public, for an amount of not less than \$1 million, and for a term of more than one year payable beyond the next year, then that District must file an annual report on form DLG 30 with the Division of Local Government. This report must be filed within 60 days following the end of the fiscal year.</p> <p style="text-align: right;">§11-58-105, C.R.S.</p>

Date	Filings and Postings
March 31	<p>Deadline for qualifying entities to request exemption from audit from the State Auditor using Application for Exemption from Audit. For information call Local Government Audits, Office of State Auditor, at 303-869-3000. The ceiling amount for a local government to qualify for exemption from audit is \$750,000.</p> <p style="text-align: right;">§29-1-604(3), C.R.S.</p> <p>If the District has authorized but unissued general obligation debt as of the end of the fiscal year, a copy of the Application for Exemption from Audit must be filed with the Board of County Commissioners for each county in which the District is located or the governing body of municipality that approved the service plan.</p> <p style="text-align: right;">§29-1-606(7), C.R.S.</p>
May Regular or special election	<p>Regular election (election for members of Board of Directors) must be held in even-numbered years until 2022. Commencing in 2023, the regular election must be held in odd-numbered years. TABOR elections may be held on the regular election date. Special election for non-TABOR questions may be held on the first Tuesday following the first Monday in May that is not a regular election date. If a TABOR issue will be included as part of the May regular election, it must be conducted as an independent mail ballot election pursuant to Section 1-13.5-1101, et seq., C.R.S.</p> <p style="text-align: right;">§32-1-103(17),(21); §1-13.5-111, C.R.S.</p>
June	<p>Each Director, within 30 days after his/her election or appointment, must be administered the oath of office or affirmation. The signed oath or affirmation and bond (public officials' performance bond) must be filed with the District Court Clerk and with the Division of Local Government. Directors' bond must be not less than \$1,000; the Treasurer's bond must be not less than \$5,000. Bond requirements can be satisfied by purchase of crime coverage. A copy of each signed oath or affirmation must be filed with the Clerk and Recorder before the Director is fully seated.</p> <p style="text-align: right;">§32-1-901, C.R.S.; §24-12-101; §24-14-102(2), C.R.S.; Article XII, Section 9 of the Colorado Constitution</p>
June 30	<p>Statutory deadline for local government auditor to submit audit report to special district governing Board.</p> <p style="text-align: right;">§29-1-606(1)(a), C.R.S.</p>
July 30	<p>Deadline for submitting annual audit report or request for extension to State Auditor. District audit must be forwarded to State Auditor's Office within 30 days of receipt from auditor.</p> <p style="text-align: right;">§29-1-606(3), C.R.S.</p> <p>PENALTY: If an audit is not filed (when an exemption has not been granted), the County Treasurer may be ordered to withhold District tax revenues.</p> <p style="text-align: right;">§29-1-606(5)(a) and (b), C.R.S.</p> <p>If the District has authorized but unissued general obligation debt as of the end of the fiscal year, a copy of the audit report must be filed with the Board of County Commissioners for each county in which the District is located or the governing body of municipality that approved the service plan.</p> <p style="text-align: right;">§29-1-606(7), C.R.S.</p>
August 25	<p>Deadline for Assessors to certify to all taxing entities and the Division of Local Government the total assessed valuation and real property values of all taxable property and the amounts for the various factors used to compute the statutory property tax revenue limit and the constitutional property tax revenue limit.</p> <p style="text-align: right;">§39-5-128, C.R.S.</p>
September 30	<p>If State Auditor has granted extension (received prior to July 30 filing deadline), this is the final date an audit may be filed.</p> <p>§29-1-606(4), C.R.S.</p> <p>PENALTY: If an audit is not filed (when an exemption has not been granted) the County Treasurer may be ordered to withhold District tax revenues.</p> <p style="text-align: right;">§29-1-606(5)(a) and (b), C.R.S.</p>
October 1, beginning in 2023	<p>Any special district created after July 1, 2000 shall file not more than once a year an annual report for the preceding calendar year. Unless the requirement is waived or otherwise requested by an earlier date by the current governing body with jurisdiction over the District. The annual report must be electronically filed with the governing body with jurisdiction over the District, the Division, State Auditor, and County Clerk and Recorder for each county in which the District is located. For metropolitan districts organized after January 1, 2000, a copy of the report must be posted on the District's website. The report must include, as applicable for the reporting year, but shall not be limited to:</p> <ol style="list-style-type: none"> 1. Boundary changes made; 2. Intergovernmental agreements entered into or terminated with other governmental entities; 3. Access information to obtain a copy of rules and regulations adopted by the Board; 4. A summary of litigation involving public improvements owned by the District; 5. The status of the construction of public improvements by the District; 6. A list of facilities or improvements constructed by the District that were conveyed or dedicated to the county or municipality; 7. The final assessed valuation of the District as of December 31 of the reporting year; 8. A copy of the current year's budget; 9. A copy of the audited financial statements or the application for exemption from audit, as applicable; 10. Notice of any uncured defaults existing for more than 90 days under any debt instrument of the District; and 11. Any inability of the District to pay its obligations as they come due under any obligation which continues beyond a 90-day period. <p>Special districts operating under a consolidated service plan or serving the same community may file a consolidated annual report setting forth the information required for each special district.</p> <p style="text-align: right;">§32-1-207(3)(c), C.R.S.</p>

Date	Filings and Postings
October Special election	Special election for non-TABOR questions may be conducted on the first Tuesday after the first Monday. <i>§1-13.5-111, C.R.S.</i>
October 15	Statutory deadline for budget officer to submit the proposed budget to Board of Directors. <i>§29-1-105, C.R.S.</i> "Notice of Budget Hearing" to be published upon Board's receipt of proposed budget. <i>§29-1-106, C.R.S.</i> Notice of budget hearing must state that the budget is available for inspection by the public at a designated office, give the date and time of the budget hearing, and state that any interested elector may file objections any time prior to its adoption. For Districts with a total annual budget of less than \$50,000, posting of the notice in three public places is permitted in lieu of publication. See §29-1-103, C.R.S. for budget content and format requirements. Contact the Division of Local Government for further information and assistance in order to be in compliance with the budget law.
November	TABOR ballot issues and non-TABOR ballot questions may be referred to the voters the first Tuesday after the first Monday of even numbered years, or the first Tuesday in odd-numbered years. A TABOR election that is not part of an organizational election must be conducted either as part of a coordinated election or as an independent mail ballot election pursuant to Section 1-13.5-1101, <i>et seq.</i> , C.R.S. If the District determines to not coordinate the election with the County Clerk, such election must be conducted as an independent mail ballot election. <i>§1-7-116(1); §1-13.5-111(2), C.R.S.</i>
December Special Election	Special election for non-TABOR questions may be conducted on the first Tuesday after the first Monday. <i>§1-13.5-111, C.R.S.</i>
December 10	Assessors must recertify property value, one time only, no later than December 10, to the District. <i>§39-1-111(5), C.R.S.</i>
December 15	Deadline for certification of mill levies to the Board of County Commissioners. <i>§39-5-128(1), C.R.S.</i> Note: Districts levying a property tax must adopt their budgets before certifying levies to the county. <i>§29-1-108(2), C.R.S.</i> PENALTY: If the budget is not adopted by certification deadline, 90% of the amounts appropriated for operating and maintenance expenses in the current fiscal year shall be deemed re-appropriated. <i>§29-1-108(3), C.R.S.</i>
December 15	For inactive special districts, deadline for filing Notice of Continuing Inactive Status with the Division of Local Government and the State Auditor. <i>§32-1-104(4), C.R.S.</i>
December 31	Districts not levying property tax must adopt budget by this date. <i>§29-1-108, C.R.S.</i> By this date Board shall enact "Resolution to Appropriate Funds" for ensuing fiscal year. <i>§29-1-108(4), C.R.S.</i> PENALTY: District is restricted to 90% of its current year's appropriation for operation and maintenance expenses if Board fails to enact a resolution to make appropriations by this date. <i>§29-1-108(4), C.R.S.</i>
	NOTE: If a District: <ul style="list-style-type: none"> • Has failed to hold or properly cancel a regular special district election, • Has failed to adopt a budget for two consecutive years, • Has failed to submit to an audit (or be granted exemption from audit) for two consecutive years; or • Has not provided or attempted to provide any of the service(s) or facilities for which the District was organized for two consecutive years; and • Has no outstanding financial obligations, then, the Division of Local Government may initiate statutory proceedings to administratively dissolve the District. <i>§32-1-710, C.R.S.</i>

Chapter II

Conflicts of Interest

The Colorado statutes establish a code of ethics for all local government officials and the Special District Act adds standards of conduct that apply only to special district Directors. Public officials can look to these in order to determine whether certain official actions are proper or improper. The holding of a public office is a “public trust” and Directors must carry out their duties for the benefit of the people, not for their own self-interest. The statutory code of ethics attempts to balance the conflicts of a private interest with the public duty.

A. Disclosure Required:

Any Director shall disqualify himself/herself from voting on any issue in which he/she has a conflict of interest, unless such Director has disclosed the conflict of interest as required by law to the Secretary of State and to the Board, [§32-1-902\(3\)\(b\), C.R.S.](#), and then only to vote if his/her participation is necessary to obtain a quorum or otherwise enable the Board to act. [§24-18-109\(3\)\(b\), C.R.S.](#)

A Director with a conflict who does not vote shall also refrain from attempting to influence the decisions of other members of the Board in voting on the matter. [§24-18-109\(3\)\(a\), C.R.S.](#)

A Director is guilty of failing to disclose a conflict of interest if he/she exercises any substantial discretionary function in connection with a government contract without having given 72 hours’ actual advance written notice to the Secretary of State and to the District Board of the existence of a known potential conflicting interest. [§18-8-308\(1\), C.R.S.](#) Failure to disclose a conflict of interest is a class 2 misdemeanor. [§18-8-308\(3\), C.R.S.](#)

B. Proscribed Acts Constituting a Conflict of Interest:

A potential conflict of interest exists when the Director is an executive officer or owns or controls, directly or indirectly, a substantial interest in any nongovernmental entity participating in the transaction. [§18-8-308\(2\), C.R.S.](#)

A District Board member, as a local government official (elected or appointed), or a District employee, shall not:

1. Disclose or use confidential information acquired in the course of his/her official duties in order to further his/her personal financial interests.
2. Accept gifts of substantial value or of substantial economic benefit tantamount to a gift of substantial value, which would

tend to improperly influence a “reasonable person” in his/her public position to depart from the faithful and impartial discharge of his/her public duties or which he/she knows or which a reasonable person in his/her position should know under the circumstances is primarily for the purpose of rewarding him/her for official action he/she has taken.

3. Engage in a substantial financial transaction for his/her private business purposes with a person whom he/she inspects or supervises in the course of his/her official duties.
4. Perform an official act directly and substantially affecting to its economic benefit, a business or other undertaking in which he/she either has a substantial financial interest or is engaged as counsel, consultant, representative, or agent.
5. Be interested in any contract made in his/her official capacity or by any body, agency, or Board of which he/she is a member or employee.
6. Be a purchaser at any sale or vendor at any purchase made by him/her in his/her official capacity. [§§24-18-104, 24-18-109, 24-18-201 and 24-18-202, C.R.S.](#)

The following exceptions exist which are *not* considered to be conflicts of interest:

1. A Director holding a minority interest in a corporation contracting with the District is not considered “interested” in such contract. [§24-18-201\(1\)\(a\), C.R.S.](#);
2. Contracts in which the Director has disclosed a personal interest and has not voted thereon; and
3. A Director may vote, notwithstanding any other prohibition, if participation is necessary to obtain a quorum or otherwise enable the Board to act, and if the Director complies with voluntary disclosure procedures. [§24-18-109\(3\)\(b\), C.R.S.](#)

Note All of these exceptions must be very carefully scrutinized for legal compliance purposes. Perhaps no area offers greater potential exposure to liability than the area of conflicts of interest. Before a Director takes any action which may involve a potential conflict of interest, all legal implications as well as the policy implications and appearance of impropriety should be considered.

C. Guides to Conduct Regarding Ethical Principles:

The following principles are intended as guides to conduct; they do not constitute violations of the public trust or employment in local government unless circumstances would otherwise so indicate:

1. A local government official or employee should not acquire or hold an interest in any business or undertaking which he/she has reason to believe may be directly and substantially affected to its economic benefit by official action to be taken by the local government agency over which he/she has substantive authority.
2. A local government official or employee should not, within six months following the termination of his/her office or employment, obtain employment in which he/she will take direct advantage, unavailable to others, of matters with which he/she was directly involved during his/her term of employment.
3. A local government official or employee should not perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when he/she has a substantial financial interest in a competing firm or undertaking. [§24-18-105\(4\), C.R.S.](#)

D. Conflicts Involving Developer Districts:

A Director who owns undeveloped land constituting at least 20% of the District's territory must disclose such ownership by giving 72-hours' advance written notice to the Secretary of State and the Board before each meeting of the Board, and such disclosure must be entered in the minutes. "Undeveloped land" means real property which has not been subdivided or on which no improvements have been constructed, excluding dedicated parks, recreation areas, or open spaces. [§32-1-902\(4\), C.R.S.](#)

No contract for work or material including a contract for services, regardless of amount, may be entered into between a District and a Board member or a person owning 25% or more of the territory within the District unless notice for bids is published and the Board member or owner submits the lowest responsible and responsive bid. [§32-1-1001\(1\)\(d\)\(II\), C.R.S.](#)

E. Effect of Existence of Potential Conflict of Interest:

Failing to disclose a potential conflict of interest is a criminal misdemeanor and could result in prosecution. [§18-8-308\(3\), C.R.S.](#)

Any contract, vote, or other official act in which a Director had a potential conflict, not cured by disclosure, may result in the act or contract being voided.

Chapter III

Board Meetings

The District's business is conducted in meetings of the Board of Directors, which the public must be given notice of and allowed to attend, with some very limited exceptions.

A. Calling the Meeting:

1. Designation of Time and Place:

The Board must designate and post the time and place for all Board meetings, and also designate a place to post the required 24-hour agenda notices of the meetings. [§§32-1-903\(1\)-\(2\) and 24-6-402\(2\)\(c\), C.R.S.](#)

a. Electronic Notice:

A District shall be deemed to have given full and timely notice of a public meeting if the District posts the notice, with specific agenda information if available, no less than 24 hours prior to holding the meeting on a public website of the District. The notice must be accessible at no charge to the public. The District shall, to the extent feasible, make the notices searchable by type of meeting; date and time of meeting; agenda contents; and any other category deemed appropriate by the District, and shall consider linking the notices to any appropriate social media accounts of the District. A District that provides notice on a website shall provide the address of the website to the Department of Local Affairs. A District that posts notices on a public website may in its discretion also post a notice by any other means, but is not required to do so. If a District is unable to post a notice on a public website, the District shall post its meeting notices in compliance with paragraph A.1.b below. [§24-6-402\(2\)\(c\)\(III\), C.R.S.](#)

Special notice must be included in the notice of the decision to undertake any of the following acts: [§32-1-903\(3\), C.R.S.](#)

- i. Making a final determination to issue or refund general obligation indebtedness;
- ii. Consolidating the District;
- iii. Dissolving the District;
- iv. Filing a plan for adjustment of debt under federal bankruptcy law;
- v. Entering a private contract with a Director; or
- vi. Not making a scheduled bond payment.

b. 24-Hour Notice (Non-Electronic):

In addition to any other means of full and timely notice, a local public body (District) shall be deemed to have given full and timely notice if the notice of the meeting is posted in a designated public place within the District no less than 24 hours prior to the holding of the meeting. The public place or places for posting such notice shall be designated annually at the local public body's first regular meeting of each calendar year. The 24-hour notice must include specific agenda information when possible. [§24-6-402\(2\)\(c\)\(I\), C.R.S.](#) (Note: This 24-hour posting can be utilized in addition to or in place of posting on a public website. However, this posting of notice is not required if the District posts its meeting notices on its website). [§24-6-402\(2\)\(c\)\(III\), C.R.S.](#)

c. Requested Notice:

The District must keep a list of all persons requesting notice of all meetings or of meetings when certain specified policies will be discussed, and provide reasonable advance notice to such persons. Once a person has requested individualized notice, they are to be included on the list for two years. What constitutes "reasonable" notice is left to the discretion of the District. Inadvertent failure to provide notice to a listed person will not invalidate the meeting or actions taken at such meeting. [§24-6-402\(7\), C.R.S.](#)

d. Change of Regular Meeting and Scheduling of Special Meetings:

When the time, date, or location of a regularly scheduled meeting is changed, or when a special meeting is scheduled, notice of the new meeting time, date, or place must be posted in one of the ways discussed above. [§32-1-903\(2\), C.R.S.](#)

2. Notice to Directors:

All Directors must be notified of any regular or special meeting of the Board. [§32-1-903\(1\), C.R.S.](#)

B. Location of Meetings:

With the exception of Paragraph C below, all special and regular Board meetings must be held at locations within the District boundaries, or within the boundaries of any county or counties in which the District is located, or, if outside the county, at a location not greater than 20 miles from the District boundaries, unless (i) the Board adopts a resolution stating the reason for holding the meeting at an alternate location and the date, time, and place of the meeting; and (ii) the proposed change of location appears on the meeting agenda for the meeting at which the resolution is considered. [§32-1-903\(1\)](#), C.R.S.

C. Telephonic or Electronic Meetings:

“Location” means the physical, telephonic, electronic or other virtual place, or combination of such means, where a meeting can be attended. Consequently, special and regular Board meetings can be held in a physical location, or by telephonic or other electronic means. [§32-1-903\(5\)](#), C.R.S.; [HB21-1278](#).

The meeting notice of all meetings of the Board that are held telephonically, electronically, or by other means not including physical presence must include the method or procedure, including the conference number or link, by which members of the public can attend the meeting. [§32-1-903\(3\)](#), C.R.S.; [HB21-1278](#).

D. Open to the Public:

All meetings of a quorum, or three or more members (whichever is fewer), of the Board of Directors at which public business is discussed or formal Board action may be taken must be open to the public.

“Meeting” means any kind of gathering convened to discuss public business in person, by telephone, electronically, or by other means of communication. [§24-6-402\(2\)\(b\)](#), C.R.S.

Open meeting requirements apply to formal meetings of the Board and study sessions. Such requirements do not apply to staff meetings where a quorum of the Board is not present, chance meetings, or social gatherings at which discussion of public business is not the central purpose.

Open meetings must be open to all members of the public, including reporters, attorneys, and any other representatives.

The use of recording devices at open meetings is neither prohibited nor permitted by the Colorado statutes. Many attorneys believe that the Board must allow for video and audio recording of its meetings, but may prescribe rules for the use of recording devices, such as specifying the location where recorders must be positioned and restricting recordings which interrupt or interfere with the conduct of the meeting.

E. Rules of Procedure:

The Board may adopt standard rules of procedure to govern how Board meetings are conducted. Such rules provide desirable order and efficiency and may be included within the District bylaws.

F. Voting:

A quorum (more than one-half of the number of Directors serving on the Board) of the Board must be present before the District may take any official act or vote. A majority of the quorum in attendance is required to pass a measure. [§§32-1-103\(16\) and 32-1-903\(2\)](#), C.R.S.

A Director is required to devote his/her personal attention to matters of the District. Such attention requires a Director’s own individual vote; proxy voting is not permissible.

The Chairman/President can make motions and can vote.

G. Attendance:

A Director is required to attend Board meetings. Attendance may be made via telephone conference or other electronic means. As long as the Director is able to hear and be heard, electronic attendance satisfies the attendance requirement. [§24-6-402\(1\)\(b\)](#), C.R.S.

Any absences should be noted and excused (where appropriate) in the minutes of the meeting.

A Director’s office shall be deemed to be vacant if the Director who was duly elected or appointed fails to attend three consecutive regular meetings of the Board without the Board having entered upon its minutes an approval for an additional absence or absences, except that such additional absence or absences shall be excused for temporary mental or physical disability or illness. [§32-1-905\(1\)\(g\)](#), C.R.S.

H. Minutes:

The Secretary of the Board must keep accurate minutes of all Board meetings. [§32-1-902\(1\)](#), C.R.S.

The minutes shall be kept in a visual text format that may be transmitted electronically and shall be open to public inspection upon request. [§§32-1-902\(1\)](#), [24-6-402\(2\)\(d\)\(II\)](#), C.R.S.

I. Executive Sessions:

An executive or “closed” session may only be called at a regular or special meeting of the Board (not at a study session) by an affirmative vote of two-thirds of the quorum present. [§24-6-402\(4\)](#), C.R.S.

Executive sessions should be noted on the agenda for all meetings whenever possible.

The Chairman of the Board must announce, and the minutes reflect, one of the following topics of discussion for a valid executive session:

1. Purchase, acquisition, lease, transfer, or sale of any property interest. (*Note: Not available where a member of the Board has a personal interest in the transaction.*) [§24-6-402\(4\)\(a\)](#), C.R.S.
2. Conferences with the District’s attorney regarding legal advice on specific legal questions. (*Notes: The mere presence or participation of an attorney is not sufficient to satisfy this requirement. State the topic of the legal questions in as much detail as possible without disclosing confidential information.*) [§24-6-402\(4\)\(b\)](#), C.R.S.
3. Confidential matters pursuant to state or federal law. (*Note: Must announce specific citation to the applicable law.*) [§24-6-402\(4\)\(c\)](#), C.R.S.
4. Security arrangements or investigations. [§24-6-402\(4\)\(d\)](#), C.R.S.
5. Negotiations. [§24-6-402\(4\)\(e\)](#), C.R.S.
6. Personnel matters, identifying the person or position to be discussed, except if the employee who is the subject of the executive session has requested an open

meeting; or if the personnel matter involves more than one employee, all of the employees must request an open meeting. *(Note: Not available to discuss general personnel policies.)* §24-6-402(4)(f), C.R.S.

7. Items concerning mandatory nondisclosure under the Open Records Act. §24-6-402(4)(g), C.R.S.
8. Discussion of individual students where public disclosure would adversely affect the person. §24-6-402(4)(h), C.R.S.

Discussions that occur in an executive session shall be electronically recorded, including the specific citation to the Colorado Revised Statutes that authorizes the Board to meet in an executive session and the actual contents of the discussion during the session. §24-6-402(2)(d.5)(II)(A), C.R.S.

Executive session discussions between the Board and the District’s attorney regarding specific legal questions are confidential and protected by attorney-client privilege. Therefore, they need not be recorded, electronically or otherwise. If they are not recorded, the attorney must attest that the portion of the discussion not recorded constituted privileged attorney-client communications, either by stating so on the tape or providing a signed statement which will be added to the minutes. §24-6-402(2)(d.5)(II)(B), C.R.S. and *The Colorado Rules of Professional Conduct, Rule 1.6.*

No formal action (vote) may be taken while in executive session. §24-6-402(4), C.R.S.

The District must retain the record of any executive session for at least 90 days. §24-6-402(2)(d.5)(II)(E), C.R.S.

J. Special Meetings/Study Sessions:

Special meetings include study sessions at which a quorum of the Board is in attendance and notice of the meetings has been given in accordance with §24-6-402 (2) (c), C.R.S. and at which information is presented to the Board, but no official action can be taken by the Board. You may want to check with your legal counsel about the recording of minutes.

K. Meetings—Exchange of Emails:

If a quorum of the Board of Directors exchange electronic mail to discuss pending legislation or other public business among themselves, the electronic mail is subject to the requirements of the Open Meetings Act. Electronic mail communication between the Directors that **does not** relate to the merits or substance of pending legislation or other public business, including electronic mail communication regarding scheduling and availability or electronic mail communication that is sent by a Director for the purpose of forwarding information; responding to an inquiry from an individual who is not a member of the Board of Directors; or posing a question for later discussion by the Board, shall not be considered a “meeting” within the meaning of the Open Meetings Act. §24-6-402(2)(d)(III), C.R.S.; *HB21-1025.*

L. Resolutions and Motions:

Official action of the Board may be taken in an open meeting through the adoption of a resolution, or by a motion duly made and passed by a majority vote of the Directors present at the meeting and recorded in the minutes.

Chapter IV

Public Records

The “Open Records Act,” §24-72-201, *et seq.*, C.R.S., applies to almost all levels of Colorado governmental entities and requires records to be available to the public, although it takes into account the burdens that may be placed on local governments to respond to requests for public records and incorporates a reasonableness standard for the time and cost of producing the materials.

A. Public Right of Access:

Colorado statutes have established as public policy that all public records should be open for inspection by any person at reasonable times, except as provided by law. [§24-72-201, C.R.S.](#)

“Public records” is broadly defined to include most documentation maintained by the District and the correspondence of elected officials, including email, whether maintained in hard copy or electronically in digital media. [§24-72-202\(6\), C.R.S.](#)

The “official custodian” (the District officer or employee responsible for the maintenance, care, and keeping of public records) may establish rules regarding the inspection procedures for such records. [§24-72-203\(1\)\(a\), C.R.S.](#) Such rules are advisable to maintain a manageable order regarding records and inspection. In practice, typically the Board adopts by resolution a policy for responding to records requests.

The person requesting inspection is entitled to copies or printouts of the District’s public records.

Special rules apply to records that are kept digitally:

1. If a public record is stored in a digital format that is neither searchable nor sortable, the custodian shall provide a copy of the public record in a digital format.
2. If a public record is stored in a digital format that is searchable but not sortable, the custodian shall provide a copy of the public record in a searchable format.
3. If a public record is stored in a digital format that is sortable, the custodian shall provide a copy of the public record in a sortable format. [§24-72-203\(3.5\), C.R.S.](#)

B. Fees:

1. A copying fee not to exceed 25¢ per standard page may be assessed, unless actual costs exceed that amount. [§24-72-205\(5\)\(a\), C.R.S.](#)
2. If the copying or printout is generated from a computer

output other than word processing, the cost of building and maintaining that information system may be offset by charging a reasonable allocation to the person requesting the record. [§24-72-205\(4\), C.R.S.](#)

3. A reasonable research and retrieval fee may be charged, but only if the District has adopted and published on their website, or elsewhere, a written policy that includes a specific research and retrieval fee. The fee may not exceed \$33.58 per hour, and no charge may be imposed for the first hour of research and retrieval of public records. [§24-72-205\(6\)\(a\)\(b\), C.R.S.](#)
4. Within three working days of receiving the request, the custodian shall notify the record requester that a copy of the record is available but will only be sent once the custodian either receives payment or makes arrangements for receiving payment for all costs and fees associated with the request for and transmission of the public record, unless the custodian has waived all or some of the fees. [§24-72-205\(1\)\(b\), C.R.S.](#)

C. Transmission of Records:

Upon request, the custodian shall transmit a copy of the requested public record by U.S. mail, other delivery service, facsimile, or email. The District cannot charge a transmission fee for transmitting public records via email.

D. Response Time:

1. Records must be provided within three working days, or the custodian must provide the requester with written notice that extenuating circumstances exist and the records cannot be provided within three working days. [§24-72-203\(3\)\(b\), C.R.S.](#)
2. Extenuating circumstances for which the response period can be extended an additional seven working days include:
 - a. The request is broadly stated, encompasses a large category of records, and is without sufficient specificity;
 - b. The request is broadly stated, encompasses a large category of records, and the District is unable to gather the records within three working days because it needs to devote all or substantially all

of its resources to meeting an impending deadline or period of peak demand that is unique or not predicted to recur more frequently than once a month; or

- c. The request involves such a large volume of records that the custodian cannot gather the records without substantially interfering with his other public duties. [§24-72-203\(3\)\(b\)\(I\) to \(III\), C.R.S.](#)

E. Denial of Access:

The Open Records Act permits (and in some cases requires) the official custodian to deny public access and disallow inspection of the following documents or under the following circumstances: [§24-72-204 \(1\), C.R.S.](#)

1. If inspection would be contrary to any state statute;
2. If inspection would be contrary to any federal statute or regulation;
3. If inspection is prohibited by rules promulgated by the Supreme Court or by the Order of any Court;
4. Examinations for employment (except as made available for inspection by the party in interest);
5. Records submitted for applicants or candidates for employment, other than those submitted by applicants or candidates who are finalists for chief executive officer positions (if there are three or fewer applicants or candidates for a chief executive officer position who possess the minimum qualifications, they are all finalists and access to their submitted records may not be denied).
6. Real estate appraisals, until the subject property has been transferred;
7. Email addresses provided by a person to the District;
8. Specialized details of security arrangements or investigations and records of expenditures on security arrangements or the physical and cyber assets of critical infrastructure;
9. Medical, mental health, sociological, and scholastic achievement data (except as made available for inspection by the party in interest);
10. Personnel files (except as made available for inspection by the party in interest and the District official or employee who has direct supervisory capacity);
11. Trade secrets, privileged information, and confidential information or data;
12. Library records disclosing the identity of a user;
13. Names, addresses, telephone numbers, and personal financial information of past or present users of public utilities, public facilities, or recreational or cultural services;
14. Election records of any person; or
15. Where disclosure or public access would do substantial injury to public interest. [§24-72-204\(6\)\(a\), C.R.S.](#)

If, after having made reasonable inquiries, it is not technologically or practically feasible to permanently remove information that the custodian is required or allowed to withhold within the requested format; it is not technologically or practically feasible to provide a copy of the record in a searchable or sortable format; or if the custodian would be required to purchase software or create additional programming or functionality in its existing software to remove the information, a custodian is not required to produce a public record in a searchable or sortable format. [§24-72-203\(3.5\), C.R.S.](#)

The determination of whether a document falls within an enumerated exception can be a difficult task. If denial of access is based upon injury to the public interest, the District may apply to the Court for an Order permitting the District to restrict disclosure. A person seeking permission to examine the document has the right to appear in the Court proceeding. The attorney fees provisions of the "Open Records Act" described in Paragraph F of this chapter do not apply if the Court finds that the custodian in good faith was unable to determine if disclosure was prohibited without a ruling by the Court. [§24-72-204\(6\)\(a\), C.R.S.](#)

Any person denied access may request a written statement of the grounds for denial, which statement shall be furnished forthwith and cite the law or regulation under which access is denied. [§24-72-204\(4\), C.R.S.](#) Such person may also apply to the Court for an Order compelling inspection, *but must provide at least 14 days written notice prior to filing with the Court. During this 14 day period the official custodian who has denied access must meet with or speak by telephone with the person requesting access to determine if the dispute may be resolved without applying to Court. The meeting may include recourse to any method of dispute resolution agreeable to both parties, with the parties sharing common expenses equally. No meeting to determine whether the dispute can be resolved without applying to Court needs to be held if the person requesting access requires expedited access and provides written notice to the District of the expedited need, with factual basis, at least three business days prior to applying to Court.* [§24-72-204\(5\), C.R.S.](#)

F. Reasonable Attorney Fees and Costs:

If a person denied access successfully obtains a Court Order compelling inspection, the District shall be ordered to pay Court costs and reasonable attorneys' fees in an amount determined by the Court. [§24-72-204\(5\), C.R.S.](#)

In the event the Court finds that the denial of the right of inspection was proper, the Court shall award Court costs and reasonable attorney fees to the custodian if the Court finds that the action was frivolous, vexatious, or groundless.

G. Email Policy:

Any District that operates or maintains an electronic mail communications system must adopt a written policy on any monitoring of electronic mail communications and the circumstances under which it will be conducted. The policy must include a statement that employee emails may be a public record and may be subject to public inspection. [§24-72-204.5, C.R.S.](#)

*Arguably, if a District utilizes text messaging for District business, they should adopt a similar policy.

Chapter V

Service Plans

Since 1965, special districts have been required to prepare and receive approval for a service plan from the county or municipality within which the District is located. A service plan is a District's controlling document and contains information specific to the District, including the proposed services, a boundary map, general description of the facilities, and any proposed indebtedness, among other items.

A. Conformance:

The District must conform, so far as practicable, to its adopted service plan. [§32-1-207\(1\), C.R.S.](#) For Districts formed prior to 1965, a Statement of Purpose substitutes for a service plan. [§32-1-208, C.R.S.](#) The Colorado Court of Appeals has determined that provisions of a service plan stating that certain facilities “will” be built obligate the District to build those facilities, unless the District can demonstrate that compliance with the service plan is no longer “practicable.” *Plains Metropolitan District v. Ken-Caryl Ranch Metropolitan District*, 250 P.3d 697 (Colo. App. 2010)(cert. denied).

Notice of a proposed District activity, published one time in a newspaper of general circulation, restricts certain injunctive actions which may be brought against the District for material departures from the service plan, unless such action is brought within 45 days after publication of such notice. Such notice must also be filed with the District Court and Board of County Commissioners or governing body of the municipality which approved the service plan. [§32-1-207\(3\)\(b\), C.R.S.](#)

B. Amendment and Modification:

The service plan may, from time to time, be amended to conform to changed circumstances or conditions of the District.

Material modifications of the service plan may only be made by petition to, and approval of, the Board of County Commissioners or governing body of the municipality that approved the original service plan, in substantially the same manner as is provided for the approval of the original service plan, except that the processing fee shall not exceed \$250. [§32-1-207\(2\), C.R.S.](#)

The following is a partial list of what may constitute a “material modification”: [§32-1-207\(2\), C.R.S.](#)

1. Any addition to the types of services provided;
2. A decrease in the level of services;
3. A decrease in the financial ability of the District to discharge indebtedness;
4. A decrease in the need for organized service in the area; or
5. An inclusion of property into a new county or city, if so determined by the Board of County Commissioners or governing body of the municipality.

C. Transfer of Authority to Annexing Municipality:

If a District originally approved by a Board of County Commissioners becomes wholly contained within a municipality, the District may petition the municipality to accept designation as the approving authority of the District. If the municipality adopts a resolution of approval, all powers and authority shall be transferred from the Board of County Commissioners to the governing body of the municipality. [§32-1-204.7, C.R.S.](#)

Chapter VI

Boundary Issues

A District's initial boundaries are set forth in the service plan. Changes to the boundaries can be made only through specific statutory procedures which are discussed in this chapter.

A. Inclusion:

1. Petition for Inclusion:

The inclusion process (sometimes erroneously referred to as "annexation") is initiated by a petition for inclusion which may be brought by one of the following three means: [§32-1-401, C.R.S.](#)

- a. The fee owner(s) of 100% of any real property capable of being served by the District may file with the District Board a petition for inclusion of that property. [§32-1-401\(1\), C.R.S.](#)
- b. A petition for inclusion may be filed by the lesser of 20% or 200 of the taxpaying electors within a specified area. [§32-1-401\(2\)\(a\)\(I\), C.R.S.](#) (This alternative is seldom used since the statutes now provide that the Board may initiate the process.)
- c. The Board of Directors may adopt a resolution proposing the inclusion of a specific area. [§32-1-401\(2\)\(a\)\(II\), C.R.S.](#) This is the most common method of initiating inclusion of an area with many property owners. No single tract or parcel constituting more than 50% of the total area to be included may be included without the consent of the owner of that parcel.

2. Public Hearing:

The Board shall hear the petition or resolution at a public meeting after publication of notice of the hearing and, in the case of inclusion by election as discussed below, after mailing of notice to all property owners in the proposed inclusion area. [§§32-1-401\(1\)\(b\) and 32-1-401\(2\)\(b\), C.R.S.](#)

3. Decision of Board:

The Board shall grant or deny the petition, or adopt the resolution, in whole or in part, and with or without conditions. [§§32-1-401\(1\)\(c\) and 32-1-401\(2\)\(c\), C.R.S.](#)

The Board shall not grant the petition if a municipality or county has submitted a written objection to the inclusion and can provide the property with adequate service within a reasonable time and on a comparable basis. [§§32-1-401\(1\)\(c\) and 32-1-401\(2\)\(c\), C.R.S.](#)

If the petition is granted, the Board shall make an Order to that effect and file the same with the Clerk of the District Court requesting issuance of a final Order of Inclusion. [§32-1-401\(1\)\(c\), C.R.S.](#)

4. Election:

If the inclusion petition was either submitted by the lesser of 20% or 200 of the taxpaying electors, or initiated by the Board, upon granting of the petition or finally adopting the Board resolution, the Board shall make an Order to that effect and file it with the District Court. The District Court shall direct that the question of inclusion be submitted to the eligible electors of the area to be included. Any election shall be held within the area sought to be included. [§32-1-401\(2\)\(d\), C.R.S.](#)

The timing of an inclusion election may be restricted by TABOR.

5. *Note to Fire Protection Districts:*

The owner of taxable personal property (i.e., leasehold interests in improvements and major equipment) that is situated on real property which has been excluded from a fire protection district may petition to have the personal property included in the fire district by following a series of steps including filing a petition, a public meeting after published notice, approval of the petition, an Order made by the Board, and a Court Order. [§32-1-401.5, C.R.S.](#)

6. Recording and Filing of Order of Inclusion:

No inclusion is effective until a certified copy of the District Court's final Order of Inclusion is recorded in the county in which the subject property is located. A copy of the recorded Order shall be filed with the Division of Local Government and the County Assessor for the county in which the subject property is located. [§32-1-105, C.R.S.](#)

B. Exclusion:

1. Petition for Exclusion:

Except in the cases of fire protection districts or exclusions involving a municipality (both discussed below), the exclusion (erroneously referred to as "de-annexation") process can only be initiated by a petition for exclusion submitted by the fee owner(s) of 100% of any real property in the District. [§32-1-501\(1\), C.R.S.](#)

The petition is to be accompanied by a deposit of money sufficient to pay all costs of the exclusion proceedings. [§32-1-501\(1\), C.R.S.](#)

2. Public Hearing:

The Board shall hear the petition for exclusion at a public meeting after publication of notice of the hearing. [§32-1-501\(2\), C.R.S.](#)

3. Decision of Board:

The Board shall order the exclusion petition granted or denied after consideration of the following factors:

- a. The best interests of the property seeking exclusion, the District, and the county in which the District is located;
- b. The relative cost/benefit analysis to the property;
- c. District's ability to provide service to all property within the District, including the property to be excluded;
- d. Cost for which the District is able to provide service compared to that of other entities in the surrounding area;
- e. Effect that denying the petition would have on employment and other economic conditions within the District and surrounding area;
- f. Economic impact on the District, the region, and the State if the petition is denied or granted;
- g. Whether an economically feasible alternative service is available; and
- h. Additional cost to be levied on non-excluded property if the petition is granted. [§32-1-501\(3\), C.R.S.](#)

A public election is not required or allowed; the determination is to be made by the Board. [§32-1-501\(4\)\(a\), C.R.S.](#) The Board shall file with the District Court a certified copy of the Board Order excluding the property, and the District Court will then enter an Order of Exclusion based upon the decision of the Board. [§32-1-501\(4\)\(b\), C.R.S.](#) A denial of any petition for exclusion by the Board may be appealed to the Board of County Commissioners. [§32-1-501\(5\)\(b\), C.R.S.](#) The Board of County Commissioners shall consider all the factors set forth above and make its determination based on the record developed at the hearing before the District Board. The decision of the Board of County Commissioners may be appealed to the District Court, which shall consider all the factors set forth above in rendering a decision based on a review of the record. [§32-1-501\(5\)\(c\), C.R.S.](#)

4. Exclusions Involving a Municipality:

A municipality wherein territory within a District is located, a District with territory within a municipality, or 50% of property fee owners in an area of any municipality in which territory within a District is located may petition the District Court for exclusion from the District. [§32-1-502\(1\), C.R.S.](#) In the case of unilateral exclusion by a municipality, the District may be entitled to compensation.

Exclusion of property within the boundaries of a municipality can be a complicated and involved process.

5. Exclusions from a Fire Protection District (and Inclusion into Another):

A fire protection district may alter its boundaries through exclusion of a specific area if the area will be provided with the same service by another fire district and that District has agreed by resolution to include the property. In some cases, an election must first be held within such area. [§32-1-501\(1.5\), C.R.S.](#)

6. Outstanding Indebtedness:

Property that is excluded from the District remains subject to any existing bonded indebtedness. [§32-1-503, C.R.S.](#) The District Court Order of Exclusion must state the amount of the existing indebtedness and the date such indebtedness is scheduled to be retired. [§32-1-501\(4\)\(d\), C.R.S.](#)

7. *Note to Health Service Districts:*

The foregoing discussion of the exclusion process does not apply to health service districts in the same manner. [§§32-1-501\(1\) and 32-1-502\(1\)\(b\), C.R.S.](#)

8. Recording and Filing of Order of Exclusion:

No exclusion is effective until a certified copy of the District Court's final Order of Exclusion is recorded in the county in which the subject property is located. A copy of the recorded Order shall be filed with the Division of Local Government and the County Assessor for the county in which the subject property is located. [§32-1-105, C.R.S.](#)

C. Consolidation:

1. Consolidation Resolution:

If a District wishes to consolidate in its entirety or only specific services with another District, the Board shall adopt a consolidation resolution which sets forth the following:

- a. That each of the consolidating Districts may be operated effectively and economically as a consolidated District;
- b. That the public health, safety, prosperity, and general welfare of the inhabitants of the District initiating the consolidation will be better served by the consolidation;
- c. Proposed name of the consolidated District;
- d. The Districts and services of those Districts to be consolidated;
- e. Whether the consolidated District will have a five-member or seven-member Board;
- f. Any conditions attached to consolidation; and
- g. The time limit within which the included Districts must approve the consolidation resolution, which must be no later than six months after the date of such resolution. [§32-1-602\(2\)\(a\), C.R.S.](#)

2. Concurring or Rejecting Resolution:

The Districts subject to the proposed consolidation each must file a concurring or rejecting resolution with the initiating District. [§§32-1-602\(2\)\(b\) and 32-1-602\(2\)\(c\), C.R.S.](#)

3. Submission to Board of County Commissioners and District Court:

The initiating resolution, together with all concurring resolutions, shall be filed with the Board of County Commissioners

and the District Court. Usually, very detailed pre-consolidation agreements are executed, and service plan amendments may be necessary.

4. Hearing:

The District Court shall hold a hearing not less than 30 days nor more than 40 days after the resolutions are filed with the District Court. Notice of the filing of the resolutions and the hearing shall be published and written notice shall be provided to any municipality entitled. Any eligible elector, fee owner of real property, or county or municipality having territory within any special districts involved in the proposed consolidation may file a petition objecting to the consolidation. The District Court shall determine whether, in the general public interest, the property subject to objection should be excluded or included in the proposed consolidated District. [§32-1-602\(2\)\(d\), C.R.S.](#)

If the consolidating resolution and concurring resolutions were properly filed, and the consolidating Districts have proceeded in accordance with statute, the District Court will order an election. [§32-1-602\(2\)\(e\), C.R.S.](#)

5. Election:

An election will be conducted within each consolidating District. The election shall be held at the next regular or special election date. Notice of the consolidation election must be published within each consolidating District. The electors must approve not only the question of consolidation, but also any financial obligation to be assumed as a result of the consolidation. [§32-1-602\(2\)\(e\), C.R.S.](#)

6. Procedure After Consolidation Election:

Upon approval of the consolidation by a majority of the eligible electors voting in each consolidating District's election, the members of the Board of each consolidating District shall constitute the organizational Board of the consolidated District. [§32-1-603\(1\), C.R.S.](#)

Within six months after the date of the consolidation election, the organizational Board shall:

- a. Determine the persons who shall serve on the first Board of Directors of the consolidated District from those persons elected to the Boards of the consolidating Districts, and determine each of their terms of office;
- b. If the Board is to have seven Directors, divide the consolidated District into seven Director Districts and determine the Director who shall represent each Director District; and

- c. Determine the amount of the bond for each Director and Treasurer. [§32-1-603\(2\), C.R.S.](#)

After the organizational Board has made such determinations, a petition stating the name of the consolidated District; name and address of each member of the first Board and term thereof; amount of the surety bond (together with copies of the bond); and a description of the Director Districts, if any, shall be filed with the Court. [§32-1-603\(3\), C.R.S.](#)

Upon filing the petition, the Court shall issue an Order creating the consolidated District, which shall be recorded with the County Clerk and Recorder in each county wherein the consolidated District is located. Copies of the recorded Order shall be filed with the County Assessor and Division of Local Government. [§32-1-603\(4\), C.R.S.](#)

D. Boundary Map:

Whenever there has been a change to the boundaries of the District, a new map of the boundaries shall be prepared. A special district disclosure document and the current map shall be recorded in each county in which the District is located after each boundary change. No later than January 1 of each year, a current boundary map shall be filed with the Division of Local Government, the County Assessor, and the County Clerk and Recorder for each county in which the District is located. [§§32-1-104.8\(2\) and 32-1-306, C.R.S.](#)

E. Intergovernmental Agreements:

See also page 31, Chapter XII, Section C, *Intergovernmental Agreements*, regarding the creation of Water Authorities, Recreation Authorities, and Fire Authorities.

F. Service Outside District Boundaries:

Districts which desire to extend water or sanitation services into a county that has not approved the District's service plan may, depending on the circumstances, need to seek approval from that county's Board of County Commissioners. [§32-1-207\(2\), C.R.S.](#)

Districts providing domestic water or sanitary sewer services to customers outside the District boundaries may fix or increase fees, rates, tolls, penalties, or charges for such services only after consideration of the action at a public meeting held at least 30 days after providing notice to the customers of such services. The notice must state the date, time, and place of the meeting at which the action is being considered. [§32-1-1001\(2\)\(a\), C.R.S.](#)

Chapter VII

Property Issues

The range, number, and combination of property issues affecting special districts are vast. The following is merely an outline of potential property issues which a District may confront.

A. Acquisition Issues:

1. Title Insurance and Title Documents:

While not required in all instances, the purchase of adequate title insurance is usually recommended for the District's protection in acquisitions of real property. Further, a complete review of the effect of Title Documents (existing deeds of trust, easements, leases, covenants, restrictions, etc.) must be made.

2. Payoff of Taxes:

As a governmental entity, a District is exempt from paying property taxes. There are a variety of means to effectuate this exemption, including an initial payoff of all outstanding taxes upon acquiring the real property, based on the previous year's rate of levy and the current assessed valuation. [§§39-3-131 and 39-3-133, C.R.S.](#)

3. Financing:

A District has various means of financing an acquisition of real property which are available to both public and private entities. Lease-purchase agreements and revenue bonds are commonly used for financing.

4. Environmental Audits:

While not required, an environmental audit is strongly recommended before the purchase or sale of any real property. Potential environmental liability can be quite expansive and potentially burdensome. A regulatory compliance oriented review of historical operations on the property is a valuable tool in limiting present and future environmental liability.

5. Surveys:

While not required, a survey of the property to be acquired may be recommended to identify issues with the legal description or potential encroachments, easements, etc.

B. Condemnation/Eminent Domain:

Special districts have the power of eminent domain to utilize if the District is unable to negotiate and effectuate the purchase of a needed parcel of real property. [Art. II, Sect. 15, Colo. Const.; §§38-1-101, et seq., C.R.S.](#)

Prior to a District condemning property, it must show that there is public need and necessity for the acquisition of land, and that there has been a failure to agree despite good faith negotiations with the landowner. [§38-1-102, C.R.S.](#)

The District must pay for the owner's appraiser if the property to be condemned has an estimated value of at least \$5,000. [§38-1-121, C.R.S.](#)

Park and recreation districts are restricted in condemnation powers to the taking of property for purposes of television relay and translator facilities, or for easements and rights-of-way for access to park and recreational facilities operated by the District and only where no other access to such facilities exists or can be acquired. [§32-1-1005\(c\), C.R.S.](#)

Just compensation, which is neither too little nor too great, must be given for the condemned property. [Art. II, Sect. 15, Colo. Const.; §§38-1-101 and 38-1-114, C.R.S.](#)

Water rights are not subject to condemnation by special districts. [§32-1-1006\(1\)\(f\), C.R.S.](#)

A metropolitan district may have and exercise the power of eminent domain and dominant eminent domain, and, in the manner provided by Article 1 of Title 38, may take any property necessary to the exercise of the powers granted, both within and without the special district, only for the purposes of fire protection, sanitation, street improvements, television relay and translator facilities, water, or water and sanitation, except for the acquisition of water rights, and within the boundaries of the District, if the District is providing park and recreation services, only for the purpose of easements and rights-of-way for access to park and recreational facilities operated by the District and only where no other access to such facilities exists or can be acquired by other means. A metropolitan district shall not exercise its power of dominant eminent domain within a municipality or the unincorporated area of a county, other than within the boundaries of the jurisdiction that approved its service plan, without a written resolution approving the exercise of dominant eminent domain by the governing body of the municipality in connection with property that is located within an incorporated area or by the Board of County Commissioners of the county in connection with property that is located within an unincorporated area. [§32-1-1004\(4\), C.R.S.; SB21-262](#)

C. Easements, Leases, and Other Property Interests:

Easements may be acquired by gift, purchase, condemnation, prescription, or acquiescence. In addition to the common rights-of-way and utility easements, various unique forms of easements exist, such as conservation easements wherein property can be preserved in a natural, scenic, or open condition. Conservation easements or other use restrictions may be used as a vehicle to preserve the open space or wildlife conditions of property.

A District may enter into leases, but may be limited by annual appropriation restrictions previously discussed.

Life estates are often retained by sellers, allowing the District to obtain full use only upon death of the seller. Licenses are sometimes used, which grant a property right that is severely limited by use or time.

D. Encroachment onto Public Property:

Prescriptive rights cannot be acquired against a governmental entity. If a landowner encroaches upon District property, no property interest will be acquired which is adverse to the District regardless of the duration of the encroachment.

E. Relationship to County and Municipal Powers:

The District is subject to the regulatory controls of the county or municipality within which the District lies. The following are the primary areas of county or municipal control:

1. Zoning:

The District is subject to the applicable zoning plan. However, local governments, including special districts, have long been authorized to follow a separate procedure known as

“location and extent” when seeking county or municipal approval of the District’s construction of a new facility. The review of a location and extent application is limited to approval or disapproval, but disapproval by the county or municipality can be overruled by the District’s Board of Directors. [§§30-28-110\(1\) and 31-23-209, C.R.S.](#) A county, at least, may not use its zoning authority to frustrate the efforts of the District to carry out its statutory duties.

The Colorado Supreme Court has affirmed that a District’s override authority applies equally to the Planned Unit Development Act and that the District is not required to seek a modification to the county’s PUD designation prior to applying for location and extent review for the construction of a new fire station. [Board of County Commissioners v. Hygiene Fire Protection District, 221 P.3d 1063 \(Colo. 2009\).](#)

2. Subdivisions:

The District is subject to the applicable subdivision regulations. The District may be exempt from some subdivision requirements pursuant to [§30-28-101\(10\)\(c\)\(II\), C.R.S.](#), allowing local governments to acquire property fewer than 35 acres in size without first subdividing the acquisition if the local government has the power to exercise eminent domain. Some county attorneys believe that provision requires Districts to begin a condemnation action in order to avail themselves of the exemption, but that is not what the statute says.

3. Building Codes and Permits:

The District is subject to the requirements imposed by a county or municipality relating to building codes and permits.

Chapter VIII

Financial Matters

One of the roles of the Board of Directors is to manage the District's financial matters. Listed below is a summary of the financial issues that are most likely to come before the Board.

A. Fees, Rates, Tolls, and Charges:

The Board has the power to fix, and from time to time increase or decrease fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District. [§32-1-1001\(1\)\(j\), C.R.S.](#) However, fees and charges must be justified either through internal evaluation of the District's costs for providing such services, programs, or facilities, or the determination of an outside consultant hired by the District that the fees are reasonable. [Nollan v. California Coastal Commission, 483 U.S. 825 \(1987\); Dolan v. City of Tigard, 512 U.S. 687 \(1994\).](#)

Additional restrictions exist on what fees can be charged by fire protection districts. [§32-1-1002\(1\)\(e\), C.R.S.](#) Fire protection districts were given the power to participate with counties and municipalities in determining and assessing impact fees on new development. [§29-20-104.5, C.R.S.](#)

Districts providing domestic water or sanitary sewer services directly to residents and property owners must consider the fees, rates, etc. at a public meeting held at least 30 days after giving notice of such meeting to the District's customers. [§32-1-1001\(2\)\(a\), C.R.S.](#)

In some instances, a charge for the availability of water or sewer service may be implemented. "Availability of Service" fees involve some complex legal issues. [§32-1-1006\(1\)\(h\), C.R.S.](#)

For further discussion regarding penalties and disconnection, see *Collection of Delinquencies and Assessment of Penalties* in Section C, below.

Any land development charges imposed as a condition of approval (i.e., tap fees) must be deposited in an interest-bearing account which clearly identifies the category, account, or fund of capital expenditure for which such charge was imposed. Land development charges, average annual interest rate on each account, and total amount disbursed from each account must also be posted on the District's website, if any, at least once annually. [§29-1-803, C.R.S.](#)

B. Mill Levy:

The Board shall fix a rate of levy of taxes, and shall certify that rate to the Board of County Commissioners by no later than December 15 of each year. [§§32-1-1201, 39-5-128\(1\), C.R.S.](#)

Annual increases in general operating tax revenue are limited by both Article X, Section 20 of the Colorado Constitution ("TABOR") and the 5.5% statutory limitation, [§29-1-301, C.R.S.](#), unless a greater increase is approved at an election or, in some cases, by the Division of Local Government.

The Board may assess a different water or sewer mill levy (or water or sewer service charge) against different properties within the District as long as the basis for differentiation is according to facilities or services furnished and is uniform among property owners similarly situated. Such differentiation must be established to avoid violation of the Constitutional provision of equal taxation. [§32-1-1006\(1\)\(b\), C.R.S.](#)

C. Collection of Delinquencies and Assessment of Penalties:

All unpaid fees, rates, tolls, penalties, and charges constitute a perpetual lien against the property served. [§32-1-1001\(1\)\(j\), C.R.S.](#) Such lien is entitled to priority over other encumbrances such as prior recorded deeds of trust (but not tax liens). [Wasson v. Horgenson, 583 P.2d 914 \(Colo. 1978\); North Washington Water and Sanitation District v. Majestic Savings and Loan Association, 594 P.2d 599 \(Colo. 1979\).](#)

A penalty may be assessed against all delinquencies in payment, together with the assessment of interest not to exceed one percent per month. Service may be discontinued against any property whose owner is delinquent in the payment of fees or charges. [§§31-35-402\(1\)\(f\) and 32-1-1006\(1\)\(d\), C.R.S.](#)

Prior to disconnecting service, due process requires that certain procedures be followed, including notice and an opportunity for a hearing before a designated employee or the Board. [Memphis Light, Gas and Water Division v. Craft, 436 U.S. 1 \(1978\).](#) The notice must be in writing and provided to the property owner and the property address (if different from the owner's address) prior to disconnecting service and must state the amount of the delinquency, the date of shut off, and that the customer has the right to a hearing to protest the threatened termination of service. If the

customer then requests a hearing, directions to the hearing location must be provided.

For water, sewer, or water and sewer services only, in addition to disconnection of service (after proper notice) or foreclosure, the District may certify delinquent accounts to the County Treasurer for collection along with taxes. Such accounts may then be collected by the county and the proceeds distributed to the District. [§32-1-1101\(1\)\(e\), C.R.S.](#)

Districts are allowed to add delinquency charges to delinquent fees and assessments, but the amounts are limited by statute. The limitations are spelled out in the Local Government Delinquency Charges statute. [§§29-1-1101, et seq., C.R.S.](#)

Small claims courts may also provide an alternative and cost effective means by which to collect any amounts due to the District.

D. Budget:

A District must adopt an annual budget prior to certifying the District's mill levy. [§§29-1-103\(1\) and 29-1-108\(2\), C.R.S.](#) Adoption of the budget must be considered after the conduct of a public hearing. [§29-1-108\(1\), C.R.S.](#)

The Board must designate a qualified person who shall prepare the budget and submit it to the Board on or before October 15 of each year. [§29-1-105, C.R.S.](#) The County Assessor shall certify the District's assessed valuation by August 25 of each year. [§39-5-128\(1\), C.R.S.](#) Any changes to assessed valuation must be provided by the County Assessor by December 10 of each year. [§39-1-111\(5\), C.R.S.](#)

Upon receipt of the proposed budget, the Board shall publish notice of the following, one time in a newspaper of general circulation: (i) the date, time, and place of a budget hearing; (ii) that the budget is open for public inspection and location where budget can be reviewed; and (iii) that interested parties may file objections any time prior to final adoption. [§29-1-106\(1\), C.R.S.](#) If the District's proposed budget is \$50,000 or less, however, such notice shall be posted in three public places within the District in lieu of publication. [§29-1-106\(3\), C.R.S.](#)

A certified copy of the adopted budget, which includes the resolution to adopt the budget, set the mill levy rate(s) and appropriate funds, and the budget message must be filed with the Division of Local Government no later than 30 days following the beginning of the fiscal year of the budget (i.e. no later than January 30). [§29-1-113, C.R.S.](#)

Analyses of the following components (both short and long term) will be useful in preparation of the District's budget under TABOR: growth calculation, spending, revenues, emergency reserves, and refunds.

E. Appropriation:

1. Adoption of Budget and Appropriating Funds:

Before the mill levy is certified, the District must adopt a resolution adopting the budget and making appropriations for the budget year. The amounts appropriated shall not exceed the budgeted expenditures. [§29-1-108\(2\), C.R.S.](#) If the proposed budget is more than \$50,000, notice of the date and time of the hearing at which adoption of the budget will be considered and where the proposed budget is available for inspection must be published one time; if the budget is \$50,000 or less, the notice must be posted in three public places within the District in lieu of publication. [§29-1-106, C.R.S.](#)

Any action or expenditure made beyond the appropriated sum is considered invalid and void. [§29-1-110, C.R.S.](#)

2. Budget Amendments:

The amount of appropriated funds may be revised, supplemented, transferred, or adjusted during the year by adoption at a public hearing of a resolution amending the budget. For supplemental budgets and appropriations, the resolution shall set forth in full the source and amount of the revenue being appropriated; the purpose for which the revenues are being budgeted and appropriated; and the fund or spending agency that will be making the supplemental expenditure. The notice provisions and requirements for adoption of budget amendments are the same as for adopting the budget. [§29-1-109, C.R.S.](#) The resolution amending the budget must be filed with the Division of Local Government. [§29-1-109\(2\), C.R.S.](#)

F. Donations or Gifts by Districts:

Local governments are not permitted to make any donation or grant to, or in aid of, a private individual or entity without receiving value in return. However, "value" is a relative term and can be determined many ways. For example, donating a round of golf to a charity for its silent auction can have marketing and public relations value for a District. [Art. XI, Sect. 2, Colo. Const.](#)

Special districts are allowed to accept, on behalf of the special district, real or personal property for the use of the special district and to accept gifts and conveyances made to the special district upon such terms or conditions as the Board may approve. [§32-1-1001\(1\), C.R.S.](#) Such contributions to the District are generally exempt from TABOR's revenue limits.

G. Public Funds:

1. Investments:

A District may invest public funds in an authorized investment vehicle. [§§24-75-601, et seq., C.R.S.](#), subject to rating categories and maturity dates. Types of available investments include:

- a. United States Treasury obligations;
- b. Certain United States Agency obligations;
- c. Repurchase agreements collateralized by appropriate United States Treasury or Agency obligations; and
- d. Colorado local government investment pools.

Refer to [§§24-75-601, et seq., C.R.S.](#) for other legal investments.

2. Public Deposit Protection Act ("PDPA"):

The PDPA, [§§11-10.5-101, et seq., C.R.S.](#), requires that deposits of public funds in banks or savings and loan associations may only be made in "eligible public depositories" which have been designated by the State. This does not include credit unions. [§11-10.5-111\(1\), C.R.S.](#)

The "official custodian" (whoever has authority or control of public funds) must do the following:

- a. Inform the depository that District funds are subject to the PDPA;
- b. Maintain documents or other verification necessary to identify the public funds which are subject to the PDPA; and

- c. Apply to the State for an assignment of an account number for all accounts established with an eligible public depository.

It is a misdemeanor for an official custodian or bank official to violate the provisions of the PDPA. [§§11-10.5-111\(4\)\(b\) and 11-10.5-111\(4\)\(c\), C.R.S.](#)

H. TABOR:

TABOR imposes tax, debt, revenue, and spending limitations. All increases in taxes and other revenue subject to the spending limit are limited to a “growth and inflation factor,” unless otherwise approved by District voters. TABOR applies to special districts, but “Enterprises” are excluded from some TABOR provisions (See Chapter IX-TABOR).

I. Subdistricts and Special Improvement Districts (“SIDs”):

Subdistricts and SIDs are special financing tools for financing public improvements that benefit a specific area of the District. Although they operate similarly, a subdistrict is organized as a separate governmental unit, while a SID exists only as a geographic area within which improvements are constructed and cannot operate as an independent governmental entity separate from the District. [§§32-1-1101\(1\)\(f\)\(i\) and 32-1-1101.7, C.R.S.](#)

Subdistricts may impose an additional levy on the properties within the subdistrict to pay for the acquisition, operation, and maintenance of services, facilities, and programs within the subdistrict and to pay for subdistrict debt or other financial obligations. Voter approval is required for the subdistrict’s tax rate, any general obligation debt, or multi-year financial obligation. [§32-1-1101\(1.5\)\(d\), C.R.S.](#)

A SID may impose assessments on properties within the SID, but such assessments must be equitable based on the benefit received by the properties, such as based on the frontage area or zone of the property benefitting from the improvement. [§32-1-1101.7\(2\), C.R.S.](#) Costs of improvements within a SID are often financed through special assessment bonds issued by the special district on behalf of the SID. These bonds must be approved by the majority of the eligible electors voting, which are either the

electors of the special district or the electors of the SID, as determined by the special district’s Board. [§32-1-1101.7\(3\)\(g\), C.R.S.](#)

The name of a subdistrict or a special improvement district established after August 5, 2015 must include the name of the special district that established the subdistrict or special improvement district. [§§32-1-1101 and 32-1-1101.7, C.R.S.](#)

J. Sales Taxes:

1. Metropolitan Districts-Road and Transportation

Purposes:

A metropolitan district with street improvement, safety protection, or transportation powers in its service plan may impose a sales tax for transportation projects, with voter approval within District territory that does not overlap any municipality. A metropolitan district with these powers may also join as a participant in Regional Transportation Authorities, along with cities and counties, for regional transportation projects. [§32-1-1106, C.R.S.](#)

2. Metropolitan Districts-Fire Protection:

A metropolitan district with fire protection powers in its service plan may impose a sales tax for fire protection services, with voter approval. [§32-1-1106, C.R.S.](#)

3. Health Service Districts:

With voter approval, a health service district may impose a sales tax throughout the entire geographical area of the District. [§32-19-112\(1\), C.R.S.](#) Health service districts are also authorized to levy a sales tax on the retail sales of marijuana following an election of the eligible electors. [§39-26-729\(1\)\(b\), C.R.S.](#)

K. Urban Renewal/Tax Increment Financing:

In Urban Renewal Districts formed after January 1, 2016, or substantially modified after that date, prior to imposing a tax increment financing plan, the Urban Renewal Authority must include a special district representative on its Board of Directors, and negotiate with the District, as well as with county and school districts, the percentage of the tax increment to be taken by the Urban Renewal Authority. [§31-25-104, C.R.S.](#)

Chapter IX

TABOR

TABOR is one of the most significant and complex laws that applies to special districts. TABOR is a provision of the Colorado Constitution that prohibits governmental entities, including special districts, from incurring multiple fiscal year financial obligations without voter approval, and also imposes tax, debt, revenue, and spending limitations.

A. Introduction:

The Taxpayer's Bill of Rights ("TABOR"), which amended the Colorado Constitution by the addition of Article X, Section 20, has a tremendous impact on all Colorado local governments, including special districts. The interpretation and application of TABOR remains uncertain in many respects and continues to evolve through legislative and judicial interpretations. The General Assembly has attempted to clarify some of the confusion by adopting several laws interpreting the terms and provisions of TABOR. The Colorado Supreme Court has also attempted to resolve certain issues by delivering an opinion to interrogatories propounded by the General Assembly. The Colorado Court of Appeals and Colorado Supreme Court have determined certain TABOR issues. The validity of the TABOR related legislation, as well as other interpretive issues, will only be conclusively determined by future decisions of the Colorado Appellate Courts. Neither this chapter nor any other reference within this manual is intended to be a comprehensive legal analysis of TABOR. You are strongly encouraged to seek the assistance of qualified counsel regarding legal issues related to TABOR.

B. Financial Limitations:

1. Mill Levies:

TABOR requires voter approval to:

- a. Increase mill levies above the current mill levy rate, except in certain instances for debt service on general obligation bonds, pension payments, and final Court judgments. A Supreme Court decision has held that an election is not required to increase mill levies in order to make payments on outstanding debt that was approved by electors prior to the passage of TABOR.
- b. Increase District tax revenue over revenue collected in the prior year by more than the allowable rate of growth (rate of inflation + annual local growth).

The Supreme Court has validated a ballot issue that exempts future revenue from TABOR limitations under the proper circumstances. *City of Aurora v. Acosta*, 892 P.2d 264 (Colo. 1995).

2. Spending:

TABOR prohibits the District from increasing its fiscal year spending from the prior year by more than inflation plus local growth, unless exempted by the voter approval of a proper ballot issue. This fiscal year spending limitation is indirectly a revenue limitation because of refund requirements. Fiscal year spending does not include refunds in the current or next fiscal year; gifts; federal funds; collections for another government; pension contributions by employees and pension fund earnings; reserve transfers or expenditures; damage awards; and property sales.

Unless waived by voter approval, the statutory limitation imposed by §29-1-301, C.R.S. providing that operational mill levy revenue may not be increased more than 5.5% annually (with certain adjustments) will still apply (i.e. in instances when inflation is greater than 5.5%, property tax revenues for operations may still only be increased by 5.5%).

3. Debt:

TABOR requires advance voter approval to create new District debt or financial obligations that extend beyond the current fiscal year, including general obligation and revenue bonds.

Voter approval is not required for refinancing debt at a lower interest rate; obligations with adequate present cash reserves pledged irrevocably and held for payments in future fiscal years; and qualifying lease-purchase agreements.

C. Election Requirements:

The dates on which ballot issue elections may be held are limited by TABOR to the state general election, biennial regular District election, or on the first Tuesday in November of odd-numbered years.

The Court of Appeals has held that TABOR's election provisions apply only to fiscal matters of tax, spending, or revenue. Non-fiscal ballot questions are not subject to the date or notice provisions of TABOR.

All comments for and against a TABOR ballot issue shall be received by the Designated Election Official on or before the Friday

before the 45th day prior to the election. The Designated Election Official shall compile a summary of all comments received and, for regular biennial special district elections or independent mail ballot elections conducted in November, ensure mailing of the summary and other required information (TABOR Notice) to all active registered voters at least 30 days before the election. Only comments addressing a specific ballot issue received from eligible electors may be summarized.

For November (coordinated) elections, the TABOR Notice shall be delivered to the County Clerk and Recorder 43 days prior to the election, and the County Clerk and Recorder shall mail the TABOR Notice to the District's electors residing within the county. The District will be responsible for mailing the TABOR Notice to its electors residing outside of the county.

D. Multiple Fiscal Year Financial Obligations:

TABOR prohibits incurring multiple fiscal year financial obligations without voter approval, which greatly impacts the existing and future contractual relationships of the District. Interpreted conservatively, all multi-year contracts (including employment contracts) requiring the expenditure of District funds would require voter approval unless adequate cash reserves have been pledged and held to pay the obligation.

The Court of Appeals has determined that entering into a properly structured lease/purchase agreement without voter approval or adequate cash reserves does not violate TABOR. *Board of County Commissioners of Boulder County v. Dougherty, Dawkins, Strand & Bigelow, 890 P.2d 199 (Colo. App. 1994)*. A clause making the lease/purchase obligation dependent on annual appropriations will, in many cases, prevent a TABOR violation.

E. Enterprise Exemption:

An "Enterprise" is expressly excluded from TABOR requirements and is defined as:

1. A government-owned business;
2. Authorized to issue its own revenue bonds; and
3. Receiving less than 10% of annual revenue in grants from all Colorado state and local governments combined.

Water service activities, including the water and/or wastewater service of a special district, are considered "Water Activity Enterprises" under §37-45.1-102(4), C.R.S.

There are Colorado Appellate Court case law decisions on the subject of Enterprises. The Courts applied the three-part test set forth above. The Colorado Supreme Court found that the E-470 Highway Authority was not an Enterprise because it had the power to tax (although the power was not being exercised) and, therefore, was not exempt from the TABOR limitations. *Nicholl v. E-470 Public Highway Authority, 896 P.2d 859 (Colo. 1995)*. In ruling upon interrogatories promulgated by the State, the Supreme Court found that the Great Outdoors Colorado Trust Fund Board was not an Enterprise, because it did not have the authority to issue its own revenue bonds. *Submission of Interrogatories on Senate Bill 93-74, 852 P.2d 1 (Colo. 1993)*.

Chapter X

Public Financing

To pay for public projects, special districts must save for the project, incur debt, or seek other financing. Special districts may borrow money and incur debt; however, TABOR imposes certain obligations on the District prior to incurring most kinds of debt. There are other types of financing options that are not considered debt and would allow the District to pay-as-you-go.

A. Authorization:

A special district is authorized to enter into many types of financing agreements and is expressly authorized by statute to borrow money and incur indebtedness. *§§32-1-1001(1)(d)(l), (1)(e) and (1)(n), C.R.S.*

B. Types of Financing:

1. General Obligation Debt:

The full faith and credit of the District, including the general taxing and further borrowing powers, are used to secure the debt.

2. Revenue Bonds:

Specifically identified revenues (not taxes) of the District are used as the source of bond repayment. The bonds may not be paid unless the revenue is available; furthermore, a higher risk will likely result in a corresponding higher interest rate.

3. Enterprise Obligations:

The District may issue revenue bonds through an Enterprise. In most cases, the District may create an Enterprise if it has bonding capacity and receives less than 10% of its annual revenue in grants from Colorado state and local governments combined. Unlike general obligation and revenue debt, Enterprise revenue bonds do not require an election. *Art. X, Sect. 20, Colo. Const.*

4. Refunding Obligations:

Refunding bonds are used to restructure the payment of an existing debt obligation. Refunding obligations may sometimes be combined with new debt obligations.

5. Lease/Purchase:

A lease-purchase agreement provides that portions of lease payments are applied to the ultimate purchase of certain property. These obligations are dependent upon the District appropriating money each year and are often secured by the item being purchased. Districts with lease-purchase obligations must comply with audit law reporting requirements.

Properly structured lease-purchase agreements have been held by the Courts to be valid under TABOR without the need to hold an election. *Board of County Commissioners of Boulder County v. Dougherty, Dawkins, Strand & Bigelow, 890 P.2d 199 (Colo. App. 1994)*. Certificates of Participation (COPs) are a variation of the lease-purchase arrangement.

6. Tax Anticipation Note:

A tax anticipation note is a short-term obligation payable from the receipt of pending tax payments.

7. Bond Anticipation Note:

A bond anticipation note is a short-term obligation issued in anticipation of redemption through the issuance of long-term bonds.

8. Other:

There are other financing options occasionally used, but they generally fit into some variation or combination of the above categories.

C. Bankruptcy Protection:

For those Districts experiencing financial distress, bankruptcy protection may be available under Chapter 9 of the United States Bankruptcy Code.

D. Special Requirements:

State statute and TABOR impose certain obligations upon Districts. These include:

1. Conducting a debt authorization election for general obligation or revenue debt. *Art. X, Sect. 20, Colo. Const.*
2. Posting of a special 24-hour notice when issuing or refunding general obligation debt (or consolidating, dissolving, making a contract with a Director, filing for bankruptcy, or not making a bond payment). *§32-1-903(3), C.R.S.*
3. Compliance with Colorado Securities Commission filing and approval requirements.
4. For Districts with authorized but unissued general obligation debt approved before July 1, 1995, the results of the election at which such approval was given and a statement of the principal amount of debt must be certified and sent by certified mail to the Board of County

Commissioners or the governing body of the municipality no later than 30 days before issuing any new general obligation debt. [§32-1-1101.5\(1\), C.R.S.](#)

5. Filing results of a debt authorization election with the Board of County Commissioners or municipality that approved the Service Plan, and with the Division of Securities, within 45 days after the election. [§32-1-1101.5\(1\), C.R.S.](#)

6. Filing a report of outstanding unrated securities with the Division of Local Government by March 1 of each year. [§11-58-105, C.R.S.](#)
7. The District's audit report must include the amount of any authorized but unissued general obligation debt as well as current or anticipated plans to issue such debt. [§29-1-605, C.R.S.](#)

Chapter XI

Audits

Each District must have an audit performed annually, unless the District's revenue and expenditures are less than \$750,000. While not required, forensic audits can be helpful to look at specific issues such as the District's handling of money or the issuance of contracts, or to just take a comprehensive look at the financial structure of the District.

A. Mandatory Financial Audit:

Unless the District is exempt, the Board shall cause to be made an annual audit of the financial statements of the District as of the end of each fiscal year, or more frequently if determined by the Board. [§29-1-603, C.R.S.](#)

The audit report must be submitted to the Board by the auditor by June 30, and filed with the State Auditor within 30 days after the report is received by the District. [§29-1-606, C.R.S.](#) (See the Filings and Postings schedule in Chapter I of this Manual). If the District has authorized but unissued general obligation debt as of the end of the fiscal year, send a copy of the audit report or a copy of its application for exemption from audit to the Board of County Commissioners for each county in which the District is located, or to the governing body of any municipality that approved the service plan.

If required, a request for extension of time to file the audit may be filed with the State Auditor no later than seven months following the end of the fiscal year (July 31). The amount of time requested shall not exceed 60 days. [§29-1-606\(4\), C.R.S.](#)

B. Exemption from Audit:

If neither the District's revenues nor expenditures exceed \$750,000 for the fiscal year, an audit exemption may be sought. To obtain an audit exemption, the District must file an application with the State Auditor within three months of the close of the fiscal year (by March 31). [§29-1-604\(3\), C.R.S.](#)

For Districts with neither revenues nor expenditures exceeding \$100,000, the application must be prepared by a person skilled in governmental accounting. For Districts with revenues or expenditures of at least \$100,000 but not more than \$750,000, the application must be prepared by an independent accountant with knowledge of governmental accounting. [§29-1-604, C.R.S.](#)

C. Optional Performance Audits:

In addition to the mandatory financial audit, the Board may determine to prepare additional internal audits in order to more efficiently and effectively perform its duties. Such optional audits may include the following:

1. Investment and Purchasing Procedures:

Such an audit could include a compliance checklist regarding authorized investments, as well as a brief outline of the duties and responsibilities of each Board member and District staff member for investment, purchasing, and other handling of District money.

2. Legal Audit:

This should be prepared in concert with the District's legal counsel in order to assure that the District is achieving various mandatory and desirable legal actions.

3. Liability Audit:

A liability audit is often provided by the insurance company; it can locate safety and other liability exposures within the District.

4. Management, Operations, and Maintenance Audits:

These audits review procedures for monitoring the effectiveness and efficiency of the tasks performed by the District.

Chapter XII

Contracting

Contracts that the District enters into, including construction contracts, must contain certain language and meet certain statutory requirements. Districts also have additional requirements, such as bidding, publication, retainage, etc., imposed on construction projects.

A. Construction Contracts:

1. Publication and Bid Requirements:

Statutes require that an invitation to bid must be published one time in a newspaper of general circulation within the District boundaries for all construction contracts for work or materials or both of at least \$60,000. The District may reject any and all bids, and if it appears that the District can perform the work or secure material for less than the lowest bid, it may do so. [§32-1-1001\(1\)\(d\)\(l\), C.R.S.](#)

It is recommended that an invitation for bids package be issued which includes a project description, all contractual terms and conditions, specifications, forms of bonds to be supplied, and other documents.

2. Integrated Project Delivery (“IPD”):

Any special district may, as an alternative to [§32-1-1001\(1\)\(d\)\(l\), C.R.S.](#), award an IPD contract to a single participating entity for the design, construction, alteration, operation, repair, improvement, demolition, maintenance, or financing, or any combination of these services, for a public project upon a determination that IPD represents a timely or cost effective alternative to a conventional bidding process for the public project. [§32-1-1804, C.R.S.](#) An IPD contract is awarded based on a Prequalification and/or a Request for Proposals (“RFP”) process. Sections 32-1-1805 and 32-1-1806, C.R.S. require publication of notice which can be accomplished by publishing notice one time in a newspaper of general circulation within the District. The District may accept the proposal that represents the best value to the District. “Best value” does not necessarily mean the low bid. Performance of an IPD contract by the participating entity shall be in compliance with all laws applicable to public projects.

3. Bonds and Retainage:

It is recommended that the District require a Bid Bond (usually in the amount of 5% of the bid amount) to avoid withdrawal of low bids. Bid Bonds are not, however, required by law.

The law does require every contractor awarded a contract for more than \$50,000 to execute a Penal (Payment) Bond, as well as a Performance Bond in the amount of at least one-half of the contract amount. [§§38-26-105 and 106, C.R.S.](#) Although not required by statute, a Maintenance Bond guaranteeing the warranty provision of the contract (usually one year) is also recommended and is usually able to be included into a single Performance, Payment, and Warranty Bond.

If a construction contract exceeding \$150,000 is awarded, the District may withhold payment for up to 5% of the value of the entire project. The retainage may be held until the contract is completed satisfactorily and final payment procedures are followed. [§24-91-103\(1\)\(a\), C.R.S.](#)

4. Appropriations Clause:

The District may not contract for a public works project in an amount in excess of the amount appropriated by the District for the project. All construction contracts must contain clauses stating that the amount of money appropriated is equal to or in excess of the contract amount and, prior to issuing a change order, the District must appropriate funds to cover the costs of the additional work and such funds must be available for expenditure. [§24-91-103.6, C.R.S.](#)

5. Final Payment and Claims:

If the amount of the contract awarded exceeds \$150,000, the District shall, not later than ten days before the final settlement is made, publish a notice thereof at least twice in a newspaper of general circulation in any county where the work was contracted for or performed. The date of final settlement should be more than ten days after the second publication. Thereafter, if no claims are made, payment in full to the contractor may be made on the settlement date.

At any time up to and including the time of final settlement for the work contracted to be done, any person that has furnished labor, materials, sustenance, or supplies used or consumed by a contractor or subcontractor, whose claim has not been paid, may file with the District a verified statement of the amount due on account of the claim. Upon the filing of any such claim, the District shall withhold from all payments to said contractor sufficient funds to insure payment of said claim until the claim is withdrawn, paid, or 90 days have passed. [§38-26-107\(2\), C.R.S.](#)

If, within 90 days from the date of settlement, the claimant has not filed a lawsuit to enforce such claim, the funds withheld which are not the subject of suit shall be paid over to the contractor. [§38-26-107\(3\), C.R.S.](#) If a lawsuit is commenced, the District may be able to interplead the claims (deposit the money with the Court) to avoid becoming embroiled in litigation.

The District must make the final payment in accordance with the above procedures within 60 days after the contract is completed satisfactorily and finally accepted by the District. [§24-91-103\(1\)\(b\), C.R.S.](#)

B. Other Contracts:

1. Publication/Bid Process:

No contract for work or material including a contract for services, regardless of the amount, shall be entered into between the District and a Board member or between the District and the owner of 25% or more of the territory within the District unless an invitation to bid is published and such Board member or owner submits the lowest responsible and responsive bid. [§32-1-1001\(1\)\(d\)\(II\), C.R.S.](#)

Other contracts for the purchase of vehicles, equipment, non-construction materials, real and other personal property, leases, and advisory and professional services are not subject to statutory publication or bidding requirements, although some comparative review is advisable.

2. Service Contracts/Illegal Aliens:

All contracts and contract renewals for the procurement of services must include certain certifications from the contractor set forth at §8-175-102, C.R.S., regarding employing illegal aliens.

3. Contract Drafting or Review:

Someone in the District (not necessarily always your attorney) should review each contract and should usually have suggested changes, since contracts are normally tendered by the vendor and therefore slanted to their favor unless changes are requested. Assigning an experienced, capable person to review each contract will pay off over time.

C. Intergovernmental Agreements:

Districts may enter into agreements with other special districts or other governmental entities for almost any lawful purpose. Such arrangements are becoming much more prevalent as the benefits and economies of scale have fostered a new era of intergovernmental cooperation.

1. General Intergovernmental Cooperation:

Colorado local governments may cooperate or contract with one another to provide any function, service, or facility lawfully authorized to each of the parties. Such contracts must set forth the purposes, powers, rights, obligations, and responsibilities of the contracting parties. [§29-1-203\(1\) and \(2\), C.R.S.](#) Examples are the joint purchase of equipment; construction of jointly owned fire stations; jointly owned water and sewage treatment facilities; the provision of management, bookkeeping, billing, and maintenance services; joint training facilities and programs; joint ownership of hazardous materials handling equipment; etc. Intergovernmental agreements are very common.

2. Creating a Separate Legal Entity:

Local governments may establish separate legal entities through an intergovernmental agreement to provide for the joint exercise or operation of a function, service, or facility, as allowed pursuant to various provisions of Title 29, C.R.S. Regional Water Authorities, Recreation Authorities, and Fire Authorities provide services on a regional basis when consolidation of the special districts is not practically or politically acceptable, or when the service provided is a special regional addition to the underlying services still provided by the contracting entities.

3. Mutual Aid Agreements:

Special provisions apply to a form of intergovernmental agreement most commonly utilized by Districts providing fire protection and ambulance services. Liability associated with such agreements to mutually aid each other is governed by statute and usually attaches to the entity requesting the emergency aid, unless superseded by the agreement.

4. IGA Reporting Requirements:

Within 30 days after receiving a written request from the Division of Local Government, the District must provide the Division of Local Government with a current list of all contracts in effect with other political subdivisions containing the name of the contracting entities, the nature of the contract, and the expiration date. [§29-1-205\(1\), C.R.S.](#)

Within ten days after the execution of a contract establishing a separate governmental entity pursuant to §29-1-204, C.R.S., or an amendment or modification thereof, the District must file a copy with the Division of Local Government. [§29-1-205\(2\), C.R.S.](#)

Chapter XIII

Liability Issues

Special districts, along with other governmental entities in Colorado, have limited liability for most injuries or damages that result from acts of the District, its employees, Directors, and volunteers. However, there are still actions that the District should take to protect itself from lawsuits, including obtaining comprehensive liability insurance, agreeing to indemnify Directors and employees of the District, and requiring participants and volunteers to sign waivers when appropriate.

A. Potential Sources of Liability:

1. State Tort Actions:

“Torts” are actions (other than in contract) such as negligence, trespass, and conversion, involving damage to person or property. These actions are covered by the Colorado Governmental Immunity Act (“CGIA”). (See Section B, *Colorado Governmental Immunity Act*, below for more information)

2. Federal Actions:

These actions are beyond the scope of the CGIA, although an argument does exist that the CGIA could offer protection from federal claims brought in the state Courts.

The most common federal actions are in the areas of deprivation of Constitutional or statutory rights (Section 1983 cases), antitrust, securities violations, labor and wage actions, and environmental cases.

3. Contract:

Contract claims are not protected by the CGIA. [§24-10-105 and 106, C.R.S.](#) Public officials, however, are generally not personally liable for the contracts of the governmental entity.

4. Criminal:

The CGIA offers no protection from criminal actions. Common potential areas of criminal exposure include the following:

- a. Entering into a prohibited transaction;
- b. Failing to disclose conflicts of interest;
- c. Misuse of official information;
- d. Malfeasance; and
- e. Issuing a false certificate or document. [§18-8-406, C.R.S.](#)

You may want to consider purchasing crime coverage from the Colorado Special Districts Property and Liability Pool

which covers certain damages and defense costs resulting from a lawsuit for a Director’s alleged wrongful acts while acting in his or her official capacity.

B. Colorado Governmental Immunity Act (CGIA):

The CGIA limits the circumstances under which a public entity or public employee may be liable in state tort actions.

The CGIA creates immunity from liability for all tortious injuries committed by a governmental entity or its employees, except injuries resulting from the following:

1. The operation of a public hospital, correctional facility, or jail;
2. The operation of a publicly owned motor vehicle, except emergency vehicles;
3. A dangerous condition of a public building;
4. A dangerous condition of a public highway, road, street, or sidewalk;
5. A dangerous condition of any public facility located in any park or recreation area or any public water, gas, sanitation, electrical, power, or swimming facility; and
6. The operation and maintenance by a public entity of any public water, gas, sanitation, electrical, power, or swimming facility. [§24-10-106\(1\), C.R.S.](#)

Even for those actions where liability may attach, liability is limited by the CGIA to a maximum of \$350,000 for injury to one person in any single occurrence, and \$990,000 for injury to multiple persons in a single occurrence, except that no one person shall recover in excess of \$350,000. Such amounts will be adjusted every four years, beginning in 2018, by an amount reflecting the percentage change over a four-year period in the Consumer Price Index. [§24-10-114, C.R.S.](#)

Someone with a claim must file a written notice within 182 days after the date of discovery of the injury. The CGIA imposes additional procedural requirements when filing a claim against the District, its Directors, or employees. If those procedures are not followed, a claim may be dismissed. The CGIA also requires each District to designate an official, or an office, as its official agent to be served with legal notice of intent to file a claim against the District under the CGIA. [§24-10-109, C.R.S.](#)

C. Indemnification Resolution:

A special district has certain duties to indemnify its Directors and employees. That indemnification is codified in the CGIA. [§24-10-110, C.R.S.](#)

The District may indemnify District Directors and employees beyond the protections of the CGIA to include federal, contract, and punitive acts. These issues should be discussed with the District's attorney.

D. Releases and Waivers:

Releases and waivers may be used to limit potential liability against the District, its Directors and employees, and also third parties in applicable situations. These agreements are often used with volunteers and participants in District events.

For a release or waiver to be valid, there must be an express, knowledgeable assent to such release or waiver. The District must exercise great caution regarding the validity or adequacy of the release or waiver.

A parent may, on behalf of his/her child under the age of 18, release or waive the child's prospective claim for negligence, except claims for willful, wanton, reckless, or grossly negligent acts or omissions. [§13-22-107\(3\) and \(4\), C.R.S.](#) Nonetheless, the best practice is for both the parent and minor to sign a waiver.

E. Insurance:

Insurance is a primary and essential means of protecting the District, its Directors, and employees. The primary types of insurance are liability, property, workers' compensation, crime coverage, and errors and omissions.

The following methods of insurance could be considered:

- 1. Standard Insurance Company:**

Many insurance companies will provide insurance coverage to special districts. Make sure that your insurance provider understands governmental immunity and is familiar and has worked with the CGIA.

- 2. Self-Insurance:**

The CGIA permits a special district to adopt a policy of self-insurance. [§24-10-115\(2\)\(a\), C.R.S.](#) The CGIA imposes procedural requirements, and compliance is mandatory. The fund established for the purposes of self-insurance shall be kept separate from all other District funds, and may only be used to pay operating expenses of the fund and claims made against the District. [§24-10-115\(3\), C.R.S.](#)

- 3. Insurance Pool:**

An insurance pool can be a cost efficient means by which to obtain insurance coverage. SDA offers such an insurance pool.

F. Constitutional Issues:

When operating in the public realm, sensitivity to Constitutional issues must be maintained. All Constitutional issues should be discussed with a qualified attorney. Potential areas of Constitutional issues most commonly include the First Amendment rights of free speech, freedom of religion, and assembly; Fourteenth Amendment rights of equal protection; Fifth and Fourteenth Amendment rights of due process; and issues involving the "taking" of private property.

Chapter XIV

Personnel Matters

Special districts with employees must be aware of certain state and federal laws that govern the employer/employee relationship. Particular concern must be made to the hiring and firing of employees, as well as wage requirements.

A. Federal and State Employment Laws:

The areas of labor, employment, and personnel issues are heavily regulated by the state and federal governments. The Acts of which a District should be aware include, but are not limited to:

1. **The Federal Fair Labor Standards Act** (“FLSA”) regulates minimum wage, overtime pay, equal pay, record keeping, and child labor standards.
2. **The Federal Occupational Safety and Health Act** (“OSHA”) regulates dangerous conditions in the workplace.
3. **The Federal Americans with Disabilities Act** (“ADA”) prohibits discrimination in employment and in the provision of public services and accommodations based on a person’s disability.
4. **The Federal Age Discrimination in Employment Act** (“ADEA”) prohibits discrimination based on age in employment practices against persons over age 40.
5. **Title VII of the Federal Civil Rights Act** prohibits discrimination in employment based on race or color, religion, sex, pregnancy, national origin, or opposition to discriminatory practices.
6. **Section 1981 of the Federal Civil Rights Act** prohibits discrimination based on race or lineage.
7. **Section 1983 of the Federal Civil Rights Act** prohibits any person, under the color of statute, ordinance, or regulation from depriving another person of the privileges and immunities of the United States Constitution and laws.
8. **The Federal Equal Pay Act** prohibits wage discrimination on the basis of sex for jobs performed under similar working conditions.
9. **The Consolidated Omnibus Budget Reconciliation Act** (“COBRA”) generally requires employers to give departing employees the opportunity to continue their health insurance coverage for 18 months at the employee’s cost.
10. **The Federal Family and Medical Leave Act of 1993** (“FMLA”) imposes certain affirmative acts regarding employee leave on all employers, including public entities employing 50 or more persons.
11. **The Colorado Family and Medical Leave Act** (Title 8, Article 13.3, Part 2, C.R.S.) adds civil unions and committed relationships to those family relationships that are entitled to family leave under the Colorado Act.
12. **The Colorado Healthy Families and Workplaces Act** (Title 8, Article 13.3, Part 4, C.R.S.) requires that each Colorado employer provide paid sick leave for all employees at a rate of one hour per thirty hours worked by the employee, not to exceed 48 hours each year.
13. **Worker Rights Related to a Public Health Emergency** (Title 8, Article 14.4, C.R.S.) provides that an employer or a contractor shall not discriminate, take adverse action, or retaliate against any worker who raises any reasonable concern about workplace violations of government health or safety rules, related to a public health emergency.
14. **The Uniformed Services Employment and Reemployment Rights Act** (“USERRA”) provides employees who are called up for, or volunteer for, active military service with special employee benefits.
15. **The USA PATRIOT Act of 2001** removed previous legal barriers to the federal government conducting wiretapping surveillance of telephone lines and accessing stored voice and email messages.
16. **The Colorado Health Care Coverage Act** (Title 10, Article 16, C.R.S.), which is the state counterpart to COBRA, gives extended health insurance coverage of 180 days to terminated employees.

17. **The Colorado Anti-Discrimination Act (CADA)** (Title 24, Article 34, Parts 3 through 8, C.R.S.) prohibits discrimination based on disability, race, creed, color, sex, age, marital status, national origin, sexual orientation, or ancestry in employment, housing, public accommodations, and advertising.
18. **The Colorado Youth Employment Opportunity Act of 1971** (Title 8, Article 12, C.R.S.) provides child labor standards.
19. **Colorado laws regarding wages and hours** (Title 8, Articles 4 through 6, and 13, C.R.S.).
20. **The Workers' Compensation Act of Colorado** (Title 8, Articles 40 to 47, C.R.S.) regulates disability and medical benefits of injured workers.
21. **The Colorado Employment Security Act** (Title 8, Articles 70 to 82, C.R.S.) provides for unemployment benefits.
22. **The Colorado Employment Opportunity Act** (Title 8, Section 8-2-126, C.R.S.) prohibits use of consumer credit information for employment purposes unless the information is substantially related to the employee's current or potential job.
23. **The Colorado Law on Effect of Criminal Conviction on Employment Rights** (Title 24, Section 24-5-101, C.R.S.) regulates the use of criminal background history in public employment.

B. Personnel Policy Manuals:

A personnel policy manual can be a useful tool for dealing with reoccurring employment issues. Whether a specific policy is appropriate for a given District depends upon the size of the District, the District's existing policies and procedures, and the decisions made by the Board members. In smaller Districts, some subjects addressed in these policies may be dealt with informally or not at all. In larger Districts, the need for uniform treatment of a larger group of and the dissemination of correct information to all employees may dictate a more comprehensive selection of policies. Because personnel policy manuals have in some cases been construed by the Courts as constituting part of an employee's employment contract, they must be carefully drafted.

Typical personnel policy manuals include the following subjects:

1. Working conditions, including work week and hours, attendance, safety, and work environment.
2. Compensation and benefits.
3. Leave policies.
4. Employment, promotion, and evaluation practices.
5. Layoffs.
6. Rules of conduct.
7. Discipline.
8. Grievances.
9. Employee records.
10. Separation from employment.
11. Specific policies of concern to the District, including drug testing.

C. Drug and Alcohol Testing:

The Federal Highway Administration ("FHA") adopted regulations requiring mandatory drug and alcohol testing for employed drivers with commercial driver's licenses. Drivers of firefighting equipment are exempt. Other organizations employing employees not governed by the FHA requirements may also adopt internal drug and alcohol policies. Qualified legal counsel or consultants should be contacted in formulating such testing policies.

Due to the Colorado Constitutional amendments authorizing the use of marijuana, policies should be carefully drafted with recognition of this as an area of evolving legal consideration.

D. Federal and State Posting Requirements:

Both federal and state law require the posting of certain informational posters at a prominent location in the District's business office. Failure to make the requisite postings could subject the District to significant financial penalties. The following postings must be made:

1. Federal Equal Employment Opportunity Commission (EEOC);
2. Federal Minimum Wage (Dept. of Labor);
3. Family and Medical Leave Act (Dept. of Labor);
4. State Fair Employment (Dept. of Labor);
5. State Minimum Wage (Dept. of Labor);
6. Healthy Families and Workplaces Act (*Paid Sick Leave*) (Dept. of Labor); and
7. Worker Rights Related to a Public Health Emergency (*Whistleblower*) (Dept. of Labor)

* The Federal Occupational Safety and Health Act (OSHA) does not currently apply to local governments, although OSHA standards may constitute reasonable guidelines.

E. Volunteers:

Volunteers present unique considerations for a District with respect to compensation, insurance, personnel policies, liability, releases, and indemnification. Please consult with your legal counsel when considering using volunteers.

F. TABOR:

Most employees in Colorado are not employed under contracts. If, however, a contract is entered into with an employee, a multi-year employment contract may constitute a "multiple fiscal year financial obligation" subject to the limitations of TABOR.

G. Collective Bargaining for Firefighters:

Pursuant to §29-5-201, *et seq.*, C.R.S., paid firefighters who work for a District or Fire Authority with two or more paid firefighters have certain collective bargaining rights, including:

1. If a collective bargaining agreement does not currently exist and if the employer has not voluntarily opted into collective bargaining, the paid firefighters or their employee organization can request a "meet and confer" with the District (or Fire Authority) to discuss safety and working conditions, but not compensation.

2. Paid firefighters can initiate a collective bargaining process by presenting a notice of intent to circulate a petition to the Board, signed by at least 75% of the paid firefighters, requesting recognition of the unit and a collective bargaining agreement. If 5% of the number of eligible electors who voted in the last District election sign a petition, the Board must put the following question on the ballot at the next election: "Should the firefighters employed by the [name of the District] be covered by the Colorado Firefighter Safety Act?". If a majority of those voting in the election vote in favor, the District must recognize the employee bargaining unit identified in the petition and enter into collective bargaining with the unit. [§29-5-206, C.R.S.](#)
3. Firefighters and employee organizations are prohibited from striking. [§29-5-211, C.R.S.](#)

H. Use of Credit Report Information and Employee Personal Passwords:

Employers are prohibited from using credit information in employee hiring, evaluation, or discipline, unless the information is related to the person's present or potential job. Employers may not ask a current or prospective employee to provide access to credit reports or related information unless such information is directly related to the job, or the job is one that involves fiduciary relationships or the handling or accounting of funds. [§8-2-126, C.R.S.](#)

An employer may not suggest, request, or require an employee or applicant to disclose, or cause an employee or applicant to disclose, any user name, password, or other means for accessing the employee's or applicant's personal account or service through the employee's or applicant's personal electronic communication device. Employers may not compel an employee or applicant to add anyone, including the employer or his or her agent, to the employee's or applicant's list of contacts associated with a social media account, or require, request, suggest, or cause an employee or applicant to change privacy settings associated with a social networking account. This does not prohibit employers from requiring employees to disclose user names, passwords, and other means for accessing non-personal accounts or services that provide access to the employer's internal computer or information systems. [§8-2-127, C.R.S.](#)

I. Health Insurance:

The Patient Protection and Affordable Care Act requires large employers to provide health coverage for its employees. Large employers are those who have 50 or more full-time equivalent employees. The requirements of the Act and the dates for compliance are varied. Your attorney or a knowledgeable health care broker can help the District navigate the requirements. [Public Law 111-148, 111th United States Congress.](#)

J. Paid Sick Leave:

The Healthy Families and Workplaces Act requires that each Colorado employer provide paid sick leave for all employees at a rate of one hour per thirty hours worked by the employee, not to exceed 48 hours each year, unless the employer chooses to allow a higher annual limit. Employers with less than sixteen employees are exempt until January 1, 2022. Thereafter, all Col-

orado employers, including special districts, must comply with the law. The employee begins to accrue paid sick leave when employment with the employer begins, and can use the sick leave as soon as it is accrued. In addition to the paid sick leave accrued pursuant to the above provisions, on the date a public health emergency is declared, each employer in the state shall supplement each employee's accrued sick leave to assure that the employee may take sick leave; for employees who normally work 40 or more hours in a week, at least 80 hours. Each covered employer shall notify its employees that they are entitled to be paid sick leave by supplying each employee with a written notice containing the information specified in the act, and by displaying a poster in a conspicuous and accessible location in each workplace. [§8-13.3-401, et seq., C.R.S.](#)

K. Searches for CEO-Level Employees:

The process for searching for a chief executive level position (i.e. CEO, District Manager, Fire Chief) is different from that of other District employees and requires compliance with certain requirements of the Colorado Open Meetings Law, Part 4, Article 6 of Title 24, C.R.S., and the Public Records Act, Article 72 of Title 24, C.R.S.

1. A search committee may be established to conduct the CEO search, but the search committee is still subject to certain transparency requirements. [§24-6-402\(3.5\), C.R.S.](#)
2. Fourteen days prior to appointing, employing, or offering the position to a finalist, the list of all finalists must be made public. The state or local body shall name one or more candidates as finalists for the position of chief executive officer. When there are three or fewer candidates, they are automatically defined as "finalists." [§24-6-402\(3.5\), C.R.S.; HB21-1051.](#)
3. The Board must select the top candidate and make an offer of employment in the open session of a public meeting, not in an executive session.
4. Specific contract negotiations about pay, benefits, etc., may occur in an executive session pursuant to [§24-6-402\(4\)\(e\), C.R.S.](#), but the Board must approve the contract in a public meeting.
5. Records of finalists are generally public records, except for these documents:
 - a. Records of applicants who are not finalists; and
 - b. The following records of finalists:
 - i. Letters of reference;
 - ii. Medical, psychological, or sociological data; and
 - iii. Financial records (e.g. credit checks). [§24-72-204\(3\)\(a\)\(X\)\(A\), C.R.S.](#)

Chapter XV

Elections

Note: The Colorado Local Government Election Code was adopted (Article 13.5 of Title 1, C.R.S.) effective February 18, 2014. Certain provisions of the Uniform Election Code of 1992 (Articles 1 to 13 of Title 1, C.R.S.) also apply to special district elections and both the Local Government Election Code and the Uniform Election Code of 1992 should be read in conjunction with Part 8, Article 1 of Title 32, C.R.S. The following is an overview of the election requirements.

A local government may, in lieu of conducting a nonpartisan election under the provisions of the Colorado Local Government Election Code, opt to use the Uniform Election Code of 1992, Article 1 to 13 of Title 1, to conduct the nonpartisan election not coordinated by the County Clerk. [§1-13.5-102\(1\), C.R.S.](#)

The Legislature amends the election laws regularly. Before conducting an election, check the Election Codes for statutory changes enacted after the publication of this manual.

A. Coordinated Elections:

1. Applicability:

In a coordinated election, when more than one political subdivision with either overlapping boundaries or the same electors hold an election on the same day, the County Clerk and Recorder is the Coordinated Election Official. All November elections in which eligible electors are the same or boundaries overlap shall be coordinated elections, unless the election is to be conducted as an independent mail ballot election. [§§1-1-104\(6.5\), 1-1-111\(3\), 1-7-116, C.R.S.](#)

Regular elections, special elections, and Court-ordered elections conducted other than in November may be conducted as coordinated elections if (i) there is an overlap of electors or boundaries; (ii) the County Clerk and Recorder is the Coordinated Election Official; and (iii) the county, District, and other jurisdictions agree. [§§1-1-104\(6.5\), 1-1-111\(3\), 1-7-116, C.R.S.](#)

2. Intergovernmental Agreement:

At least 70 days prior to the November coordinated election, the District must enter into an intergovernmental agreement with the County Clerk and Recorder for the conduct of the election and/or mailing of the notice required by Article X, Section 20 of the Colorado Constitution (“TABOR Notice”).

The Agreement shall include, but not be limited to the following:

- a. An allocation of responsibilities between the District and the County Clerk and Recorder; and
- b. A provision for the sharing of expenses based upon “actual cost.” [§1-7-116\(2\), C.R.S.](#)

B. Regular Elections:

Special districts must hold regular elections on the first Tuesday after the first Monday in May in even-numbered years for the purpose of electing Directors to the Board and, as applicable, for the submission of other ballot issues or questions. [§1-13.5-111\(1\), §32-1-103\(17\), C.R.S.](#)

Note: In the regular election in May 2020, and also in May 2022, those full-term seats that are on the ballot will be for three years, for the one term only, after which those seats will revert back to the normal four year terms. As a result, beginning in 2023, regular special district elections will be on the first Tuesday after the first Monday in May of odd-numbered years. [§§1-1-104\(42\), 1-13.5-111\(1\), 32-1-103\(17\), and 32-1-305.5\(3\).](#)

C. Special Elections:

Special elections may be held on the first Tuesday after the first Monday of February, May, October, or December; in November of even-numbered years; or on the first Tuesday in November of odd-numbered years. A Court having jurisdiction over the District may order a special election to be conducted on a different election date. [§§1-13.5-111\(2\) and \(3\), §32-1-103\(21\), C.R.S.](#)

D. TABOR Elections:

A TABOR ballot issue election must be conducted as either a coordinated election or as an independent mail ballot election. [§1-13.5-111\(2\), C.R.S.](#) TABOR elections can only be conducted at the regular special district election date, the general election date, or the first Tuesday in November of odd-numbered years. [Art. X, Sect. 20\(3\)\(a\), Colo. Const.](#)

E. Independent Mail Ballot Elections:

The District, at the direction of the Board, may conduct an election by mail ballot that is not coordinated by the County Clerk and Recorder. The Designated Election Official must prepare a written plan on conducting a mail ballot election. The written plan must be on file at the office of the Designated Election Official at least

55 days prior to the election. [§§1-13.5-1101, 1-13.5-1102\(1\) and 1-13.5-1104\(1\), C.R.S.](#) The written plan is a public record, but does not need to be filed with the Secretary of State, and does not require approval by the Secretary of State. [§1-13.5-1104\(1\), C.R.S.](#)

F. Designated and Coordinated Election Officials:

For all November coordinated elections, the County Clerk and Recorder shall be the Coordinated Election Official responsible for coordinating and conducting the election on behalf of all political subdivisions that are part of the coordinated election, utilizing the mail ballot procedure set forth in Article 7.5 of Article 1, C.R.S. [§§1-1-104\(6.5\), 1-1-111\(3\), 1-7-116, C.R.S.](#)

The District Board shall appoint a Designated Election Official to conduct non-coordinated elections and assist in the conduct of coordinated elections. The Designated Election Official does not have to be the District Secretary. [§§1-13.5-108, 32-1-804\(2\), C.R.S.](#)

G. Election Notices:

1. TABOR Notices:

TABOR requires the mailing of a notice for ballot issue elections. The TABOR Notice shall be sent as a package where the boundaries of political subdivisions, including all special districts with ballot issues, overlap. The TABOR Notice must be addressed to “All Registered Voters” and mailed to each address of one or more active registered electors of the District at least 30 days prior to the election. [Art. X, Sect. 20\(3\)\(b\), Colo. Const.](#)

For coordinated elections, the District must provide the County Clerk and Recorder with all necessary TABOR Notice information at least 43 days prior to a November coordinated election. [§1-7-904, C.R.S.](#) The County Clerk and Recorder shall have the responsibility of mailing the TABOR Notice package to each address where any active District elector resides within such county, if the election is being conducted in November. The Designated Election Official shall mail such notice to addresses of active District electors who do not reside in the county. [§1-7-906, C.R.S.](#)

For independent mail ballot elections, the District’s Designated Election Official shall be responsible for the preparation and mailing of the District’s TABOR Notice.

The Designated Election Officials of special districts with overlapping boundaries that will be submitting ballot issues at the regular special district election shall confer at least 40 days prior to the election regarding the preparation and mailing of the TABOR Notice as a package. Such special districts must enter into an intergovernmental agreement for the preparation and mailing of the TABOR Notice. [§§1-13.5-503\(1\), 1-7-905\(2\) and 1-7-906\(3\), C.R.S.](#)

2. Notice by Publication and Posting:

Notice of the specific election information, including the date and time of election; hours during which the polls will be open; the date ballots have or may be mailed if the election is conducted by mail ballot; mail ballot drop-off locations; names of the officers to be elected and any ballot issues and ballot questions to be voted upon; and the names of those candidates whose nominations have been certified to the Designated Election Official must be published in a newspaper of general circulation within the District boundaries at

least 20 days prior to the date of the election. For independent mail ballot elections, the notice does not need to include the text of the ballot issues or ballot questions. [§§1-13.5-502\(1\), \(2\)\(a\) and \(2\)\(b\), C.R.S.](#)

A copy of the notice must be posted in the office of the Designated Election Official at least 20 days prior to and until after the election, and mailed or emailed to the County Clerk and Recorder. [§§1-13.5-502\(1\) and \(2\)\(a\), C.R.S.](#)

A District submitting a ballot issue concerning the creation of debt or other financial obligation shall post notice on the District’s website or, if the District does not maintain a website, at the District’s chief administrative office, no later than 20 days before the election. [§§1-7-908 and 1-13.5-503\(2\), C.R.S.](#)

H. Conduct of Elections and Procedures:

The District’s Designated Election Official should be aware of the following general requirements:

1. Election Resolution:

The election process is initiated by Board adoption of an Election Resolution. Depending on whether the election is a regular special district election, a November election, or a special election, the Election Resolution may address the following, as applicable: the election of members to the Board of Directors; polling place or mail ballot format; the location(s) of the polling place(s) or mail ballot drop-off locations; any ballot issues/questions to be presented; whether the election will be conducted as a coordinated election with the county; and the appointment of the Designated Election Official.

2. Call for Nominations:

Not fewer than 75 days or more than 100 days prior to the regular election, a Call for Nominations must be published one time. The notice must set forth the Director offices to be voted upon at the election, where a self-nomination and acceptance form may be obtained, the deadline for filing such form, and information on obtaining an absentee ballot. [§1-13.5-501\(1\), C.R.S.](#)

For districts other than metropolitan districts organized after January 1, 2000, the public notice required by this section must be made by publication, as well as by any one of the following means:

- a. Mailing the notice, at the lowest cost option, to each address at which one or more active registered elector of the District resides as specified in the registration list provided by the County Clerk and Recorder as of the date that is 150 days prior to the date of the regular local government election;
- b. Including the notice as a prominent part of a newsletter; annual report; billing insert; billing statement; letter; voter information card or other notice of election; or other informational mailing sent by the District to the eligible electors of the District;
- c. Posting the information on the official website of the District; or
- d. For a District with fewer than 1,000 eligible electors that is wholly located within a county the population of which is less than 30,000 people, posting the notice in at least three public places within the territorial boundaries of the

District and, in addition, posting a notice in the office of the Clerk and Recorder of the county in which the District is located. Any such notices must remain posted until the day after the call for nominations closes.

For any metropolitan district that was organized after January 1, 2000, in accordance with Title 32, the notice must be made by emailing the notice to each active registered elector of the metropolitan district as specified in the registration list provided by the County Clerk and Recorder as of the date that is 150 days prior to the date of the regular local government election. Where the active registered elector does not have an email address on file for such purpose with the County Clerk and Recorder as of the date that is not later than 150 days prior to the date of the regular local government election, the public notice must be made by mailing the notice, at the lowest cost option, to each address at which one or more active registered elector of the metropolitan district resides as specified in the registration list provided by the County Clerk and Recorder as of the date that is 150 days prior to the date of the regular local government election. In addition, the Designated Election Official shall also provide public notice by any one of the following means:

- a. Publication as defined in §1-13.5-501(2).
- b. Including the notice as a prominent part of a newsletter; annual report; billing insert; billing statement; letter; voter information card or other notice of election; or other informational mailing sent by the metropolitan district to the eligible electors of the metropolitan district;
- c. Posting the information on the official website of the metropolitan district; or
- d. For a metropolitan district with fewer than 1,000 eligible electors that is wholly located within a county, the population of which is less than 30,000 people, posting the notice in at least three public places within the territorial boundaries of the metropolitan district and, in addition, posting a notice in the office of the Clerk and Recorder of the county in which the special district is located. Any such notices must remain posted until the day after the call for nominations closes.

[§1-13.5-501\(1.5\) and \(1.7\), C.R.S.](#); [SB21-262](#)

3. Candidates:

A self-nomination and acceptance form signed by the candidate and one other registered voter of the State must be filed with the Designated Election Official no earlier than January 1 and no later than the normal close of business on the 67th day prior to the regular election. [§1-13.5-303\(1\), C.R.S.](#)

An affidavit of intent to be a write-in candidate must be filed with the Designated Election Official no later than 64 days prior to the date of election. [§1-13.5-305, C.R.S.](#)

The Designated Election Official shall provide copies of the self-nomination and acceptance forms and any affidavits of intent to be a write-in candidate to the Colorado Secretary of State no later than 60 days before the special district election. This does not apply if the District cancels its election. [Rule 16.1, Secretary of State Rules Concerning Campaign and Political Finance.](#)

4. Polling Places:

The Designated Election Official, with the approval of the Board, shall establish one or more polling places not fewer than 20 days prior to the election. [§1-13.5-504\(2\), C.R.S.](#) If there are no appropriate polling place locations within the District, a polling place may be designated outside of the District in a location that is convenient for the eligible electors of the District.

The Designated Election Officials of local governments with overlapping boundaries that hold elections the same day by polling place must meet, confer, and thereafter, if practical, hold such elections in a manner that permits an elector in the overlapping area to vote in all of such elections at one polling place. [§1-13.5-504\(3\), C.R.S.](#)

A polling place sign must be posted at each polling place at least 20 days prior to the date of election. [§1-13.5-502\(3\), C.R.S.](#)

Polls shall be open continuously from 7:00 a.m. until 7:00 p.m. on the date of the election. [§1-13.5-601, C.R.S.](#)

5. Judges:

The Designated Election Official shall appoint Election Judges no later than 15 days prior to the date of election. [§1-13.5-401\(1\), C.R.S.](#)

Each Election Judge must be registered to vote in Colorado and at least eighteen years of age. Election Judges must be appointed without regard to party affiliation. Neither a current candidate for Director nor any immediate family member, to the second degree, of such candidate is eligible to serve as an Election Judge. [§1-13.5-401\(1\) and \(2\), C.R.S.](#)

For polling place elections, the Designated Election Official shall appoint no fewer than two Election Judges for each local government election. The Designated Election Official may also appoint any additional Election Judges as deemed necessary, and may appoint Counting Judges. [§1-13.5-402, C.R.S.](#)

For mail ballot elections, the Designated Election Official may appoint an appropriate number of Election Judges to receive the ballots after they are mailed; to handle “walk-in” balloting; check voter registrations; inspect, verify, and duplicate ballots when necessary; and count the ballots and certify results.

The Board must determine the amount of compensation to be paid to the Election Judges for their services. [§1-13.5-409, C.R.S.](#)

No more than 45 days prior to the date of election, each Election Judge shall attend an instruction class concerning the tasks of an Election Judge. [§1-13.5-408, C.R.S.](#)

6. Property Owner and Voter Lists:

The Designated Election Official shall order the voter registration and property owners lists no later than 40 days prior to the day of election. The Designated Election Official may order initial voter registration and property owners lists to be received 30 days prior to the day of election, with a supplementary list provided 20 days prior, or complete lists provided six days prior to the day of election. [§§1-13.5-203 and 204, 1-13.5-1105\(2\)\(a\) and \(2\)\(b\), C.R.S.](#)

7. Absentee Voters:

Any eligible elector may cast an absentee voter's ballot in the manner provided in Part 10 of Article 13.5 of Title 1, C.R.S. Requests for an application for an absentee voter's ballot can be made orally or in writing. The application may be in the form of a letter, and must be filed with the Designated Election Official not later than the close of business on the Tuesday preceding the election. Applications for absentee voters' ballots shall be filed in writing and personally signed by the applicant or a family member and include the applicant's printed name, residence, address, date of birth, and whether the applicant wishes to be designated as a permanent absentee voter. The Designated Election Official shall examine the application to verify the eligibility of the applicant to vote, and if the applicant is eligible, the Designated Election Official shall deliver as soon as practicable but not more than 72 hours after the blank ballots have been received, an absentee voter's ballot and packet. [§1-13.5-1002, C.R.S.](#)

8. Permanent Absentee Voters (previously Permanent Mail-in Voters):

Any eligible elector may apply for permanent absentee voter status. The application for permanent absentee voter status must be made in writing or by facsimile using an application form or letter furnished by the Designated Election Official. The application must contain the same information submitted in connection with an application for an absentee voter's ballot pursuant to [§1-13.5-1002, C.R.S.](#) If the Designated Election Official determines that the applicant is an eligible elector, the Designated Election Official shall place the eligible elector's name on the list of those eligible electors to whom an absentee voter's ballot is mailed every time there is an election conducted by the District. Information on the procedure to apply for a permanent absentee voter status should be included on the application for absentee ballot, and on the Notice to Electors required in [§32-1-809, C.R.S.](#)

An elector whose name appears on the permanent absentee voters list must be deleted from the permanent absentee voters list if: (a) the elector notifies the Designated Election Official that he or she no longer wishes to vote by absentee voter's ballot; or (b) the absentee voter's ballot sent to the elector is returned to the Designated Election Official as undeliverable; or (c) the elector has been deemed "inactive" pursuant to [§1-2-605, C.R.S.](#); or (d) the person is no longer eligible to vote in the District. [§1-13.5-1004\(2\), C.R.S.](#)

If there is no Designated Election Official presently appointed in the local government, the Secretary of the local government shall process the application for permanent absentee status in accordance with [§§1-13.5-1003\(1\) and \(2\), C.R.S.](#)

9. Watchers:

Each candidate for office and any Issue Committee for the proponents and opponents of a ballot issue or ballot question are entitled to appoint one person to act as a Watcher in every polling place in which they are a candidate or in which the issue or question is on the ballot. The names of persons appointed to serve as Watchers shall be certified to the Designated Election Official on forms provided by the Designated Election Official. Watchers must be eligible electors of the District. [§1-13.5-602, C.R.S.](#)

Neither a current candidate for Director nor any immediate family member, to the second degree, of such candidate is eligible to serve as a Watcher for that candidate. [§1-13.5-602\(1\)\(a\)\(I\), C.R.S.](#)

10. Ballots and Voting Machines:

The Board may authorize the use of voting machines. [§1-13.5-701, C.R.S.](#)

The Designated Election Official must have available the printed ballots at least 30 days prior to the election. [§1-13.5-902\(1\)\(a\), C.R.S.](#)

The Designated Election Official shall prepare and deliver to the polling places sufficient equipment and ballots no later than the day before the election. [§§1-13.5-807 and 1-13.5-904, C.R.S.](#)

The Designated Election Official shall issue absentee ballots upon written request, and shall keep a record of: (i) name of each applicant; (ii) address to which the ballot is to be sent; (iii) date of receipt of application; (iv) date absentee ballot was sent; (v) date of return of absentee ballot; and (vi) stub number of ballot sent. [§1-13.5-1004\(1\), C.R.S.](#)

Absentee ballots, sealed in return envelopes, shall be returned to the Designated Election Official or an Election Judge no later than 7:00 p.m. on the day of election. [§1-13.5-1006\(1\), C.R.S.](#)

11. Eligible Electors:

Any person desiring to vote at any election shall be required to sign a self-affirmation that he/she is an eligible elector of the District. [§§1-13.5-605\(2\)\(a\) and 32-1-806\(2\), C.R.S.](#)

An eligible elector for a special district election is a person who is **registered to vote** in the State of Colorado **and is either:**

- a. **A resident** within the District boundaries or area to be included within the District boundaries on Election Day; or
- b. **The owner (or the spouse or civil union partner of the owner) of taxable real or personal property situated within the District** boundaries or area to be included within the District boundaries. [§32-1-103\(5\)\(a\) and \(b\), C.R.S.](#)

A person who is obligated to pay taxes under a contract to purchase taxable property situated within the boundaries of the District or area to be included within the District boundaries is considered an owner for the purposes of 11b above.

The property owner must be a natural person, not a corporation, trust, partnership, etc.

12. Transferring Property to Qualify Someone as an Eligible Elector:

No person shall take or place taxable property in the name of another or enter into a contract to purchase or sell taxable property for the purpose of attempting to qualify such person as an eligible elector at any special district election, or to fill a vacancy on a Board, or to become a candidate for Director in a special district election except under the following circumstances:

- a. A vacancy exists on the Board and no eligible elector files a letter of interest in filling such position within ten days after publication of a notice of such vacancy; or

- b. There are more than ten eligible electors in a special district organizational election and, on or after the second day before the deadline for filing the self-nomination and acceptance forms, there are less candidates than the number of Director offices to be voted upon at such election; or
- c. There are fewer than eleven eligible electors as of any date before a special district organizational election; or
- d. In a regular special district election, on or after the day after the deadline for filing self-nomination and acceptance forms, there are fewer candidates than the number of Director offices to be voted upon at such regular election. [§32-1-808\(2\)\(a\), C.R.S.](#)

13. Ballot Certification:

No later than 60 days prior to an election, the Designated Election Official must certify the content of the ballot. For coordinated November elections only, the certification must be delivered to the County Clerk and Recorder of each county that has territory in the District. [§1-13.5-511, C.R.S.](#)

For elections where candidates will be elected to office, the ballot shall include the names of each candidate who filed a valid self-nomination and acceptance form. The order of the names on the ballot shall be determined by lot drawing. Each candidate shall be notified of the time and place of the lot drawing. [§§1-13.5-511 and 1-13.5-902\(2\), C.R.S.](#)

For elections where ballot issue(s) or ballot question(s) will be submitted to the electors, such ballot issue or ballot question must be printed on the ballot following the list of candidates (if any) and in the order of: issues to increase taxes, issues to increase debt, and any other referred measure. [§1-13.5-902\(7\), C.R.S.](#)

After the order of the ballot and ballot content has been certified, the Designated Election Official may recertify the ballot if a candidate withdraws from a race, and the withdrawal would not change the order that the candidate names appear on the ballot as previously determined by the lot or drawing, or there are technical revisions to a ballot issue or ballot question prior to the ballots being printed. [§1-13.5-511\(2\), C.R.S.](#)

14. Election Returns and Canvass Board:

For polling place elections, upon the close of the polls on Election Day (unless Counting Judges have been appointed), the Election Judges shall count the votes cast and prepare an abstract of the election results, which shall be immediately posted at each polling place until 48 hours after the election. For mail ballot elections, counting of the mail ballots may begin 15 days prior to the election. The Election Judges shall also issue a certification of election results and submit it to the Designated Election Official. [§§1-13.5-613, 1-13.5-615, and 1-13.5-1107, C.R.S.](#)

At least 15 days prior to an election that is not a coordinated election, the Designated Election Official shall appoint at least one Board member and at least one eligible elector who is not a Board member to assist the Designated Election Official in canvassing the votes. To the fullest extent possible, no member of the Canvass Board nor the member's spouse or civil union partner shall have a direct interest in the elec-

tion. [§1-13.5-1301\(1\) and \(2\), C.R.S.](#) For coordinated elections, the Canvass Board shall be appointed in accordance with the intergovernmental agreement between the governing bodies holding the election. Within 14 days after the election, the Canvass Board must meet to canvass the votes and issue the Official Abstract of Votes Cast. [§§1-13.5-1305\(1\) and \(2\), 32-1-104\(1\), C.R.S.](#) Each member of the Canvass Board, except District Board members, shall receive a minimum fee of \$15 for each day that person is acting in the capacity of a member of the Canvass Board. [§1-13.5-1301\(4\), C.R.S.](#)

The Designated Election Official shall notify the candidates of their election to office. The results of the election shall be certified to the Division of Local Government; along with the certification, the District shall also provide the business address and telephone number of the District, and the name of a contact person. [§§1-13.5-1305\(2\) and 32-1-104\(1\), C.R.S.](#)

For debt authorization elections, the election results must be certified within 45 days after the election to the Board of County Commissioners of each county in which the District is located or to the governing body of the municipality that approved the service plan, and to the Division of Securities. [§32-1-1101.5\(1\), C.R.S.](#)

The Board shall preserve all sealed ballots, election materials, and records for a period of at least 25 months after the election or until the time has expired for which the records are needed for any contest proceeding, whichever is later. [§1-13.5-616\(1\)C.R.S.](#) All other official records and forms shall be preserved for at least six months following the date when the polls closed. [§1-13.5-616\(2\) C.R.S.](#)

15. Cancellation:

If the only matter before the electors is the election of Directors and if at the close of business on the 63rd day prior to the date of the regular special district election or at any time thereafter, there are not more candidates than offices to be filled, including candidates filing affidavits of intent, the election may be cancelled by the Designated Election Official if so instructed by resolution of the Board. The Designated Election Official shall declare the candidates elected to the Board. [§1-13.5-513\(1\), C.R.S.](#) Notice of the cancellation must be published one time prior to the election and posted at each polling place of the District and in the offices of the County Clerk and Recorder for each county in which the District is located, and in the office of the Designated Election Official. A copy of the notice shall be filed with the Division of Local Government. The candidates must be notified that the election was cancelled, that they were elected by acclamation, and that they take office after the election day. [§1-13.5-513\(6\), C.R.S.](#)

If the only matter before the electors is the consideration of ballot issue(s) or ballot question(s), the Board may cancel the election no later than 25 days prior to a coordinated November election or at any time prior to any other election. Notice of the cancellation must be published and posted as indicated above. [§1-13.5-513\(6\), C.R.S.](#) No election may be cancelled in part. [§1-13.5-513\(4\), C.R.S.](#)

16. Directors Take Office:

The Designated Election Official shall notify the candidates of their election to office. After the oath or affirmation of office and any required bond are filed with the District Court having

jurisdiction over the special district, the Division of Local Government, and the County Clerk and Recorder, the Designated Election Official shall make a formal certificate of election for each person who was elected and shall deliver the certificate to that person. *§1-13.5-1305(1) and (2), and 32-1-901, C.R.S., and Art. XII, Sect. 9, Colo. Const.*

The term of office of each newly elected person shall commence at the next meeting of the Board after the date of the election, but not later than 30 days after the date that the election results are certified pursuant to §1-13.5-1305, upon the signing of an oath or affirmation, filing such oath or affirmation with the County Clerk and Recorder of each County in which the District is located, and posting of a bond or policy of crime insurance. *§§24-12-101 and 24-14-102(2), C.R.S.* If the election was cancelled, the term of office of the persons declared elected shall commence at the next meeting of the Board following the date of the election, but no later than 30 days following the date of the election, upon the signing of an oath or affirmation, filing such oath or affirmation with the County Clerk and Recorder of each county in which the District is located, and posting of a bond or policy of crime insurance. *§§1-13.5-112, 24-12-101, and 24-14-102(2), C.R.S.*

I. Campaigning:

Under the Fair Campaign Practices Act, Article 45 of Title 1, C.R.S., Districts may not make contributions or contributions in kind to campaigns involving the nomination, retention, or election of any person to any public office, or to urge electors to vote in favor of or against any issue before the electorate.

A Board member may expend not more than \$50 of District funds on letters, telephone calls, or other activities incident to making statements or answering questions concerning the issue.

Districts may, however, expend public monies or make contributions in kind to dispense fair and balanced information on any issue of official concern before the electorate. This information must be factual, must include arguments both for and against the proposal, and cannot contain a conclusion or opinion in favor of or against any issue addressed.

The Board is permitted to adopt a resolution of advocacy on any ballot issue or referred measure, and report the adoption of the resolution by customary means other than paid advertising.

The statutes do not prohibit a public employee or Board member from working on a campaign or speaking out on an issue on his or her own time, or spending his or her own funds to urge electors to vote in favor of or against any issue before the electorate.

The statutes also restrict the activities of campaign committees and require the filing of certain reports.

J. Election Calendar:

Date	Summary
To initiate election process	Adopt Election Resolution.
January 1	Earliest day to file self-nomination and acceptance form with Designated Election Official ("DEO").
150 days prior to regular special district election	Obtain list of registered voters from County Clerk and Recorder ("CCR") for purposes of mailing or emailing Call for Nominations.
100 days prior to coordinated election	Notify County Clerk and Recorder of participation in November coordinated election.
100-75 days prior to regular special district election	Publish Call for Nominations one time and one other authorized method.
70 days prior to coordinated election	Enter into intergovernmental agreement with CCR for November coordinated election.
67 days prior to regular special district election	Last day to file self-nomination and acceptance forms with Designated Election Official.
64 days prior to regular special district election	Last day to file affidavit of intent to be a write-in candidate with DEO.
63 days prior, after close of business	Regular special district election may be cancelled if there are no more candidates than positions to be filled, and there are no ballot issues or ballot questions.
60 days prior	Certify ballot content. Such certification shall be filed with the CCR for November coordinated elections.
55 days prior to independent mail ballot election	Mail ballot plan for an independent mail ballot election must be on file at the office of the DEO and available to the public.
Friday before 45th day prior at 12:00 p.m.	Deadline for acceptance of written comments for or against a TABOR ballot issue.
45 days prior	Earliest date to conduct Election Judge training. Mail absentee ballots to those eligible electors of the District and who have applied and are designated as a "covered voter" under the Uniform and Overseas Citizens Absentee Voting Act ("UOCAVA").
43 days prior	For November coordinated election, the DEO shall deliver the District's TABOR Notice to the CCR.

Date	Summary
40 days prior	<p>For elections not conducted in November, overlapping special districts conducting a ballot issue election shall confer regarding the preparation of the TABOR Notice and enter into an agreement for the preparation and mailing of the TABOR Notice to the addresses of all active registered electors in the overlapping area.</p> <p>The DEO shall order the voter registration and property owners lists.</p>
30 days prior	<p>Mail TABOR Notice to address of each active registered elector of District.</p> <p>If so requested, CCR shall certify and deliver an initial voter registration list.</p> <p>If so requested, County Assessor shall certify and deliver an initial list of all recorded owners of taxable real and personal property within the District.</p> <p>The DEO shall have printed ballots available.</p>
72 hours after ballots received	<p>Mail absentee ballot to each eligible elector listed on the District's permanent absentee voter list.</p>
Not sooner than 22 days prior	<p>Begin mailing to each active eligible elector a mail ballot package. Mail ballots shall also be made available at the DEO's office for eligible electors.</p>
20 days prior	<p>Publish Notice of Election one time. Also post a copy of the notice in a conspicuous place in the DEO's office until after the election. Mail or email a copy of Notice of Election to the CCR of each county in which the District is located.</p> <p>If so requested, CCR shall certify supplemental or complete voter registration list.</p> <p>If so requested, County Assessor shall certify supplemental or complete property owners list.</p> <p>For debt obligation elections, post notice of additional financial information on District's website or in chief administrative office of the District if the District has no website.</p> <p>Post sign at each polling location.</p>
15 days prior	<p>Last day to mail a ballot package to each active eligible elector.</p> <p>Appoint Canvass Board.</p> <p>Last day to appoint Election Judges, certify list of Election Judges, and mail acceptance form to each person appointed.</p> <p>Counting of mail ballots may begin.</p>
6 days prior	<p>If so requested, CCR shall certify complete voter registration list.</p> <p>If so requested, County Assessor shall certify complete property owners list.</p>
Tuesday preceding the election	<p>Deadline for filing applications for absentee voter ballot.</p>
Election Day	<p>Counting Judges may begin counting anytime during the day. If there are no Counting Judges, as soon as the polls close, the Election Judges may proceed to count the ballots.</p>
No later than 8 days after election	<p>Last day to receive voted absentee ballot from UOCAVA eligible electors.</p>
No later than 14 days after election	<p>For elections not coordinated by the CCR, the Canvass Board shall meet, survey the returns, and certify the final election results. For regular special district elections, transmit a copy of the certified election results to each person declared elected. File the certification of election results with the Division of Local Government ("DLG").</p>
No later than 22 days after election	<p>For November coordinated elections, County Canvass Board shall finalize election results. File the certification of election results with DLG.</p>
No later than 30 days after certification of election results, or 30 days after date of election if election is cancelled	<p>Newly elected Directors take oath of office or affirmation.</p>
No later than 45 days after election	<p>If a debt authorization election was conducted, file election results with the Board of County Commissioners or the municipality that approved the service plan and with the Division of Securities.</p>

Chapter XVI

Dissolution of a District

Dissolution of a special district may be initiated in a number of ways, including by the Board of Directors, or by application to the Board from the electors, the municipality, or a regional service authority providing the same services as the special district. A special district can also be dissolved by the Division of Local Government in certain circumstances. [§§32-1-701, et seq., C.R.S.](#)

A. Dissolution Initiated by the Board of Directors:

A majority of all members of the Board of Directors may initiate dissolution by filing a Petition for Dissolution with the District Court having jurisdiction over the special district. [§32-1-701\(1\)\(a\), C.R.S.](#)

The Board of Directors must hold a public hearing for residents in any unincorporated area of the District if any portion of the District is located within the boundaries of a municipality. This hearing must occur before the negotiation of any agreement for the continuation of such services. [§32-1-702\(4\)\(b\)\(II\), C.R.S.](#)

B. Dissolution Initiated by Electors:

For special districts with 25,000 or fewer persons, 5% or 250 of the eligible electors (whichever is fewer) may file an application with the Board to dissolve the special district. For special districts with more than 25,000 persons, 3% of the eligible electors must sign the application. The application must meet the requirements of [§31-11-106 C.R.S. §§31-11-106 and 32-1-701\(2\)\(b\), C.R.S.](#)

C. Dissolution Initiated by Municipality or Regional Service Authority:

If 85% of the special district lies wholly within a municipality, the municipality's governing body may file an application with the Board of Directors to dissolve the special district.

If the special district lies wholly within a regional service authority and such service authority provides the same service provided by the special district, the service authority may file an application with the Board of Directors to dissolve the special district. When the special district lies wholly within more than one regional service authority, two or more service authorities may jointly file the dissolution application with the Board of Directors. [§32-1-701\(5\), C.R.S.](#)

The petitioning entity must submit a cash bond of \$300 to the Board of Directors with the dissolution application. [§32-1-701\(6\), C.R.S.](#)

D. Requirements for Petition for Dissolution:

The Board of Directors must file a Petition for Dissolution with the District Court within 60 days of the filing of the application. The Petition for Dissolution must contain the following information:

1. A general description of and a map showing the boundaries and extent of the territory within the District;
2. A current financial statement of the District. If applicable, the financial statement must contain a certificate that the District has no financial obligations or outstanding bonds;
3. A plan for final disposition of the assets of the District and for the payment of the financial obligations and any outstanding bonds of the District;
4. A statement as to whether the services of the District are to be continued and, if so, by what means. If applicable, the Petition must include a plan specifically providing that the services are to be continued by another entity and an agreement for services with such entity; and
5. A statement as to whether the existing Board of Directors, or portion thereof, shall continue in office. [§32-1-702, C.R.S.](#)

E. District Court Hearing:

The District Court must hold a hearing on the Petition and Plan for Dissolution within 50 days after the filing of the Petition. [§32-1-703\(2\), C.R.S.](#)

The District Court must publish notice of the hearing and mail notice to the Board of County Commissioners of each county having territory within the special district and to the governing body of each municipality having territory located within a radius of three miles of the special district boundaries. [§32-1-703, C.R.S.](#)

If services will be continued after dissolution, the entity assuming responsibility for the services must enter its appearance with the District Court. [§32-1-704\(1\), C.R.S.](#)

F. Dissolution Election:

The District Court will order an election in the District on the question of dissolution if:

1. The District has no financial obligations or outstanding bonds, or the District's financial obligations and outstanding bonds will be adequately provided for prior to dissolution and an adequate Plan for Dissolution exists for continuation of services, if required; or
2. 10% or 100 of the eligible electors (whichever is fewer) petition the Court for a special election; or
3. An adequate Plan for Dissolution exists that provides for the payment of the financial obligations and outstanding bonds of the District and for the continuation of services, if required.

The District Court will enter an Order dissolving the District without an election if (i) the District lies wholly within the boundaries of a municipality; (ii) the District has no financial obligations or outstanding bonds; and (iii) the Board of Directors and the District and the governing body of the municipality consent to the dissolution. [§32-1-704, C.R.S.](#)

G. Dissolution by Division of Local Government:

The Division of Local Government may initiate the dissolution process by providing notice to a special district if the District has no outstanding debt and has failed to do any of the following: (i) to hold or properly cancel an election; (ii) to adopt a budget for two consecutive years; (iii) to meet the audit requirements of §29-1-601, *et seq.*, for two consecutive years; (iv) to provide or attempt to provide any of the services or facilities for which it was organized for two consecutive years. If a District does not respond within 30 days of the notice, the Division of Local Government may submit a declaration of dissolution to the District Court for approval. [§32-1-710, C.R.S.](#)

H. Recording and Filing of Order of Dissolution:

No dissolution is effective until a certified copy of the District Court's final Order of Dissolution is recorded in each county in which the District is located. A copy of the recorded Order shall be filed with the Division of Local Government and the County Assessor for each county in which the District is located. [§§32-1-105 and 32-1-707\(5\), C.R.S.](#)



Supporting Community-Based Government

Index

- 24-Hour Notice (Non-Electronic), 11
- Absentee Voters, 40
- Acquisition Issues, 20
- ADA (Americans with Disabilities Act), 34
- ADEA (Age Discrimination in Employment Act), 34
- Affirmation, 1, 7, 41-43
- Affordable Care Act, 36
- Age Discrimination in Employment Act (ADEA), 34
- Alcohol Testing, 35
- Amendment, 3, 16, 31, 33
- Americans with Disabilities Act (ADA), 34
- Annexing, 16
- Annual Report, 4-7, 38, 39
- Appropriate Funds, 6, 8, 23, 30
- Appropriation, 8, 21, 23
- Appropriations Clause, 30
- Assessors, 7, 8
- Attendance, 12, 13, 35
- Audit, 4, 5, 7, 8, 20, 27-29, 45
- Ballot Certification, 41
- Bankruptcy, 11, 27
- Bid Bond, 30
- Bid Requirements, 30
- Board Meetings, 1, 3, 6, 11, 12
- Board Membership, 1, 3
- Board of County Commissioners, 2, 4, 6-8, 16, 18-22, 26-29, 41, 43, 44
- Bond, 1, 7, 11, 19, 27, 30, 41, 42, 44
- Boundaries, 3-6, 12, 17-20, 30, 37-40, 44, 45
- Boundary Issues, 17
- Budget, 4-8, 23, 34, 45
- Budget Amendments, 23
- Bylaws, 3, 12
- Campaigning, 42
- Canvass Board, 41, 43
- CEO, 36
- Certificates of Participation, 27
- CGIA (Colorado Governmental Immunity Act), 32, 33
- Chairman, 12
- Civil Rights Act, 34
- Claims, 23, 30-33
- COBRA (Consolidated Omnibus Budget Reconciliation Act), 34
- Collection of Delinquencies, 22
- Collective Bargaining, 35, 36
- Colorado Constitution, 1, 5, 7, 22, 25, 37
- Colorado Employment Opportunity Act, 35
- Colorado Employment Security Act, 35
- Colorado Firefighter Safety Act, 36
- Colorado Governmental Immunity Act (CGIA), 32, 33
- Colorado Health Care Coverage Act, 34
- Colorado Healthy Families and Workplaces Act, 34
- Colorado Local Government Election Code, 37
- Colorado Securities Commission, 27
- Colorado Youth Employment Opportunity Act of 1971, 35
- Commencement of Term, 1
- Compensation, 3, 18, 20, 33, 35, 39
- Compliance, 3, 8, 9, 11, 16, 20, 27, 29, 30, 33, 36
- Condemnation, 20, 21
- Confidential Information, 2, 9, 12, 15
- Conflict of Interest, 9, 10
- Consolidated Omnibus Budget Reconciliation Act (COBRA), 34
- Consolidation, 18, 19, 31
- Construction Contracts, 30
- Contract, 1, 2, 3, 9-11, 26, 27, 29-33, 35, 36, 40
- Coordinated Election Official, 37, 38
- Coordinated Elections, 26, 37, 38, 41-43
- Counting Judges, 39, 41, 43
- County Assessor, 6, 17-19, 23, 43, 45
- County Canvass Board, 43
- County Treasurer, 6, 7, 23
- County's PUD Designation, 21
- Court of Appeals, 16, 25, 26
- Court Order, 15, 17, 18
- Crime Coverage, 1, 7, 32, 33
- Criminal Exposure, 32
- Debt, 3-5, 7, 11, 24, 25, 27-29, 38, 41, 43, 45
- Denial of Access, 15
- DEO (Designated Election Official), 3, 42
- Dept. of Labor, 35
- Designated Election Official (DEO), 3, 42
- Digital Format, 14
- Director Districts, 3, 4, 19
- Directors' Bond, 7

Disclosure, 2, 5, 9, 10, 13, 15, 19
 Dissolution, 44, 45
 District Court, 1-3, 7, 16-19, 41, 44, 45
 District Directors, 3, 9, 33
 District Funds, 23, 26, 33, 42
 Division of Local Government, 1, 2, 5-8, 17-19, 22, 23, 28, 31, 41-45
 Division of Securities, 28, 41, 43
 Donations, 23
 Drug Testing, 35
 Easements, 20, 21
 EEOC (Equal Employment Opportunity Commission), 35
 Election, 1-8, 15, 17-19, 22, 24-28, 36-43, 45
 Cancellation, 41
 Election Calendar, 42
 Election Day, 40, 41, 43
 Election Deadline, 43
 Election Judge, 39, 40, 42
 Election Notices, 38
 Election Records, 15
 Election Requirements, 25, 37, 38
 Election Resolution, 38, 42
 Election Returns, 41
 Recall, 3
 Regular Elections, 37
 Special Elections, 37
 Electronic Notice, 5, 11
 Electronic/Virtual Attendance, 12
 Email, 14, 15, 34, 39, 43
 Board Communications, 13
 Email Policy, 15
 Eminent Domain, 20, 21
 Employee Records, 35
 Encroachment, 21
 Enterprise Exemption, 26
 Enterprise Obligations, 27
 Environmental Audits, 20
 Environmental Liability, 20
 Equal Employment Opportunity Commission (EEOC), 35
 Equal Pay Act, 34
 Exclusion of Property, 18
 Executive Session, 2, 3, 12, 13, 36
 Exemption, 3-5, 7, 8, 20, 21, 26, 29
 Exemption from Audit, 4, 7, 8, 29
 Fair Labor Standards Act (FLSA), 34
 Family and Medical Leave Act of 1993 (FMLA), 34
 Federal Minimum Wage, 35
 Fees, 5, 14, 15, 19, 22, 23
 Fiduciary Obligations, 2
 Filings, 3-5, 29
 Final Payment, 30, 31
 Financing, 20, 24, 27, 30
 Fire Authorities, 19, 31
 Fire Chief, 36
 Fire Protection District, 17, 18, 21
 Firefighters, 35, 36
 FLSA (Fair Labor Standards Act), 34
 FMLA (Family and Medical Leave Act of 1993), 34
 General Intergovernmental Cooperation, 31
 General Obligation Debt, 7, 24, 27-29
 Gifts, 3, 9, 23, 25
 Grievances, 35
 Health Insurance, 34, 36
 Health Service Districts, 18, 24
 IGA Reporting Requirements, 31
 Impact Fees, 22
 Inactive Status, 3, 8
 Inclusion, 5, 16-18
 Indebtedness, 11, 16, 18, 27
 Indemnification Resolution, 33
 Independent Mail Ballot Elections, 26, 37, 38
 Insurance, 1, 20, 29, 32-36, 42
 Integrated Project Delivery (IPD), 30
 Intergovernmental Agreement, 31, 37, 38, 41, 42
 Investment Pools, 23
 Investments, 3, 23, 29
 IPD (Integrated Project Delivery), 30
 Lease-Purchase Agreement, 27
 Leases, 20, 21, 31
 Legal Audit, 29
 Liability, 9, 20, 29, 31-33, 35
 Liability Audit, 29
 Local Government Audits, 7
 Local Government Delinquency Charges, 23
 Local Government Election Code, 37
 Maintenance Audits, 29
 Malfeasance, 32
 Mandatory Website (Metropolitan Districts), 4
 Map Deadline, 6
 Marijuana, 24, 35
 Mill Levy, 3, 6, 22, 23, 25
 Minimum Wage, 34, 35
 Minutes, 2, 10, 12, 13
 Multiple Fiscal Year Financial Obligations, 25, 26
 Municipal Powers, 21
 Municipality, 2, 4, 6, 7, 16-21, 24, 28, 29, 41, 43-45
 Mutual Aid Agreements, 31
 Nominations, 4, 5, 38, 39, 42
 Non-Fiscal Ballot Questions, 25
 Notice of Budget Hearing, 8
 Notice of Election, 6, 38, 39, 41, 43
 Oath, 1, 7, 41-43
 Obligations, 2-4, 7, 8, 23-27, 31, 44, 45
 Occupational Safety and Health Act (OSHA), 34, 35
 October Special Election, 8
 Office of the County Clerk, 6
 Officers, 2, 38
 Official Abstract of Votes Cast, 41
 Open Records Act, 13-15
 Order of Dissolution, 45
 Order of Exclusion, 18

Order of Inclusion, 5, 17
 OSHA (Occupational Safety and Health Act), 34, 35
 Paid Sick Leave, 35, 36
 Payoff of Taxes, 20
 PDPA (Public Deposit Protection Act), 23
 Performance Bond, 7, 30
 Permanent Absentee Voters, 40
 Permanent Mail-in Voters, 40
 Personnel Files, 15
 Personnel Matters, 3, 12, 34
 Personnel Policy Manuals, 35
 Petition, 3, 16-19, 36, 44, 45
 Planned Unit Development Act, 21
 Policies, 3, 11, 13, 35
 Polling Places, 39, 40
 Polls, 38, 39, 41, 43
 Posting, 1, 5, 6, 8, 11, 27, 35, 38, 39, 42
 Public Deposit Protection Act (PDPA), 23
 Public Financing, 24, 27
 Public Funds, 23
 Public Health Emergency, 34-36
 Public Hearing, 17, 18, 23, 44
 Public Records, 14, 36
 Public Records Act, 36
 Public Right of Access, 14
 Publication/Bid Process, 31
 Purchasing Procedures, 29
 Qualifications, 1, 2, 15
 Quorum, 9, 12, 13
 Real Estate Appraisals, 15
 Record Requests, 14, 15
 Recreation Authorities, 19, 31
 Reemployment Rights Act, 34
 Regional Transportation Authorities, 24
 Regulations, 3, 4, 7, 21, 35
 Reimbursement, 3
 Rejecting Resolution, 18
 Removal, 1
 Resolutions, 13, 18, 19
 Revenue Bonds, 20, 25-27
 RFP, 30
 Sales Tax, 24
 Secretary of State, 9, 10, 38, 39
 Self-Insurance, 33
 Self-Nomination, 1, 6, 38, 39, 41, 42
 Service Outside District Boundaries, 19
 Service Plan, 2, 4, 5, 7, 16, 17, 19, 20, 24, 28, 29, 41, 43
 Special Improvement Districts (SIDs), 24
 Special Meetings, 5, 11, 13
 Special Notice, 11
 Standard Insurance Company, 33
 State Auditor, 4, 5, 7, 8, 29
 State Posting Requirements, 35
 State Tort Actions, 32
 Study Sessions, 12, 13
 Subdistricts, 24
 Subdivisions, 21, 31, 38
 Subject of Enterprises, 26
 Submission of Interrogatories, 26
 TABOR, 7, 8, 17, 22-27, 35, 37, 38, 42, 43
 TABOR Elections, 7, 37
 TABOR Limitations, 25, 26
 TABOR Notice, 26, 37, 38, 42, 43
 TABOR Provisions, 24
 TABOR Requirements, 26
 TABOR Violation, 26
 Taking Office, 1
 Tax Anticipation Note, 27
 Tax Increment Financing, 24
 Term Limits, 2
 Text Messaging, 15
 Title Documents, 20
 Tolls, 5, 19, 22
 Torts, 32
 Transfer of Authority, 16
 Transferring Property, 40
 Transmission of Records, 14
 Transparency Notice, 6
 Treasurer, 1, 2, 6, 7, 19, 23
 Treasurer's Bond, 7
 Uniform and Overseas Citizens Absentee Voting Act (UOCAVA), 42
 Uniform Election Code, 37
 Uniformed Services Employment and Reemployment Rights Act (USERRA), 34
 United States Bankruptcy Code, 27
 UOCAVA (Uniform and Overseas Citizens Absentee Voting Act), 42
 Urban Renewal Authority, 24
 USA Patriot Act of 2001, 34
 Use of Credit Report Information, 36
 USERRA (Uniformed Services Employment and Reemployment Rights Act), 34
 Vacancies, 1
 Volunteers, 32, 33, 35
 Voter Lists, 39
 Voting, 9, 12, 19, 24, 36, 40, 42
 Voting Machines, 40
 Waivers, 32, 33
 Warranty Bond, 30
 Watcher, 40
 Water Activity Enterprises, 26
 Water Authorities, 19, 31
 Website, 4-7, 11, 14, 22, 38, 39, 43
 Worker Rights, 34, 35
 Workers' Compensation Act of Colorado, 35
 Zoning, 21



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