September 29, 2020

Mark Dickerson called the Board meeting of the Highlands Ranch Metropolitan District to order at 6:02 p.m. The Pledge of Allegiance was recited.

Roll call was taken

Board of Directors: (Chairman in bold face: * = absence; ** = excused absence)

Mark Dickerson
Allen Dreher
Carolyn Schierholz
Jim Worley
Nancy Smith
Renee Anderson
Andy Jones

Staff

<table>
<thead>
<tr>
<th>Terry Nolan</th>
<th>Jeff Case</th>
<th>Stephanie Stanley</th>
<th>Carrie Ward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sherry Eppers</td>
<td>Forrest Dykstra</td>
<td>Dirk Ambrose</td>
<td>Nick Adamson</td>
</tr>
<tr>
<td>Ken Standen</td>
<td>Emmalyn White</td>
<td>Brittany White</td>
<td>Kari Larese</td>
</tr>
<tr>
<td>Heather Deckard</td>
<td>Camille Mitchell</td>
<td>Cammie Ellis</td>
<td>Austin Long</td>
</tr>
<tr>
<td>Carolyn Peters</td>
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<td></td>
</tr>
</tbody>
</table>

Others

Sheriff Tony Spurlock, Douglas County Sheriff
Elliott Wenzler, Highlands Ranch Herald
Five members of the public

Special Presentations

Sheriff Tony Spurlock provided a quarterly update of the Douglas County Sheriff’s Department.

Public Comments or Questions

None

Reaffirmation of Disclosure

No changes

Staff Presentations

Stephanie Stanley gave a presentation on the Gallagher Amendment B. During the presentation the Board was advised that staff had prepared a resolution in support of this amendment for their consideration. The Board did not want to adopt a resolution without more time to consider the issue. (Addendum 1)
Austin Long gave an update on the Service Center Improvements project.  \textit{(Addendum 2)}

Discussion Items
No items

\textbf{Approval of Board Meeting Minutes} (Worley/Dreher) 7-0 motion passed
Regular Board Meeting Minutes for August 25, 2020

\textbf{Received and Filed} (Anderson/Dreher) 7-0 motion passed
Website Board Meeting Minutes for September 10, 2020

\textbf{Approval of Business Agenda} (Dreher/Schierholz) 7-0 motion passed

\textbf{Approved the following Consent Agenda Items} (Jones/Schierholz) 7-0 motion passed

Consent Business Items may be adopted by a single motion. Any Consent Business Items may be removed at the request of a Director and heard on its respective place on the Agenda.

HRMD - 147
Ratify August 2020 Cash & Investment Transactions including Expenditures

\textbf{General Business Items}

HRMD – 148 (Dreher/Schierholz) 7-0 motion passed
Adopt Resolution No. 20-148
Approve C-470 Monument Renovation: Landscape Contract Appropriation

HRMD – 149 (Worley/Dreher) 7-0 motion passed
Adopt Resolution No. 20-149
Approve Final Payment and Release of Retainage for the Cougar Run Park Playground Replacement project

HRMD – 150 (Worley/Schierholz) 7-0 motion passed
Adopt Resolution No. 20-150
Approve Service Center Improvements for temporary trailers, storage, and computer and communication connectivity

HRMD – 151 (Smith/Schierholz) 7-0 motion passed
Adopt Resolution No. 20-151
Approve Conveyance of C-470 Monument tract to Shea Properties

HRMD – 152 (Dreher/Jones) 7-0 motion passed
Adopt Resolution No. 20-152
Approve Acceptance of property of 67-acre open space parcel south of Mountain Vista High School
Special Reports

District Staff: None
Legal Counsel: None
Chairperson: None
Individual Directors:
  • In response to a resident’s question, Renee Anderson asked if the Board could learn more about the increased airplane noise over Highlands Ranch and if the District could do something about it? Mark Dickerson stated he would get more information on this and come back to the Board with his findings.

Public Comments or Questions

Members of the public asked or commented on the Gallagher Amendment B presentation. Answers are in italics.
  • If this amendment passes, there is no guarantee that taxes will not go up. *Taxes paid on your property would only go up if the actual value of the property went up or the voters approved a mill levy increase. If this amendment passes, the residential assessment rate would remain at 7.15% of the property’s actual value. The mill levy (tax rate) and the residential assessment rate can only be increased by a vote of the people due to the TABOR amendment.*
  • If the District endorsed the Gallagher Amendment B, would they remove wastewater fees? *The Metro District contracts with Centennial Water and Sanitation District (CWSD) to provide water and wastewater services for the residents of Highlands Ranch. The water & wastewater rates and fees are set by the water provider, Centennial Water and Sanitation District. Water and Wastewater services are fully funded by rates and fees. No property tax is used to support these services.*
  • Because Gallagher is such an important issue on the ballot for not only the Metro District, but Fire Districts, Schools, etc. through-out the state, has any thought been given to joining with other governmental bodies in Colorado to inform the general public about Gallagher? There should be a statewide effort to educate the public. *Once an amendment is on the ballot, local governments cannot create messaging either for or against an issue. There are resources available to voters to learn more about items on the ballot such as the websites that support or oppose the measure and the 2020 State Ballot Information Booklet (the Blue Book).*

Other questions and comments:
  • While perusing the updated website, I noticed that Shea’s affordable senior housing is listed and I wondered why other senior communities aren’t mentioned as well as other projects such as the Scandinavian furniture store at Quebec and Business Center. *Terry Nolan stated he was not sure and will get back to this resident.*
  • Will the District remove Russian olive trees and dead trees from the District’s open spaces? *Carrie Ward stated that staff is currently developing a 10-year plan for the removal of the Russian olive trees and will be presenting that plan to the Board in November at the Budget Workshop. Terry Nolan added that the District does not remove dead trees from the open*
space unless they pose a danger and that the District works very closely with South Metro Fire Rescue (SMFR) to keep our open spaces safe. SMFR feels the District is doing a good job of managing the open space and mitigating fire risks.

- One member of the public asked if the Metro District has plans for furlough days to offset budget losses. Stephanie Stanley responded that the Metro District has not and does not have any plans to furlough employees. The District did hire fewer seasonal workers as well as delay filling vacated positions. Current staff has been working at full capacity to provide the necessary services and customer care for the residents of Highlands Ranch.

Executive Session
Carolyn Schierholz made a motion to open an executive session regarding personnel matters for the selection of candidates for the General Manager position pursuant to §24-6-402(4)(f), C.R.S. Nancy Smith seconded the motion. Vote was 7-0; motion passed. Executive session opened at 8:05 p.m.

Executive session closed at 8:35 p.m.

Adjournment (Dreher/Schierholz) 7-0 motion passed
At 8:35 p.m. motion to adjourn. Adjournment declared by Chairman Dickerson
HIGHLANDS RANCH METROPOLITAN DISTRICT
BOARD MEETING ADDENDA

September 29, 2020

- Gallagher Amendment B
- Service Center Improvements Project
Gallagher Amendment B

September 29, 2020
Property Tax – Highlands Ranch Property Owners

2020 Collection:
- $3,328 paid for a $500,000 home

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas County Re-1 School District</td>
<td>$1,567</td>
</tr>
<tr>
<td>Douglas County Government</td>
<td>689</td>
</tr>
<tr>
<td>Highlands Ranch Metro District</td>
<td>401</td>
</tr>
<tr>
<td>South Metro Fire Rescue Fire Protection</td>
<td>331</td>
</tr>
<tr>
<td>Douglas County Law Enforcement</td>
<td>161</td>
</tr>
<tr>
<td>Douglas Public Library District</td>
<td>144</td>
</tr>
<tr>
<td>Urban Drainage &amp; Flood Control District</td>
<td>36</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$3,328</strong></td>
</tr>
</tbody>
</table>

Property taxes fund local services
How property tax is calculated

- **Mill Levy** – Approved by taxing entity; requires election to increase (TABOR)
- **Property Value** – Assessed by county every two years
- **Assessment Rate** – statewide, Gallagher approved by voters in 1982 established formula
  - Non-residential property assessment rate fixed at 29%
  - Residential varies

### Calculations

**Residential**

\[
\text{Property Value} \times \text{Assessment Rate} \times \text{Mill Levy} = \text{Property Tax}
\]

\[
\begin{align*}
\text{Residential: } & $500,000 \times 7.15\% \times 9.3088\% = $3,328 \\
\text{Commercial: } & $500,000 \times 29\% \times 9.3088\% = $13,498
\end{align*}
\]
Gallagher

- Froze statewide ratio of total value of non-residential and residential property at 1982 levels
- Fixed assessment rate for non-residential property at 29%
- Residential assessment rate varies to maintain ratio
  - Has decreased from 21% in 1983 to 7.15% in 2020
- Residential assessment rate cannot increase because of TABOR
Colorado Actual Values 1983-2019

- Residential = 79.54% of total actual value in 2019

Residential

All Other Classes
### Projections

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>+10%</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>-20%</td>
</tr>
<tr>
<td>Gas &amp; Oil</td>
<td>-36%</td>
</tr>
</tbody>
</table>

- Based on current projections the Residential Assessment Rate would drop to 5.88%.
- Will impact collection in 2022.
- Impact on government entities will vary:
  - Residential metro and rural communities will have the most significant impact.
  - Highlands Ranch ratio of Residential to Non-Residential is 91%/9% compared to statewide ratio of 80%/20%.
Potential Impact for Highlands Ranch

Highlands Ranch Metro District

<table>
<thead>
<tr>
<th></th>
<th>% change</th>
<th>Actual</th>
<th>% of total</th>
<th>Assessment Rate</th>
<th>Assessed Value</th>
<th>% of total</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019/2020 Residential</td>
<td></td>
<td>17,269,131,214</td>
<td>91%</td>
<td>7.15%</td>
<td>1,234,000,000</td>
<td>71.53%</td>
<td>$13,826,970</td>
</tr>
<tr>
<td>2019/2020 Commercial</td>
<td></td>
<td>1,693,890,576</td>
<td>9%</td>
<td>29.00%</td>
<td>491,228,267</td>
<td>28.47%</td>
<td>$5,504,213</td>
</tr>
<tr>
<td>2021/2022 Residential</td>
<td>10%</td>
<td>18,996,044,335</td>
<td>100%</td>
<td>5.88%</td>
<td>1,116,967,407</td>
<td>74%</td>
<td>$12,515,620</td>
</tr>
<tr>
<td>2021/2022 Commercial</td>
<td>-20%</td>
<td>1,355,112,461</td>
<td>7%</td>
<td>29.00%</td>
<td>392,982,614</td>
<td>26%</td>
<td>$4,403,370</td>
</tr>
</tbody>
</table>

TOTAL $3,328 $2,737 $591

Highlands Ranch homeowner

<table>
<thead>
<tr>
<th>District</th>
<th>7.15%</th>
<th>5.88%</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas County Re-1 School District</td>
<td>$1,567</td>
<td>$1,289</td>
<td>$(278)</td>
</tr>
<tr>
<td>Douglas County Government</td>
<td>689</td>
<td>567</td>
<td>(122)</td>
</tr>
<tr>
<td>Highlands Ranch Metro District</td>
<td>401</td>
<td>329</td>
<td>(71)</td>
</tr>
<tr>
<td>South Metro Fire Rescue Fire Protection</td>
<td>331</td>
<td>272</td>
<td>(59)</td>
</tr>
<tr>
<td>Douglas County Law Enforcement</td>
<td>161</td>
<td>132</td>
<td>(29)</td>
</tr>
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<td>Douglas Public Library District</td>
<td>144</td>
<td>118</td>
<td>(26)</td>
</tr>
<tr>
<td>Urban Drainage &amp; Flood Control District</td>
<td>36</td>
<td>29</td>
<td>(6)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$3,328</td>
<td>$2,737</td>
<td>$(591)</td>
</tr>
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</table>
Metro District Response

- Changes to forecast pending RAR calculation:
  - Use fund balance to fill gap
  - New capital projects on hold
  - Cease future transfers to Water & Sewer Reserve Fund
  - Do not pay off debt early

- Long term options:
  - Consider fee for infrastructure replacement
  - Request local voters to increase mill levy to offset impact of reduced RAR
    - Cost neutral for homeowners if no increase in home value
    - Increases property tax for non-residential property owners
State lawmakers voted to refer a repeal of the Gallagher Amendment to voters in November in the form of Amendment B.

Accompanying legislation would require the state legislature to freeze current tax assessment rates if Amendment B passes:

- Would freeze assessment rates at current levels
- Any increase in property tax rates would still require a vote
- Would preserve current funding level for local government
- Homeowners would see an increase in property tax paid if the value of their home increases as a result of reassessment
PROS SERVICE CENTER

September 2020 Update
Project Goals

- New fleet shop for more capacity/efficiency
- Enlarge conference room, lunch room/training areas, some offices and restrooms
- Improve customer service and public interface with staff
- Improve yard operations, parking, work space, dry storage, and circulation
- Renovation includes additional office space
Service Center Yard Improvements
Project Timeline

- **September 2020 – October 2020**: Demolition of Existing Structures and Yard Utilities
- **November 2020 – Apr 2021**: Construction of New Buildings and Admin Renovation
- **May 2021 – September 2021**: Service Center Renovation and Yard Improvements
- **September 2021 – November 2021**: Completion of Yard Improvements and Final Landscaping
Tasks Completed

- Site Utilities and Paving projects completed
- Installation of new Gas Service
- Installation of new XCEL Transformer
- PEMB buildings ordered
- Permit applications for Fleet Building and Workshops completed
- Demo of existing yard concrete surfacing
Service Center Site Utilities
Service Center Sidewalks and Paving
Next Steps

- Begin site work to prepare for PEMB delivery and installation
- Install PEMB’s / Begin Phase 1 interior renovation
- Complete Phase 1 interior renovation / PEMB finishes
- Complete site work
- Phase 2 interior Renovation
- Complete landscaping
Service Center Improvements

Questions?