

**Overview:**

1. The specific provisions which purport to provide additional transparency and disclosures, don't.

- They simply repeat what is already done.
- It is a false declaration of transparency and disclosures.
- There are several disclosures which could be adopted, but aren't. (See attached disclosures)

2. The remaining provision (Section 4)

- has nothing to do with transparency or disclosures
- codifies a conflict of interest
- by legalizing unethical self-dealing bonds
- with no accountability to taxpayers including
- exceedingly high interest rates
- set by and paid to developers

**Specifics:**

1. Section one requires the service plan for a new metro district to contain the **maximum debt limit** and the **maximum mill rate**.

Response: Service Plans are all virtually identical in their fundamental parts. All include a maximum debt limit and a maximum mill rate. **This is already being done.**

- Here is an excerpt from a typical service plan: (Attachment)
- Most cities also require these maximum limits in their model service plans or service plan ordinances. Here is a sample: (See attached)
- Here is the statutory provision already requiring this information:

"A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed

maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the district;" CRS 32-1-202 (2)(f).

2. Section 2 **repeats the same disclosure** of a maximum debt limit and maximum mill rate, just in a different section of the statute.

3. Section 3 requires that the metro district have an annual meeting to answer questions about metro districts.

Response: This allows a metro district to postpone answering any questions until this annual meeting.

- The information should be disclosed at any time it is requested by a resident and posted on a website.
- Unfortunately, the information currently posted by developer-controlled metro districts is less than complete and is more sales information about how great metro districts are.
- This requirement offers no genuine information for homeowners.
- The most accurate information is contained in the district documents which are not disclosed but should be disclosed on the website, including:
  - Service Plan
  - Ballot Questions from Initial and Subsequent Elections (where the developer "votes" to eliminate the right of future residents to vote on tax and bond debt and also imposes higher debt authorities than those in the Service Plan)
  - Audits
  - Budgets
  - IGAs
  - Agreements with the developer
  - Bond / Loan Agreements
  - Schedules for payment of debt

4. Section 5 requires a seller to provide the buyer of a home in a metro district with the address for the metro district website.

Response: This is not very helpful if the key documents and financial information are not on the website or the district doesn't have a website.

The key information should be disclosed; not an unreliable source of information.

The disclosure by the seller to the buyer should contain the information contained in the attached proposed metro district disclosure: (See attached).

5. Section 4 contains the provision which is neither a transparency or disclosure provision. **Instead, it provides a safe harbor for an unethical act - developers issuing bonds to themselves with no resident input.** It says this unethical act is approved if a municipal advisor (paid by the developer) says its approved.

- The municipal advisor is paid by the developer (district which is controlled by the developer and financed with developer funds)
- The municipal advisor will stay in business by providing this "service" to developers
- There is no genuine check and balance
- This provision codifies a conflict of interest by
  - making it legal for a developer to pay himself
  - a bond amount which he sets with no check or balance,
  - at an interest rate he sets with no check and balance
  - to be paid by residents
  - who have no voice in any part of the debt the developer will obligate them to pay.
- Here is a sample schedule of payments for a **bond on the public market with a competitive rate** set by the marketplace compared to a **bond the developer issues to himself based upon the developer's decision** about how much interest the residents will pay him and when they start paying off the principal.
  - The amount of interest and total debt for the developer bond
  - Is significantly higher than the amount of interest and total debt paid with a public bond set by the marketplace competition. (See Attachment)