

Mirabelle Metropolitan District Nos. 1-4  
8390 E. Crescent Pkwy, Ste 300  
Greenwood Village, CO 80111  
303-779-5710

Owners and Residents:

As you are likely aware, your home in the Solstice community is within the Mirabelle Metropolitan District No. 2, which is governed by the Amended and Restated and Consolidated Service Plan for Mirabelle Metropolitan District Nos. 1-4, which was approved by the Board of County Commissioners of Douglas County in October of 2016 (the "Service Plan"). All property owners as listed in the records of Douglas County received a notice in the mail about an amendment to the Service Plan being considered by the Board of County Commissioners. This letter is intended to address questions and concerns that have been expressed as a result of that notice.

*Service Plan Amendment Explained*

The Service Plan allows the Districts to adjust the Total Max Mill Levy (defined below) when the residential assessment ratio changes due to a Gallagher Adjustment. The Service Plan amendment being considered by the Board of County Commissioners allows the Districts to adjust the Total Max Mill Levy when the Colorado legislature changes the residential assessment ratio. The Service Plan amendment does NOT increase property taxes imposed by the Districts and does NOT include the imposition of new tap fees or system development fees.

As currently drafted, the Service Plan limits the total mill levy each District can impose to 75 mills (which includes both debt service and operations/maintenance components) (the "Total Max Mill Levy"). However, the Total Max Mill Levy can be adjusted to reflect changes in the assessment ratio that is applied to the actual value of property as established by the assessor, if those changes are the result of a "Gallagher Adjustment". The intent of any changes to the Total Max Mill Levy being that the District be kept in a revenue neutral position.

At the heart of this is the "Gallagher Amendment" to the Tax Payer Bill of Rights (TABOR), which is part of the Colorado Constitution. The Gallagher Amendment established a method such that, overall, 55% of the real property taxes collected in the State of Colorado would come from commercial property, and 45% would come from residential property. To that end, for all commercial property in the State, the actual value established by each County's assessor would be multiplied by 29% to arrive at the assessed value, to which mill levies are then applied to result in the property tax payable. On the other hand, for residential property, the ratio applied to the actual value would fluctuate based on actual values in order to maintain the 55/45 split. Over the last several years, the residential assessment ratio has changed to maintain that split.

In relation to the Service Plan, as stated above, the Districts are permitted to adjust the mill levies imposed, even if the total amount is higher than the Total Max Mill Levy, to account for a change in the assessment ratio which results in decreased assessed value due to a Gallagher Adjustment described above so that the Districts can maintain a revenue neutral position in order to service existing debt and provide for necessary operations and maintenance expenses. The Gallagher Amendment was repealed by Colorado voters in 2020. Now, instead, the Colorado legislature can legislatively direct a change in the

residential assessment ratio. While technically not a “Gallagher Adjustment”, the result of a legislative adjustment to the residential assessment ratio is the same as what would occur if the Gallagher Amendment were still in effect.

As stated previously, the Service Plan amendment being considered by the Board of County Commissioners allows the Districts to adjust the Total Max Mill Levy when the Colorado legislature changes the residential assessment ratio. Although the entire text of Section X.C of the Service Plan is set forth in the Service Plan amendment (at the request of the County), it is only the third paragraph that is being revised. Below is the existing language and the revised language side by side for reference.

Existing Language:

*In the event of legislation implementing changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, section 3(1)(b) of the Colorado Constitution, the mill levy limitations provided herein will be increased or decreased as to all taxable property in the Districts to reflect such changes so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (“Gallagher Adjustment”). If 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 operating and maintenance expenses may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Boards in good faith so that to the extent possible, the actual tax revenue generated by the mill levy 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.*

Revised Language:

*If, on or after January 1, 2016, 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 and operating and maintenance expenses may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith so that to the extent possible, the actual tax revenue generated by the mill levy are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation and any constitutional or legislative changes in the actual value against which the assessment rate is applied shall be deemed to be a change in the method of calculating assessed valuation.*

Information Regarding Tap Fees and System Development Fees

There have been questions and some confusion about the language in the Service Plan amendment relative to tap fees and system development fees. The language regarding tap fees and system development fees has been in the Service Plan since 2016, and no changes are being made to that portion of the Service Plan. And, contrary to some concerns, no new fees are being imposed. District No. 1 does (and has since 2019) imposed certain tap fees, which are due to District No. 1 upon the issuance of a building permit, and as such, are paid by builders and not by homeowners. So, please be assured that, again, no new fees are being imposed on owners by any of the Districts as a result of this Service Plan amendment.

### Exclusion from the District

There has also been confusion related to the notice that was sent relative to the provision in the notice that referred to owners wishing to be excluded from the District. That portion of the notice was required to be included because of the wording of the County's ordinance regarding approval of service plans and Colorado law. However, it really is only applicable to those situations where the Board of County Commissioners is considering approval of a service plan for a district that is yet to be formed. In that case, an owner whose property would be part of that to-be-formed district can request that the County exclude the property from the District pre-formation. However, in a case such as this where the District is already formed and property already a part of the District, the Board of County Commissioners does not have the authority to exclude property. Any such exclusion would have to be considered by the Board of Directors of the District, and the Board would have to weigh several factors, including whether the services provided by the District (such as landscaping maintenance) are to be provided by another entity and the impact on other property owners if an exclusion is granted. And, it should be noted that even if a property is excluded from the District, that property, per Colorado law, would still be responsible for the debt service mill levy for debt already issued by the District to the same extent as all other property in the District. We apologize for any confusion caused by the notice, but again, the terms of the notice were dictated by statute and the County's ordinance.

If anyone has further questions, please contact the District's management team and they can assist with answering questions or directing you to the proper person to respond, as needed.

Please contact:

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