DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
REGULAR MEETING January 22, 2025

Call to Order: Meeting called to order by Melissa at 6:35pm, 2nd by Jeanne.

Board Present: Melissa Schneider, Tom Phelps, Jeanne Matthews, Joel Peterson. Jordan Groetken was absent due to illness.

Staff/Reps Present: Janet Anderson, Brian Davies, Kathy Phelps, Mike Roussin.

Visitors: Two visitors were present: Andrew Rapiejko, Mountain Civil Consulting LLC, recently hired by the District, and Brett Craig, non-occupied homeowner of 80 Forest Ridge, were present.

Road Conditions: The District hired Andrew as a civil engineer to assess road conditions in order to begin preparing for a tax bond election. A few road sections are in need of major work, likely involving subgrade materials & compaction, and large areas of the concrete roads need replacement along with repair of several hundred feet of failing curbs and there are two noticeable drainage problems. The majority of the meeting was spent with Andrew reviewing recommendations with the board and discussing updated mapping and initial cost estimates. Drainage was discussed, materials and labor estimates, and the type of work he recommended for each road section. The overall costs Andrew is estimating for roads is approximately 2.1 to 2.5 million. A few roads do not need full overlays but Andrew emphasized some of this work and costs could increase or decrease once excavation is in process and further visual assessments are made on-site during the project. The Board looked at specifics on edge milling versus entire road milling, which could save a lot if the crowns and elevations can be flushed in properly. Andrew is willing to oversee the project during construction as well as prepare formal bid documents and advisement. He is a civil engineer consultant but does not provide government financing consulting. A law firm specializing in bond issuance and elections will be needed if these services are not available or economical with the District's current law firm.

Financing Road Construction or Other Large Projects: Janet provided a summary history of bond activity and explained the two financing options available for this type of project: revenue bonds and tax bonds.

Prior Tax Bonds: In 1979, 2.5 to 3 million dollars of tax bonds were issued in chunks as to pay for originally building roads and the water/sewer infrastructure. Because expected growth did not happen in 1980s, the original bond payments became too expensive. A portion of original debt was refinanced in 1995 along with new bonds to perform road construction. A new debt of $500,000 was added to the refinancing and the payback term was shortened from 30 to 10 years. This 2nd tax bond was paid off in 2005. Voters then approved another 10-year bond in the amount of $600,000, to be used only for roads & drainage. After 2016, the District became free of individual debt since retiring the 3rd 2006 bond. The District has borrowed to build new homes since 2016, but those loans were short term construction loans and were paid off within one calendar year. Debt within a single fiscal year does not fall under the same state laws as longer-term debt. Janet reminded the board Dw1 authorized a jointly liable revenue bond with Dw2. Each District individually and together pledged a $20.00 fee increase to secure repayment of this 15-yr revenue bond taken out in 2017 (payoff 2032).

Revenue bonds are repaid with monthly fees and are authorized only by the Board of Directors. The Board's action to authorize revenue bonds obligates future boards to charge monthly fees adequate to pay each year's revenue bond payments. Tax bonds are funded and repaid by adding a property tax to homeowners located in the special district. To collect revenues the District certifies a mill levy to their county when they adopt a budget each year. The mill levy will vary depending on the assessed value of the District and the total dollars needed to make each year's payments. Homeowners or mortgage companies pay property taxes to the treasurer, then the mill levy portion that was certified is passed down. Property tax debt requires voter approval through a formal election. Revenue bonds do not require a formal election, but do require public notifications, opportunities to submit written or oral comments, and a public hearing. Historically, the primary reason why Colorado began allowing special districts to be formed was to provide money for growth. The concept for special districts was "growth pays its own way," to help counties and cities from being overburdened with new services. Districts allow smaller geographical areas to pay separated debts. Lenders offer lower interest rates to districts as a local government to provide tax savings for banks. Lenders also have first right perpetual real estate liens because both monthly fees and property taxes are collected as tax debt. Property tax authority is the primary difference between Homeowner Associations and Special Districts. HOA entities are normally tax exempt, but their voters cannot approve increases to property taxes, while special districts can.

The Board is in agreement a tax bond is the preferred method to fund road construction and expensive needs. Good roads, clean water, and efficient plowing are important to homeowners.

<u>Minutes:</u> Minutes for December 4, 2024, meeting were approved with a correction of a Resolution number #17-2024 s/b #18-2024 by motion from Tom, 2nd by Melissa.

Property Condition/Activity/Parking Complaints: Brett Craig addressed the board about his neighboring property, 64 Forest Ridge. Brett said he was speaking on behalf of numerous neighbors in the culdesacs and surrounding property to complain about parking, frequent outside activity, people sleeping in back yard campers and in general he was extremely frustrated and requested the Board take action to get the property cleaned up and within compliance with rules & regs. He has tolerated the situation for years and he's had numerous discussions with the owner but nothing changes. Brett has a good renter situation in his home and does not want to lose them. Trash is invaded by bears and apparently there is a new dog problem as well. The dog has been aggressive and is very concerning to neighbors. Janet explained enforcement is a matter of fines, but when they can't or won't pay it can become a much longer process and is expensive for the District to ultimately resolve. The rules can be enforced but it's not instant. The Board directed Kathy to issue tickets much more regularly and asked Brian and Janet to also observe and ticket. Brett asked if the clutter and storage of junk and metal art and various vehicles & parts and overall stuff be removed from District easements and District property. The main point from neighbors is that when they are asked to comply they do and they feel the same standards need to apply to 64 Forest. The Board promised to reign in the clutter and require items be contained and behind solid fencing.

Staff Report: Brian reported multiple problems with freezing pipes due to no snowpack many meters have been freezing up much more than other winters. He reported Lake Dgo and several other water operators were experiencing the same.

Self-Nominations 2025 election: Janet confirmed Melissa reaches term limits in May. Tom's seat is good until 2027, Jeaanne's expires & she is eligible for one more term. Joel and Jordan were both appointed & all appointees run. She will verify which seat # expires in 2027. Seat #s are staggered, either Joel or Jordan will run to fulfill remaining 2 years & the other will begin a new term in May if elected. Forms are due by February's meeting. No inquires have come in since notices posted.

Adjournment: The meeting was adjourned by motion from Joel, 2nd by Tom, at approximately 10:10pm.

M. Schnider
03-12-25