

# **GRANBY RANCH METROPOLITAN DISTRICT GRANBY RANCH METROPOLITAN DISTRICT NOS. 2-8 HEADWATERS METROPOLITAN DISTRICT**

## **Frequently Asked Questions**

### **What are the Granby Ranch, Granby Ranch Nos. 2-8, and Headwaters Metropolitan Districts (the “Districts”)?**

The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado, organized in accordance with Title 32 of the Colorado Revised Statutes to provide certain public improvements, facilities, and services for the approximately 5,000 acre Granby Ranch community. At the time of the organization of the Districts, there were no other governmental entities, including Grand County, the Town of Granby, or other agencies/organizations willing to undertake the financing, construction and operation of certain of the public improvements necessary for the development of Granby Ranch. Without the Districts, development of the Granby Ranch community would have been unlikely.

### **Who Governs the Districts?**

Each District is governed by a five-member Board of Directors, elected at-large, serving four-year staggered terms. Elections are held in May of even numbered years by Colorado statute.

### **How are the Districts Different from my HOA?**

Homeowners associations (HOAs) are separate (and are legally different) from special districts. HOAs help maintain property values by being generally responsible for reviewing architectural plans, enforcing covenants of the community, and maintaining and operating selected common areas within a community. In Granby Ranch, the HOAs provide architectural review and control; own and maintain certain open space and common areas; provide funding for beetle control, community identification, and recycling; monitor conformance with governing documents; and support community functions.

In addition, the HOA has the right to supplement the services provided by the Districts if those services are not meeting the community standard as reasonably determined by the HOA board. If the HOA supplements the services provided by the District, the HOA may have the authority to impose an additional assessment on property within the boundaries of the HOA, in accordance with the governing documents of the HOA. Please contact Granby Ranch Conservancy, Inc. for more information regarding the HOA.

### **What is the Purpose of the Districts?**

The Districts were organized to finance, construct, operate and maintain certain public improvements necessary for the development of the Granby Ranch community. These improvements include, but are not

limited to, street improvements, water systems, storm water and drainage facilities, traffic and safety controls, transportation facilities and services, sewer systems, streetscape improvements, entry monumentation, mosquito control services, fire protection facilities, and park and recreation facilities or programs, subject to the limitations contained in the Districts' Service Plans.

Once constructed, all water transmission and distribution lines and facilities and all sewer interceptor lines and sanitary sewer facilities are maintained by the Town of Granby. All other improvements are owned and maintained by Headwaters Metropolitan District.

### **Why is There More than One District?**

Granby Ranch is a large master planned development whose complete build out may occur over 30+ years. This will require neighborhoods and supporting infrastructure to be constructed in multiple phases rather than all at once. However, as the public infrastructure improvements are intended to be a fully integrated and cohesive system, it was necessary for a single entity, Headwaters Metropolitan District, as the "service" or "coordinating" district, to oversee and manage the financing, construction and, as applicable, operation of all phases, thus providing coordinated administration and consistency throughout the development.

Granby Ranch Metropolitan District and Granby Ranch Metropolitan District Nos. 2-8 were established as "financing districts" or "taxing districts" to provide the tax base and other revenue sufficient to pay the costs of the financing, construction, and operation and maintenance of public improvements, facilities, and services. The use of multiple financing districts allows for implementation of the financing plan over longer periods of time, thus permitting the coordination, timing and issuance of debt in such a way that improvements are constructed when required, in a phased, systematic approach.

### **What is the Source of Funding for the Public Improvements, Facilities, and Services?**

The Districts rely on several sources of funding including *ad valorem* taxes levied against taxable real and personal property, specific ownership taxes, fees, and charges imposed pursuant to Title 32, the Districts' Service Plans, and resolutions adopted by each District.

For example, Headwaters Metropolitan District, Granby Ranch Metropolitan District, Granby Ranch Metropolitan District No. 2, and Granby Ranch Metropolitan District No. 8 adopted an Amended and Restated Joint Resolution of the Boards of Directors of Headwaters Metropolitan District and Granby Ranch Metropolitan District and Joint Resolution of the Boards of Directors of Granby Ranch Metropolitan District No. 2 and Granby Ranch Metropolitan District No. 8 To Establish An Amenity Fee recorded August 14, 2013 with the Grand County Clerk and Recorder at Reception No. 2013006964. Additionally, Headwaters Metropolitan District and Granby Ranch Metropolitan District adopted an Amended and Restated Joint Resolution establishing Capital Facilities Fees, a memorandum of which is recorded March 5, 2007 with the Grand County Clerk and Recorder at Reception No. 2007002392.

### **Have Any of the Districts Issued Bonds?**

In 2006, Granby Ranch Metropolitan District issued bonds in the principal amount of \$14,725,000, and in 2010, Granby Ranch Metropolitan District issued bonds in the principal amount of \$11,119,000. The proceeds of the bonds were used to fund capital improvements including streets, water, storm water, and sewer improvements (representative examples include certain neighborhood streets, the Fairways lift

station and the East Mountain water tank). The 2006 bonds are currently held by third-party institutional investors, and the 2010 bonds are currently held by the developer of Granby Ranch. The interest rate on both series of bonds is 6.75%.

As of February, 2017, Granby Ranch Metropolitan District is working on refinancing both the 2006 and 2010 bonds. More information about Granby Ranch Metropolitan District and the potential refinancing is available at [www.granbyranchmd.org](http://www.granbyranchmd.org).

## **What is the Relationship of the Districts to our Property Tax Mill Levy, and How does the Gallagher Amendment allow the Mill Levy Cap to be Increased?**

The Districts' mill levy is one of several levies on properties in the community. The taxes paid by property owners to Grand County each year are divided up by the County Treasurer to each taxing entity (the Districts, School District, County, Town, etc.) based on their mill levies.

In 1982, the Colorado Constitution was amended by the Gallagher Amendment (named after Dennis J. Gallagher, a State Senator at the time). The Amendment provided that the total amount of property taxes paid by commercial, industrial and all other non-residential uses (with some exemptions) should be a constant 55% and the total amount of property taxes paid by residential properties should be 45%. The rate at which commercial properties is assessed is a constant 29% and does not change. Therefore, in order to maintain the 45/55 balance, the rate at which residential property is assessed is required to change to keep that balance in check. The "Gallagher adjustment" allows a District to increase its mill levy in order to offset a decrease in the adjustment rate and enable the District to collect the same amount of revenue it would have absent the adjustment.

The Districts are committed to expanding the use of available technology to make public documents more easily and readily available to the public, beyond the means required by law. This is designed to produce and assure full transparency. More information about Headwaters Metropolitan District and Granby Ranch Metropolitan Districts Nos. 2-8 is available at [www.colorado.gov/granbyranch](http://www.colorado.gov/granbyranch). More information about Granby Ranch Metropolitan District is available at [www.granbyranchmd.org](http://www.granbyranchmd.org). More information about metropolitan districts generally can be found at [www.colorado.gov/pacific/dola/special-districts-0](http://www.colorado.gov/pacific/dola/special-districts-0) or [www.sdaco.org](http://www.sdaco.org).

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