

NEXUS AT DIA METROPOLITAN DISTRICT: Project Narrative

The proposed Nexus at DIA Metropolitan District (the “**District**”) is anticipated to provide public improvement facilities and services to the project commonly known as Nexus North at DIA. The initial boundaries of the proposed District are generally located East 88th Avenue and Buckley Road in the City of Commerce City (the “**City**”), County of Adams, State of Colorado, and contains approximately 157.936 acres of agricultural property anticipated to be rezoned to commercial property. At final build-out the District will include approximately 1,840,000 square feet of commercial space. The Developer for the project is Schuck DIA, LLC.

1. Proposed Service Plan.

(a) **Single District Structure.** The proposed Service Plan for Nexus at DIA Metropolitan District (the “**Service Plan**”) provides for a single district structure. The single district structure is intended to allow the District to control both financing and services.

(b) **Compliance with the Commerce City Model Service Plan.** The proposed Service Plan is almost an exact copy of the City’s single district single model service plan and any and all changes from the model are clearly identified. The one deviation relates to clarification that the District is authorized, but not obligated, to provide covenant enforcement and design review services within the boundaries of the District, as provided in the Special District Act.

(c) **Service Plan Powers.** The Service Plan provides for the District to have the power and authority to provide street improvements, safety controls, water improvements, sanitation improvements, stormwater improvements, park and recreation improvements, mosquito control, within and without the boundaries of the District, and covenant enforcement and design review within the boundaries of the Proposed District, as such power and authority is permitted by the proposed Service Plan, statutes, common law, and the Colorado Constitution.

(d) **Preliminary Engineering Survey:** An estimate of the costs of the Public Improvements that may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed by the District was prepared based upon a preliminary engineering survey and estimates derived from the anticipated zoning on the property in the Service Area and is approximately \$30,000,000.

(e) **District Debt.** The Proposed Service Plan provides the following limitations on District Debt:

(i) Total Debt Issuance Limitation: \$50,000,000

(ii) Maximum Debt Mill Levy: 50.000 mills, subject to Gallagherization as of January 1, 2017.

(1) In conformance with the City’s Model Service Plan, if the total amount of aggregate District Debt is equal to or less than fifty percent (50%) of the District’s assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Mill Levy and,

as a result, the mill levy may be such amount as is necessary to pay the Debt service on any such Debt, without limitation of rate.

Metro District Name	Public Improvements	Debt Limit	Debt Limit includes ARI? Yes or No	ARI Debt Limit	Total Debt Capacity	Organizing and Operating Reimbursement	1 st Year Operating & Maintenance
(Location in Service Plan)	V.B	V.A.16	From transmittal letter		Calculate	VI.I.1	VI.I.2
Nexus at DIA Metropolitan District	\$30,000,000	\$50,000,000	No	N/A	\$50,000,000	\$100,000	\$50,000

(f) **Operations and Maintenance:** The Proposed Service Plan, and related District Activities IGA, provides for the District to operate and maintain the park and recreation improvements within the District. The Proposed Service Plan provides for the imposition of an operations and maintenance mill levy, however, the Maximum Debt Mill Levy for the payment of Debt shall not apply to the District's ability to increase its mill levy as necessary for provision of operation and maintenance services to its taxpayers and service users.

2. **Metropolitan District Criteria:** It is submitted that the Proposed Service Plan, as required by C.R.S. § 32-1-203, as amended, and the City's submittal requirements, establishes that:

(a) There is sufficient existing and projected need for organized service in the area to be served by the District;

(i) The purpose of the District is to finance, construct, own, operate and maintain the public improvements for the project, which is commonly known as Nexus at DIA. While the public improvements constructed by the District will be constructed for the use and benefit of the inhabitants and taxpayers of the District, the general public will also receive significant benefits from the District's improvements.

(b) The existing service in the area to be served by the District is inadequate for present and projected needs;

(i) The City does not consider it feasible or practical to provide the property within the District with the improvements and facilities described in this Service Plan. Therefore, it is necessary that the District be organized to provide its taxpayers and inhabitants with those public improvements described in the Service Plan.

(c) The District is capable of providing economical and sufficient service to the area within its boundaries;

(i) The formation of the District would ensure that the public improvements and other services are sufficient and built in a reasonable period of time for the benefit of the property owners in the community.

(d) The area to be included in the District has, or will have, the financial ability to discharge the indebtedness on a reasonable basis;

(i) It is anticipated that the District will finance approximately \$30,000,000 towards the total cost of the construction, installation, and acquisition of the facilities to serve within the District boundaries, including contingencies. The Financial Plan, submitted along with the application, demonstrates the issuance of the debt and the anticipated repayment based on the projected development within the District boundaries. The Financial Plan demonstrates that, at various projected levels of development, the District has the ability to finance the facilities identified herein, and will be capable of discharging the proposed indebtedness on a reasonable basis.

(e) Adequate service is not, or will not be, available to the area through the City or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

(i) The proposed improvements are not, and upon information and belief, will not be available to the area through the City or other existing municipality or quasi-municipal corporation, including special districts, within a reasonable time and on a comparable basis. See No. 1 above.

(f) The facility and service standards of the District are compatible with the facility and service standards of the City;

(i) All facilities and services proposed will be constructed in accordance with the standards and specifications of the City, and any other appropriate jurisdictions.

(g) The proposal is in substantial compliance with City's Comprehensive Plan;

(i) The Developer of the project has thoroughly reviewed the City's Comprehensive Plan and is aware of the City's desire to address a growing population, position the community for new jobs and retail, improve the quality of neighborhoods and commercial areas, conserve resources, and provide a quality community for a lifetime. The proposal is compatible with the community vision for the future and complies with the policies necessary to achieve sustainable growth within the City as expressed in the Comprehensive Master Plan.

(h) The proposal is in compliance with the county, regional, and state long range water quality management plans and wastewater plans for the area;

(i) Compliance includes water quality management plans, designs and practices reviewed by and approved by governing jurisdictions and agencies, including: erosion control plans, storm water management plans, forebay and water quality ponds, grading and erosion control permits, measures and inspections, silt fences, inlet protections, and appropriate inspections, monitoring, reporting and replacement of erosion, sediment control and water quality measures. All wastewater and sanitary sewer plans will be in compliance with, approved by, inspected by, maintained and managed by South Adams County Water and Sewer District.

(i) The creation of the District will be in the best interests of the area to be served and in the best interests of the residents or future residents of the area proposed to be served:

(i) As summarized below, the creation of the proposed Nexus at DIA District is in the best interest of the area to be served and the residents or future residents of the area proposed to be served:

(1) A special district can raise funds for public infrastructure through municipal bonds (or other governmental grant or loan programs if applicable) with favorable rates and terms not available to private entities.

(2) Special districts are exempt from sales, use and other taxes for equipment, supplies and services allowing lower overhead costs.

(3) A special district is not in the business of making a profit from the facilities and services provided.

(4) Specific statutes govern the expenditures and revenues of special districts.

(5) State-obligated budget, audit and other financial filing and reporting requirements provide regulatory oversight of a special district's operations.

(6) A special district is governed by local control over the services that are provided on a community basis.

(7) The special district is responsive and accountable for decisions through the election and public hearing processes.

(8) The business of the special district is conducted at public meetings.

(9) Special districts enjoy governmental immunity against certain legal actions thus avoiding expensive lawsuits and corresponding tax or fee increases.

(10) Because of its local nature, a special district is often better able to address issues of local concern to the community than could a larger county or municipality.

(j) The creation of the District will not foster urban development that is remote from or incapable of being integrated with existing urban areas, and will not place a burden on the City or adjacent jurisdictions to provide urban services to residents of the proposed District;

(i) The District will contain solely commercial property, and therefore, the District will not have specific residents. However, the creation of the District will foster urban development that will be integrated with existing urban areas, thereby alleviating a

burden being placed on the City, or adjacent jurisdictions, to provide urban services the proposed District.