

City of Loveland Metropolitan District Service Plan Model, Policy and Disclosure Agreement

The City of Loveland's Residential Metropolitan District Service Plan, in addition to the standard provisions of a Metropolitan District Service Plan, identifies 12 requirements or conditions for City Council to consider ensuring that a proposed district has sufficient financial support to complete public improvements while limiting the financial impact on future residential homeowners.

	Description	Requirement/Condition	Consequence/Purpose
1	Limit Inactive Districts	A district must issue debt within 5 years of the original date of City Council's approval of the Service Plan.	If the district issues no debt within the period, the district must commence dissolution proceedings unless City Council grants an extension.
2	Public Improvement Limits	The City can identify specific improvements that will not constitute public improvements.	The district cannot design, acquire, install, construct, finance, operate, maintain or otherwise use the district's funds or debt for such improvements.
3	Maximum Debt Limit	The City can specify this amount.	This ensures the amount reasonably relates to the improvements, does not overburden residents and is consistent with past City authorizations.
4	Maximum Debt Term	No debt can have a term of more than 40 years from the date of issuance.	40 years after the date of debt issuance, any remaining balance is discharged. This provides homeowners with an end date for the debt mill levy.

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5	Debt Repayment Deadline	The district must repay all debt within 45 years from approval of the service plan.	Any debt that exists after 45 years from the service plan approval is extinguished. This coincides with the 5-year deadline to issue debt above. This also provides homeowners with an end date for the debt mill levy.
6	Extensions of Debt Term or Repayment Deadline	If a majority of a board approving an extension is comprised of residents, the debt term and/or repayment deadline extensions may occur.	This provision is to encourage the transfer of power from the initial creator of the district to the residents.
7	Last Debt Issuance	The district can issue no debt 10 years after the original date of City Council's approval of the service plan.	No new debt may be issued 10 years after approval of the service plan to encourage timely construction of the improvements and the project.
8	Disclosure Policy	The district can issue no debt until the owner of the property in the district executes a disclosure agreement with the City and records it with the County.	The disclosure agreement requires the owner to provide specific disclosures to initial home purchasers about the district.
9	Metropolitan District Notice	The district can issue no debt until the owner records a specific notice regarding the district with the County.	The 2-page disclosure generally identifies the existence of the district, contact information for the district, and the effect of the district on a homeowner's property taxes.
10	Debt Mill Levy Cap	The City can specify this amount.	This ensures that the debt mill levy on the property does not overburden residents, and is consistent with past City authorizations.

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11	O&M Mill Levy Cap	A separate operations and maintenance mill levy maximum is specified.	The O&M mill levy cap prevents a district from maintaining a high Total Mill Levy by increasing the O&M budget once the Debt Mill Levy is paid.
12	Material Modification Definition	The service plan identifies a number of actions as material modification to the service plan, such as increasing or decreasing the district size, increasing the Debt Mill Levy Cap, O&M Mill Levy Cap or the debt limit, or extending the debt term, debt repayment date or last debt issuance date.	Any material modification requires notice to residents, an opportunity to be heard before City Council, and City Council approval. This is intended to provide more transparency to district action and oversight by City Council.