

Transparency a two-way street for metro district debt | OPINION

By Rick Taggart
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In the last legislative session I worked as a cosponsor to successfully pass a bipartisan bill codifying best practices for metro districts, which included strong local oversight, greater accountability for district directors, mandated disclosures, caps on bond payments so property taxes don't go above a certain level and requirements that the interest rate for all developer bonds be at or below market rate.

The goal of this law was to ensure transparency so district residents only pay for the amenities and infrastructure they agreed to when they bought their homes.

Unfortunately, there are a handful of unscrupulous lawyers and metro district managers around the state trying to use the courts to invalidate valid metro district debt. They are attempting to circumvent legally issued debt used for rec centers, roads, water

and sanitation systems, parks and various other infrastructure and amenities that residents benefit from every day. Relying on unsound advice from financial and legal advisers, these metro district boards contend they aren't bound by these debt agreements because they were made by prior boards.

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The courts have sent clear messages that new board members are responsible for the actions of prior boards, and that local government debts must be paid. The result of these frivolous lawsuits is that residents are left on the hook to pay more debt, including hundreds of thousands of dollars in lawyers' fees (both for their own attorneys and for the opposing side), administrative costs for accountants appointed by the courts to act as a receiver, and interest owed for months or years of failing to pay debt service.

For instance, a metro district board in Thornton was sued after refusing to pay its debt for neighborhood infrastructure. The judge threw out the board's countersuit, and it now faces the prospect of paying \$800,000 in attorney's fees to the plaintiffs. That same district is also being sued by the bank that holds some of the district's debt. Another district in Commerce City had receivers appointed, which is generally considered an action of last resort by courts. In both instances, the metro districts were ordered to pay the prior — and future — revenue for the debt they owe but had refused to pay.

Boards in both Pitkin and Eagle counties have had their claims dismissed when asking the court to overturn validly issued debt. As a Pitkin County judge said to lawyers from one metro district: "Essentially you are suing yourself." The judge noted how local governments like metro districts are responsible for decisions made by their prior boards just as prior presidential administrations are bound by actions taken by their predecessors.

"You can't have governments going back and trying to welch on their obligations because they don't like the way a prior board handled it," he said.

It's unclear whether the majority of residents in these districts know about these suits and the implications they have for their own pocketbook. To ensure transparency, these boards and their advisers should notify district residents of the risks that come with legal action that seeks to overturn prior boards' action, including the potential increase in their taxes and fees to pay for costs associated with these lawsuits.

Transparency is a two-way street.

Rick Taggart represents House District 55 in the Colorado General Assembly.

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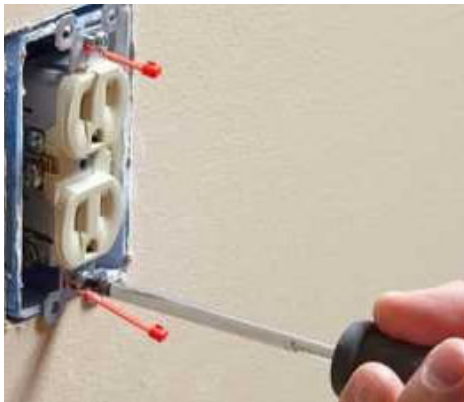
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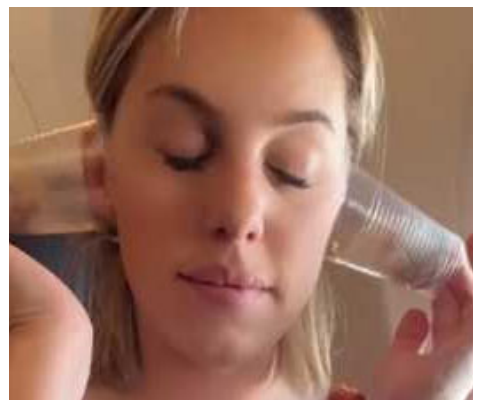
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