

Summary of Proposed Service Plan Amendments for South Aurora Regional Improvement Authority (“SARIA”) Member Districts; Revisions to ARI Mill Levies (2025)

1. Introduction

This narrative is intended to provide information regarding the proposed Service Plan Amendments submitted to the City of Aurora for the following metropolitan districts:

- Forest Trace Metropolitan District Nos. 1 and 3
- Inspiration Metropolitan District
- Kings Point South Metropolitan District Nos. 1-3
- Overlook at Kings Point South Metropolitan District
- Prairie Point Metropolitan District Nos. 1-3
- Pronghorn Valley Metropolitan District
- Sorrel Ranch Metropolitan District
- Whispering Pines Metropolitan District No. 1

As further described below, the limited purpose of the Service Plan Amendments is to clarify and modify the ARI Mill Levy of each Amending Member as set forth herein. No other changes are requested to the service plans of the Amending Members.

These districts are referred to herein as the “Amending Members.” For additional information, please contact the respective Amending Member(s) directly.

2. Introduction to SARIA

The South Aurora Regional Improvement Authority (“SARIA”) is a contractually-established authority created for the purpose of funding regional transportation improvements in the southern portion of Aurora. SARIA was originally established by intergovernmental agreement in 2017 and currently includes as its members the City of Aurora (the “City”) and the following 22 individual metropolitan districts:

- Beacon Point Metropolitan District
- Blackstone Metropolitan District
- Forest Trace Metropolitan District Nos. 1-3
- Inspiration Metropolitan District
- Kings Point South Metropolitan District Nos. 1-3
- Overlook at Kings Point South Metropolitan District
- Prairie Point Metropolitan District Nos. 1-3
- Pronghorn Valley Metropolitan District
- Senac South Metropolitan District Nos. 1-4
- Sorrel Ranch Metropolitan District
- Southlands Metropolitan District No. 2
- Wheatlands Metropolitan District
- Whispering Pines Metropolitan District No. 1

The Boards of Directors of all of the Amending Members have approved and are proposing the Service Plan Amendments and have authorized SARIA, on behalf of the Amending Members, to process the Service Plan Amendments as one submittal with the City.

SARIA was organized for the limited purpose of financing “Regional Improvements” consistent with SARIA’s establishing agreement and the service plans of each of SARIA’s member districts.

SARIA has limited authority to fund a defined set of regional transportation improvements listed in the 2017 establishing agreement, which includes the following 10 projects:

- Harvest Road Improvements—Alexander to Orchard (Completed)
- Smoky Hill and Powhaton Road Infrastructure Improvements (Completed)
- Aurora Parkway Lane Additions (Completed)
- Quincy & E-470 Ramp Reconfiguration (Completed)
- Quincy Avenue Lane Additions—Plains to E-470 (Completed)
- Gun Club Road Improvements—Quincy to Aurora Parkway (Incomplete)
- Aurora Parkway Extension—Half Section Bridge (Incomplete)
- Gartrell Road Improvements—Dry Creek to Aurora (with Bridge and Ramps) (Incomplete)
- Arapahoe Road Lane Additions—Grandview to Liverpool (Incomplete)
- Quincy Avenue Improvements—Gun Club to Harvest (Incomplete)

SARIA does not and is not authorized under its establishing agreement to own, operate or maintain any public improvements. SARIA also does not impose any taxes or fees. Rather, SARIA relies entirely upon revenues derived from each member district’s ARI Mill Levy as set forth in the member districts’ service plans (the “ARI Mill Levy(ies)”) in order to finance regional improvements. More particularly, each year, the SARIA member districts each impose their own ARI Mill Levy, separate from their operations mill levy and debt service mill levy, and remit the revenues derived from the ARI Mill Levy to SARIA to support SARIA’s financing of the foregoing regional improvements. The ARI Mill Levy is described in more detail below.

The SARIA members recently unanimously approved an ARI Master Plan No. 3. The purpose of ARI Master Plan No. 3, consistent with SARIA’s establishing agreement, is to set forth details regarding the prioritization and funding of additional regional improvements by SARIA which includes a new Aurora Parkway bridge over E-470, the expansion of the Gartrell Road bridge over E-470, and funding to advance the planning of improvements to Gun Club Road.

3. Current ARI Mill Levy System

The SARIA member districts are currently required to impose an ARI Mill Levy, separate from each district’s operations mill levy and debt service mill levy, beginning the first year each district imposed a debt service mill levy, which is consistent with the City of Aurora’s Model Service Plan (in place since 2004), as follows:

Tier 1: 1 mill from Years 1-20 (“Tier 1 Levy”);

- Tier 2:** 5 mills Years 21-40, or the date of repayment of the district’s debt, whichever first occurs (“Tier 2 Levy”); and
- Tier 3:** for an additional ten (10) years, the mill levy is equal to the average debt service mill levy imposed in the ten (10) years prior to the date of repayment of the district’s debt (“Tier 3 Levy”).

Revenues from the ARI Mill Levy can only be used to support regional improvements.

4. Limited Purpose of Proposed Service Plan Amendments

The limited purpose of the Service Plan Amendments is to modify the ARI Mill Levy of each Amending Member as set forth below. For clarity, all ARI Mill Levies discussed herein and as may be amended under the Service Plan Amendments shall be adjusted in accordance with each Amending Member’s respective Service Plan to adjust for changes occurring after January 1, 2004. **No other changes are requested to the service plans of the Amending Members.**

The requested changes are as follows:

For Amending Members that currently have residents:

- Tier 1 Levy:** 1 mill from Years 1-20 (*unchanged*)
- Tier 2 Levy:** 5 mills for Years 21-40, or the date of repayment of the debt incurred for Public Improvements, other than Regional Improvements, which ever first occurs (*unchanged*); and
- Tier 3 Levy:** for an additional ten years, the mill levy shall be equal to the lesser of 30 mills or the debt service mill levy imposed by such district in the tax year 2023, for collection in 2024.

For Amending Members that do not currently have residents:

- Tier 1 Levy:** 5 mills from Years 1-20 (*increased from 1 mill to 5 mills*);
- Tier 2 Levy:** 5 mills from Years 21-40, or the date of repayment of the debt incurred for Public Improvements, other than Regional Improvements, which ever first occurs (*unchanged*); and
- Tier 3 Levy:** for an additional ten years, the mill levy shall be 30 mills.

In addition, the Service Plan Amendments clarify that the Tier 3 levy is to commence no later than year 40.

More specifically, the foregoing change to the ARI Mill Levy for the Amending Members can be summarized, and the Amending Members can be broken out into groups, as follows:

“Group 1”:

- Tier 1 Levy:** 1 mill (*unchanged*)
- Tier 2 Levy:** 5 mills (*unchanged*)
- Tier 3 Levy:** 30 mills (*fixed at 30 mills*)

Forest Trace Metropolitan District No. 1 (2023/2024 debt service mill levy = no levy imposed yet)

Forest Trace Metropolitan District No. 3 (2023/2024 debt service mill levy = 56.440)

Inspiration Metropolitan District (2023/2024 debt service mill levy = 34 mills)

Pronghorn Valley Metropolitan District (2023/2024 debt service mill levy = 57.156)

“Group 2”:

- Tier 1 Levy:** 1 mill (*unchanged*)
- Tier 2 Levy:** 5 mills (*unchanged*)
- Tier 3 Levy:** 2023/2024 debt service mill levy (*which is less than 30 mills*)

Sorrel Ranch Metropolitan District: Tier 3 = 28.154 mills

Whispering Pines Metropolitan District No. 1: Tier 3 = 26 mills

“Group 3” (No Current Residents):

- Tier 1 Levy:** 5 mills (*increased from 1 to 5*)
- Tier 2 Levy:** 5 mills (*unchanged*)
- Tier 3 Levy:** 30 mills (*fixed at 30 mills*)

Kings Point South Metropolitan District Nos. 1-3

Overlook at Kings Point South Metropolitan District

Prairie Point Metropolitan District Nos. 1-3

The following districts are members of SARIA but are not proposing any service plan amendments at this time.

Beacon Point Metropolitan District

Blackstone Metropolitan District

Forest Trace Metropolitan District No. 2

Senac South Metropolitan District Nos. 1-4

Southlands Metropolitan District No. 2

Wheatlands Metropolitan District

5. Rationale and Benefits of Proposed Service Plan Amendments

As stated above, the proposed Service Plan Amendments have been approved individually by the Boards of Directors of all of the Amending Members. The Service Plan Amendments are being submitted by SARIA to the City as one package on behalf of all of the Amending Members in order to process them efficiently.

As currently defined in the service plans of the Amending Members, the ARI Mill Levy calculation is complicated and, with regard to the Tier 3 Levy, cannot be accurately projected. For example, because the Tier 3 Levy is supposed to be “equal to the average debt service mill levy imposed in the ten (10) years prior to the date of repayment of the district’s debt,” a date that is for some districts more than 20 years in the future, it is impossible to accurately project the Tier 3 Levy. This makes it difficult for the Amending Members to plan out their property tax levies into the future. Further, it makes the issuance of debt to finance Regional Improvements supported by the Amending Members’ ARI Mill Levies difficult and thus more expensive to issue.

In addition, while the Tier 3 Levy is supposed to begin in year 40 or the date of repayment of the district’s debt, whichever first occurs, the Tier 3 Levy rate cannot be calculated in year 40 if the district’s debt is not yet repaid because it calculated on the debt service mill levy rate in the 10 years prior to “repayment.”

In order to resolve the foregoing issues, the Amending Members and SARIA initially proposed fixing the Tier 3 Levies of all Amending Members at 30 mills as an approximate average of currently projected Tier 3 Levies. However, a number of Amending Members already had a debt service mill levy below 30 mills. Rather than setting the Tier 3 Levies at a rate higher than the current projection, the Amending Members agreed upon a Tier 3 Levy fixed at the lesser of 30 mills or each district’s current debt service mill levy. This is why the Amending Members are separated into Group 1 and Group 2, above.

Further, a subset of the Amending Members, identified as Group 3 above, are willing to increase their Tier 1 Levy from 1 mill to 5 mills. These districts are still in predevelopment stages and would generally not see an increase in their ARI Mill Levy for up to 20 years, unlike other members districts who are 10-20 years into the ARI Mill Levy timeline. By increasing their Tier 1 Levy, these Group 3 districts will contribute more to Regional Improvements by way of their increased Tier 1 Levy contributions in earlier years.

Finally, the Service Plan Amendments clarify the Tier 3 Levy by setting a defined Tier 3 Levy Rate in the scenario where a district has not paid off its debt by year 40.

6. Summary of Benefits of Proposed Service Plan Amendments

The benefits of the proposed Service Plan Amendments to the Amending Members can be summarized as follows:

- Clearly establishes a set Tier 3 Levy;
- Allows Amending Members to anticipate future property tax rates and assists in long-term planning;
- Protects against any factors that would otherwise increase the Tier 3 Levy;
- Allows for more certain revenue projections to aid in financing Regional Improvements;

- Increases Tier 1 Levy revenue from the Group 3 Amending Members to better support Regional Improvements; and
- Clarifies the Tier 3 Levy in the circumstances when a district has not paid off its debt by year 40 by setting a defined Tier 3 Levy Rate.

7. Districts Not Proposing Service Plan Amendments

a. Beacon Point Metropolitan District; Blackstone Metropolitan District; Southlands Metropolitan District No. 2; and Wheatlands Metropolitan District

The SARIA members recently unanimously approved an ARI Master Plan No. 3. A key component of ARI Master Plan No. 3, as further set forth therein, is that Beacon Point Metropolitan District, Blackstone Metropolitan District, Southlands Metropolitan District No. 2, and Wheatlands Metropolitan District (the “Limited Participants”) will contribute their ARI Mill Levies to SARIA under ARI Master Plan No. 3 only through the tax collection year of 2038. Because the Limited Participants will only contribute their ARI Mill Levies to SARIA through 2038, the changes proposed in the Service Plan Amendments would have no bearing on SARIA, and no amendments to their service plans are therefore required or requested by them at this time.

b. Forest Trace Metropolitan District No. 2

Forest Trace Metropolitan District No. 2 is not requesting an amendment to its service plan at this time because the district either is not expected at any time to issue debt and thus it will likely never impose an ARI Mill Levy, or it will include only commercial property, and under either circumstance the changes proposed in the Service Plan Amendments would not apply.

c. Senac South Metropolitan Districts Nos. 1-4

Senac South Metropolitan District Nos. 1-4 are also not requesting an amendment to their service plans at this time because the districts have expressed a preference not to alter their ARI Mill Levy as proposed in the Service Plan Amendments. This is not expected to adversely impact the Amending Members or SARIA, and the Amending Members and SARIA have determined nonetheless to proceed with the Service Plan Amendments.