



**Reunion Metropolitan District**  
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Reunion Metro District believes there are important facts about the ongoing litigation between Reunion Metro District and North Range Metro Districts 1, 2 and 3 that are not being shared with the community, including:

- Reunion Metro District initiated the current litigation against North Range Metro Districts 1 and 2 only after North Range Metro Districts 1 and 2 stated that they were no longer going to perform their contractual obligations. There was no legal basis for North Range Metro Districts 1 and 2's unilateral action.
- Reunion Metro District, itself, had a contractual obligation to enforce the contracts with the North Range Districts and was thus obligated to initiate the litigation. Reunion Metro District advised North Range Metro Districts 1 and 2 of this fact *weeks before* it filed suit.
- In February of 2023, an Adams County District Court judge ruled that Reunion Metro District has a reasonable probability of prevailing on its claims to enforce the contracts between the Districts. In addition to ordering North Range Metro Districts 1 and 2 to comply with their contractual obligations, the Court appointed a receiver to collect revenues from North Range Metro Districts 1 and 2 to ensure compliance with the parties' contracts.
- The Court-appointed receiver recently completed a forensic audit of the handling of funds by the North Range Metro District manager.
- Taxpayers in all of the North Range Districts are now paying approximately an additional 4.3 mills in 2024 to cover increased costs for the management and litigation expenses of North Range Metro Districts 1, 2, and 3.
- Because of the cost of the litigation, the community will likely see a reduction in the reserve funds for each District and may experience a reduction in services.
- The ongoing litigation and its impacts on the Districts' reserves is hurting the credit ratings of the North Range Metro Districts.

**Background:**

Starting in 2000, the Districts adopted service plans approved by the City Council for Commerce City, as authorized by state law, in order to finance, build, and maintain essential infrastructure and public improvements, including streets, sidewalks, water and sewer lines, and parks and recreation facilities (including the rec center and two pools) for the Reunion community. The service plans, which predated the community and the homes, required that Reunion Metro District coordinate these efforts and maintain and operate these amenities on behalf of the community. This financial and operating structure has supported the operation and growth of the Reunion community for more than 20 years. Without it, there would be no Reunion community, homes, or amenities.

The Districts' contractual relationship cannot be unilaterally terminated by the North Range Metro Districts, despite what the board members and manager of the North Range Districts have said. However, the boards of North Range Metro District 1 and 2—advised by manager Charles Wolfersberger—voted in November 2022 to default on their contractual obligations by withholding all funds to Reunion Metro District for debt obligations and operations in 2023.

This action by the North Range boards directly caused the litigation. As the North Range Metro Districts knew, Reunion Metro District was contractually obligated to file a lawsuit asking the Court to force the North Range districts to follow their contracts and continue paying bonds Reunion Metro District issued to fund public improvements. It was also necessary for Reunion Metro District to ensure that operation and maintenance of the improvements that serve the entire community would continue to be funded.

### **Lawsuit Update:**

While the Court has not made a final ruling on the lawsuit, the judge provided relief to Reunion Metro District, ruling that Reunion Metro District has a reasonable probability of prevailing in the lawsuit. The judge also appointed a receiver over North Range Metro Districts 1 and 2 to ensure payments continue to Reunion Metro District.

The receivership has ensured that North Range Metro Districts 1 and 2 have continued to make the payments they are obligated to make under the contracts between the parties. However, North Range Metro District 1, in particular, has continued to attempt to disobey the Court's orders, and was recently specifically ordered to follow its contractual obligations between the parties. Additionally, the receiver was unable to determine how North Range Metro Districts 1 and 2 spent funds they improperly withheld before the receivership and, with the Court's permission, the receiver completed a forensic audit of the use of public funds managed by Wolfersberger LLC, which was received on March 7, 2024. Reunion Metro District is evaluating the audit findings, and will post the audit to its web page. Regardless of the findings, the costs related to North Range Metro District 1 and 2's attempt to unilaterally terminate a legally binding contractual relationship keep growing. The total cost of the court-appointed receiver to date is nearly \$130,000. Litigation expenses have similarly cost hundreds of thousands of dollars on both sides. This is all money that should have gone toward community services and improvements.

Reunion Metro District believes the community deserves to know this information since the management firm for North Range Metro Districts 1, 2, and 3 points members of the public to a web page titled "Litigation Updates" for information about this situation, but that page is outdated. It does not describe the Court's ruling requiring North Range Metro Districts 1 and 2 to abide by the contracts or the creation of the receivership. (North Range Metro District 3 was added to the lawsuit later, and it is not currently subject to a similar Court order.)

### **Impacts to Taxpayers:**

The \$130,000 in Court-ordered receiver expenses does not account for the management fees of Wolfersberger LLC and legal expenses being incurred by the North Range Metro Districts. Those fees—estimated to be more than \$860,000 for 2024—required both tax increases and cuts to operating reserves. The costs associated with the litigation—for the North Range and Reunion Districts—the receivership, and forensic audit are being paid, and will continue to be paid, by taxpayers.

As a result, North Range Metro District 1's credit rating (which is like the credit score individuals use to purchase a home or car) was recently downgraded. According to a Moody's release, the downgrading was the result of "inconsistent use of reserves that will become extremely narrow and not recover due to ongoing litigation resulting from the district's attempted breach of contractual agreements." This outcome is a direct effect of North Range Metro District 1's choice to default. Importantly, Moody's also stated that the receivership is a positive factor, because it ensures performance as required under the parties' contractual agreements.

Reunion Metro District understands this is a difficult issue and that many homeowners are concerned about their property taxes and how those dollars are being spent. While Reunion Metro District has faced a lot of questions from the community, this is not a situation the Reunion Metro District created. It is fair that community members also question the guidance and role of the current boards and manager of the North Range Metro Districts.