



PRESS RELEASE

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On November 8, 2016, the electors of Poudre School District voted to approve the District's issuance of general obligation bonds in the amount of \$375 million and an annual mill levy override of \$8 million. The bonds were approved to finance the construction of new schools, a new transportation facility and a new athletic complex, as well as improvements to existing schools. The mill levy override was approved to pay for District operating costs, including operating costs related to new buildings; school staff; and school materials, equipment and technology.

Prior to the November 8 election, Eric Sutherland filed a lawsuit against Poudre School District contesting the language of its bond and mill levy override ballot issues. Mr. Sutherland's lawsuit was dismissed before the election and he did not appeal. However, in various emails to the attorneys who represented the District in his lawsuit, Mr. Sutherland threatened to file another lawsuit against the District after the election challenging the voter-approved bond issue and mill levy override. On December 2, 2016 during the mandatory recount of votes approving the District's bond issue, Mr. Sutherland filed with the Larimer County District Court a written statement of intent to contest the election regarding the District's mill levy override ballot issue.

In order for Poudre School District to issue the bonds approved by the voters on November 8, the investors who will buy them must be satisfied that there is no pending or threatened litigation in which an unfavorable result would adversely affect the validity of the bonds or the documents required for the bond issuance. Because of the investor uncertainty created by Mr. Sutherland's threatened lawsuit, the District is effectively prevented from issuing the voter-approved bonds to finance needed facility construction and improvements. As stated by Mr. Sutherland in one of his emails: "No one lends money to a government entity when their ability to tax to repay the loan *could be* challenged. (emphasis added). It only takes the possibility of a credible threat to throw a wet blanket on things."

The basis of Mr. Sutherland's threatened lawsuit involves Colorado statutes that provide for the development of land and improvement of facilities with property tax money allocated by the county to governmental entities called "urban renewal authorities" and "downtown development authorities." Poudre School District has no control over this process, which is governed by state laws that were enacted by the Colorado legislature.

Poudre School District wishes to resolve the legal questions raised by Mr. Sutherland's threatened lawsuit as soon as possible so that the voter-approved bonds can be issued to finance needed facility construction and improvements. This can be done through two procedures: (1) a petition filed in district court for a judicial determination regarding the validity of the bonds to be issued; and (2) an action for declaratory judgment filed in district court to resolve the legal questions Mr. Sutherland has raised regarding the voter-approved bond issue and mill levy override. To this end, Poudre School District's attorneys have initiated both procedures by filing separate complaints in Larimer County District Court. The Board of Education and Administration hope that these procedures quickly resolve the outstanding legal questions that are preventing the use of voter-approved funds for the benefit of the District's students and community.