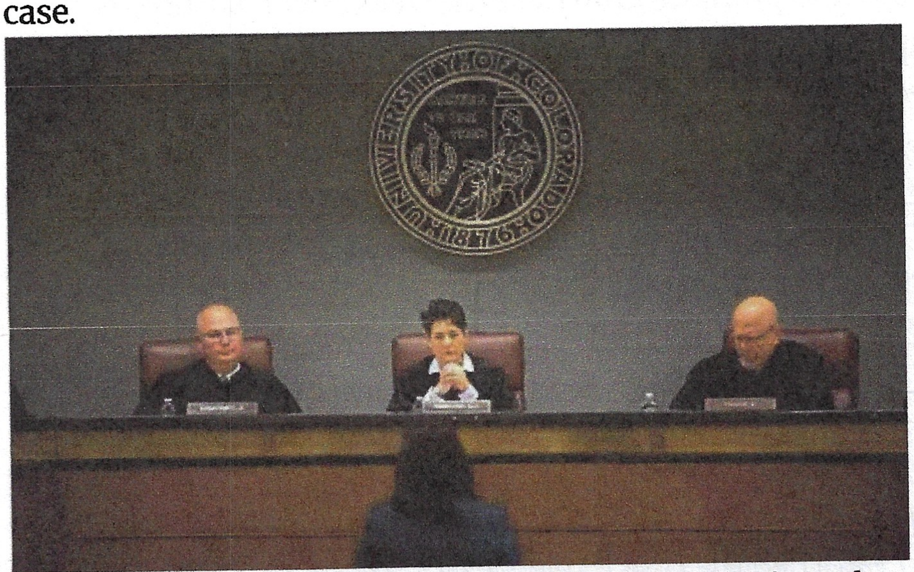
2026-9-13

Colorado Supreme Court dismisses special district bonds case

Metro Dist

The Denver Gazette · 13 Sep 2026 · A17 · BY MICHAEL KARLIK The Denver Gazette

The Colorado Supreme Court declined on Friday to decide a dispute between a large-scale Commerce City development and the various districts financing it, after initially showing interest in the ongoing case.



Colorado has roughly 2,800 special districts, which are local governments that perform specific functions within a geographic area. Most are metropolitan districts, which can finance new infrastructure.

In 2000, the Reunion Metropolitan District formed in Commerce City to facilitate a 3,100-acre mixed-use development. Reunion was the "service district," meaning it would construct and manage the public improvements, and a handful of other districts would finance the project over time.

In 2016, the entities entered into the Mill Levy Equalization and Pledge Agreement, which they amended the following year to authorize Reunion to issue $21.6 million in bonds for development-related debt.

Then, in 2022, some of the financing districts sought to invalidate the agreement. Reunion filed suit in Adams County to enforce the agreement. It moved to dismiss the financing districts' claim of invalidity, citing the Supplemental Public Securities Act, a state law that bars challenges to the issuance of securities after 30 days. "Securities" encompass financial contracts, notes, and bonds issued by a public entity.

"The Court acknowledges Plaintiff's argument that the Mill Levy Equalization and Pledge Agreement ('MLEPA') constitutes a financial contract connected to the issuance of traditional security instruments," wrote District Court Judge Toni J. Wehman in declining to dismiss the financing districts' challenge. "The Court is not persuaded, however, that the legislature intended the term 'security' under the Act to encompass the MLEPA."

She added that, in her view, the agreement was an intergovernmental arrangement for the provision of services, and that the 30-day challenge window did not apply. Note

Wehman then declined to let Reunion seek immediate Court of Appeals review. She wrote that the outcome of the case would likely be appealed, and authorizing an appeal on one issue "would increase the risk of inconsistent decisions and unnecessarily prolong the case with these numerous 'sidebars'."

Reunion turned to the Supreme Court to argue that her interpretation would have significant implications for $8 billion in debt carried by special districts under similar agreements.

The Metro District Education Coalition, the Special
District Association of Colorado, the Colorado Municipal Bond Dealers Association and other groups also urged the Supreme Court to step in and prevent disruption to existing publicly financed projects.

The securities act "has served as a necessary source of certainty for these transactions: public entities can work with each other and the finance market to promote growth and development, so long as investors know the transactions — including, critically, the underlying pledge agreements between financing governments and issuers — are beyond challenge," the groups argued.

After the Supreme Court ordered them to respond, the financing districts made the argument that the intergovernmental agreement was not a "security," and contended that Reunion had misrepresented certain details. But the districts also urged the Supreme Court to return the case to Wehman because Reunion had a clear path to challenge her decision at a later date.

"Making an end run around the trial court or the routinely available appellate process is not sufficient basis for invoking the original jurisdiction of this Court," wrote attorney Paul C. Rufien.

He added that Reunion and its supporters were exaggerating the case's impact on other special districts.

"This is a case involving unique facts and a uniquely unlawful agreement," Rufien wrote.

In a brief order on Sept. 11, the Supreme Court returned the case to Wehman without elaboration.