

**RESOLUTION NO. 2008-51****A RESOLUTION MAKING FINDINGS ON THE APPLICATION OF  
CRYSTAL VALLEY RANCH METROPOLITAN DISTRICT NOS. 1 AND 2  
FOR QUINQUENNIAL FINDINGS OF REASONABLE DILIGENCE**

**WHEREAS**, in 2001 the Town Council approved the Amended and Consolidated Service Plan for the Crystal Valley Ranch Metropolitan Districts Nos. 1 and 2 (Service Plan) and the associated Master Intergovernmental Agreement (IGA),

**WHEREAS**, the Districts obtained voter approval to issue general obligation debt in the aggregate amount of approximately \$45 million, a portion of which remains authorized but unissued,

**WHEREAS**, the Districts have undertaken construction of infrastructure and issued various debt instruments to finance such construction pursuant to statutory authority and the terms of the service plan,

**WHEREAS**, the Districts have made application for a quinquennial finding of reasonable diligence pursuant to Colorado Revised Statute §32-1-1101.5 (Application) and the provisions of the service plan and IGA,

**WHEREAS**, the Town Council has determined that it is necessary and advisable to hold a public hearing to determine whether the Service Plan and financial plan of the Districts are adequate to meet the debt financing requirements of the authorized and unissued general obligation debt of the Districts based upon present conditions within the Districts, and

**WHEREAS**, the Town has adopted regulations governing special districts which are codified in the Castle Rock Municipal Code as Chapter 11.02 – Special District Oversight, and the Districts are governed by and subject to compliance with such regulations.

**NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF  
THE TOWN OF CASTLE ROCK, COLORADO AS FOLLOWS:**

**Section 1. Findings.** After review of the Application, the financial information supplied by the Districts, staff reports and recommendations and public testimony at the public hearing held on May 6, 2008, the Town Council finds that:

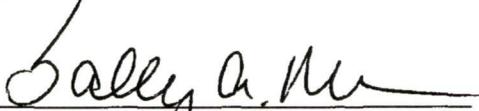
- The impact fee and property tax revenue projected for receipt by the Districts in the Service Plan have not been achieved as a result of fewer homes being constructed in the Crystal Valley Ranch PD, which has substantially reduced the ability of the Districts to service current and future debt and other financial obligations in the near term.

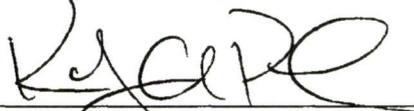
- The Districts' failure to meet revenue projections constitutes a "material modification" of its Service Plan under the Special District Oversight ordinance.
- The reduced residential construction in the Districts' service area is not due to any action or inaction by the Districts, but rather reflects market conditions over which the Districts exercise no control.
- The Districts have voter-authorized general obligation bonding authority that remains unissued and given the Districts' current financial condition and market conditions it would be fiscally imprudent and detrimental to current and future District taxpayers to increase the amount of debt payable from property taxes as otherwise permitted under the Service Plan.
- It is not apparent how the Districts would timely and reasonably discharge additional general obligation debt under current financial and market conditions.
- It is important that the Districts retain maximum flexibility to refund or refinance any existing general obligation debt and/or other financial obligations of the Districts on terms and conditions consistent with applicable restrictions on the Service Plan but otherwise as determined in the discretion of the Boards of Directors of the Districts.

**Section 2. Required Consent.** Pursuant to 32-1-1101.5 (2)(a) C.R.S., the Districts are denied the authority to issue any remaining authorized general obligation debt absent the further approval and consent of the Town Council. Such prohibition shall not apply to the refunding of any outstanding bond, note or other debt or financial obligation of the Districts.

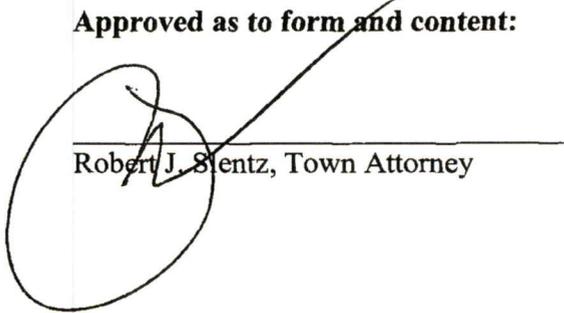
**PASSED, APPROVED AND ADOPTED** this 6th day of May, 2008, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of 7 for and 0 against.

**ATTEST:**

  
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 Sally A. Misare, Town Clerk

**TOWN OF CASTLE ROCK**  
  
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 Randy A. Reed, Mayor

**Approved as to form and content:**

  
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 Robert J. Slentz, Town Attorney